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George Williamson
Executive Officer

James M. Underwood
General Counsel

Kathy Bull
Office Manager

Agenda Item: 8.a.

Meeting Date: August 3, 2017

From: George Williamson AICP, Executive Officer

Subject: **Proposed Annexation to CSA No. 25 Keswick**

The Commission will consider a proposal submitted by resolution of application by the County of Shasta for annexation of approximately 9.59 acres (two parcels) to CSA No. 25. A concurrent detachment from the Shasta Community Services District (CSD) would be required. Staff recommends approval of the proposal, as modified, with conditions incorporated.

LAFCOs are responsible under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 to regulate the formation and development of local governmental agencies and their 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.

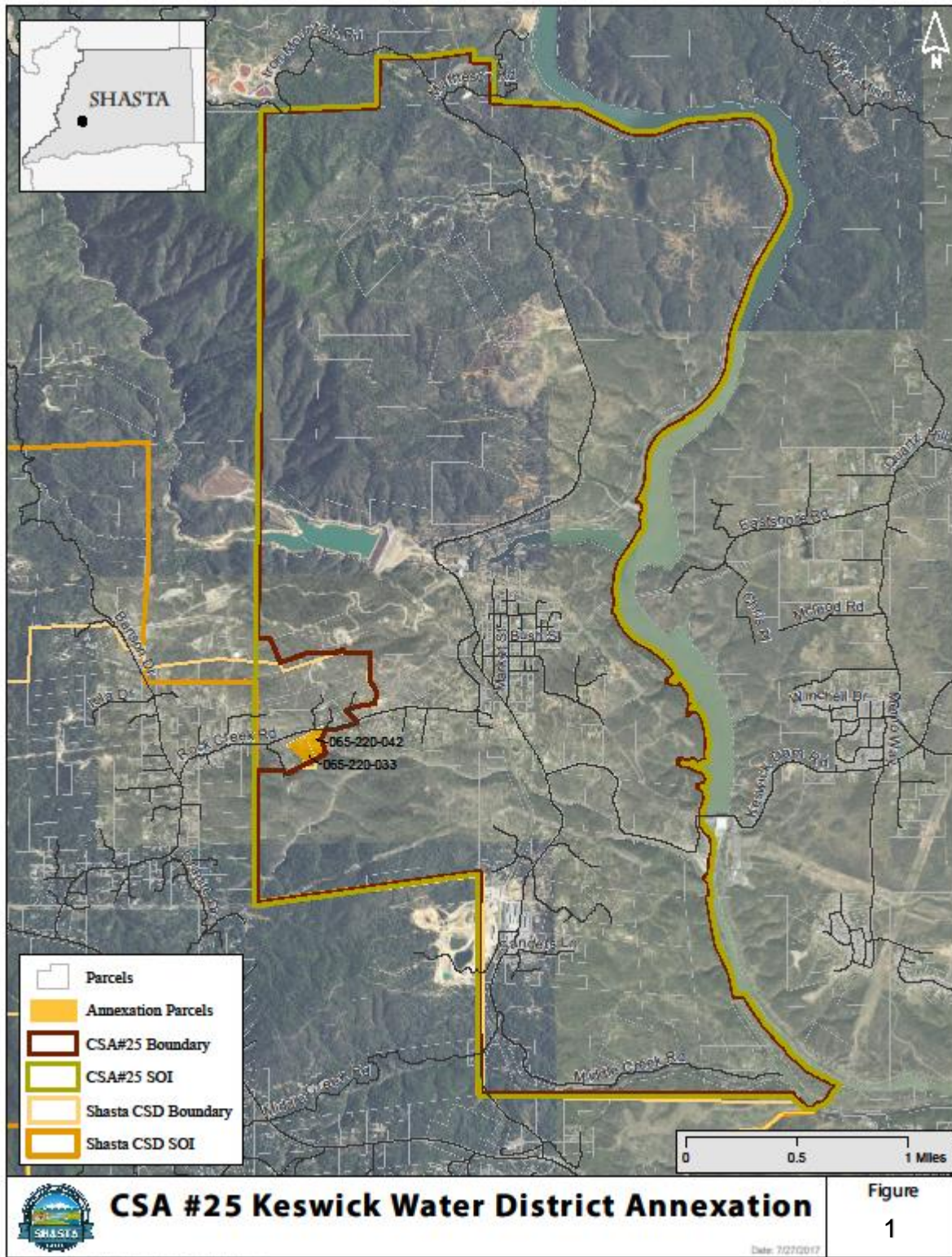
BACKGROUND

Proceedings for this annexation were initiated by resolution of application by the County of Shasta, serving as the Board of Directors of CSA No. 25 (Keswick). The proposal includes annexation of two residential parcels, totaling approximately 9.59 acres, located adjacent to the CSA boundary and within its SOI. The subject territory is generally located north of State Route 299 and West of Interstate 5, and accessed by Rock Creek Road (see Figure 1).

Currently both parcels are located within the jurisdictional boundary of Shasta CSD; however, LAFCo has adopted a reduced SOI for Shasta CSD indicating that the subject parcels (and surrounding area) would be better served by CSA No. 25. While Shasta CSD provides water and fire protection services within their boundary, they indicated that CSA No. 25 and Keswick VFD are both better suited to serve the annexation area.

Reasons for Proposal

The reasons for the annexation as set forth in the County proposal to LAFCo are as follows: water service is currently being provided to APN 065-220-033 (Todd and Lan Bennett) and is requested to serve APN 065-220-042 (Mark and Amy Endraske). Both property owners have provided written consent for annexation.



Provision of Public Services

The proposed annexation does not involve proposed service expansions to accommodate new development. One of the two residential parcels already receives water service from the district. As proposed, CSA No. 25 would extend water service to the unserved parcel upon annexation. The service extension costs would be borne by the property owner(s). The County indicates there is sufficient capacity to serve the annexation area. Wastewater treatment would continue to be provided by onsite private wastewater systems.

Land Use Designations

Land uses within the proposed annexation area are currently subject to the Shasta County General Plan and Zoning Ordinance. The General Plan designation is Rural Community Centers and the zoning designations are Rural Residential.

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 CKH Act 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 Factors for Review

G.C. § 56668 requires the Commission to consider 17 specific factors anytime it reviews proposals for a change of organization or reorganization involving special districts. 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 is provided in Attachment B.

Other Considerations*Environmental Review*

Shasta County, as lead agency, determined that the project is categorically exempt from further review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15319(a), "Annexation of Existing Facilities", which exempts the annexation of areas containing existing public or private structures developed to the density allowed by the current zoning.

Master Property Tax Agreement

Pursuant to Section 99.01 of the California Revenue and Taxation Code, prior to the effective date of any jurisdictional change that will result in a special district providing one or more services to an area where those services have not previously been provided by any local agency, the special district and each local agency that receives an apportionment of property tax revenue from the area must negotiate an exchange of property tax increment generated in the area subject to the jurisdictional change and attributable to those local agencies. A condition of approval would require completion of property tax exchange agreement between affected agencies.

Conducting Authority Proceedings

All proposed boundary changes approved by the Commission are subject to conducting authority proceedings (i.e., protest hearing) unless waived in accordance with criteria outlined under G.C. § 56663. This application did receive 100% consent from landowners within the proposed annexation area. Therefore, the proposal is not subject to conducting authority proceedings under G.C. § 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.

B. RECOMMENDATION

APPROVE SUBJECT TO CONDITIONS:

It is recommended the following conditions of approval be applied with delegation to the Executive Officer to determine when the requested actions have been sufficiently satisfied before proceeding with a recordation.

- Completion of the 30-day reconsideration period provided under G.C. § 56895.
- Submittal of a final map and geographic description of the affected territory prepared by a licensed surveyor and conforming to the requirements of the State Board of Equalization.
- Completion of property tax exchange agreement between affected agencies in accordance with California Revenue and Taxation Code Section 99.01.
- Payment of any outstanding fees as identified in the Commission's adopted fee schedule.

Attachment A: Resolution of Approval

Attachment B: Required Factors for Review

**Shasta Local Area Formation Commission
Resolution No. 2017-12**

**A RESOLUTION MAKING DETERMINATIONS AND APPROVING THE BENNETT-
ENDRASKE ANNEXATION TO COUNTY SERVICE AREA NO. 25 – KESWICK, WITH
MODIFICATIONS AND CONDITIONS**

WHEREAS, the Shasta Local Area Formation Commission, hereinafter referred to as the “Commission,” is responsible for regulation boundary changes affecting cities and special districts pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000; and

WHEREAS, the Board of Supervisors of the County of Shasta filed a proposal with the Commission by resolution of application; and

WHEREAS, the proposal seeks Commission approval for an annexation of approximately 9.59 acres (2 parcels) of unincorporated territory outside the CSA No. 25 – Keswick (CSA #25) boundary; and

WHEREAS, the proposed annexation of territory is consistent with the adopted CSA No. 25 - Keswick sphere of influence; and

WHEREAS, the principle reason for the proposed annexation is for the provision of water service by County Service Area No. 25 – Keswick; and

WHEREAS, the Executive Officer’s report and recommendations on the proposal were presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public meeting on August 3, 2017; and

WHEREAS, the Commission considered all the factors required by law under Government Code Section 56668 and adopted local policies and procedures; and

WHEREAS, the Commission provided sufficient notice in accordance with California Government Code Section 56661.

NOW, THEREFORE, BE IT RESOLVED DETERMINED AND ORDERED by the Shasta Local Agency Formation Commission as follows:

1. The Commission’s determinations on the proposal incorporate the information and analysis provided in the Executive Officer’s written report.
2. Shasta County, as lead agency, determined that the project is categorically exempt from further review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15319(a), “Annexation of Existing Facilities”,

which exempts the annexation of areas containing existing public or private structures developed to the density allowed by the current zoning.

3. The Commission approves the proposal with modifications and conditions identified in the staff report. The proposal, as modified includes a concurrent detachment of the parcels from the Shasta Community Services District.
4. The proposal is assigned the following distinctive short-term designation:
CSA No. 25 – Keswick Bennett and Endraske Annexation
5. 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.
6. Recordation is contingent upon the satisfaction of following terms and conditions as determined by the Executive Officer:
 - Completion of the 30-day reconsideration period provided under G.C. § 56895.
 - Submittal of a final map and geographic description of the affected territory prepared by a licensed surveyor and conforming to the requirements of the State Board of Equalization.
 - Completion of property tax exchange agreement between affected agencies in accordance with California Revenue and Taxation Code Section 99.01.
 - Payment of any outstanding fees as identified in the Commission’s adopted fee schedule.
7. Upon effective date of the proposal, the affected territory will be subject to all previously authorized charges, fees, assessments, and taxes that were lawfully enacted by CSA No. 25. The affected territory will also be subject to all of the rates, rules, regulations, and ordinances of CSA No. 25.

THE FOREGOING RESOLUTION passed and adopted by the Shasta Local Agency Formation Commission Board of Directors at a regular meeting thereof held on August 3, 2017, by the following vote:

AYES:
NOES:
ABSTAINS:
ABSENT:

APPROVED:

Date

Irwin Fust, Chairman
Shasta Local Agency Formation Commission

ATTEST:

Date

Kathy Bull, Office Manager
Shasta Local Agency Formation Commission

ATTACHMENT B
ANALYSIS OF REQUIRED FACTORS

G.C. § 56668 requires the Commission to consider 17 specific factors anytime it reviews proposals for a change of organization or reorganization involving special districts. 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, in the next 10 years.

The annexation area consists of two parcels totaling approximately 9.59 acres. Both parcels consist of relatively flat land, one is developed with existing single family residential use and the other has a planned residential use. The annexation area is considered uninhabited (less than 12 registered voters). Significant area growth is not expected.

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, Shasta County prepared a Plan for Services to evaluate the service needs of the proposed annexation. An analysis of the availability and adequacy of these services relative to projected needs of the proposal follows.

Water

According to the Plan for Services, CSA No. 25 currently provides water service to APN 065-220-033 (Todd and Lan Bennett). Upon annexation, a water service connection would be provided to APN 065-220-042 (Mark and Amy Endraske).

Sewer

The proposed annexation area is served by onsite wastewater treatment systems. No changes to these existing systems are proposed.

Fire Protection

The proposed annexation area is located in the Shasta Community Services District, which provides fire protection and emergency response services to unincorporated areas in central Shasta County. The proposal, as modified, would include detachment of the subject parcels from Shasta CSD. The Keswick VFD currently serves the Keswick area and has sufficient mutual aid agreements with surrounding departments to sufficiently serve the subject parcels.

Law Enforcement

The proposed annexation area is served by the Shasta County Sheriff's Office. No change is proposed.

Road Maintenance

No additional road capacity requirements are anticipated as a result of the annexation. Road segments appear to be in good to fair condition and are adequate for proposed uses. Frontage

improvements including access improvements as required by Shasta County. These improvements will be the responsibility of the property owner when development occurs.

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 proposed annexation includes 9.59 acres (two parcels). This area is within the CSA No. 25 sphere of influence and analyzed in the Municipal Services Review. Currently both parcels are located within the jurisdictional boundary of Shasta CSD; however, LAFCo has adopted a reduced SOI for Shasta CSD indicating that the subject parcels (and surrounding area) would be better served by CSA No. 25. While Shasta CSD provides water and fire protection services within their boundary, they have indicated that CSA No. 25 and Keswick VFD are both better suited to serve the annexation parcels.

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 proposed annexation area is developed with existing residential uses. The annexation would not convert agricultural land or open space uses, and does not propose to change land uses or land use patterns.

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

The proposed annexation area does not contain land subject to a Williamson Act Contract or include land planned for agriculture. Therefore the annexation would not convert agricultural land to non-agricultural uses.

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 prior to filing a certificate of completion for the annexation. 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 the long-range transportation planning document for Shasta County. No specific projects are included in the RTP involving the affected territory.

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

The Shasta County General Plan identifies the CSA No. 25 - Keswick area as a 'Rural Community Center.' Within the proposed annexation area, the properties are suitable for water services.

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

The proposed annexation area is located within the CSA No. 25 Sphere of Influence (SOI). Currently both parcels are located within the jurisdictional boundary of Shasta CSD; however, LAFCo has adopted a reduced SOI for Shasta CSD indicating that the subject parcels (and surrounding area) would be better served by CSA No. 25. While Shasta CSD provides water and fire protection services within their boundary, they indicated that CSA No. 25 and Keswick VFD are both better suited to serve the annexation area.

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

Shasta County provided sufficient notice to interested and subject agencies of its intent to adopt a resolution of application, pursuant to GC § 56654(c). LAFCo staff also provided a Certificate of Filing to interested and subject agencies. No comments have been received.

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. CSA No. 25 would rely on user fees and charges to fund services. In addition, the proposed annexation and concurrent detachment would require a property tax exchange between Shasta CSD to CSA No. 25. As such, property tax exchange agreement(s) are required as a condition of approval.

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

According to the Plan for Services, water services would be available upon annexation.

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 Article 10.6 (commencing with § 65580) of Chapter 3 of Division 1 of Title 7.

The proposal would not impact any local agencies in accommodating their regional housing needs. The affected territory is currently developed with single family residential uses. There are currently no development plans on file for the proposed annexation area.

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

All property owners within the proposed annexation area were notified regarding the annexation proposal. Shasta County provided LAFCo with written letters of consent from all owners of record.

15) Any information relating to existing land use designations.

The subject parcels are designated/zoned Rural Residential with a maximum density of one dwelling unit per two acres. As such, each parcel could accommodate an additional residence under full buildout scenario.

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 expanded public services for residents.

17) In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

There is little development potential within the annexation area. Future demands for services are expected to be similar to the current service demands.