

Les Baugh
County Member

Pamelyn Morgan
City Member Alternate

Stan Neutze
City Member Alternate

Mark Dacquisto
City Member

Irwin Fust
Special District Member

Mary Rickert
County Member Alternate

Brenda Haynes
Special District Member



Larry Russell
Public Member

Joe Chimenti
County Member

Fred Ryness
Special District Alternate

Katharine Ann Campbell
Public Member Alternate

George Williamson
Executive Officer

James M. Underwood
General Counsel

Kathy Bull
Manager

Agenda Item: 7.a

Meeting Date: March 3, 2022
From: Executive Officer George Williamson
Subject: Centerville Community Services District
Municipal Service Review and Sphere of Influence Update

Background:

The Centerville Community Services District (CSD) is an independent special district under Community Services District law (Government Code §61000, et seq). The principal act authorizes a CSD to provide up to 31 types of governmental services within its boundaries. In Shasta County, they are governed by independent Board of Directors. The Centerville Community Services District Municipal Services Review (MSR) and Sphere of Influence (SOI) Update is attached.

| District Name | District Size (acres) | Sphere of Influence |
|-----------------|-----------------------|---------------------|
| Centerville CSD | 11,468 acres | Proposed Reduction |

DISCUSSION

The original District intent in 1959 was to provide water services and to protect residents against wildland and residential fires- for the Centerville community. The District formed, originally encompassing approximately 6,000 acres and is a water only service provider.

In January of 1964, the District constructed a new distribution system utilizing financial assistance under the Davis-Grunsky Act. During this time, the District negotiated with the Bureau of Reclamation for water service from the Muletown Conduit. At this time, the District provides facility space, utilities and some maintenance to the Centerville Volunteer Fire Department (aka Shasta County Fire Department Company 52). The District has studied the potential of providing fire protection services in the past and continues to reserve its right to pursue that component in the future.

Staff is proposing the Sphere of Influence be reduced to remove public lands to the West and South. This is due to the limited need to extend water services to those open space areas. The staff is proposing a reduction of 2,959 acres. The General Manager has asked for more time to allow their board to review the proposed reduction. See attached Proposed SOI Reduction Map.

Shared Services

Centerville CSD shares a water treatment plant with Clear Creek CSD to the south. Clear Creek CSD operates the treatment plant. The water is supplied from the Whiskeytown Reservoir via the Muletown Conduit.

There are four water districts located close together just west of the City of Redding. This presents more potential opportunities to share services. See attached 4 Western Shasta CSDs map.

RECOMMENDATION

Staff recommends the Commission:

Receive verbal report from staff;

Open the public hearing and read testimony; and

Discuss item, continue the hearing to April 7 to allow CSD board to review proposed Sphere reduction.
and consider action on recommendation:

Attachments

Centerville CSD MSR and SOI Update

Resolution 2022-01 continuing the MSR and SOI Update

Proposed SOI Reduction Map

4 Western Shasta CSDs map

Shasta Local Agency Formation Commission



Municipal Service Review & Sphere of
Influence Update

Centerville Community Services District

Commission Hearing Draft

March 3 2022

SHASTA LOCAL AGENCY FORMATION COMMISSION

Commissioners

Les Baugh, County Member - District 5 Supervisor

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

Stan Neutze, City Member - City of Anderson

Mike Dacquisto, 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

Larry Russell, Public Member

Alternate Members:

Mary Rickert, County Member - District 3 Supervisor

Pamelyn Morgan, City Member - City of Shasta Lake

Fred Ryness, Special District Member – Burney Water District

Katherine Ann Campbell, Public Member

Shasta LAFCO Staff:

George Williamson, AICP, Executive Officer

Kathy Bull, Office Manager

James M. Underwood, Legal Counsel

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Krystle Heaney, AICP, Services Specialist

Jason Barnes, GIS Analyst

Cosette McCave, Planning Technician

Acknowledgements:

LAFCO staff would like to thank contributors to this Municipal Service Review. Input instrumental in completing this report was provided by CSD Manager Chris Muehlbacher.

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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. Centerville CSD is authorized to provide water services. Other services, facilities, functions or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCO authorization as indicated in Government Code §25213.5.

Service Review Determinations

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 SOI;
- (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 SOI)
- (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:

Centerville 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 MSR and adopt related determinations. In addition, in adopting or amending an SOI, LAFCO must make the following determinations:

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

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 Centerville 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; CA 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 unincorporated area, which can be affected by annexations and other boundary changes. The unincorporated area 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 remains near 38%, the population would increase from 68,177 to 71,499.

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. 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.

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

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

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 Cities, Counties, State Population Estimates– January 1, 2018, 2019, May 2019.

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.

Centerville CSD

Centerville CSD

The Centerville CSD serves the community of Centerville west of the City of Redding.

Table 1: Centerville CSD Overview Summary

| | | | |
|-----------------------------|-----------------------------------------------------------------------|---------------------------|--------------|
| Primary Contact | Chris Muehlbacher, District Manager (530) 246-0680 | | |
| Address: | 8930 Placer Road, Redding, CA 96001 | | |
| Website | https://centervillecsd.org/ | | |
| Services Provided | Water | | |
| Population Served: | 4,100 | Service Area Size: | 11,468 acres |
| Service Area (water) | 1,240 parcels in the CSD's boundary | | |

Formation

The Centerville CSD was formed in 1959 to provide water services and to protect residents against wildland and residential fires, although the District does not provide fire services at this time.

The District was formed in September of 1959 and encompassed approximately 6,000 acres. The District was created to supply the inhabitants of the District with water for domestic use, irrigation, sanitation, industrial use, fire protection, and recreation. During that time, water supplies were obtained from individual wells which were incapable of providing a sufficient water quantity. Another concern regarding the water supply was that shallow wells did not provide a water source considered satisfactory for public use.

In January of 1964, the District constructed a new distribution system utilizing financial assistance under the Davis-Grunsky Act. During this time, the District negotiated with the Bureau of Reclamation for water service from the Muletown Conduit. While being identified as a purpose for creating the District, at present fire protection is not actively provided. At this time, the District provides facility space, utilities and some maintenance to the Centerville Volunteer Fire Department (aka Shasta County Fire Department Company 52). The District has studied the potential of providing fire protection services in the past and continues to reserve its right to pursue that component in the future.

CSD Boundary and Sphere

The CSD boundary is shown in Figure 1.

The City of Redding’s growth area, which is part of its SOI, overlaps a westerly portion the District’s Boundary. A portion of the City of Redding incorporated area also overlaps the District. The District provides water services in this area.

- Centerville CSD Boundary - 11,468 acres
- Centerville Boundary and SOI - 16,553 acres
- Centerville SOI only (outside district) - 5,085 acres
- City of Redding incorporated area in Centerville Boundary - 1,487 acres

Annexations and Detachments since/ or not Included in last MSR

Foxwood Detachment and Shasta CSD Annexation

The Foxwood area, at the north edge of Centerville CSD, was detached and concurrently annexed to the Shasta CSD for water & fire services.

Campo Calle and Greenwood Annexation to City of Redding

The Campo Calle area and part of the Westridge Master Plan was annexed into The City of Redding– CSD provides water service

Brent Jones Annexation 1

Property of Brent Jones, approximately 40.5 acres, in the southeast portion of CSD was annexed in 2006. This annexation has been completed including the State Board of Equalization (BOE) filing, however it was not included in the 2014 MSR

Other Service Providers

Several other service providers operate within Centerville. These are described below.

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

County Service Area (CSA) #1 Shasta County Fire’s boundary is coterminous with the County boundary, excluding any areas with independent fire districts and areas served by cities. Shasta County Fire covers approximately 3,251 square miles and serves a population of over 70,000. They offer fire protection, fire suppression, and emergency medical services. Station No. 52 has a joint use agreement with the District for partial use of the building.

The City of Redding has incorporated area within the District’s boundary. The City of Redding offers its residents services, such as, parks and recreation, housing and community development, police, solid waste, fire, and public works.

Existing and Planned Land Uses

Land Use

Shasta County Land Use designations in CSD shown in Figure 2. Land use includes Agricultural (A; EA), City, Commercial (C), Industrial (M), Mineral Resource (MR), Mixed Use

(MU), National Recreation Area (NRA), Open Space (OS), Planned Development (PD), Public Facilities (PF), Rural Residential (IR, R-R), Residential Limited (R-L), and Unclassified (U). City land uses include industrial (I), mixed use (MU) and public facility (PF).

Zoning

Zoning in the CSD is varied with predominantly Rural Residential and Unclassified. This includes County land uses in the unincorporated areas and City of Redding land uses to east within City limits.

Growth and Population

According to the most recently available American Community Survey 5-year estimate (2014-2018) the Centerville population is 4,100 based on Shasta County GIS parcel data and the most current US Census.

Disadvantaged Unincorporated Communities

The Shasta County Median Household Income (MHI) is approximately \$63,091. This is approximately 89% of the California MHI of \$94,000, [\$75,235.00 for 2021?] according to the RCAC income study of 2020.

The Centerville CSD contains the Centerville Census Designated Place (CDP), however it is much smaller than the CSD. Getting MHI for the CSD requires some projections, since income data only comes at the Census Block Group level. The surrounding block groups are large and extend beyond the district boundary. The average MHI for the block groups that intersect the district boundary is approximately \$81,501 (ACS 2019). This indicates that the District would not be considered a DUC.

Median Household Income Report

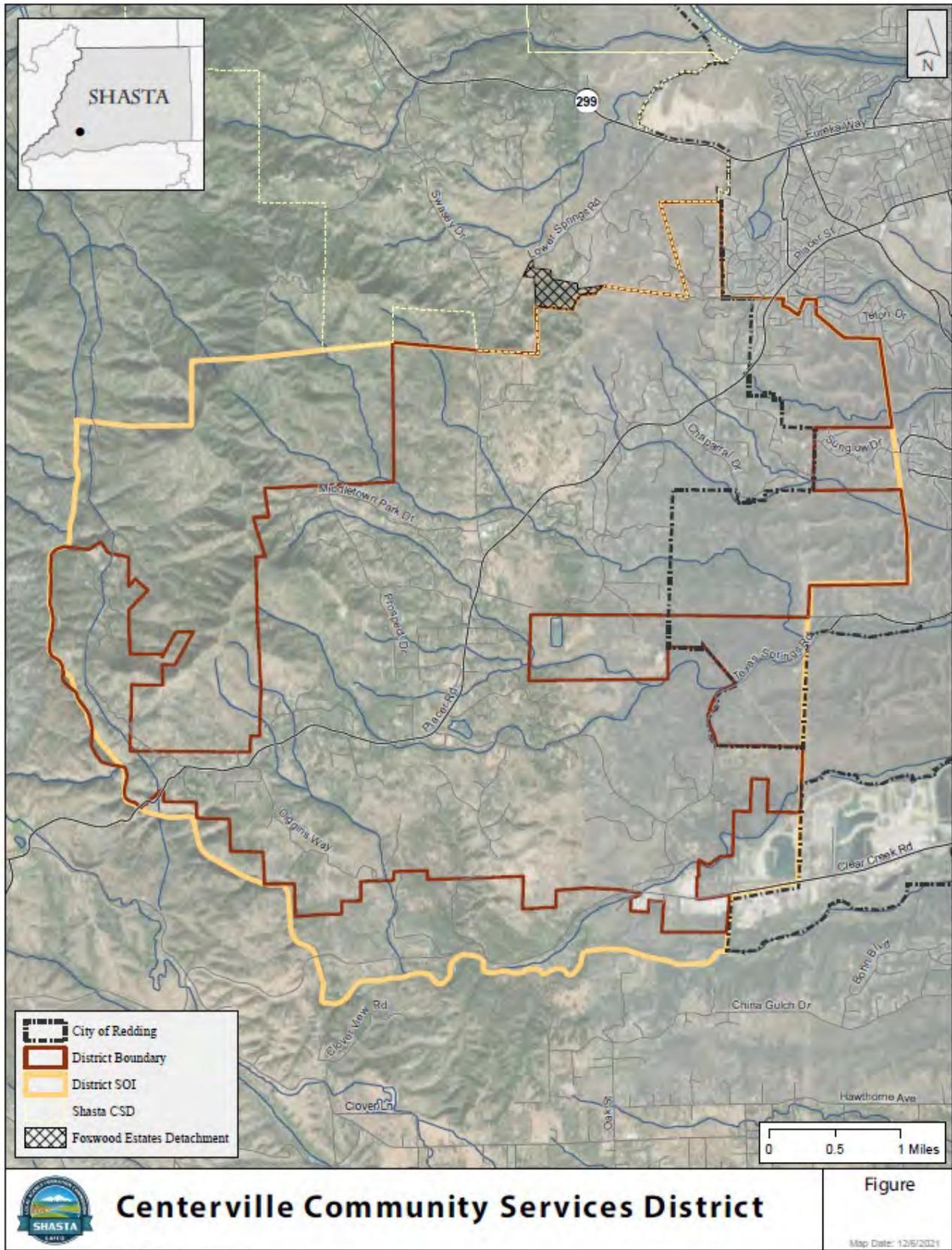
In total, there are 1,240 parcels in the CSD's boundary. Six are vacant homes, nine parcels are vacant lots, four parcels are vacation homes, and three parcels are commercial. The District surveyed 1218 parcels (households). Of the 1218 households, 241 responded or a 19.8% response rate. The District's MHI is \$94,000.

Municipal Services

Centerville CSD provides water services to the Centerville community and surrounding area within the CSD Boundary.

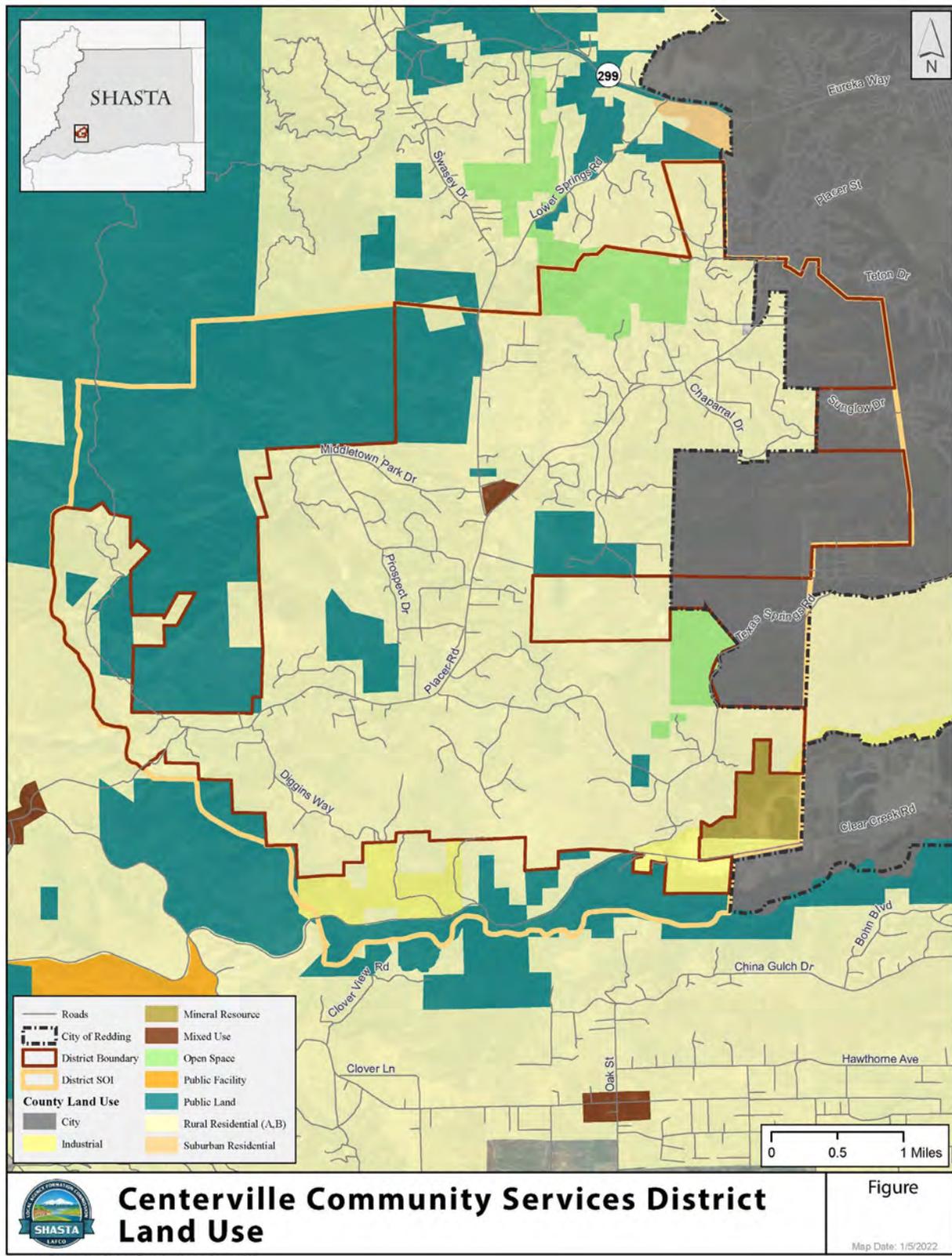
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Figure 1 – CSD Boundary and Sphere of Influence.



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Figure 2. Land Uses



Sources: Boundaries, Roads, Parcels: Shasta County GIS;

Water Services

Water Supply:

The District water supply is received from the Whiskeytown Reservoir via the Muletown Conduit. The District's current total allowable water allotment, through the U.S. Bureau of Reclamation's Central Valley Project (CVP) and "Exchange" water is 3,800 acre-feet (ac-ft) annually (2,900 ac-ft and 900 ac-ft, respectively). The 2,900 ac-ft CVP water is subject to availability in a given year.

The likelihood of developing a significant production well within the District boundaries is not good. It may be possible to develop a joint production well with neighboring City of Redding or Clear Creek CSD; however, infrastructure costs will be significant. Another possibility is to purchase water from Anderson Cottonwood Irrigation District (ACID) and treat at the City's Foothill or Buckeye Water Treatment Plants, but again, there are numerous unknowns. The District may be able to increase its water allocation from the U.S. Bureau of Reclamation and/or acquire independent water rights from other entities to meet its estimated future ultimate demand of 6,019 ac-ft per year. Water conveyed to the District via the Muletown Conduit. *Source: 2015 Water Master Plan*

Storage and Infrastructure

The District has 2.2 million gallons (MG) of storage capacity, which is 0.52 MG above the current recommended storage capacity. The District also has three interties with the City of Redding located at Record Lane and O'Connor, Rainer and Sienna, and Clear Creek Road. The Record Lane location has a 20 horsepower Booster Pump Station which provides water to the District during emergency situations. The intertie in the Rainer area is an automatic check valve which provides water to the City during high demand fire flow conditions within the West Side Estates subdivision. The Clear Creek intertie provides water to the City during emergency events.

Once Westridge is developed, additional City of Redding inter-ties will be constructed. The District entered into an Omnibus Mutual Aid Agreement with the California Water/Wastewater Agency Response Network for purpose of mutual aid during times of emergencies.

Demand

The District offers water services to the residents living in the overlap area with the City of Redding. This location is in the northeast corner of the District.

Rates

The District maintains a base rate + consumption structure for water services, as shown below in Table 2.

Table 2: Centerville CSD Water Use Rates

| RESIDENTIAL | | |
|--------------------|-------------|----------------------------|
| Meter Size | Base | Per (100 cubic ft.) |
| 5/8" | \$30.00 | \$1.083 |
| 3/4" | \$30.25 | \$1.083 |
| 1" | \$30.50 | \$1.083 |
| COMMERCIAL | | |
| 3/4" | \$30.25 | \$1.083 |
| 1" | \$30.50 | \$1.083 |
| 1.5" | \$50.50 | \$1.083 |
| 2" | \$91.00 | \$1.083 |

These rates were subject of a Proposition 218 Process with a public hearing in July 2021

Proposed Drought Surcharge (current drought conditions – 2021)

The District receives its water supply from a Bureau of Reclamation contract. In February 2021, the District received notice that it would only receive a 55% water allocation based upon its 3-year historical average of Municipal & Industrial ("M&I") water. As a result of the reduced water allocation, the District purchased 400 acre-feet ("AF") of supplemental water from the McConnell Foundation at a cost of \$250 per AF. This \$100,000 expenditure was paid using available O&M Reserve funds.

Effective June 1, 2021, the M&I Allocation was further reduced down to only 25% of the historical average. In order to recover half of the \$100,000 supplemental water purchase, the District proposed a Drought Surcharge to restore a portion of this purchase expense. The proposed Drought Surcharge is:

| | | |
|------------------------|-------------------------|---------|
| Recovery Period | Consumption Rate | |
| (Per 100-Cubic Feet) | August – June | \$ 0.08 |

Rate Stabilization Fee

Each customer is charged a Rate Stabilization Fee to build financial reserves to address costs related to maintaining the District's distribution and associated infrastructure. The Rate Stabilization Fee will be charged per 100 cubic feet:

Rate Stabilization Fee (RSF) - \$0.08

Water Treatment Plant Fee

Each customer will be charged the Water Treatment Plant Fee to mitigate variable costs related to water treatment at the Water Treatment Plant. The Water Treatment Plant Fee will be charged per one hundred (100) cubic feet:

Water Treatment Plant Fee (WTP) - \$0.08

Centerville CSD Drought Contingency Plan (summary)

The Centerville CSD Drought Contingency Plan (DCP) prohibits water wasting practices to promote water conservation. Prohibitions include applying potable water to outdoor landscapes when it could cause runoff onto adjacent property, non-irrigated areas, and private and public walkways, roadways, parking lots, or structures. Motor vehicle washing with potable water is prohibited, without a shut-off nozzle and no driveway and sidewalks washings allowed. Fountains or other decorative water features must be a part of a recirculating system. It is prohibited to apply potable water to outdoor landscapes during and within 48 hours of measurable rainfall. The irrigation of ornamental turf on public street medians with potable water is prohibited. It is prohibited to irrigate landscapes outside newly constructed homes and buildings with potable water in a way that is inconsistent with California Building Standards commission and Department of Housing and Community Development regulations or other requirements.

The DCP has five stages, including two that involve voluntary conservation and two mandatory programs. Stage 0 allows for full water allocation and is voluntary conservation. The District has available an unrestricted water supply as made available consistent with the District's water supply contracts. This stage involves potable water being used in a reasonable and beneficial manner and conservation of water is encouraged. Customers are encouraged to limit their outside use of potable water during this stage. When a leak occurs during Stage 0, the customer is responsible for repairing it within 10 days. Recently built homes or buildings shall utilize drip, micro-spray, or other irrigation systems consistent with the regulations or other requirements as established by the California Building Standards Commission and the Department of Housing and Community Development.

Stage I involves reduced water allocation and is voluntary conservation. The District received a restricted water supply during this stage. The customers must be notified through direct mailing, newsletters, press releases, and public meetings that a drought condition exists and the District must reduce its water consumption. All customers have to reduce their use of potable water outdoors and abide by certain restrictions. The District must provide educational literature on conservation practices in regards to waste, overwatering, leaks, etc. They must also provide information and assistance on "How To Read My Water Meter and Monitor My Usage."

Stage II of the plan requires moderate reductions by customers and is a mandatory program. The District will receive a reduced water supply, and moderate reductions will be required for customers to ensure the District stays within its contractual limitations. Customers must abide by the requirements presented in Stage I and more. Customers will be allocated the Base Amount of water based on the month and 75% of their Base Water Year's monthly consumption which is in excess of that Base Amount. The water will be charged at the current rates in effect. There will be a penalty of \$2.50 per 100 cubic feet or any part thereof, will be charged on any water used above the amount allocated from the requirements listed above.

Stage III is a mandatory program that requires severe reductions by customers. The District will have a severely restricted water supply, and customers must make severe reductions in their use to keep the District within its contractual limitations. Customers will be allocated 50% of their Base Water Year's monthly consumption which is in excess of Stage I Base

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amount. There is a penalty of \$5.00 per 100 cubic-foot or any part thereof charged on any water used above the amount allocated. The Board will review and approve new service applications, and they must determine whether enough water is available.

Stage IV of the plan requires extreme reductions by customers and is a mandatory program. The District receives an extremely restricted water supply, and extreme reductions will be required of customers to allow the District to stay within its contractual limitations. The requirements from Stage I apply to Stage IV, as well. Customers will be allocated 35% of their Base Water Year's monthly consumption which was in excess of the Stage I Base amount. There is a penalty of \$7.50 per 100 cubic feet or any part thereof charged on any water used above the amount allocated.

Financial Overview

Centerville CSD is primarily funded through water sales

Debt

Berkadia (FmHA) will be paid in June 2022.

AD 1995-1 is in the process of final payment – maturing 5 years early.

AD 2002-1 is current and will mature in 2041.

Table 3: Centerville CSD Budgets

| | FYE 2020 | FYE 2021 | FYE 2022 |
|--------------------------------------|--------------------|--------------------|--------------------|
| INCOME | | | |
| 41000- Water Sales | \$1,176,200 | \$1,412,200 | \$1,467,200 |
| 42000- Service Installation | \$400 | \$1,490 | \$400 |
| 43000- Interest | \$7,400 | \$8,010 | \$8,220 |
| 44100- General Property Tax-422 | \$5,000 | \$5,000 | \$5,000 |
| 45000- Other Operating Revenue | \$4,600 | \$5,415 | \$3,100 |
| TOTAL INCOME | \$1,193,600 | \$1,432,115 | \$1,483,920 |
| EXPENSE | | | |
| 51000- Water Costs | \$256,220 | \$378,543 | \$347,820 |
| 52000- Transmission and Distribution | \$155,700 | \$147,220 | \$121,650 |
| 53000- Equipment | \$14,000 | \$14,000 | \$14,000 |
| 54000- Administrative | \$150,550 | \$175,603 | \$164,350 |
| 55000- Wages & Benefits | \$584,000 | \$575,400 | \$636,700 |
| SUB-TOTAL EXPENSES | \$1,160,470 | \$1,290,766 | \$1,284,520 |
| Other Expenses | \$33,130 | \$147,500 | \$199,400 |
| TOTAL EXPENSES/TRANSFERS | \$1,193,600 | \$1,438,266 | \$1,483,920 |
| NET INCOME/(LOSS) | \$0 | -\$6,151 | \$0 |

The Board of Directors is responsible for establishing and maintaining an internal accounting control system, with Finance Committee, consisting of two Board members and the District Manager to provide oversight and assistance, and participate in annual budget process. In addition, profit and loss statements are reviewed monthly.

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

The District maintains investment policies, procedures and a reserve fund, the majority of which is held in a Local Agency Investment Fund (LAIF) account. The Board has adopted and maintains reserves as follows:

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

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

Accountability and Governance

As noted earlier, Centerville CSD is governed by an independent Board of Directors elected to staggered 4-year terms (Table 4). Elections are currently held monthly. Board meetings are typically held on the Third Wednesday of the Month. 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 District offices in Centerville at 8930 Placer Road. The Board’s assignments will rotate in December 2021.

Table 4: Centerville CSD Board of Directors

| Member | Title | Current Term Expiration |
|-----------------|----------------|-------------------------|
| Eric Woodstrom | Director | 2024 |
| Larry Whitehead | Vice President | 2022 |
| Larry Hopson | Director | 2022 |
| Walt Richison | Director | 2024 |
| Mark Oliver | President | 2024 |

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.

Standing Committees (Finance, Personnel, Resource and Planning, Ordinance, Public Information) meet on an as-needed basis. Non-emergency meeting agendas are posted at least 24 hours in advance.

Municipal Service Review Determinations

(1) Growth and population projections for the affected area

- a) Based on Census Data, there are approximately 4,100 District residents.
- b) Based on applying an estimated annual growth rate for the County there could be 4,500 to 4,550 District residents by 2030.

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

- a) The District has a MHI of \$94,000, based on a 2020 survey, which is 89% of the statewide MHI. It does not qualify as a DUC as the MHI exceeds 80% of the State MHI. Surrounding areas may qualify as DUCs and should be considered when looking at extension of services and annexations to ensure communities are adequately served with water.

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

- a) The District has a CVP allocation from the Bureau of Reclamation. There may be an opportunity to develop a joint production well with neighboring City of Redding or Clear Creek CSD; however, infrastructure costs could be significant. Another possibility for increased supply is to purchase ACID water and treat at the City of Redding's Foothill or Buckeye Water Treatment Plants, This would increase capacity to meet current and future demand.
- b) The District shares a water treatment plant with the Clear Creek CSD.
- c) There are currently four CSDs providing water services in the unincorporated area west of Redding: Centerville, Clear Creek, Igo-Ono and Shasta CSDs. There may be opportunity to combine planned improvements among these service providers.

4) Financial ability of agencies to provide services

- a) The District has had a balanced budget for two of the last three years, with the one deficit less than a half percent of expenses.
- b) The District encountered a loss of funds in the past fiscal year. As expenses begin to increase, it will become difficult for the District to reach a balanced budget in the coming fiscal years.

5) Status of and, opportunities for, shared facilities

- a) The City of Redding, to the east, continues to annex into the District. Recent annexations include the Campo Calle and Greenwood portion of Westridge Annexations. The City of Redding provide municipal services, such as police, street maintenance, parks and recreation, and solid waste to incorporated areas.
- b) Shasta CSD, to the north, has annexed an area along the common boundary, that was detached from the District. The annexation was for water and fire services to the annexed area. Shasta CSD is now proposing to divest fire services, with CSA #1 Shasta County Fire as the successor agency.

- c) The Centerville, Igo-Ono, Clear Creek, and Shasta CSDs are all located in the same geographic area of Shasta County and all provide a single service, water. There is increasing state legislation for consolidation of water systems, and State Water resources Control Board actions to implement this legislation. Should the Districts be interested, there may be State support to consolidate water systems in this portion of western Shasta County. Centerville, and Clear Creek CSDs share a water treatment plant.
- 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.
 - 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 uses in the SOI to West and South include public lands. These areas are not proposed for development and are not expected to need water services.
- (2) Present and probable need for public facilities and services in the area.**
- a) As noted above designated public lands to West and South not expected to need water District services, and could potentially be removed from the SOI.
- (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 supply to meet current and future average daily demand.
 - b) The District water supply is considered adequate to meet current demand.

- (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) No social or economic communities of interest identified in the SOI.
- (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) No disadvantaged unincorporated communities in the existing SOI. There have been some past discussions of extending potable water services to the Igo Ono area, however that District Board has been resistant to that idea.

**SHASTA LOCAL AGENCY FORMATION COMMISSION
LAFCO RESOLUTION 2022-01**

**RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION
ADOPTING THE MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE UPDATE OF
THE CENTERVILLE 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 Executive Officer prepared a MSR for the Centerville 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 March 3, 2022; and

WHEREAS, the Commission continued the public hearing to April 7, 2022; and

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

WHEREAS, The current SOI boundary includes resource lands to the west and south, with limited need to utilize Community Services District water services; and

WHEREAS, The SOI boundary is reduced to remove resource lands for the Centerville Community Services District; and

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

1. The Commission hereby considers the Centerville Community Services District SOI

reduction as depicted in Exhibit A (attached location map).

2. The Commission hereby accepts the Centerville Community Services District MSR and SOI update, incorporated herein by reference.
3. The Commission, as the lead agency, finds the MSR and 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).
4. The Commission, pursuant to Government Code Section 56425, makes the written statement of determinations included in the MSR and SOI update, hereby incorporated by reference.
5. The Executive Officer shall revise the official Commission records to reflect this MSR and SOI Update.

BE IT FURTHER RESOLVED The Municipal Service Review and Sphere of Influence update of the Centerville Community Services District is continued to April 7 2022 to allow the CSD Board time to consider the SOI reduction.

Continued to April 7, 2022, by the following votes:

AYES:
NOES:
ABSTAINS:
ABSENT:

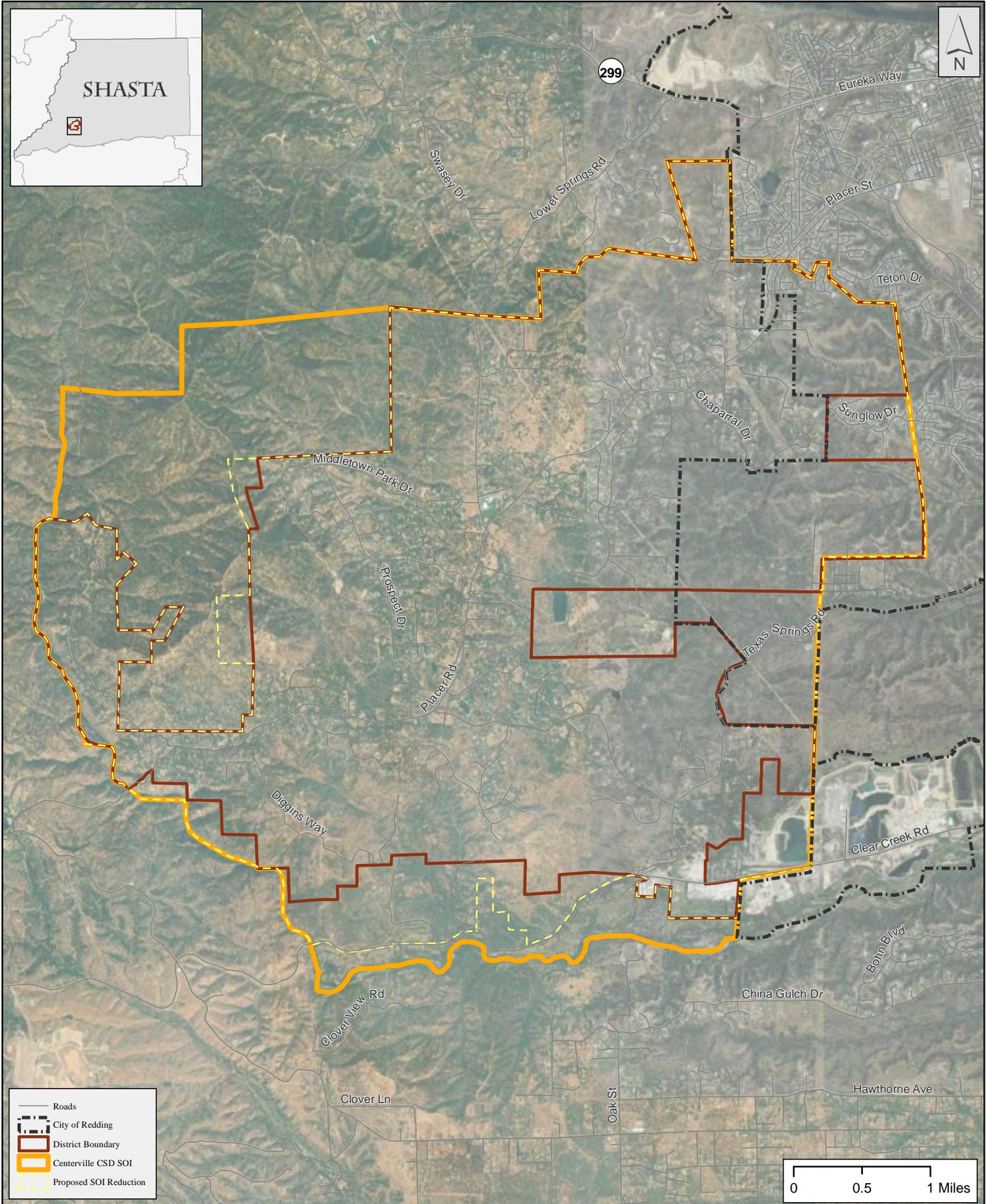
Dated: _____

Irwin Fust, Chairman
Shasta Local Agency Formation Commission

Attest:

Dated: _____

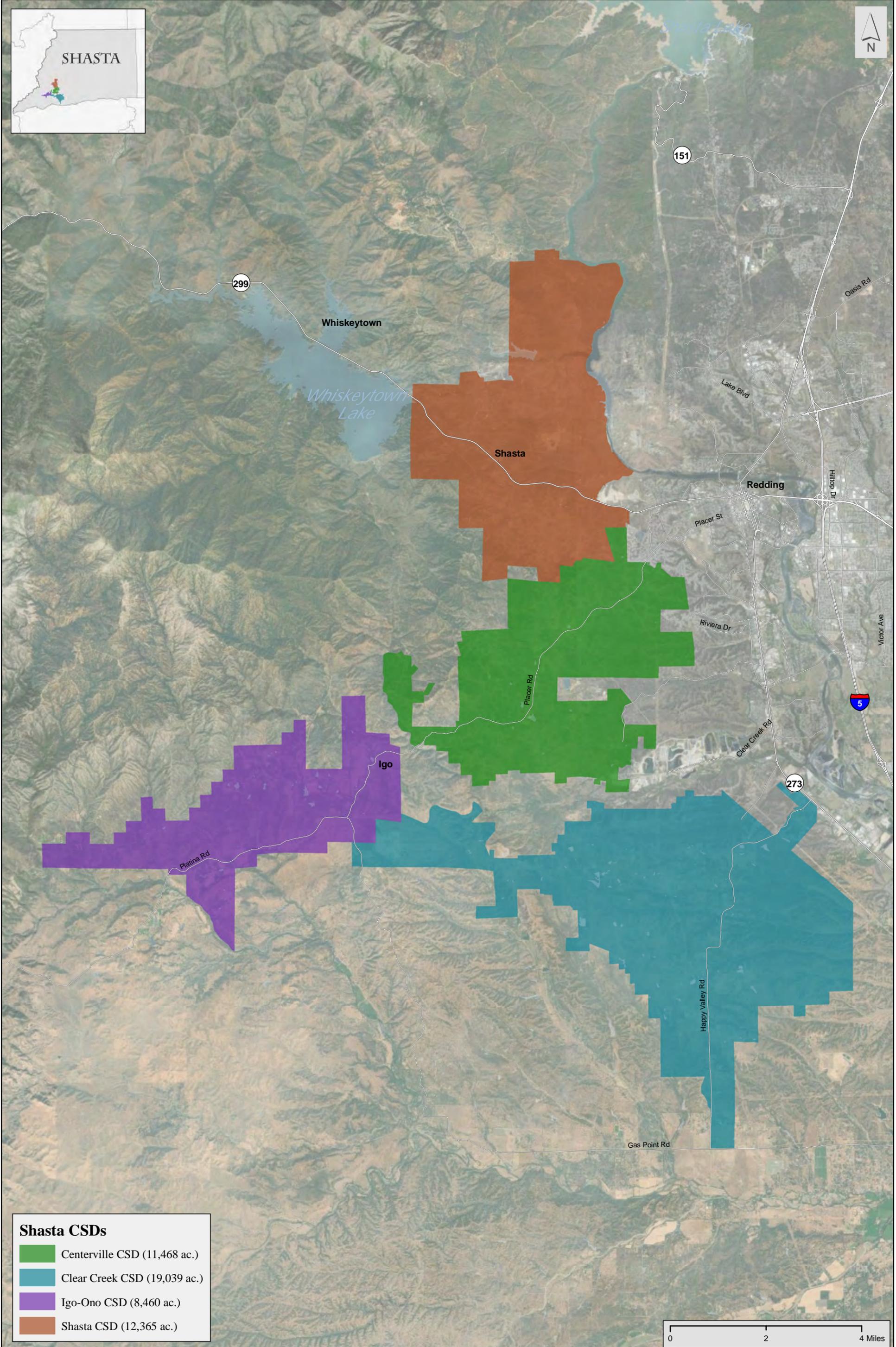
Kathy Bull, LAFCO Manager
Shasta Local Agency Formation Commission



Centerville Community Services District Proposed SOI Reduction

Figure

Map Date: 2/22/2022



| Shasta CSDs | |
|------------------------------------------------------------------------------------|------------------------------|
|  | Centerville CSD (11,468 ac.) |
|  | Clear Creek CSD (19,039 ac.) |
|  | Igo-Ono CSD (8,460 ac.) |
|  | Shasta CSD (12,365 ac.) |

