

Les Baugh  
County Member  
  
Larry Farr  
City Member Alternate  
  
Stan Neutze  
City Member  
  
Julie Winter  
City Member

Irwin Fust  
Special District Member  
  
Mary Rickert  
County Member Alternate  
  
Brenda Haynes  
Special District Member



Larry Russel  
Public Member  
  
Joe Chimenti  
County Member  
  
Patricia A. Clarke  
Special District Alternate

Katharine Ann Campbell  
Public Member Alternate  
  
George Williamson  
Executive Officer  
  
James M. Underwood  
General Counsel  
  
Kathy Bull  
Office Manager

---

## Agenda Item: 7.a.

**Meeting Date:** February 7, 2019

**From:** George Williamson AICP, Executive Officer & Kathy Bull, Office Manager

**Subject:** Proposed Shasta CSD 2019 Municipal Service Review & Sphere of Influence Amendment; CSA #25-Keswick Zero SOI Adoption; CSA #25 Keswick Dissolution; Shasta CSD Annexation and Asset Transfer

The Commission will consider a proposal submitted by resolution of application for dissolution of Community Service Area (CSA) #25-Keswick and subsequent annexation of CSA territory into the Shasta Community Services District (Shasta CSD). The Commission will also consider a Shasta CSD Municipal Service Review that includes an expanded Sphere of Influence (SOI) for Shasta CSD that includes the proposed annexation area of CSA #25 Keswick. Application to the Commission for an organization change was approved by Resolution of Application No. 2018-129 by the Shasta County Board of Supervisors on December 11, 2018 and by Resolution of Application No. 11-18 by the Shasta CSD Board of Directors on November 28, 2018.

CSA #25-Keswick consists of approximately 5,154 acres of unincorporated territory located north of the current Shasta CSD boundaries and east of Whiskeytown National Recreation Area. The proposed annexation area is not within the Shasta CSD Sphere of Influence and a Sphere Update must be approved by the Commission prior to approval of the annexation. The Shasta CSD boundaries will increase from 7,151 acres to approximately 12,305 acres upon annexation of CSA #25- Keswick.

*NOTE: Keswick CSA boundaries slightly smaller than SOI, as it includes small Shasta CSD area. 5,154 acres added to current SCSD 7,151 acres to get increased district area of 12,305 acres.*

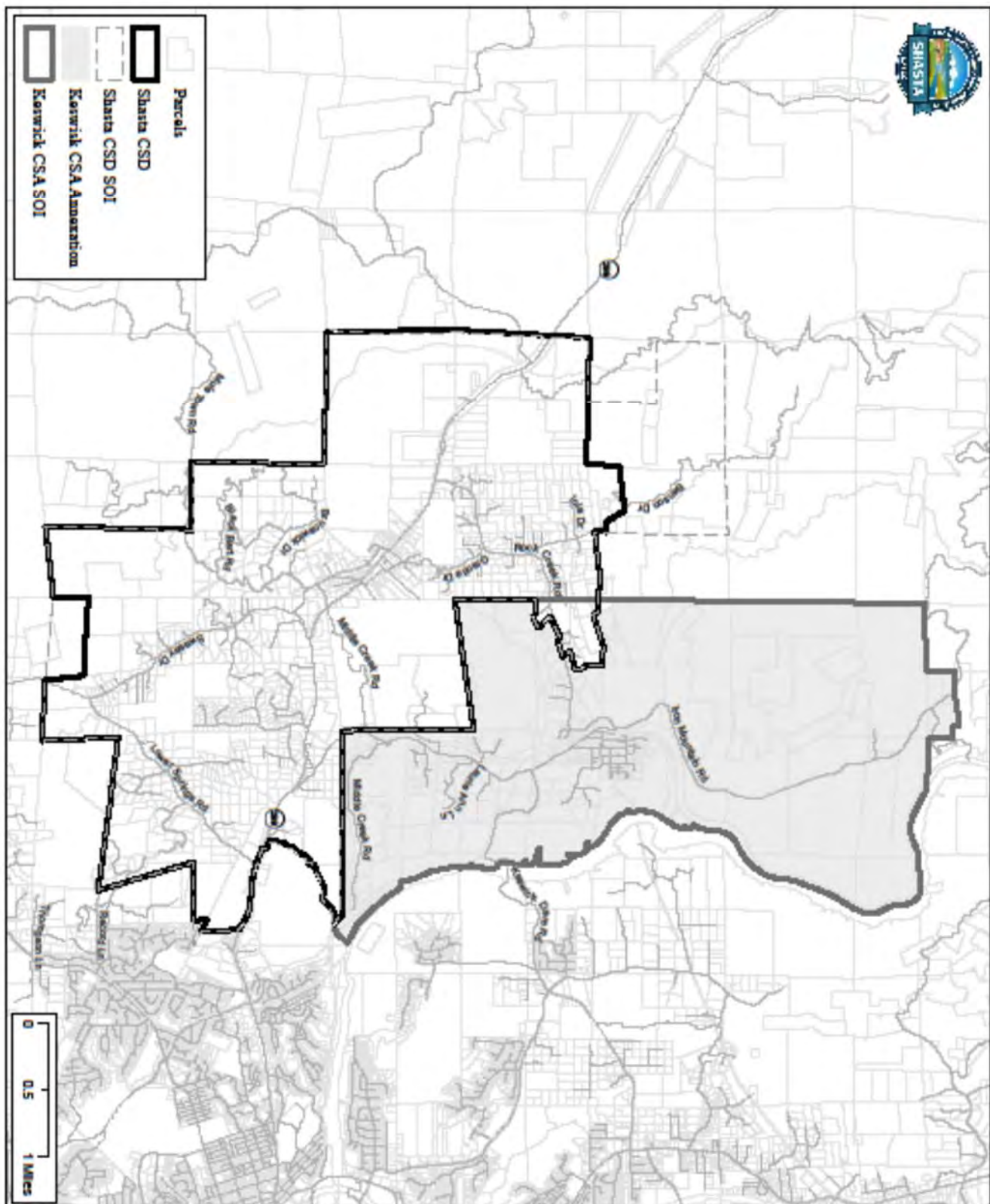
LAFCOs are responsible, under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate local governmental agency formation, development and municipal services. This includes approving or disapproving proposed changes of organization, such as boundary changes, consistent with adopted policies and procedures pursuant to California Government Code (G.C.) § 56375. LAFCOs are authorized with broad discretion in amending and conditioning changes of organization as long as they do not directly regulate land use, property development, or subdivision requirements.

### **Background:**

The CSA #25 - Keswick service area is located in northern Shasta County, north of Old Shasta, approximately 7 miles northwest of City of Redding, and approximately 9 miles southwest of the City of Shasta Lake. The main access is via Iron Mountain Road, just north of State Route 299 West.

Shasta CSD is bounded on the northeast by CSA #25-Keswick, the southeast by the City of Redding, the south by Centerville CSD, and on the west by U.S. Forest Service lands and the Whiskeytown National Recreation Area. Bureau of Land Management (BLM) parcels are interspersed throughout the CSD. Both the District and CSA #25-Keswick, are shown in Figure 1:

Figure 1: Current locations and SOI areas for CSA #25 Keswick and Shasta CSD



Water service in the annex area is provided by CSA# 25 Keswick (formed under Government Code § 25210-25217.4), which currently has approximately 27 active and 182 standby connections. It was originally formed as a CSD in 1964 as a California Independent Special District (Government Code § 61000 – 61850). In 1990, LAFCo dissolved Keswick CSD, formed CSA# 25 and transferred all assets from CSD to CSA# 25 as a Shasta County administered dependent special district. In 2015, CSA# 25 constructed a 500,000-gallon storage tank and improved the water treatment system. The proposed annexation area is not within the Shasta CSD SOI necessitating an Update by Shasta LAFCo prior to annexation consideration.

### **Reasons for Proposal**

The reasons for the dissolution of CSA #25 and subsequent annexation into the Shasta CSD as set forth in the December 14, 2018 proposal to LAFCO are as follows:

The Carr Fire had a devastating impact on the Keswick community. The water service connections were reduced dramatically and currently stand at 27 active connections and 182 stand-by connections. As the Keswick community goes through the process of rebuilding, Shasta County would like to implement economies of scale by annexing the CSA #25 into the Shasta CSD and then dissolving the CSA.

### **Provision of Public Services**

Water service would be transferred to Shasta CSD after an annexation certificate of completion is recorded by Shasta LAFCo on completion of conditions. There is no change proposed in service level, only a change in organization.

Shasta CSD has indicated that it has adequate capacity to serve the project but has placed requirements on the applicant (Shasta County) prior to provision of services. The CSA# 25 and Shasta CSD distribution systems are presently separate with no interties between them. The CSA# 25 distribution system relies entirely upon gravity with no booster stations anywhere in the system.

Both CSA# 25 and Shasta CSD systems were originally constructed in 1964. The US Department of Agriculture (USDA) provided a grant to prepare a Preliminary Engineering Report (PER) to assess Carr Fire damage to the water system. The PER concludes that a CSA# 25/ Shasta CSD reorganization is feasible from an engineering standpoint and would have benefits for both agencies. Necessary improvements include an intertie, a Pressure Reducing Valve (PRV) on the Keswick side, telemetry improvements and some meter replacements at a total estimated cost of \$788,400 including design, construction, inspection and contingencies. USDA funding to cover these costs is potentially available and is being actively pursued via a December 17, 2018 Emergency Community Water Assistance Grant (ECWAG) application to the USDA from the Shasta CSD.

According to the PER, the system intertie pump station would be located along Rock Creek Road at the intersection of Bandana Trail and Rock Creek Road. The intertie pipeline would extend along Rock Creek Road for 2,220 feet to the last CSA# 25 hydrant. Once the improvements are in place, the CSA# 25 treatment plant can be shut down and the remaining CSA# 25 customers can readily be served from the existing Shasta CSD treatment plant. Ongoing labor, testing and other costs would be significantly reduced through elimination of duplicative services.

### **Land Use Designations**

Land uses within the proposed annexation area are subject to the Shasta County General Plan. Shasta County designates much of the area served by CSA #25 as rural residential, agricultural, and timber lands with sections of Open Space designated lands along the Sacramento River. Community development is either distributed from the Keswick VFD along Market Street or more sparsely spread out along Rock Creek Road.

Within Shasta CSD, current 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.

**Analysis:**

The analysis of the proposal is organized into two sections. The first section considers the proposal relative to the factors mandated for review by the Legislature anytime LAFCOs review boundary changes. The second section considers issues required by other applicable State statutes in processing boundary changes, such as environmental compliance with the California Environmental Quality Act.

**Required Review Factors**

G.C. § 56668 requires the Commission to consider 16 specific factors anytime it reviews proposals for a change of organization. No single factor is determinative. The purpose in considering these factors is to help inform the Commission in its decision-making process. An evaluation of these factors as it relates to the proposal follows.

1) *Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.*

The annexation area as proposed by Shasta CSD consists of approximately 5,154 acres of unincorporated territory located north of the current Shasta CSD boundaries and east of Whiskeytown National Recreation Area. The area includes multiple creeks and watersheds that ultimately drain into the Sacramento River. The Keswick area includes dams and reservoirs that convey water south via the Central Valley Project and produce hydroelectric power. Both Keswick CSA #25 and Shasta CSD are located west of the City of Redding and were heavily damaged during the Carr fire.

2) *The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.*

Pursuant to Government Code § 56653, the applicant prepared a Plan for Services to evaluate the needs of the proposed annexation. The affected territory would see no change in the level of services provided, only a change in organization. Fire protection, police services, electricity and solid waste collection will continue to be provided by the County and private contractors.

The proposed annexation would transfer water service from CSA# 25 to the Shasta CSD. The former Keswick CSD owned a parcel that housed the Fire Hall and a community center. Parcel ownership was transferred to the County upon formation of CSA# 25 in 1990. The Fire Hall and community center were burned in the Carr Fire.

CSA# 25 was authorized to provide park services although this was limited to maintaining a community center and adjoining parkland. The community center was not in use prior to burning. All recreational amenities had been removed from the parkland prior to the fire. This service is considered inactive and would not be assumed by Shasta CSD upon annexation and since the CSA# 25 park service is considered inactive, no change in service level would occur and the County would retain parkland ownership.

**Fire Protection**

The Shasta CSD would continue to provide fire services within its current boundary, however fire services to the annexed area would continue to be provided by County Service Area #1 Shasta County Fire. No change in services would occur. Although Shasta CSD provides fire protection services, fire service will continue to be provided by *CSA#1 – Shasta County Fire, Battalion 5* in the annexed area. It is recommended that a zone for service is established that identifies the areas where Shasta CSD Fire Department responds, and where CSA #1 responds.

**Law Enforcement**

The proposed annexation area is covered by the Shasta Area Safety Communications Agency, which is a joint powers agency that provides dispatch services for the Anderson Police Department, the Redding Police and Fire Departments, the Shasta County Sheriff's Office and the County's EMS providers. No change in demand for law enforcement is expected due to annexation.

**3) *The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.***

The project would be served by the Shasta Community Services District subject to Local Agency Formation Commission (LAFCo) annexation approval and all land currently within the CSA# 25 boundary would be included in the new Shasta CSD boundaries. CSA #25 currently serves 27 existing water service connections and has 182 standby connections. The Keswick community, if rebuilt, would require approximately 200 water service connections. The Shasta CSD has evaluated the annexation request and indicates there would be adequate capacity to serve the rebuilt community.

**4) *The conformity of the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in G.C. Section 56377.***

The statutory goals of LAFCo include the promotion of orderly growth and development by determining logical local boundaries [§56001], the preservation of open space by encouraging development of vacant land within cities before annexation of vacant land adjacent to cities [§56377(b)], and the preservation of prime agricultural land by guiding development away from presently undeveloped prime agricultural lands [§56377(a)]. Based on the statutory goals discussed above, this annexation would implement economies of scale by dissolving CSA #25 and then annexing the CSA into the Shasta CSD.

**5) *The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by G.C. Section 56016.***

None of territory is subject to a Williamson Act Contract. Natural features/resources identified within the affected area (based on aerial photography and on-line mapping sources) include the Sacramento River, numerous creeks including Spring and Rock Creeks, sparsely forested oak woodlands and grassland areas with unimproved roads. Residential lands include sparsely populated rural parcels with single family homes.

**6) *The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.***

A map and geographic description by a licensed surveyor will be required. The proposed boundary follows existing parcel lines and lines of ownership. Also, the proposed annexation would not create islands or corridors of unincorporated territory.

**7) *A regional transportation plan adopted pursuant to G.C. Section 65080.***

The Shasta County Regional Transportation Plan (RTP) is currently being updated and a Draft Transit Need assessment is available on the Shasta Regional Transportation Agency website. The RTP is a long-range transportation planning document that is updated every two years. No specific projects are included in the RTP involving the affected territory.

**8) *Consistency with city or county general and specific plans.***

Land uses within the proposed annexation area are currently designated as rural residential, agricultural, and timber lands. Land uses within the proposed annexation area are subject to the Shasta County General Plan.

**9) *The sphere of influence of any local agency which may be applicable to the proposal being reviewed.***

The proposed annexation area is not within the Shasta CSD SOI. Approval of the proposed SOI as shown in the MSR for the expanded Shasta CSD SOI would include the annexation area within the Shasta CSD SOI.

**10) *The comments of any affected local agency or other public agency.***

A change of organization/reorganization application was submitted to Shasta LAFCo on December 4, 2018. A Notice of Filing was submitted by Shasta LAFCo on December 31, 2018 and provided to relevant County agencies pursuant to GC Section 56654(c). Shasta CSD adopted Resolution 11-18 on November 28, 2018 for LAFCo application for annexation of CSA #25 Keswick. Shasta County Board of Supervisors adopted Resolution 2018-129 of application for the dissolution of CSA #25 on December 11, 2018.

**11) *The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.***

According to the Plan for Services, there is sufficient capacity to provide water services to the annexation area. No other municipal services are proposed. Shasta CSD is currently coordinating with Shasta County on the formal transfer of assets and liabilities from CSA# 25-Keswick to Shasta CSD.

**12) *Timely availability of water supplies adequate for projected needs as specified in G.C. § 65352.5.***

Water service would be transferred to Shasta CSD after an annexation certificate of completion is recorded by Shasta LAFCo. Shasta CSD has indicated that it has adequate capacity to serve the project but has placed requirements on the applicant (Shasta County) prior to provision of services.

**13) *The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Chapter 3, Division 1, Title 7, Article 10.6 (commencing with § 65580).***

The proposal would not impact any local agencies in accommodating their regional housing needs. The affected territory is currently recovering from the Carr Fire. The proposed change in organization would allow for potential rebuilding of the Keswick community.

**14) *Any information or comments from the landowner or owners, voters, or residents of the affected territory.***

Shasta County contacted the Community Advisory Board for CSA#25 about the proposed annexation into Shasta CSD and informed them that a Resolution of Application has been approved by both Shasta CSD and the Shasta County Board of Supervisors. A notice will be sent out to all residents of CSA#25 about a scheduled hearing that will give all members of the District information about the proposed organization change. The hearing will be scheduled to give all affected residents adequate time to register their approval or concerns regarding the proposed changes.

**15) *Any information relating to existing land use designations.***

See discussion in section 8.

**16) *The extent to which the proposal will promote environmental justice. As used in this subdivision, “environmental justice” means the fair treatment of people of all races, cultures, and incomes with respect to the local of public facilities and the provision of public services.***

The proposal will not result in inconsistencies with environmental justice safeguards. The annexation will result in improved public services for residents.

## **Other Considerations**

### **Environmental Review**

All portions of this project are exempt from CEQA review as reviewed in more detail below.

Municipal Service Reviews 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 LAFCO, as the lead agency, finds the Shasta CSD SOI Update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Chapter 3 CEQA Guidelines, Section 15061(b)(3). The CEQA requirements for annexation and dissolution have also been waived. They are categorically exempt pursuant to CCR Title 14, Article 19, Section 15320.

A statutory exemption for Shasta CSD and CSA #25-Keswick water systems intertie was submitted on September 28, 2018. On July 26, 2018, a State of Emergency in Shasta County was declared by the Governor and on July 28, 2018 a Presidential State of Emergency was signed for Shasta County. This project addresses an immediate need to supply a backup water source to the communities of Shasta and Keswick that were devastated by the Carr Fire in July 2018. It is expected the water quality in Whiskeytown Lake will be untreatable by these small water systems and a system intertie will be used to supply water from City of Redding. This project is subject to a statutory exemption under CCR Title 24, Article 18, Section 15269 (b). The water main is also subject to a statutory exemption under CCR Title 14, Article 18, Section 15282 (k) as the installation of new pipeline does not exceed one mile in length.

The Commission, as Responsible Agency, hereby determines that the proposed annexation is categorically exempt from further review pursuant to CEQA Guidelines Section 15301 (Class 1), 15303 (Class 3), 15304 (Class 4) and 15319 (Class 19), which exempts existing facilities and the construction and location of water mains and other utility extensions of reasonable length.

**Master Property Tax Agreement**

California Revenue and Taxation Code Section 99(b)(6) requires the adoption of a property tax exchange agreement by the affected local agencies before LAFCo can consider a proposed boundary change. The tax exchange agreement was ratified by the County Board of Supervisors on January 8, 2019 by Resolution 2019-022 and by Shasta CSD on December 19, 2018 by Resolution 12-18.

**Conducting Authority Proceedings**

Boundary changes approved by the Commission are subject to conducting authority proceedings (i.e., protest hearings) unless waived in accordance with criteria outlined under G.C. Section 56663. This application was initiated by Shasta CSD and County of Shasta Board of Supervisors resolutions of application and does not have landowners consent within the proposed annexation area. Typically, the proposal is not subject to conducting authority proceedings under G.C. Section 56663 unless written opposition is received from landowners or registered voters within the affected territory prior to the conclusion of the Commission's proceedings on the proposal. In this case, the affected territory has over 250 parcels within the proposed annexation area and 475 potential inhabitants and the Commission should conduct protest hearings to allow the opinions and concerns of landowners and inhabitants to be heard.

**Retaining Annexed Area Fire Services with County Service Area # 1 Shasta County Fire**

Since Shasta CSD provides fire services within its existing boundaries. It needs to be clarified that County Service Area # 1 Shasta County Fire will continue to provide fire services to the annexed area. The approval will be conditioned to require Shasta CSD to adopt a service area boundary for the annexed territory to clearly differentiate that that fire services will continue to be provided by County Service Area # 1 Shasta County Fire.

**Recommendation:**

APPROVE SUBJECT TO CONDITIONS:

It is recommended the Commission approve both the MSR and SOI update for Shasta Community Services District, the annexation of CSA#25 and its subsequent dissolution by adopting Resolutions 2019-01 and 2019-02 including conditions of approval. It is expected that conducting authority proceedings will be necessary and the Executive Officer is directed to conduct the protest proceedings.

The Commission delegates to the Executive Officer the determination as to when the requested actions have been sufficiently satisfied before proceeding with a certificate of completion and recordation with the State Board of Equalization.

- Attachments:     Plan for Service  
                      MSR/SOI Update  
                      Resolution 2019-01  
                      Resolution 2019-02



# **Proposed Annexation of County Service Area #25 Keswick Territory to Shasta Community Services District and Dissolution of County Service Area #25 Keswick**

## ***Attachment – Plan For Service***

### **Introduction**

The intent of the Plan for Service (Government Code § 56653) is to describe how a proposed annexation will be implemented if approved. The service provider for the district must document their ability to provide services to the proposed annexed parcels, taking into account the services, capacity, cost and services adequacy and how those services would be affected by the proposed LAFCo action. A Plan for Service, accepted by the Executive Officer, is required for the application to be deemed complete.

### **Objective**

The Plan for Service describes and explains the services to be provided to the annexed parcels, how and when the services will be needed and provided, how much the services will cost and how those costs will be paid. In addition, the Plan for Service demonstrates the anticipated benefits of annexation. The Plan for Service is reviewed by LAFCo staff, and additional information or clarification may be needed. It becomes a key part of the staff report and recommendation.

### **District Profiles**

Water service in the area is currently provided by the County Service Area #25 Keswick (CSA# 25) (formed under Government Code § 25210-25217.4), which has approximately 27 active and 182 standby connections. It was originally formed as a Community Services District (KCSD) in 1964 as a California Independent Special District (Government Code § 61000 – 61850). In 1990, LAFCo dissolved KCSD, formed CSA# 25 and transferred all assets from KCSD to CSA# 25 as a Shasta County administered dependent special district. In 2015, CSA# 25 constructed a 500,000 gallon storage tank and improved the water treatment system. The proposed annexation area is not within the Shasta Community Services District Spheres of Influence and a Sphere Update must be approved by Shasta LAFCo prior to consideration of the annexation.

Shasta CSD is bounded on the northeast by Keswick CSA, the southeast by the City of Redding and Centerville CSD, the south by Centerville CSD, and on the west by U.S. Forest Service lands and the Whiskeytown National Recreation Area. Bureau of Land Management (BLM) parcels are interspersed throughout the District. SHASTA CSD is bisected by State Route 299 West. Formation of the Shasta CSD was initiated by petition of landowners and registered voters and submitted to the County Board of Supervisors on April 6, 1959. After its formation in 1959, the Shasta CSD immediately initiated fire protection and emergency services in 1960, and by 1964 the District was also providing domestic water services to its citizens.

The Shasta CSD would continue to provide fire services within its current boundary, however fire services to the annexed area would continue to be provided by County Service Area #1 Shasta County Fire.

### **The Need for Annexation**

The Carr Fire had a devastating impact on the Keswick community. The water service connections were reduced dramatically and currently stand at 27 active connections and 182 stand-by connections. As the Keswick community goes through the process of rebuilding, Shasta County would like to implement economies of scale by annexing the CSA #25 into the Shasta CSD and then dissolving the CSA.

### **Plan for Services**

This plan shall, at a minimum, respond to each of the following and be signed by the proponents of the change.

*1. Level and range of services to be provided to the territory.*

The proposed annexation would transfer water service from CSA# 25 to the Shasta CSD. The former Keswick CSD owned a parcel that housed the Fire Hall and a community center. Parcel ownership was transferred to the County upon formation of CSA# 25 in 1990. The Fire Hall and community center were burned to the ground during the Carr Fire.

CSA# 25 was authorized to provide park services although this was limited to maintaining a community center and adjoining parkland. The community center was not in use prior to burning. All recreational amenities had been removed from the parkland prior to the fire. This service is considered inactive and would not be assumed by Shasta CSD upon annexation but since the CSA# 25 park service is considered inactive, no change in service level would occur. Shasta CSD would continue to maintain the former community center parcel. The County would retain ownership of the parkland.

*2. Indicate when service would be extended to the territory.*

Water service would be transferred to Shasta CSD after an annexation certificate of completion is recorded by Shasta LAFCo on completion of conditions. There is no change proposed in service level, only a change in organization.

*3. Identify any improvements, structures, other infrastructure, or other conditions the consolidated district would need to serve the territory.*

Shasta CSD has indicated that it has adequate capacity to serve the project but has placed requirements on the applicant (CSA# 25) prior to provision of services. The CSA# 25 and Shasta CSD distribution systems are presently separate with no interties between them. The CSA# 25 distribution system relies entirely upon gravity with no booster stations anywhere in the system.

Both CSA# 25 and Shasta CSD systems were originally constructed in 1964. USDA provided a grant to prepare a Preliminary Engineering Report (PER) to assess damage from the Carr


Fire. The PER concludes that a CSA# 25/ Shasta CSD reorganization is feasible from an engineering standpoint and would have benefits for both agencies. Necessary improvements include an intertie, a Pressure Reducing Valve (PRV) on the Keswick side, telemetry improvements and some meter replacements at a total estimated cost of \$788,400 including design, construction, inspection and contingencies. USDA funding to cover these costs is potentially available.

According to the PER, the system intertie would be located along Rock Creek Road at the intersection of Bandana Trail and Rock Creek Road. The intertie pipeline would extend along Rock Creek Road for 2,220 feet to the last CSA# 25 hydrant. Once the improvements are in place, the CSA# 25 treatment plant can be shut down and the remaining CSA# 25 customers can readily be served from the existing Shasta CSD treatment plant. Ongoing labor, testing and other costs would be significantly reduced through elimination of duplicative services. CSA# 25 would be served by Shasta CSD subject to Local Agency Formation Commission (LAFCo) annexation approval.

*4. Estimated cost of services and description of how services or required improvements will be financed.*

The County presently operates a dozen County Service Areas (CSAs). These CSAs provide water, sewer, drainage and other urban services in rural areas. One office worker, several full-time operators and numerous part-time operators operate and maintain the current systems. Associated costs are allocated through a cost accounting system. The dissolution of CSA# 25 would not significantly impact County staffing. Shasta CSD would be solely responsible for operating and maintaining the expanded Shasta CSD territory. County staff has provided a walk-thru for Shasta CSD staff and will provide relevant documents (plans, manuals, records, etc.). Shasta CSD is currently in the process of obtaining an Emergency Community Water Assistance Grant (ECWAG) from the United States Department of Agriculture Rural Utilities Service. The ECWAG grant will fund the installation of piping and infrastructure that will connect the two systems.

*5. Indicate whether the territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district.*

The project would be served by the Shasta Community Services District subject to Local Agency Formation Commission (LAFCo) annexation approval and all land currently within the CSA# 25 boundary would be included in the new ~~SHASTA~~ Shasta CSD boundaries. The District currently serves 27 existing water service connections and has 182 standby connections. The Keswick community, if rebuilt, would require  approximately 200 water service connections. The Shasta CSD has evaluated the annexation request and indicates there would be adequate capacity to serve the rebuilt community.

*6. Outline of the proposed governing body structure and, at a minimum, a projected five-year budget for revenues and expenditures. The budget presented will need to indicate the source and amount of revenues and expenditures based upon services to be provided. Note any*

*"share" of property tax revenues generated within the consolidated district boundaries. Identify any additional revenue source for any projected budget shortfall. No new taxes can be imposed by the District without two-thirds approval by voters.*

The CSA# 25 is a dependent special district and is governed by the Shasta County Board of Supervisors acting as the Board of Directors, and overseeing operating as the District administrative and financial manager. The District day-to-day management is the responsibility of the Public Works Department, who may use maintenance contractors as needed. The District currently has no distinct employees, but is supported by Public Works staff, consisting of: an operations supervisor, and five part-time non-licensed employees which are shared with multiple county service areas. All County employees operate according to Shasta County policies and employment guidelines.

The Shasta CSD Board of Directors operates as the governing body for the Shasta CSD and will become the governing body for the CSA# 25 upon annexation. Regular meetings are held every third Wednesday of the month at 6:00 PM at 10711 French Alley in Shasta, CA, 96087. Shasta CSD operates a website at [www.Shastacsd.org](http://www.Shastacsd.org) where meeting agendas, minutes and other District information are made available to the public. Board vacancy announcements are published in newspapers, at the Shasta County Public Library, and local public places for minimum of 3 weeks. Candidates are interviewed and voted in by the district board and the selected name goes to Shasta County for Board of Supervisors approval.

CSA# 25 is an enterprise fund district that provides water service only, although the district has an inactive park service powers not currently being provided. Most operating revenue is derived from bi-monthly water service charges. An annual parcel charge was established at the time of CSA formation. The current infrastructure project is funded by a California State Water Resources Control Board Proposition 50 grant, and CSA# 25 is responsible for covering cost over runs. Available resources are maintained within the County's general operating budget. Most agency revenue streams are subject to Proposition 218, which sets forth various constraints on the generation of revenues for infrastructure services. Bond financing is not subject to Proposition 218 per se but is subject to a parallel administrative process. Water customers are charged according to existing rate structures. A flat fee was established at the time Keswick CSD became Keswick CSA #25 (1990). The last rate increase was approved in July 2017. Proposition 218 requires CSA# 25 to adopt a rate structure which is reflective of the actual cost of service. The current rate structure meets this standard.



# **Shasta Community Services District**

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

Commission Review Draft  
February 7, 2019

# SHASTA LOCAL AGENCY FORMATION COMMISSION

---

## **Commissioners**

Les Baugh, County Member - District 5 Supervisor  
Joe Chimenti, County Member - District 1 Supervisor  
Stan Neutze, City Member & Vice Chair - City of Anderson  
Julie Winter, City Member – City of Redding  
Brenda Haynes, Special District Member - Anderson Cottonwood Irrigation District  
Irwin Fust, Special District Member & Chair - Clear Creek Community Services District  
Lawrence Russel, Public Member

## **Alternate Members:**

Mary Rickert, County Member - District 3 Supervisor  
Larry Farr, City Member- City of Shasta Lake  
Patricia A. Clarke, Special District Member – Anderson Fire Protection District  
Katherine Ann Campbell, Public Member

## **Shasta LAFCO Staff:**

George Williamson, AICP, Executive Officer  
Kathy Bull, Office Manager  
James M. Underwood, Legal Counsel

## **Planwest Partners Staff:**

Colette Metz, Analyst  
Julie Hawkins, Services Specialist  
Jason Barnes, GIS Analyst  
Emily Morris, Assistant Planner

## **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, the County of Shasta, and County Service Area #25-Keswick.

# Table of Contents

---

1.0 INTRODUCTION.....	2
2.0 AGENCY PROFILE .....	5
3.0 INFRASTRUCTURE AND SERVICES .....	7
4.0 FINANCING .....	12
5.0 ACCOUNTABILITY AND GOVERNANCE .....	14
6.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS .....	14
7.0 SPHERE OF INFLUENCE DETERMINATIONS.....	17
8.0 REFERENCES.....	18

## Tables & Figures

Table 1: Shasta CSD Contact Information .....	5
Table 2: Shasta CSD Equipment List .....	9
Table 3: Shasta CSD Current Fleet.....	10
Table 4: Shasta CSD Water Services Revenues and Expenditures.....	12
Table 5: Shasta CSD Fire Service Revenues and Expenditures .....	13
Figure 1. Municipal Service Review and Sphere of Influence Update Map.....	5
Figure 2 Shasta CSD Incident Type and Response Data 2015-2017.....	10

# 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.

The Carr Fire, from July 23 to August 30, 2018, burned approximately 229,651 acres, and destroyed 1,079 residences, 22 commercial structures, and 503 outbuildings in Shasta County. The Shasta Community Services District (Shasta CSD or District) had over 400 homes in their service area boundary burned. Some water customers have been able to return to their properties, but fire devastation reduced active customers by at least 40%.

Water service connections for Shasta County Service Area No. 25 (CSA #25 or Keswick) were also reduced dramatically and currently stand at 27 active connections and 182 stand-by connections. Therefore, it is no longer feasible for these agencies to operate two independent water systems. The severe wildland fire will have a long-term impact to the watershed, thus impacting raw water quality and quantity for the two agencies for years.

The primary drivers for this review are adoption of an expanded SOI for Shasta CSD and a zero Sphere for CSA #25 that would precede annexation of CSA#25 territory into the Shasta CSD. The Shasta CSD and the County of Shasta propose to reorganize the Shasta CSD and CSA#25 within the expanded SOI for Shasta CSD and a zero Sphere for CSA #25. If this reorganization is approved, the Keswick area will be annexed into the Shasta CSD boundary and CSA#25-Keswick will be dissolved as a separate entity. The SOI of the District after amendment and annexation will be the same as the two existing districts pre-annexation. This MSR serves as the periodic review of the Shasta CSD for a SOI Update.

## **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, although only water services would be consolidated after adoption of CSA#25-Keswick into the District.



## **County Service Area Overview**

The principal act governing CSAs is County Service Area law (Government Code § 25210-25217.4) which authorizes CSAs to provide up to 26 types of governmental services within their boundaries. CSA #25-Keswick is authorized to provide water services.

## **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 services within the District along with an analysis of the proposed annexation of CSA#25-Keswick into Shasta CSD, dissolution of CSA #25 and the adoption of a zero SOI for the CSA.

## **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 LAFCO, as the lead agency, finds the Shasta CSD SOI Update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations, Chapter 3 CEQA Guidelines, 15061(b)(3).

Annexation and dissolution CEQA exemption. On July 26, 2018, a State of Emergency in Shasta County was declared by the Governor and on July 28, 2018 a Presidential State of Emergency was signed for Shasta County. The annexation of CSA#25- Keswick by Shasta CSD addresses an immediate need to continue water services to the communities of Shasta and Keswick that were devastated by the Carr Fire in July 2018. This is subject to a statutory exemption under CCR Title 24, Article 18, Section 15269 (b).

## 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 updating the SOIs for Shasta CSD and CSA#25-Keswick. 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.

### 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.

### Proposed Reorganization and Sphere of Influence Changes

The Shasta Community Services District (CSD) and the County of Shasta propose to consolidate the Shasta CSD and CSA#25-Keswick. If this consolidation is approved, the Keswick area will be annexed into the boundaries of the Shasta CSD, and CSA#25-Keswick will cease to exist as a separate entity (see Figure 1). The initial boundaries and SOI of the newly consolidated District will be the same as the two existing districts.

## 1.2 Review Methods

The following information 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 and Distribution

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

- Shasta CSD & Keswick Intertie Project Preliminary Engineering Report, October 2018 PACE Engineering
- 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 Shasta CSD is generally bounded on the northeast by CSA #25- Keswick, the southeast by the City of Redding and Centerville CSD, the south by Centerville CSD, and on the west by 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**

<b>Contacts:</b>	Chris Koeper CSD General Mgr.	Mark Todd, Fire Chief
<b>Emails</b>	ckoeper@shastacsd.org	<a href="mailto:oldshastafire@yahoo.com">oldshastafire@yahoo.com</a>
<b>Physical Address</b>	15611 Rock Creek Raod	
<b>Mailing Address</b>	PO Box 2520 Shasta, CA 96087	
<b>Phone Number</b>	(530) 241-4615	
<b>Website</b>	Shastacsd.org	
<b>Population Served</b>	Approx. 1,737	<b>Service Area</b> 7,360 Acres (11.5 sq. miles)
<b>Number of Staff</b>		

CSA#25-Keswick was originally formed as a CSD in 1964 as a California Independent Special District (Government Code § 61000 – 61850). In 1990, LAFCo dissolved Keswick CSD, formed CSA# 25 and transferred all assets from CSD to CSA# 25 as a Shasta County administered dependent special district. The CSA #25 - Keswick service area is located in northern Shasta County, north of Old Shasta, approximately 7 miles northwest of City of Redding, and approximately 9 miles southwest of the City of Shasta Lake. The main access is via Iron Mountain Road, just north of State Route 299 West.

### District Boundaries

Currently the Shasta CSD encompasses about 7,151 acres, or approximately 11.2 square miles (Figure 1). CSA #25-Keswick consists of approximately 5,154 acres of unincorporated territory. The Shasta CSD boundaries will increase from their current size of 7,151 acres to approximately 12,305 acres (19.2 square miles) upon annexation of CSA #25- Keswick.

### Growth and Population

When reviewing population data, it is important to distinguish between the population changes that affect the entire County and the unincorporated portion of the County, which can be affected by annexations and other boundary changes. The unincorporated area of the County currently makes up about 38% of the entire County's total population. The California Department of Finance projects the entire County's population will increase from

177,223 people to 196,087 people, between 2010 and 2020. If the unincorporated area's portion of the County's population remains near 38%, it is estimated that that the unincorporated area would increase from 67,226 to 74,426 people.

However, according to a 2018 California Department of Finance report, the population of Shasta County as a whole increased by only 0.1% per year in 2017 and 2018. If Shasta County grows to a population of 196,087 by 2020, the average annual growth rate would be 1.1%, a substantial increase over the current growth rate. For the purposes of this report, we will use a population growth estimate of 0.1 percent to 1.1 percent annual growth to predict the range of future populations that may be served by the District during this MSR cycle (2018-2023). It should also be noted that the Department of Finance, Demographics Division, now states that assumptions used to project future population may no longer be applicable and that these projections could change with their next estimate cycle, which is every 5 years.

According to the Shasta CSD General Manager, Chris Koeper, the current District population is about 2,500. The census numbers are not accurate in this case because some water customers have City of Redding addresses. CSA #25-Keswick will only add slightly to the district population. A population of 475 people was served by water connections prior to the Carr fire. Fire devastation resulted in 27 active connections and estimates of future population are difficult to predict.

### **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.

Shasta County designates much of the area served by CSA #25 as rural residential, agricultural, and timber lands with sections of Open Space designated lands along the Sacramento River. Community development is either distributed from the Keswick VFD along Market Street or more sparsely spread out along Rock Creek Road.

### **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: 2010-2014 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 city's SOI. In many cases, Census Block Groups are larger than Districts. In these cases, LAFCO's evaluation was conducted with an abundance of caution to ensure no DUCs are overlooked.

Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, 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, the disadvantaged communities will be considered.

## **3.0 INFRASTRUCTURE AND SERVICES**

---

### **3.1 Domestic Water Service**

Shasta CSD provides domestic water to the community through water system No. CA4510013, with 864 connections listed. There are currently 725 active connections, the difference is attributed to people who have paid connection fees but haven't yet built. The District has been discussing 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 provided to CSA #25 via water system No. CA4500001. There are 209 connections formerly serving a population of 475. Following the Carr Fire, there are 27 active connections and 182 stand-by connections. 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. In 2015, CSA# 25 constructed a 500,000-gallon storage tank and improved the water treatment system.

Shasta CSD and CSA #25 anticipate that their water treatment facilities will not be adequate to treat highly turbid water expected from Whiskeytown Lake nor is it economically sustainable for CSA #25 to continue operating their water treatment plant (WTP). The proposed reorganization will allow the two organizations to work together to produce safe drinking water using the Shasta CSD's WTP and, if necessary, resort 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 and CSA #25 customers. The proposed CSA #25 and Shasta CSD intertie will reduce operation and maintenance costs and provide both agencies with reliable emergency water.

The District and CSA #25 are both rural communities with only 2,200 linear feet of pipe separating them. The State Water Resources Control Board Division of Drinking Water and

numerous customers from both communities would like to see Shasta CSD annex CSA #25 and become one agency. The proposed intertie will also allow the water agencies to operate one WTP, which will reduce costs significantly as the communities rebuild. It is expected it will take several years for the communities to return to normal operations.

## **Water Supply**

The District receives all of 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 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 2010<sup>1</sup>.

## **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. 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 is currently replacing 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 are currently under construction as part of the Tanks and Pump Stations Replacement Project and are expected to be operating by the end of 2018. The project is 70% complete with a cost of \$5.2 million.

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. Based on 2015 records, the average day demand (ADD) and MDD were approximately 380 and 1,012 GPD/HE, respectively. 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 will meet this requirement once the Tank Replacement Project is complete.

## **Water Meters**

---

<sup>1</sup> Preliminary Engineering Report: Shasta CSD & Keswick Intertie Project PACE Engineering October 2018

Shasta CSD replaced all manual read meters to automatic meter readers (AMRs) in 2013. The District has indicated about 20 meters and appurtenances were damaged in the fire. CSA #25 is still using manual meters. Replacing meters for active CSA #25 customers with AMRs would reduce monthly operating costs and work with Shasta CSD's current billing software. CSA #25 has reported 23 customers are now using water. this needs to be consistent with # of active connections

### District Facilities

Shasta CSD owns water system facilities including a water treatment plant, six pump stations, two potable water storage tanks, five general storage tanks, two 10,000-gallon movable storage tanks and a backwash tank. In addition, the District owns five vehicles, a diesel generator and various equipment.

**Table 2: Shasta CSD Equipment List**

<b>Buildings</b>	<b>Water Tanks</b>	<b>Vehicles</b>	<b>Misc.</b>
Water treatment plant	Two potable storage tanks (at water treatment plant)	Three Ford trucks (Ford F-350 Utility truck 2016, Ford F-150 truck 2018, Ford Ranger 2012)	Pipe service tapping machine
Water pump station (for treatment plant)	Backwash tank (at water 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 Brunswick, Upper Brunswick, Highland Park, Record Heights)	Five storage tanks (Middle Brunswick, Upper Brunswick, Highlands Park, Record Heights, Grand Forks)	Backup diesel generator	Backflow device tester

Shasta CSD is coordinating with Shasta County on the formal transfer of assets and liabilities from CSA# 25-Keswick to Shasta CSD.

### Opportunities for Shared Facilities/Increased Efficiency

Shasta CSD has indicated that it has adequate capacity to serve the proposed intertie with the water system for CSA#25-Keswick but has placed requirements on the applicant (Shasta County) prior to provision of services. The CSA# 25 and Shasta CSD distribution systems are presently separate with no interties between them. The CSA# 25 distribution system relies entirely upon gravity with no booster stations anywhere in the system.

The United States Department of Agriculture (USDA) provided a grant to prepare a Preliminary Engineering Report (PER) to assess damage from the Carr Fire. The PER describes the project that will provide the necessary distribution system interties to provide safe

drinking water and reduce financial hardship to the communities. The PER concludes that a CSA# 25/ Shasta CSD reorganization is feasible from an engineering standpoint and would have benefits for both agencies.

Necessary improvements to the water system include an intertie between Shasta CSD and CSA#25-Keswick, a Pressure Reducing Valve (PRV) on the Keswick side, telemetry improvements and some meter replacements at a total estimated cost of \$788,400 including design, construction, inspection and contingencies. USDA funding to cover these costs is potentially available and is being actively pursued via a December 17, 2018 Emergency Community Water Assistance Grant (ECWAG) application to the USDA from the Shasta CSD.

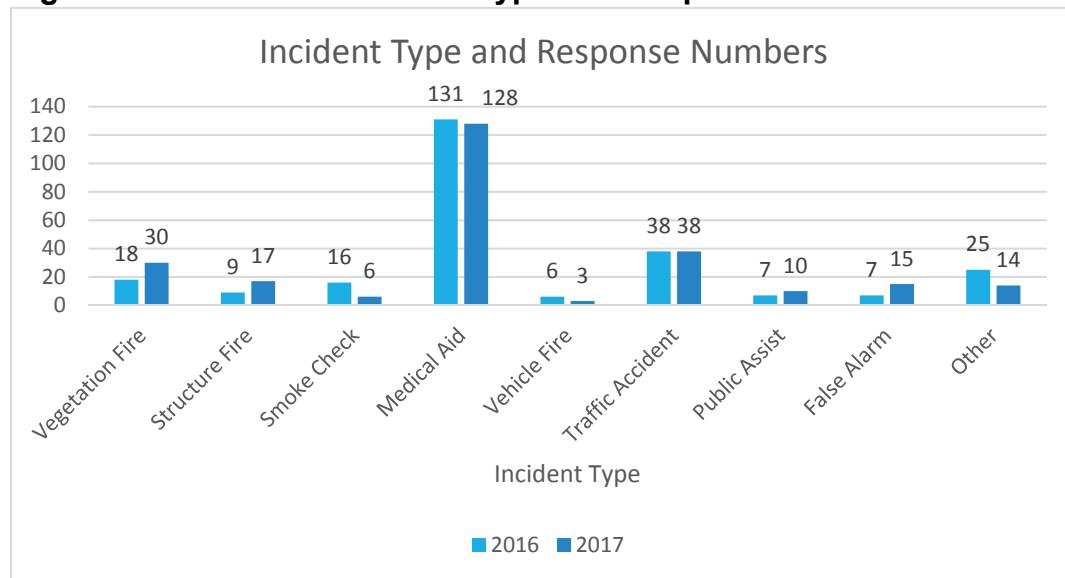
According to the PER, the system intertie pump station would be located along Rock Creek Road at the intersection of Bandana Trail and Rock Creek Road. The intertie pipeline would extend along Rock Creek Road for 2,220 feet to the last CSA# 25 hydrant. Once the improvements are in place, the CSA# 25 treatment plant can be shut down and the remaining CSA# 25 customers can be served from the existing Shasta CSD treatment plant. Ongoing labor, testing and other costs would be significantly reduced through elimination of duplicative services. CSA# 25 would be served by Shasta CSD subject to Local Agency Formation Commission (LAFCo) annexation approval.

### 3.2 Fire Services

#### Service Demand and Service Levels

The Shasta CSD Fire Department responded to a total of 257 calls in 2016 and 261 calls in 2017 (figure 1) The majority of calls were medical related.

**Figure 2. Shasta CSD Incident Type and Response Data 2015-2017**



#### 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.

## Personnel and Training

The Shasta CSD Fire personnel includes one full-time Battalion Chief, one part-time Fire Chief, three seasonal firefighters, and 10 volunteer firefighters.

## Current Infrastructure and Facilities

The District operates out of one fire station located at 10644 High Street in Shasta, CA. The District operates several apparatuses to respond to calls in the community. Those vehicles are listed below in Table 3. The District reports that all of the vehicles are in good condition. Apparatus replacement is made on a 15-year cycle. Generally, apparatus 15 to 30 years old are second out or reserve equipment. Other equipment such as self-contained breathing apparatus and Jaws of Life are repaired or replaced as needed.

**Table 3: Shasta CSD Current 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	-

## CSA #25 - Keswick

Fire service is provided to the community by CSA #1 – Shasta County Fire, Battalion 5. Battalion Chief Dave Hotchkiss supervises four volunteer fire companies and two Cal Fire Stations. Shasta County Volunteer Fire Company 53 – Keswick is supervised by volunteer Fire Chief Joe Pollard.

## Opportunities for Shared Facilities/Increased Efficiency

Fire services in Shasta County rely on a network of agencies who maintain mutual and automatic aid agreements with other fire protection agencies including the Shasta County Fire Department, the City of Redding, CAL FIRE, and the National Park Service, as well as independent special districts. Through these agreements the agencies share facilities, infrastructure, and services and work towards achieving mutual maximum effectiveness in the delivery of fire protection and emergency response services. The Shasta Fire Department also participates in Strike Team assignments when requested by CAL FIRE. The District is being asked to identify other shared facilities.

Although Shasta CSD provides fire protection services, fire service will continue to be provided by *CSA#1 – Shasta County Fire, Battalion 5* in the annexed area. It is recommended that a zone for service is established that identifies the areas where Shasta CSD Fire Department responds, and where CSA #1 responds.

## 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 enterprise funds, property taxes and strike team revenues. Water enterprise funds generated approximately 43 percent of all revenues, and property taxes generate approximately 20 percent of revenues in fiscal year 2017-18. Strike team revenue amounted to \$284,305.59 for fiscal year 2017-18 and is likely used, in addition to other revenue sources, to fund the Shasta CSD Fire Department. Given that strike team revenue was used to fund fire services, the Shasta CSD fire services budget had a deficit of \$82,710.10.

The combined projected budget (Shasta CSD plus CSA#25-Keswick) for the current fiscal year (2018-19) shows a total District revenue of \$833,995.00. Total expenses for both water and fire service total \$784,566.00 leaving a surplus of \$49,429.00. With increased revenue from water revenues and property taxes, Shasta CSD is projected to increase its budget surplus upon annexation of the CSA#25-Keswick territory and one result of the new district boundaries would be a more fiscally sound district.

**Table 4: Shasta CSD Water Services Revenues and Expenditures**

Revenues	FY 2017-18 Budget Actuals	FY 2018-19 Budget	FY 2018-19 Combined Budget
Water Sales	\$513,687.26	\$345,400.00	\$415,400.00
Revolving Fund Loan	\$134,203.60	\$135,000.00	\$135,000.00
Property Tax Revenue	\$241,155.25	\$245,000.00	\$268,000.00
Strike Team Revenue	\$284,305.59	\$ -	\$ -
SFD Reimbursement	\$4,444.02	\$7,300.00	\$7,300.00
Other Income Sources	\$22,678.98	\$8,295.00	\$8,295.00
<b>Total Revenue</b>	<b>\$1,200,472.70</b>	<b>\$619,495.00</b>	<b>\$833,995.00</b>
Expenditures	FY 2017-18 Budget Actuals	FY 2018-19 Budget	FY 2018-19 Combined Budget
Water Service Expenses	\$34,403.80	\$38,000.00	\$38,000.00
Pumping Expense	\$10,767.34	\$11,130.00	\$11,130.00
Water Treatment Expense	\$15,381.69	\$17,650.00	\$19,750.00
Transmission/Distribution	\$42,966.12	\$43,000.00	\$43,000.00
Vehicle Maintenance	\$1,301.12	\$2,100.00	\$2,100.00
Gas & Oil Expense	\$4,447.81	\$4,950.00	\$4,950.00
Training	\$1,478.00	\$3,800.00	\$3,800.00
Community Building	\$2,721.44	\$3,300.00	\$3,300.00
<b>Administrative Expenses</b>			
Manager Salary	\$74,854.17	\$75,000.00	\$75,000.00
Maintenance/Hourly	81,095.14	\$86,780.00	\$86,780.00
Office/Hourly	18,554.64	\$16,640.00	\$16,640.00
Payroll Expenses	\$195,492.08	\$194,428.00	\$194,428.00

Employee Benefits	\$89,056.58	\$101,000.00	\$101,000.00
Payroll Tax Expense	\$19,661.18	\$18,936.00	\$18,936.00
Office Expense	\$31,647.34	\$33,322.00	\$33,322.00
Insurance – Liability & E&O	\$11,941.56	\$12,500.00	\$12,500.00
Directors Compensation	\$1,000.00	\$2,500.00	\$2,500.00
Dues/Permit Fees	\$14,608.30	\$16,000.00	\$16,000.00
Miscellaneous Expenses	\$18,769.03	\$ -	\$ -
Professional Services	\$13,933.22	\$19,500.00	\$19,500.00
Interest	\$33,440.78	\$34,000.00	\$34,000.00
Other Expenses	\$2,243.52	\$3,000.00	\$3,000.00
<b>Total Expenditures</b>	<b>\$547,864.40</b>	<b>\$561,616.00</b>	<b>\$564,216.00</b>
<b>Net Total</b>	<b>\$652,608.30</b>	<b>\$57,879.00</b>	<b>\$269,779.00</b>

**Table 5: Shasta CSD Fire Service Revenues and Expenditures**

<b>Revenues</b>	<b>FY 2017-18 Budget Actuals</b>	<b>FY 2018-19 Budget</b>
Donations	\$1,450.00	-
Interest	\$29.47	\$30.00
<b>Total Revenue</b>	<b>\$1,479.47</b>	<b>\$30.00</b>
<b>Expenditures</b>	<b>FY 2017-18 Budget Actuals</b>	<b>FY 2018-19 Budget</b>
SCSD Reimbursement	\$21,352.30	\$7,300.00
Volunteer Fund Expenses	\$436.59	-
Gas/Oil/Diesel Expenses	\$8,540.19	\$6,000.00
Office Expenses	\$7,610.64	\$7,150.00
Building Maintenance	\$6,490.00	\$3,000.00
Vehicle Maintenance	\$16,738.24	\$7,800.00
Repairs/Replace Equipment	\$3,797.93	\$6,000.00
Membership/Dues	\$2,537.00	\$2,600.00
Professional Expenses	\$6,247.50	\$6,500.00
Payroll Expenses	\$232,718.55	\$115,100.00
Employee Benefits	\$54,636.71	\$46,800.00
Liability/Auto/Fire Insurance	\$3,087.00	\$3,600.00
Other Expenses	\$4,302.51	\$8,500.00
<b>Total Expenditures</b>	<b>\$368,495.16</b>	<b>\$220,350.00</b>
<b>Net Total</b>	<b>\$(369,977.63)</b>	<b>\$(220,320.00)</b>

Shasta CSD and CSA #25 lost over 700 homes combined in the Carr Fire and are now realizing the financial hardship of losing a majority of their water customers. CSA #25 and Shasta CSD lost 96% and 62% of their water consumers, respectively. This will result in a significant decline in water use, which causes water quality concerns in addition to financial hardship. Both agencies are expecting a considerable decline in their operating and maintenance budgets for several years as a majority of their customers lost their homes and are now inactive and paying a reduced monthly fee. Therefore, the agencies are proposing to join forces by connecting the two water systems and operate one water treatment plant (WTP) for both communities. In addition to decreased budgets, the operators will likely be faced with more

water quality challenges this winter. It is expected the WTP will require more coagulant dosing and backwashing to keep up with the raw water quality anticipated. Therefore, the District will likely have increased chemical and pumping costs this winter.

## 5.0 ACCOUNTABILITY AND GOVERNANCE

---

The Shasta CSD Board of Directors operates as the governing body for the District. Regular meetings are held every third Wednesday of the month at 6:00 PM at the Shasta CSD office located at 10711 French Alley in Shasta, CA, 96087. Shasta CSD operates a website at [www.shastacsd.org](http://www.shastacsd.org) where meeting agendas, minutes and additional District information are made available to the public.

**Table 6: Shasta CSD Board of Directors Membership**

Board of Directors	Elected	Term Expires
Dave Cross, President -	November 2018	2022
Jan Hanks, Vice President	November 2018	2022
Karen Preisser -	November 2018	2022
Theresa May	November 2016	2020
Shawna Staup	Appointed March 2018	2020

CSA #25 Keswick is a Shasta County administered dependent special district. Upon annexation approval, the area will be under the jurisdiction of the Shasta CSD Board of Directors and will be administered according to the laws governing the rest of the district. The proposed reorganization is an opportunity to expand the geographic representation of the District's Board of Directors, as Keswick residents would gain the right to vote for, and serve, as Board members. As residents of the post-consolidation Shasta CSD, Keswick voters would enjoy the same rights as all other voters in the District.

## 6.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS

---

### 1) Growth and population projections for the affected area

- a) According to the 2016 American Community Survey 5-Year Estimates, the population of the Shasta CDP was 1,737. Using an estimate of 0.5 percent annual growth and the estimated population of 1,737, the population served within the current district boundaries will increase to approximately 1,756 by the year 2035.
- b) CSA #25-Keswick will add to the population of the Shasta CSD only slightly. The population within the Keswick area served by allocated water connections is 475 people, but this number does not reflect the reduction in population from Carr fire devastation. Given a growth rate of 0.5 percent, the increase in population of the Keswick community would be 38 people by 2035 for a total of 513 people. This would increase the potential Shasta CSD population to 2,269 people in 2035.

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

- a) Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, 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, the disadvantaged communities should be considered.
- b) If the reorganization is approved, CSA#25-Keswick will become part of the Shasta CSD. Portions of both communities meet the definition of a Disadvantaged Unincorporated Community, as noted above. However, no unmet service needs or deficiencies related to sewers, water, or fire protection are known to exist within, or contiguous to, the area currently served by CSA#25-Keswick or Shasta CSD. The Keswick area currently has adequate sewer, water, and fire protection services and will continue to receive these services if the proposed annexation is approved and the area becomes part of the Shasta Community Services District.

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

- a) Shasta CSD provides domestic water through 864 connections, with 21 connections remaining and available for new services. The District has been discussing options of entering into contractual agreements to provide up to an additional 200 acre-feet of water for future development within the District.
- b) Pursuant to Government Code § 56653, Shasta CSD prepared a Plan for Services to evaluate the needs of the proposed annexation of CSA#25-Keswick. CSA#25 would see no change in the level of services provided, only a change in organization. Fire protection, police services, electricity and solid waste collection will continue to be provided by the County and private contractors.
- c) CSA #25-Keswick currently serves 27 existing water service connections and has 182 standby connections. The Keswick community, if rebuilt, would require approximately 200 water service connections. The Shasta CSD has evaluated the annexation request and indicates there would be adequate capacity to serve the rebuilt community.

**4) Financing ability of agencies to provide services**

- a) 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 enterprise funds, property taxes and strike team revenues. Water enterprise funds generated approximately 43 percent of all revenues, and property taxes generated approximately 20 percent of revenues in fiscal year 2017-18.
- b) Strike team revenue amounted to \$284,305.59 for fiscal year 2017-18 and is likely used, in addition to other revenue sources, to fund the Shasta CSD Fire

Department. Given that strike team revenue was used to fund fire services, the Shasta CSD fire services budget had a deficit of \$82,710.10.

- c) The combined projected budget for the current fiscal year (2018-19) shows a total District revenue of \$833,995.00. Total expenses for both water and fire service total \$784,566.00 leaving a surplus of \$49,429.00. With increased revenue from water revenues and property taxes, Shasta CSD is projected to increase its budget surplus upon annexation of the CSA#25-Keswick territory and one result of the new district boundaries would be a more fiscally sound district.

**5) Status of and, opportunities for, shared facilities**

- a) The Carr Fire had a devastating impact on the Keswick and Shasta communities. Water service connections were reduced to 27 active connections and 182 stand-by connections in Keswick. As the community goes through the rebuilding process, Shasta County would like to implement economies of scale by annexing the CSA #25 into the Shasta CSD and then dissolving the CSA.
- b) CSA# 25 is a dependent special district and is governed by the Shasta County Board of Supervisors acting as the Board of Directors and overseeing operating as the District administrative and financial manager. The District day-to-day management is the responsibility of the Public Works Department, who may use maintenance contractors as needed. CSA#25 currently has no distinct employees, but is supported by Public Works staff, consisting of: an operations supervisor, and five part-time non-licensed employees which are shared with multiple county service areas.
- c) The Preliminary Engineering Report (PER) to assess Carr Fire damage concludes that a CSA# 25/ Shasta CSD reorganization is feasible from an engineering standpoint and would have benefits for both agencies.

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

- a) Shasta CSD meetings are held every third Wednesday of the month at 6:00 PM at 10711 French Alley in Shasta, CA, 96087. The Shasta CSD website [www.Shastacsd.org](http://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 and this will expand to Keswick area upon annexation. Post-annexation, residents of the Keswick area will gain the right to vote for, and serve as, members of Shasta CSD's Board of Directors, beginning with the next available Board seat.

**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 reorganization of Shasta CSD and CSA #25-Keswick into a single district by expanding the Shasta CSD district boundaries and SOI to include the Keswick area. Shasta LAFCO makes the following written SOI determinations

- 1) The present and planned area land uses, including agricultural and open-space lands.**
  - a) Land uses within both Shasta CSD and CSA #25-Keswick are subject to the Shasta County General Plan.
  - b) Shasta County designates much of the area served by CSA #25 as rural residential, agricultural, and timber lands with sections of Open Space designated lands along the Sacramento River. Community development is either distributed from the Keswick VFD along Market Street or more sparsely spread out along Rock Creek Road.
  - c) Within Shasta CSD, current 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.
  
- 2) The present and probable need for public facilities and services in the area.**
  - a) CSA #25-Keswick would see no change in the level of services provided, only a change in organization. Fire protection, police services, electricity and solid waste collection will continue to be provided by the County and private contractors within the annexed area.
  - b) The proposed annexation would transfer water service from CSA# 25 to Shasta CSD. The Keswick community, if rebuilt, would require approximately 200 water service connections. The Shasta CSD has evaluated the annexation request and indicates there would be adequate capacity to serve the rebuilt community.
  
- 3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**
  - a) The proposed annexation of CSA#25 would transfer water service from CSA# 25 to the Shasta CSD. The former Keswick CSD owned a parcel that housed the Fire Hall and a community center. Parcel ownership was transferred to the County upon formation of CSA# 25 in 1990. The Fire Hall and community center were burned to the ground during the Carr Fire.
  - b) CSA# 25 was authorized to provide park services although this was limited to maintaining a community center and adjoining parkland. The community center was not in use prior to burning and all recreational amenities had been removed from the parkland prior to the fire. This service is considered inactive and would not be assumed by Shasta CSD upon annexation and since the CSA# 25 park

service is considered inactive, no change in service level would occur. The County would retain ownership of the parkland.

**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 basic household supplies and goods. The potential annexation of CSA#25 into the Shasta CSD would have no effect on the availability of this service.

**5) The present and probable need for services for any disadvantaged unincorporated community within the area**

- a) Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, 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, the 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>

PACE Engineering. Preliminary Engineering Report for Shasta Community Services District: Shasta CSD & Keswick Intertie Project October 2018.

Shasta County Department of Resource Management. General Plan.  
[https://www.co.shasta.ca.us/index/drm\\_index/planning\\_index/plng\\_general\\_plan.aspx](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://factfinder.census.gov/faces/nav/jsf/pages/community\\_facts.xhtml](https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml).



**SHASTA LAFCO RESOLUTION 2019-01**

**RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION  
ADOPTING THE MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE  
UPDATE OF THE SHASTA COMMUNITY SERVICES DISTRICT AND ADOPTING A  
ZERO SPHERE OF INFLUENCE FOR  
COUNTY SERVICE AREA #25 – KESWICK WATER SERVICES**

**WHEREAS**, the Shasta Local Agency Formation Commission (LAFCO), hereinafter referred to as the “Commission”, is authorized to conduct municipal services reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Shasta County; and

**WHEREAS**, in the accordance with California Government Code Section 56661, the Executive Officer has given sufficient notice of the public hearing by the Commission on the proposal; and

**WHEREAS**, the Executive Officer prepared a Municipal Service Review of the Shasta Community Services District (CSD) and Shasta County Services Area (CSA) #25 – Keswick, and a proposed updated sphere of influence boundary recommendation based upon this analysis pursuant to California Code Section 56430; and

**WHEREAS**, the Executive Officer has presented to the Commission, a written staff report with recommendation on the proposal in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all testimony and evidence presented at a public hearing held on February 7, 2019; and

**WHEREAS**, the proposal seeks Commission approval for the referenced Sphere of Influence Updates.

**NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:**

1. The Commission hereby accepts the Shasta CSD and Shasta CSA #25 – Keswick proposed update of the Shasta Community Services District’s Sphere of Influence Boundary update to include the CSA#25 territory for water services, incorporated herein by reference.
2. The Commission hereby accepts the assignment of a ‘zero sphere’ for CSA #25 – territory for water services, incorporated herein by reference.
3. Municipal Service Reviews are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). Shasta LAFCO, finds the Shasta CSD SOI Update is exempt from further review under the California Environmental Quality Act pursuant to

Title 14 of the California Code of Regulations, Chapter 3 CEQA Guidelines, Section 15061(b)(3). The CEQA requirements for annexation and dissolution have also been waived. They are categorically exempt pursuant to CCR Title 14, Article 19, Section 15320.

4. The Commission, pursuant to Government Code Section 56425, makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.

5. The Executive Officer shall revise the official records of the Commission to reflect this Sphere of Influence Updates.

**BE IT FURTHER RESOLVED** The Shasta Community Services District Sphere of Influence update is hereby approved and incorporated herein by reference and the CSA #25 – Keswick is approved with a zero Sphere of Influence for water services.

**THE FOREGOING RESOLUTION** was passed and duly adopted at a regular meeting of the Shasta LAFCO Commission on February 7, 2019 by the following votes:

AYES:

NOES:

ABSTAINS:

ABSENT:

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Irwin Fust, Chair*  
Shasta Local Agency Formation Commission

**SHASTA LAFCO RESOLUTION 2019-02**

**RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION  
MAKING DETERMINATIONS AND APPROVING THE  
COUNTY SERVICE AREA #25 – KESWICK ANNEXATION TO THE  
SHASTA COMMUNITY SERVICES DISTRICT AND  
DISSOLUTION OF COUNTY SERVICE AREA #25 – KESWICK WATER SERVICES**

**WHEREAS**, the Shasta Local Agency Formation Commission (LAFCO), hereinafter referred to as the “Commission”, is responsible to review and regulate boundary changes for local governmental agencies whose jurisdictions are within Shasta County pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

**WHEREAS**, in the accordance with California Government Code Section 56661, the Executive Officer has given sufficient notice of the public hearing by the Commission on the proposal; and

**WHEREAS**, the Executive Officer has presented to the Commission, a written staff report with recommendation on the proposal in the manner provided by law; and

**WHEREAS**, the Commission heard and fully considered all testimony and evidence presented at a public hearing held on February 7, 2019; and

**WHEREAS**, the proposal seeks Commission approval for annexation of County Service Area (CSA) #25 – Keswick into Shasta Community Services District (CSD) and dissolution of CSA #25 – Keswick.

**WHEREAS**, the annexation is located within the District’s sphere of influence; and

**WHEREAS**, the subject territory is inhabited as defined in California Government Code Section 56046; and

**WHEREAS**, the Commission considered all the factors required under California Government Code Section 56425; and

**NOW THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED as follows:**

1. The Commission’s considered each of the factors required by Government Code Section 56668 and LAFCo adopted policies when making determinations on the proposal based on the information and analysis provided in the Executive Officer’s written staff report incorporated by reference.
2. The Commission finds that property owners in CSA #25 Keswick received written notice of the proposed annexation and dissolution.

3. The annexation territory is found to be inhabited.
4. The boundaries of the affected territory are found to be definite and certain.
5. A statutory exemption for Shasta CSD and CSA #25-Keswick water systems intertie was submitted on September 28, 2018. This project addresses an immediate need to supply a backup water source to the communities of Shasta and Keswick that were devastated by the Carr Fire in July 2018. This project is subject to a statutory exemption under CCR Title 24, Article 18, Section 15269 (b). The water main is also subject to a statutory exemption under CCR Title 14, Article 18, Section 15282 (k) as the installation of new pipeline does not exceed one mile in length.
6. Shasta LAFCO, hereby determines that the proposed annexation and dissolution are categorically exempt from further review pursuant to CEQA Guidelines Section 15301 (Class 1), 15303 (Class 3), 15304 (Class 4) and 15319 (Class 19), which exempts existing facilities and the construction and location of water mains and other utility extensions of reasonable length.
7. The Commission, pursuant to Government Code Section 56425, makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.
8. The proposal is assigned the following distinctive short-term designation:  
**Shasta CSD Annexation and CSA#25 Dissolution**
9. The Plan for Services provided by the Shasta CSD shall determine the manner in which services are provided to the affected territory.
10. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be filed within one calendar year from the date of approval unless a time extension is approved by the Commission.
11. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and lawfully enacted taxes. The affected territory will also be subject to all the rates, rules, regulations, and ordinances of Shasta CSD.
12. The proposal is subject to a tax exchange agreement which was ratified by the County Board of Supervisors on January 8, 2019 by Resolution 2019-022 and by Shasta CSD on December 19, 2018 by Resolution 12-18.
13. The effective date shall be the date of recordation of the Certificate of Completion. The Certificate of Completion must be filed within one calendar year from the date of approval unless a time extension is approved by the Commission.

14. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges and fees that were lawfully enacted by the District for the provision of water services. The affected territory will also be subject to all of the District rates, rules, regulations, and ordinances.
15. The Executive Officer is instructed to mail a certified copy of this resolution to the applicants per Government Code Section 56882.
16. The approval will be subject to the following conditions:
  - a) Completion of the 30-day reconsideration period provided under G.C. Section 56895.
  - b) Completion of conducting authority proceedings by the Executive Officer.
  - c) Submittal of a final map and geographic description of the affected territory conforming to State Board of Equalization requirements (Exhibit "A").
  - d) Payment of any outstanding fees as identified in the Commission's adopted fee schedule and incurred in the processing of this proposal.
  - e) Shasta CSD to adopt a service area boundary for the annexed territory to clearly differentiate that fire services will continue to be provided by County Service Area # 1 Shasta County Fire.
  - f) Transfer of Assets from CSA#25 Keswick to Shasta CSD.
  - g) Auditor confirmation of property tax transfer as referenced in tax revenue exchange resolutions.

**BE IT FURTHER RESOLVED** The Shasta Community Services District Annexation is hereby approved and incorporated herein by reference as presented on the attached map noted as Exhibit A.

**THE FOREGOING RESOLUTION** was passed and duly adopted at a regular meeting of the Shasta LAFCO Commission on February 7, 2019 by the following votes:

AYES:  
NOES:  
ABSTAINS:  
ABSENT:

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Irwin Fust, Chair*  
Shasta Local Agency Formation Commission

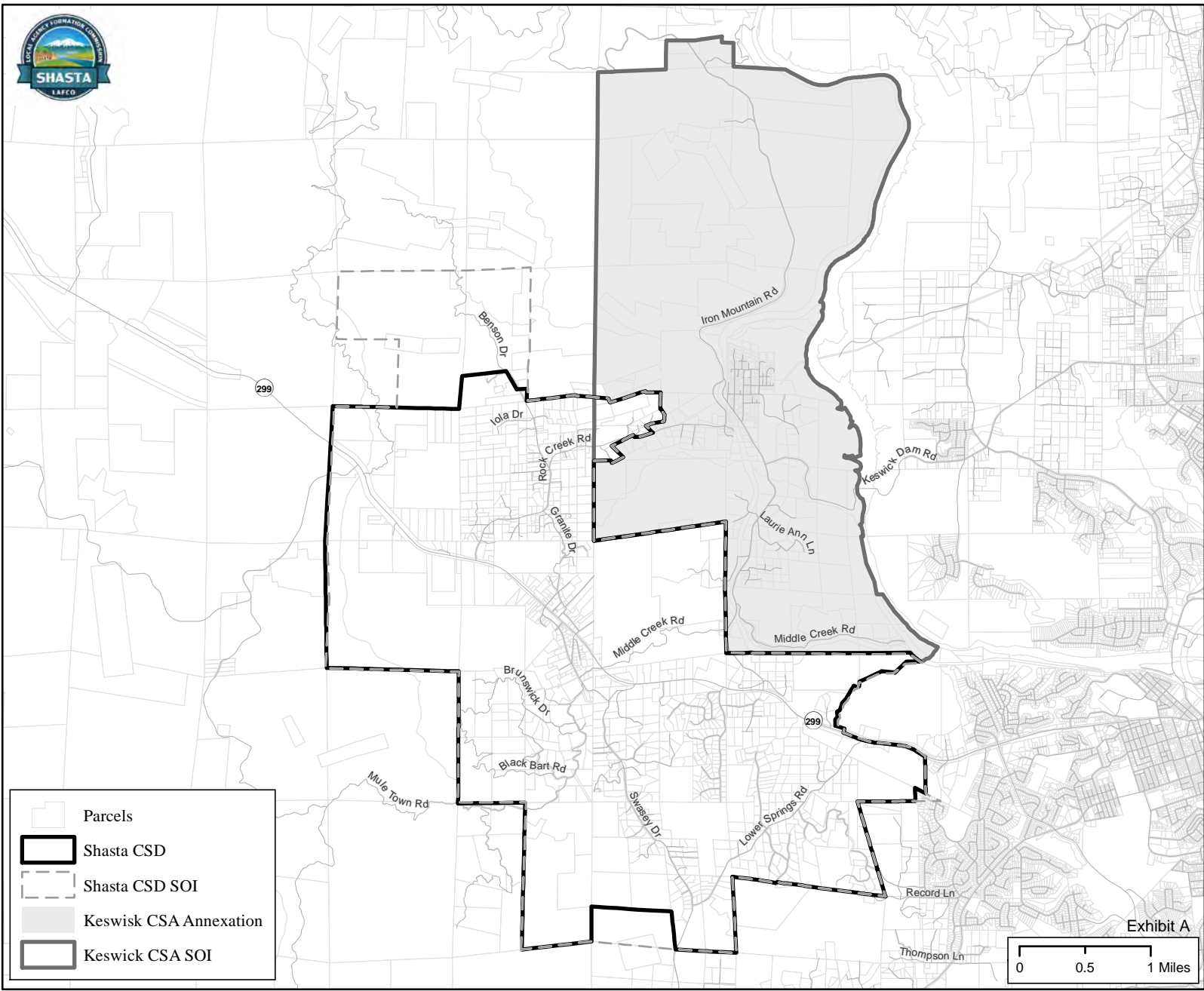


Exhibit A

