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Agenda Item: 7.a

Meeting Date: August 5, 2021

From: Executive Officer George Williamson, Office Manager Kathy Bull

Subject: Fall River Valley Community Services District
Municipal Services Review & Sphere of Influence Report Update

Background:

Community Services Districts (CSDs) are independent special districts under CSD Law (Government Code §61000, et seq.). They can provide several community services including water, wastewater, solid waste disposal, fire protection services, parks and recreation, street maintenance, and other services to unincorporated areas. The Fall River Valley CSD Draft Municipal Services Review (MSR) & Sphere of Influence (SOI) Update is attached.

District Name	District Size	Sphere of Influence
Fall River Valley CSD	1,350 acres	Unchanged, SOI updated in 2014.

DISCUSSION

The Fall River Valley CSD (FRVCSD or District) currently provides water, wastewater, and park and recreation services to the communities of Fall River Mills and McArthur. Wastewater service is currently limited to the Fall River Mills area but there is capacity to extend service to McArthur should funding become available for the necessary infrastructure.

The District currently has enough water pumping capacity to meet average daily demand. However, due to water quality limitations and infrastructure needs, peak demand can exceed 95% of capacity. The District is currently working on drilling test wells to find another suitable source of water in order to increase overall capacity and resiliency.

The District is primarily funded by fees for services. Additional sources of income include property taxes and grant funding. Parks and recreation services are predominantly grant funded and the District is currently using funds to further develop Two Rivers Park and Two Rivers West.

RECOMMENDATION

Staff recommends the Commission:

Receive verbal report from staff;

Open the public hearing and read testimony; and

Discuss item, close the hearing and consider action on recommendation:

1. Adopt Resolution 2021-12 approving the Fall River Valley CSD MSR and SOI Update

Attachments

Fall River Valley CSD Draft MSR and SOI Update;

Resolution 2021-12 approving the Fall River Valley CSD MSR and SOI Update



Fall River Valley Community Services District

Municipal Service Review &
Sphere of Influence Update

Commission Review Draft August 5 2021

SHASTA LOCAL AGENCY FORMATION COMMISSION

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Joe Chimenti, County Member & Vice Chair - District 1 Supervisor

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Alternate Members:

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Stan Neutze, City Member - City of Anderson

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Acknowledgements:

LAFCO staff would like to thank contributors to this Municipal Service Review. Input instrumental in completing this report was provided by CSD staff Amber Beck and Cecil Ray.

Table of Contents

<i>Municipal Service Review</i>	1
<i>Sphere of Influence Update</i>	1
Introduction	1
Community Services Districts Overview	1
Principal Act.....	1
Service Review Determinations	1
Sphere of Influence Determinations.....	2
Uses of the Report.....	3
Review Methods	3
California Environmental Quality Act	3
Common Topics for an Agency Profile	4
<i>Agency Profile</i>	6
Formation	6
CSD Boundary and Sphere	6
Other Service Providers	7
Existing and Planned Land Uses	7
Growth and Population	7
Disadvantaged Unincorporated Communities	8
Municipal Services	8
Financial Overview	14
Accountability and Governance	15
Municipal Service Review Determinations	16

Figures

<i>Figure 1: Fall River Valley CSD Boundary and Sphere of Influence</i>	9
<i>Figure 2: Fall River Valley CSD Land Uses</i>	10

Tables

<i>Table 1: Fall River Valley CSD Overview Summary</i>	6
<i>Table 2: Monthly Sewer Charge per ERU</i>	13
<i>Table 3: Commercial Sewer Modifiers</i>	13

MUNICIPAL SERVICE REVIEW SPHERE OF INFLUENCE UPDATE

Introduction

Municipal Services Reviews (MSRs) provide agency infrastructure, management, services & boundary information. The report is for Shasta Local Agency Formation Commission's (LAFCO) use in conducting a statutorily required MSR review process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews for cities & special districts in Shasta County (Government Code § 56425).

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

Community Services Districts Overview

Community Services Districts are independent special districts under Community Services District Law (Government Code §61000, et seq.). They can provide several community services including water, wastewater, solid waste disposal, fire protection services, parks and recreation, street maintenance, and other services to unincorporated areas.

Principal Act

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

Service Review Determinations

Government Code §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 determination with respect to each of the following topics:

- (1) Growth and population projections for the affected area;
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence;
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any

disadvantaged, unincorporated communities within or contiguous to the sphere of influence);

- (4) Financial ability of agencies to provide services;
- (5) Status of, and opportunities for, shared facilities;
- (6) Accountability for community service needs, including governmental structure and operational efficiencies; and
- (7) Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

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

Fall River Valley Community Services District

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

Sphere of Influence Determinations

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

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

- (1) The present and planned land uses in area, including agricultural and open-space lands;
- (2) The present and probable need for public facilities and services in the area;
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- (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; and
- (5) The present and probable need for public facilities and services related to sewers, municipal or industrial water, or structural fire protection of any disadvantaged unincorporated communities in the existing sphere of influence (effective July 1, 2012).

Uses of the Report

This service review provides the opportunity to identify trends relating to the adequacy, capacity, and cost of providing services in rural areas of Shasta County. Service reviews may identify district boundary changes, where appropriate, to extend services; evaluate consolidation feasibility, where appropriate, and implement other measures to address community water and wastewater service needs. The potential uses of this report are described below.

To Update Spheres of Influence

This MSR serves as the basis for an SOI update which considers 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 Community Services Districts and municipal services in Shasta County.

Review Methods

The following information was considered in the service review:

- o Agency-specific data: responses to LAFCO Requests for Information from Fall River Valley CSD, maps, district plans and agency correspondence;
- o Land Use and Shasta County General Plan data: Shasta County Resource Management –Planning Division;
- o Demographic data: U.S. Census; Department of Finance; CA Water Resources Board;
- o Finances: budgets, rates and fees; and
- o Other Reports and Assessments: State Water Resources Control Board citation.

Information gathered was analyzed and applied to make the required determinations for the 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.

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code §21000 *et seq.* Under this law, 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). It should be noted that when LAFCO acts to update an SOI, CEQA requirements must be satisfied. The lead agency for CEQA compliance would most likely be LAFCO.

Common Topics for an Agency Profile

Several topics are evaluated in an agency profile. Those topics are defined in this section and discussed further in the agency profile.

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 most recently available data for US Census Block Groups, Tracts and Places from the US Census American Community Survey (ACS) 5-Year Data is used to determine disadvantaged communities in the region of interest. Using this information, each district or agency is evaluated to determine whether it is a DUC, or in the case of cities, whether 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.

Shasta County Growth Projections

Between 2014 and 2018, the estimated Shasta County population grew from 178,520 to 180,040 people, an average annual growth rate of 0.17 percent¹. When reviewing population data, it is important to distinguish between 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 County's total population. The California Department of Finance projects the County's population will increase from 179,412 to 188,154, between 2020 and 2030, an average annual growth rate of 0.49%². If the unincorporated area's portion of the County's population remains near 38%, it is estimated that the unincorporated area would increase from 68,177 to 71,499 people.

However, according to the most recent California Department of Finance estimate, the Shasta County population decreased by 0.1% from 2018 to 2019³. This could be the result of recent wildfires throughout the county. For report purposes an annual population growth estimate of 0.17% to 0.49% is used to predict the future population range that may be served by the CSD during this MSR cycle. It should also be noted that the Department of Finance, Demographics Division, now states that assumptions used to project future

¹ US Census Bureau, 2014-2018 American Community Survey 5-year Estimates for Shasta County (Table S0101). Accessed July 5, 2020.

² California Department of Finance, Projections, P-1: State Population Projections (2010-2060), Total Population by County (1-year increments).

³ California Department of Finance, E-1 Population Estimates for Cities, Counties, and the State – January 1, 2018 and 2019, May 2019.

population may no longer be applicable and that these projections could change with their next estimate cycle, which is every 5 years.

Existing and Planned Land Uses

Land use within the unincorporated portion of the districts is subject to the Shasta County General Plan and Zoning Regulations, which was last updated in 2004.

Governance and Accountability

Fall River Valley CSD operates as an independent special district under an elected Board of Directors pursuant to Community Services District Law (Government Code §61000, et seq.).

AGENCY PROFILE

This section profiles the Community Services District listed below. Included in the profile is a description of the agency's organizational development, tables listing key service information, and maps showing jurisdictional boundaries.

Fall River Valley CSD

Fall River Valley CSD

Fall River Valley CSD serves the communities of Fall River Mills and McArthur in north eastern Shasta County along Highway 299. Fall River Mills is located at the confluence of the Fall and Pit Rivers where a large series of falls once existed. The Fall River was developed for electricity generation in the early 1920s and is now part of the Pit River hydroelectric project. McArthur is located approximately four miles northeast of the confluence on Highway 299. The area is known for its agricultural industries including wild rice and hay.

Table 1: Fall River Valley CSD Overview Summary

Primary Contact	Cecil Ray, General Manager		
Address:	24850 3 rd Street, Fall River Mills, CA 96028		
Website	https://www.frvcsd.org/		
Services Provided	Water, Wastewater, Parks and Recreation		
Population Served:	1,875	Service Area:	1,350 acres (~2 mile ²)
Service Connections (water/sewer)	465 Water 230 Sewer		

Formation

The Fall River Valley CSD was formed by property owner petition in March 1962 to provide water services and was originally called Fall River Mills CSD. Wastewater, park and recreation services were subsequently activated. The District formally changed its name from to Fall River Valley in 2011, to better convey the extent of District services.

CSD Boundary and Sphere

The original CSD boundary included the small community of Fall River Mills at the confluence of the two rivers. Since 1962, there have been seven annexations to the CSD including the community of McArthur in 1971 and the Fall River County Club Estates and Golf Course in 1976. The boundary has grown to 1,350 acres (approximately two square miles).

From 2011 to 2014 the CSD petitioned to expand the sphere of influence (SOI) to just under 30,000 acres. This expanded SOI includes the communities of Gomez to the west and Pittville to the east. It more closely aligns with the Fall River Mills Town Center boundary as outlined in the Shasta County General Plan and the Fall River Mills and McArthur Fire Protection District boundaries (recently consolidated to the Fall River Valley Fire Protection District).

Other Service Providers

Several other service providers operate within Fall River Valley. These include CSA #1 Shasta County Fire Department, the recently consolidated Fall River Valley Fire Protection District, Fall River Resource Conservation District, Pine Grove Mosquito Abatement District, Pine Grove Cemetery District, Mayers Memorial Hospital District, Fall River Mills Highway Lighting District, and CSA #15 Shasta County Lighting.

Existing and Planned Land Uses

Land Use

Shasta County Land Use designations in the CSD consist of Urban Residential (UR), Suburban Residential (SR), Rural Residential A (RA), Commercial (C), and Public Facility (PF). The Shasta County General Plan identifies the communities of McArthur and Fall River Mills, as Town Centers, which are defined as a communities wherein most urban services are provided. Land use in the SOI is predominantly Agricultural Croplands (A-C), and Agricultural Small Scale Cropland/ Grazing (A-cg) with some residential and public facility uses⁴. The current land use designations provide limited growth potential outside of current District boundary.

Zoning

Zoning in the CSD is varied with different types of commercial (C-M; C-2; C-H) and residential (R-1; R-R; I-R) uses with some Planned Development (PD), Public Facility (PF), and Open Space (OS) classifications. Commercial uses are primarily located along the highway corridor and adjacent to the airport. Zoning within the SOI is primarily Agricultural Exclusive, Agriculture Preserve (EA-AP), Limited Agriculture (A-1), and Unclassified (U) with some residential, public facility, and open space uses⁵. These zoning classifications support limited growth in currently urbanized areas and continued dominance of agricultural lands in the region.

Growth and Population

Fall River Mills and McArthur are each Census Designated Places in Shasta County. According to the most recently available American Community Survey 5-year estimate (2014-2018) the Fall River Mills population decreased from the 2013 estimate, and the McArthur population was similar to the 2013 estimate⁶. Therefore, the estimated District

⁴ County of Shasta. GIS – Shasta County Map Viewer - General Plan Land Use. Accessed October 12, 2020 from <https://maps.co.shasta.ca.us/ShastaCountyMap/>.

⁵ County of Shasta. GIS – Shasta County Map Viewer - Zoning. Accessed October 12, 2020 from <https://maps.co.shasta.ca.us/ShastaCountyMap/>.

⁶ United States Census Bureau, American Community Survey 5-year Estimates for 2014 and 2018. Table S0101 for Fall River Mills CDP and McArthur CDP. Accessed October 12, 2020 from data.census.gov.

population is 940 based on Shasta County GIS parcel data and the 2010 US Census. However, based on a 2020 income survey, the District estimates there is a population of 1,875. This is likely a more accurate estimate due to a higher sampling size and length of time since the survey was conducted. Based on the District's estimate and the previously established County growth rate of 0.17% to 0.49%, there could be a District population of 1,894 to 1931 by 2026.

Disadvantaged Unincorporated Communities

According to 2018 ACS estimates, the Fall River Mills MHI is approximately \$40,885 and the McArthur MHI is approximately \$65,284⁷. This is 57% and 92% of the California MHI of \$71,228, respectively. This indicates that some portions of the District can be considered a DUC. Surrounding areas include the agricultural communities of Gomez and Pittville. These two communities, along with Fall River Mills and McArthur, are in Census Tract 127.02 which has a 2018 MHI of \$48,459, 68% of the California MHI. As such, much of the area can be considered DUCs.

The District has a population of approximately 1,875. According to the 2020 Rural Community Assistance Corporation (RCAC) Income Survey, funded by the State Water Resources Control Board, the District is considered to be a Severely Disadvantaged Unincorporated Community (SDUC). The District has a median household income (MHI) that is 42% of the California MHI (\$29,734), thereby qualifying the district as a SDUC. Areas outside of the district but within the SOI are also considered to be DUCs. As such, when looking at future annexations for the District, each area should be looked at in detailed and assessed for water, wastewater, and fire services.

Municipal Services

Fall River Valley CSD provides water, wastewater, and parks and recreation services to the communities of Fall River Mills and McArthur in northeast Shasta County along Highway 299. Currently the District does not maintain a capital improvement program and improvements are made on an as needed basis as funding allows.

⁷ US Census Bureau, American Community Survey 2018 5-year Estimates. Table S1903 for Fall River Mills CDP and McArthur CDP. Accessed October 12, 2020 from data.census.gov.

Figure 1: Fall River Valley CSD Boundary and Sphere of Influence

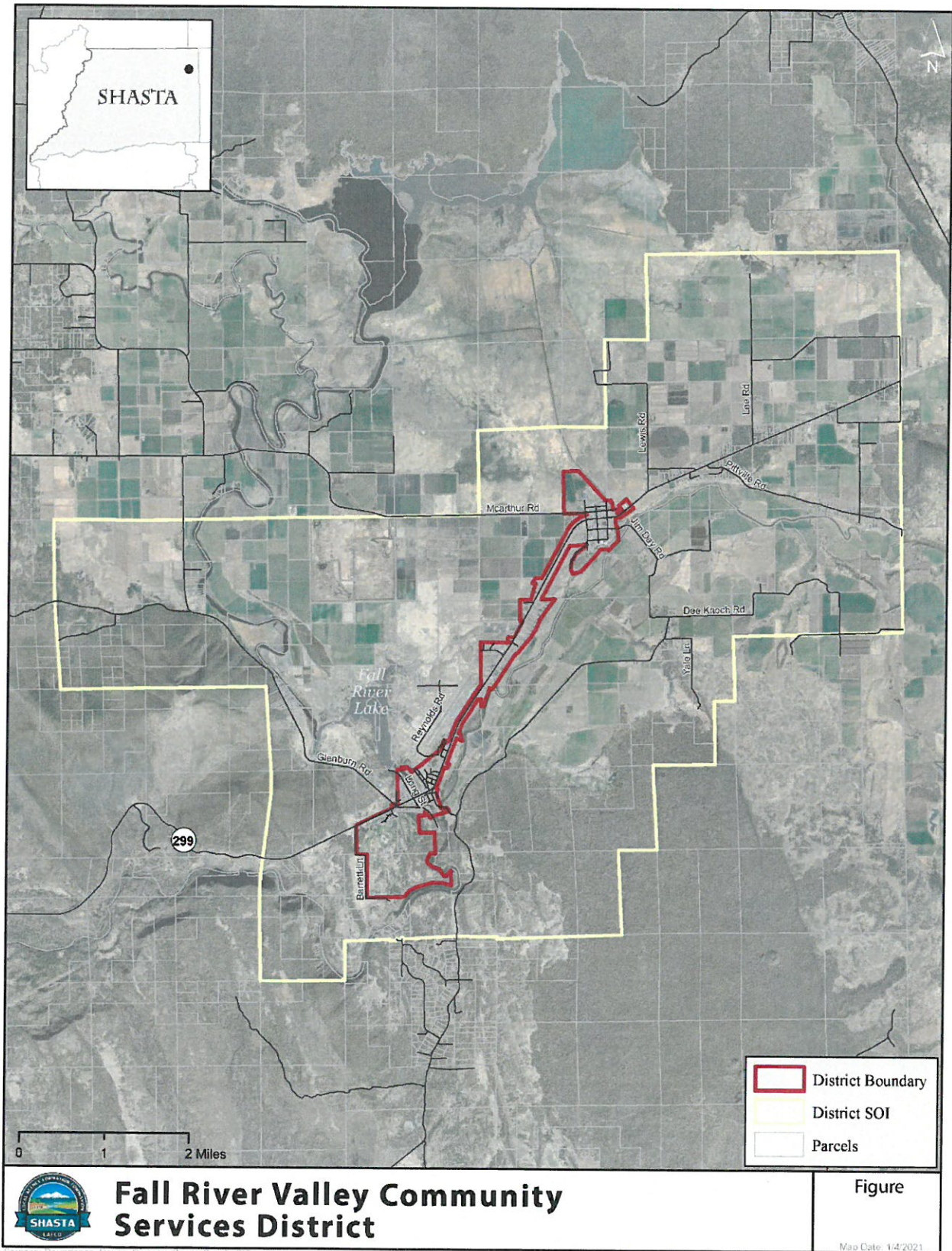
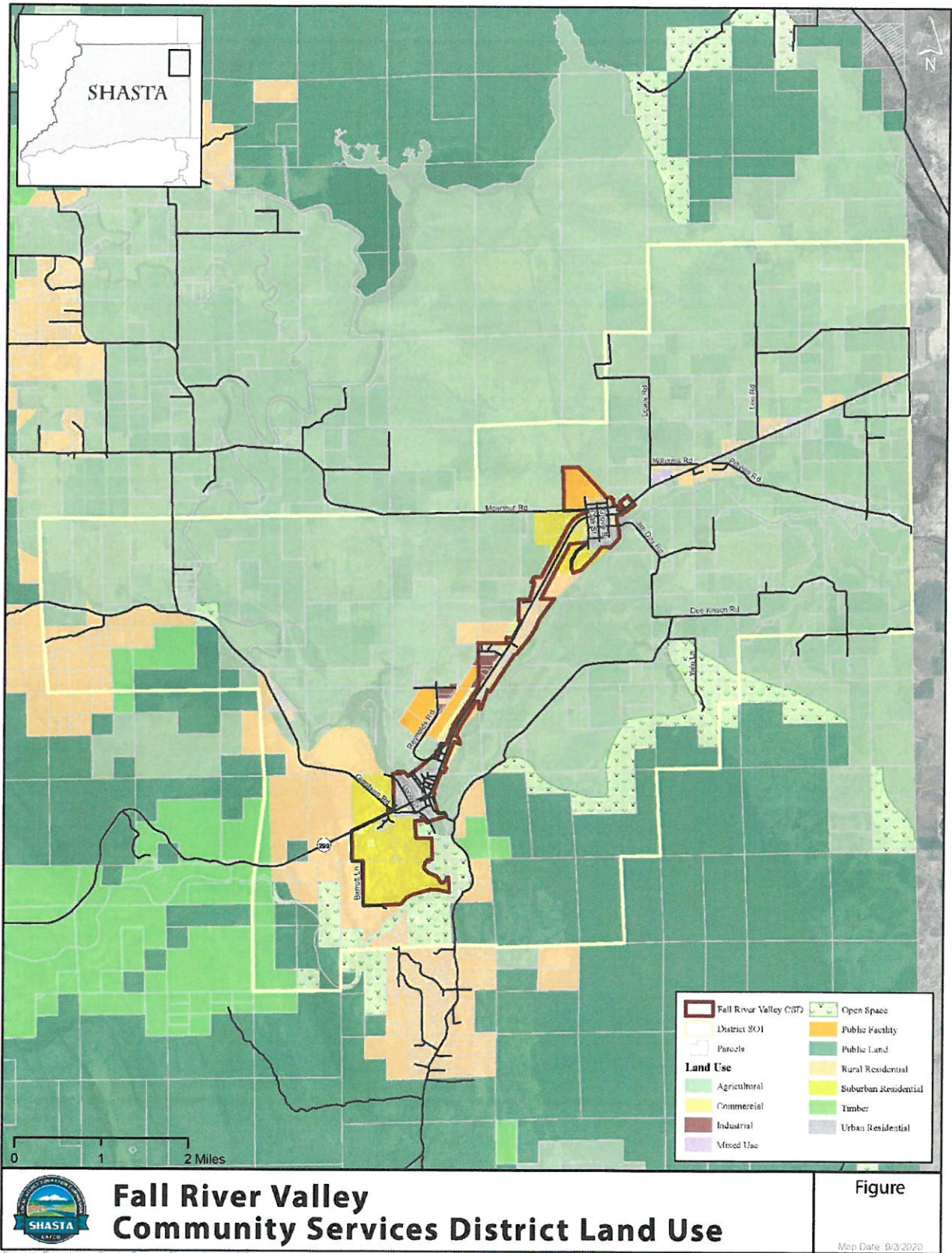


Figure 2: Fall River Valley CSD Land Uses



Water Services

Supply

The District has pre-1914 water rights to divert and use surface water from the Fall River with a maximum direct diversion of 0.5 cubic feet per second (225gpm) for domestic uses. However, surface water is no longer used for drinking water purposes and is only used for irrigation of the Fall River Mills Golf Course⁸.

As wild fire events become the norm in California including events bordering the District, exploratory staff discussion have been initiated to use this surface water source to construct Bulk Water Fill Station(s) to support local, State, and Federal fire suppression agencies in the event of another regional event. Funding from outside the District will be required to fund design and construction such mutually beneficial infrastructure utilizing major pumping and pipeline transmission components that presently exist.

For drinking water, the District relies solely on groundwater resources. The District maintains two wells, Well No. 1 in McArthur and Well No. 2 in Fall River Mills. Well No. 1 regularly produces 400gpm and has a theoretical yield of over 1,000gpm⁹. This could potentially provide 576,000 to 1,440,000 gallons of water per day. Water produced from the well is noted for its high quality and does not require additional treatment to meet drinking water standards. Well No. 2 has high iron and manganese levels and is therefore utilized only as a standby emergency well. It has a 120gpm capacity pump and could produce 172,800 gallons of water per day should need arise.

Storage and Infrastructure

The District maintains three storage tanks with a total capacity of 593,600 gallons and approximately 15 miles of water lines¹⁰. The distribution system was designed to operate three pressure zones including Fall River Mills, County Club, and McArthur. Due to the inability to meet updated drinking water standards with the Fall River Mills surface water source (mentioned previously) McArthur and Fall River Mills are presently operating as one zone resulting in variable and often low pressures. The lines in the Fall River Mills area are older steel piping and likely past their useful life. Meter records show that unaccounted water represents approximately 22% of total annual production which represents a loss of approximately 20MG¹¹. This high level of loss is most likely attributed to the aging steel lines. Although the probable leakage from aged steel lines is a major concern the primary District focus has been to increase existing well production, develop a second high quality well source, and increase storage capacity. Meanwhile, to assist in assessing the present water loss issue a limited piping leak survey was completed in May 2021. As a result of this survey, identifiable leaks were located, corrective actions taken, and results have reduced water loss.

According to California Code of Regulations Title 22 related to drinking water, systems with less than 1,000 service connections must have storage capacity equal to or greater than the maximum day demand, unless the system can demonstrate it has an additional source of supply or has an emergency source connection that can meet the

⁸ Fall River Valley CSD, Water Master Plan, September 10, 2014.

⁹ Water Master Plan, 2014.

¹⁰ Water Master Plan, 2014.

¹¹ Water Master Plan, 2014.

requirement. Due to the presently required fire flow volume for Mayers Memorial Hospital located in Fall River Mills (1,500gpm for 2 hours), the District currently does not meet this requirement and additional storage of over 200,000 gallons is needed¹². The emergency backup well and surface water sources would require additional treatment to meet drinking water standards and therefore also do not satisfy this requirement. While the Fall River Mills area currently has adequate storage, the McArthur area would benefit from the additional water storage.

Demand

In 2020 the District reported an annual demand of approximately 90MG for 360 residential and 105 commercial customers¹³. This is approximately 43% of the systems regular pumping capacity. However, this does not reflect the District documented maximum daily demand use which occasionally exceeds 95% of pumping capacity. Although the supply exists within the aquafer the current pumping and delivery infrastructure does not exist to increase delivery capacity. Furthermore, the District is extremely vulnerable since it relies solely on one approved well to meet current demands. In a mechanical failure event at this well the secondary non-quality compliant well would only provide 27% of normal pumping capacity.

To address these issues the District, utilizing SWRCB funding, will be drilling test wells (2021-2022) in an effort to develop quality secondary sources for the community. Once suitable water sources are found the District will actively seek additional planning and construction funding to build needed infrastructure to reduce vulnerabilities.

Needs for drinking water exist outside the District's present service area. The Pine Gove Mobile Home Park, to the northeast of the District boundary, has water quality issues and has indicated a need for potable water. The District has been working with the Park on possible infrastructure to accommodate them once sufficient capacity is ensured. An Annexation application is on file to include the Park in the District boundary.

Rates

The District maintains a single tier rate structure for water services. There is a base charge for service based on meter size and a usage fee of \$2.00 per 100 cubic feet.

Table 2: Fall River Valley CSD Water Use Rates

Meter Size	Base	Standby	Usage (per 100ft³)
5/8"	\$40.50	\$13.50	\$2.00
1"	\$103.68	\$34.56	\$2.00
1.5"	\$233.280	\$77.76	\$2.00
2"	\$414.72	\$138.24	\$2.00
4"	\$1,658.88	\$552.96	\$2.00

The current rates were established in 2019. The rates were compared to similar organizations in 2016 when the 218 process started for this increase. No efforts have been made since that time to change the water rates.

¹² Water Master Plan, 2014. Table 9 – FRVCS D System Storage Calculation (based on current demands).

¹³ FRVCS D, Personal Communication with District Manager.

Wastewater Services

The District currently only provides wastewater services to Fall River Mills which includes 191 residential and 32 commercial connections. The design phase for extension of wastewater services to McArthur has been completed and the District is currently looking for funding to construct the project.

In 2020 the District processed 17,000 gallons per day of influent through their treatment plant located at 25166 Reynolds Road, Fall River Mills. The treatment plant was designed to process up to 72,500 gallons per day. Based on the design capacity of the system and the 2020 demand, the District is operating at approximately 25% of its capacity.

Rates

Sewer Rates were compared to similar districts and updated in March 2021 with the final 218 hearing held on February 17, 2021. The approved rates are based on Equivalent Residential Units (ERU) with most residential customers being billed one ERU. Commercial customers and multi-unit residences will be subject to the modifiers listed below.

Table 2: Monthly Sewer Charge per ERU

Date of Increase	Use Fee	Standby Fee
March 2021	\$35.19	\$11.73
March 2022	\$42.00	\$14.00
March 2023	\$49.00	\$16.33

Table 3: Commercial Sewer Modifiers

Modifier	Additional ERUs Charged*
4+ Employees	+1
Public Restroom	+1
1" Meter	+1
2" Meter	+2
3" Meter	+3
Commercial Laundry	+1
Commercial Kitchen	+1

*All commercial customers are billed an initial 1 ERU. For example, a commercial customer with a public restroom would be charged a base of 1 ERU and a modifier of +1 for a total of 2 ERU.

Parks and Recreation

Fall River Valley CSD provides park services for the benefit of the greater Fall River Valley Community. The District has been working with PG&E for the past eight years on acquisition of access agreements for lands in the Fall River Mills area and along Fall River Lake for park purposes. Below is a summary of the District's current efforts.

Two Rivers Park

Currently the District owns property at the site of the former Mt. Shasta Power Company powerhouse next to the Fall River which is planned to become Two Rivers Park. Grading of trails at the site began in early 2020 and the District continues to seek funding for further park construction¹⁴. The Park is expected to become usable by mid-2021 depending on construction schedule and funding. Park plans include walking trails, an overlook for viewing the falls, and a pavilion.

Two Rivers West

The District has obtained property at the end of Grand Rapids Avenue to construct additional parking and park access. The District is seeking funding through a California Natural Resources Agency Green Infrastructure Program Grant¹⁵ for construction of amenities which will likely take place in 2021.

Lake Trail Project

The District has been working on forest restoration along Fall River Lake which has included thinning of vegetation, burning vegetation debris, and propagating native plants. In order to begin grading and construction of planned trails in the area, the District needs to obtain a 3rd party access agreement from PG&E. The District has been working on this agreement and is waiting for more information from PG&E, however, no action is expected until late 2021¹⁶. The Trail will start near the end of Curve Street in Fall River Mills and continue north along the Fall River for approximately two miles.

Financial Overview

Fall River Valley CSD is primarily funded through fees for services, property taxes, and grants. The majority of the District's revenue, approximately 70%, comes from fees for water services. Based on adopted budgets, the District is able to operate with a minimal surplus each fiscal year. As expenses increase over the next five to ten years, it may become more difficult for the District to maintain a balanced budget.

Debt

The District currently has a USDA loan in the amount of \$434,525 from 2012. The loan was acquired for the Water Transmission Line Project which replaced 3,000 feet of mainline. In FY2020-21 the total amount of debt service was \$18,800. This is expected to decrease in the following fiscal years.

¹⁴ Fall River Valley CSD, Board Packet for May 15, 2020.

¹⁵ Fall River Valley CSD, Board Meeting Minutes from December 11, 2019.

¹⁶ Fall River Valley CSD, Board Meeting Packet from April 15, 2020.

Table 4: Fall River Valley CSD Financial Summary

	Adopted FY18-19	Adopted FY19-20	Adopted FY20-21
Revenue			
Water	\$491,907.58	\$473,232.28	\$473,750.00
Sewer	\$151,950.00	\$145,859.82	\$142,600.00
Outside Water Sales	\$5,850.00	\$4,550.00	\$12,000.00
Utility Fees	-	-	\$7,200.00
Parks-Grant Funds	-	-	\$2,280
Property Tax	\$35,000.00	\$43,000.00	\$32,400.00
Total Revenue	\$684,707.58	\$666,642.10	\$670,230.00
Expenses			
Employee Costs	\$297,366.00	\$356,378.19	\$375,277.04
Consulting/Engineering	\$12,540.00	\$30,000.00	\$45,000.00
Legal & Accounting	\$17,600.00	\$19,400.00	\$20,000.00
Maintenance/ Repairs	\$28,800.00	\$60,000.00	\$24,000.00
Utilities	\$46,700.00	\$46,450.00	\$42,800.00
Debt Service	\$25,403.40	\$22,455.80	\$18,800.00
Other	\$114,403.46	\$94,846.52	\$131,380.00
Total Expenses	\$542,812.86	\$651,986.31	\$657,257.04
Net Total	\$141,894.72	\$14,655.79	\$12,972.96

Accountability and Governance

As noted earlier, Fall River Valley CSD is governed by an independent Board of Directors elected to staggered four-year terms (Table 4). Elections are currently held at large due to the limited size of the District. Board meetings are typically held on the second Wednesday after the 10th of the month at 6:00pm at the District office unless otherwise noticed. The District maintains a website that is currently in compliance with state law regarding special district websites. Board meeting agendas are available at least 72 hours in advance and meeting minutes are available after adoption by the Board. Notices are also posted at the post offices in McArthur and Fall River Mills.

Table 5: Fall River Valley CSD Board of Directors

Member	Title	Term
Jerry Monath	Chairman	2021-2025
Ron Colby	Director	2018-2022
Kathy Ontano	Director	2018-2022
Paulette Gooch	Director	2021-2025
Tyler DeWitt	Vice Chairman	2018-2022

Budgets are approved annually by the Board of Directors which then establishes the scope of work and improvements that can be performed. Annual budgets and audits are available upon request to the District. Annual reporting is provided to the State Controller's Office per state law.

Municipal Service Review Determinations

(1) Growth and population projections for the affected area

- a) Based on a 2020 income survey, there are approximately 1,875 residents in the District.
- b) Based on an estimated annual growth rate of 0.17-0.49%, there could be 1,894 to 1,931 residents in the District by 2026.

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

- a) Based on a 2020 income survey, the District is considered a Severely Disadvantaged Community with a MHI that is 42% of the statewide MHI. Surrounding areas are also DUCs and should be considered when looking at extension of services and annexations to ensure communities are adequately served with water and wastewater.

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

- a) In 2020 the District reported a demand of 90 million gallons which is approximately 43% of the Districts regular capacity. This indicates there is ample capacity to meet current and future demand. However, peak demand can exceed 95% of capacity due to infrastructure limitations.
- b) The District does not currently meet state standards for water storage capacity as it does not have a suitable emergency supply source and is lacking enough storage to meet its maximum daily demand. The District is encouraged to continue seeking options for meeting this state requirement.
- c) The District operates and maintains a wastewater treatment plant with a capacity of 72,500 gpd. In 2020 there was a demand of 17,000 gpd which is approximately 25% of capacity. This indicates there is ample capacity to meet current demand and extend services to McArthur when construction funding is available.
- d) There are currently two small community parks operated and maintained by the District in Fall River Mills. The District is continuing to work with project partners to obtain funding for further park and trail construction in the area.

4) Financial ability of agencies to provide services

- a) The District has been operating with a budgeted surplus over the last three fiscal years. However, as expenses continue to increase, it may become more difficult to maintain a balanced budget over the next five to ten years.

5) Status of and, opportunities for, shared facilities

- a) There are no other agencies in the area that provide water and wastewater services. However, the Fall River Resource Conservation District may be able to work with the District on park and recreation services for the community.

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

- a) The District is governed by a five-member Board of Directors that meets monthly on the second Wednesday after the 10th.
- b) The District maintains a website in compliance with state law where meeting agendas and minutes are posted regularly.

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

- a) None beyond those noted above.

Sphere of Influence Determinations

In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies, to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence, as defined by GC § 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining each local agency's SOI, the commission shall consider and prepare a written statement of its determinations with respect to the following:

(1) Present and planned land uses in the area, including agricultural and open-space lands.

- a) Land use surrounding the District is primarily Agricultural Croplands and Agricultural Small Scale Cropland/ Grazing with some residential and public facility uses. These uses are expected to continue with limited low-density development.

(2) Present and probable need for public facilities and services in the area.

- a) The McArthur community currently does not have a wastewater system. Extension of District services to the area would be beneficial for the community.
- b) The Pine Grove Mobile Home Park has requested water service from the District indicating there is a need for services in the surrounding communities.

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

- a) The District maintains good water quality and has enough supply to meet current and future average daily demand. However, the District does not have enough storage capacity to meet current state requirements and peak demand may exceed current infrastructure capacities.
- b) The District is able to process up to 72,500 gallons per day of wastewater which is more than adequate to meet current demand. Should surrounding areas request wastewater service there is capacity for additional service connections.

(4) 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 small community of Pittville lies east of the District on the county boundary line. Residents of the community have travel to Fall River Mills for retail needs or to visit the area parks and hiking trails.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.

- a) The District and surrounding areas can be considered DUCs. The District is currently working on an annexation application which will aid in providing services to portions of these communities. The District is encouraged to continue seeking service options for these areas as funding allows.

LAFCO RESOLUTION 2021-12

RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION ADOPTING THE MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE OF THE FALL RIVER VALLEY COMMUNITY SERVICES DISTRICT

WHEREAS, the Cortese Knox Hertzberg Local Government Reorganization Act of 2000 governs the organization and reorganization of cities and special districts by Local Agency Formation Commissions established in each county, as defined and specified in Government Code Sections 56000 et seq.; and

WHEREAS, the Shasta Local Agency Formation Commission (LAFCO), hereinafter referred to as the "Commission", is authorized to conduct Municipal Service Reviews (MSR) and establish, amend, and update Spheres of Influence (SOI) for local governmental agencies whose jurisdictions are within Shasta County; and

WHEREAS, The MSR/SOI update is for the Fall River Valley Community Services District; and

WHEREAS, the Executive Officer prepared a MSR for the Fall River Valley Community Services District, and a proposed SOI update recommendation based upon this analysis pursuant to California Code Section 56430; 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 August 5, 2021; 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 hereby accepts the Fall River Valley Community Services District Municipal Review and Sphere of Influence update, incorporated herein by reference.
2. The Commission, as the lead agency, finds the sphere of influence 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).
3. 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.

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

BE IT FURTHER RESOLVED The Municipal Service Review and Sphere of Influence update of the Fall River Valley Community Services District is hereby approved and incorporated herein by reference as presented on the attached map noted as Exhibit A.

Adopted on August 5, 2021, by the following vote:

AYES:
NOES:
ABSTAINS:
ABSENT:

Dated: _____

Irwin Fust, Chairman
Shasta Local Agency Formation Commission

Attest:

Dated: _____

Kathy Bull, LAFCO Manager
Shasta Local Agency Formation Commission

Figure 1: Fall River Valley CSD Boundary and Sphere of Influence

