



COUNTY SERVICE AREA # 3 CASTELLA

Municipal Service Review &
Sphere of Influence Update

PUBLIC DRAFT
February 2017

Draft Hearing (tentative) - April 6 2017
Final Adoption-ADD DATE

SHASTA LOCAL AGENCY FORMATION COMMISSION

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Acknowledgements:

LAFCO staff would like to thank the contributors to this Municipal Service Review and Sphere of Influence Update. Valuable assistance in completing this report was provided by: Shasta County Department of Public Works This report was made possible with their assistance.

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INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides information about the services and boundaries of County Service Area #3 - Castella (herein referred to as CSA #3). The report is for use by the Shasta Local Agency Formation Commission (LAFCO) in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews and updates of Spheres of Influence of all cities and special districts in Shasta County (Government Code § 56425). State law also requires that, prior to SOI adoption, LAFCO must conduct a review of the municipal services provided by that local agency (Government Code § 56430). This report provides LAFCO with a tool to study current and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

CSA Overview

County Service Areas are dependent special districts under County Service Area law (Government Code § 25210-25217.4). They provide, water, sewer and other services to unincorporated areas. In Shasta County, they are governed by the Board of Supervisors. The Public Works Department provides staff support and administers District operations.

Principal Act

The principal act governing CSAs is the County Service Area law (Government Code § 25210-25217.4) which authorizes CSAs to provide up to 26 types of governmental services within its boundaries. CSA #3 is authorized to provide sanitary water services. Other services, facilities, functions or powers enumerated in the District's principal act but not identified in the formation resolution are considered to be "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 requires LAFCO authorization as indicated in Government Code § 25213.5.

Service Review Determinations

Government Code Section 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.

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

Sphere of Influence Determinations

A Sphere of Influence is a LAFCO-approved plan that designates an agency's probable physical boundary and 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 the 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 within the existing sphere of influence (effective July 1, 2012).

Review Methods

The following information was considered in the service review:

- o Agency-specific data: responses to LAFCO Requests for Information from Shasta County Public Works Department, 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 Bureau; 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. 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.

COUNTY SERVICE AREA #3 – CASTELLA

Table 1: CSA #3 Castella Agency Profile

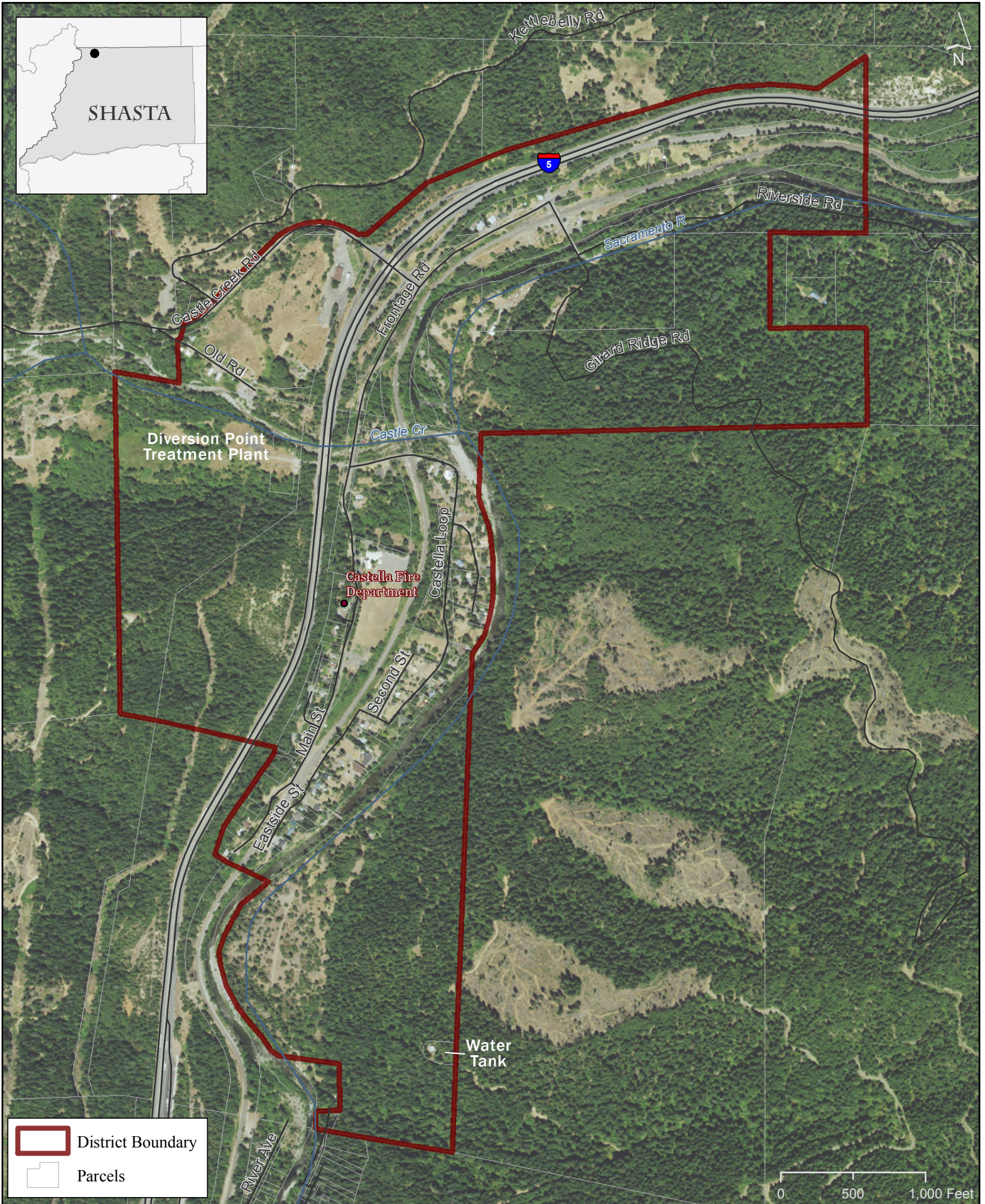
Formation	
Agency Name	County Service Area (CSA) #3 - Castella
Formation Date	1976
Enabling Legislation	California Government Code §25210 et seq.
Contact	
Main Contact	Patrick J. Minturn, Shasta County Public Works Director
E-mail	pminturn@co.shasta.ca.us
Website	http://www.co.shasta.ca.us/index/pw_index.aspx
District Office	Shasta County Department of Public Works
Mailing Address	1855 Placer St. Redding, CA 96001
Phone	(530) 225-5661
Governance	
Governing Body	Board of Directors (County Board of Supervisors)
Board Meetings	Tuesdays at 9:00 am, Board Chambers, 1450 Court St, Redding
Staffing	County Public Works
Services	
Services Provided	Domestic Water Services
Areas Served	Unincorporated community of Castella


Overview


County Service Area (CSA) #3 is organized as a dependent special district under County Service Area law (Government Code § 25210-25217.4). CSA #3 provides domestic water service to the unincorporated community of Castell located in northern Shasta County approximately 50 miles north of Redding, in the Sacramento Canyon on the west side of the Sacramento River. The CSA serves a population of about 185 with approximately 74 active connections. A MSR was previously conducted in 2014. This document updates the previous MSR.

Boundary and Sphere of Influence

The current CSA #3 boundary and coterminous SOI is approximately 404.5 acres in size. The CSA does not serve any properties beyond its existing jurisdictional boundaries. The district boundary and sphere of influence are shown on Figure 1.



 District Boundary

 Parcels



County Services Area #3 Castella

Figure

Date: 1/3/2017

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

Formation

Originally, Castella's water was distributed by a private water company. Untreated water from Castle Creek was diverted through an open ditch system into a wood lined pit covered by a shed roof. A sand pile in the pit served as a water filtration system before delivery to customers.

During the drought of the mid 1970s, surface diversions from Castle Creek became insufficient. In 1976 CSA #3 was formed in order to establish a local governmental entity to secure financing for construction, operation and management of the Castella water system and to protect the health and safety of the Shasta County residents living in the area. In 1977, appropriative water rights to Castle Creek were secured.

Governance Structure

CSA #3 is a dependent special district governed by the Shasta County Board of Supervisors. The Shasta County Public Works Department provides staff support and administers the operation of the District. In addition, a Community Advisory Board (CAB) consisting of seven (7) members serve as a liaison between district residents and the County. The CAB was established by the County in 1984 pursuant to Resolution No. 84-6. The CAB members are appointed by the County Board of Supervisors and serve two-year terms. Each year property owners are invited to nominate CAB candidates for vacant CAB seats. Elections are held if willing candidates exceed the number of vacant seats. CSA #3 does not currently have a CAB. Such a body could provide a vehicle for more local participation and accountability. Affected constituents may provide input directly to County staff or the respective member of the Board of Supervisors.

Management and Staffing

The County Public Works Department provides administrative support, staffing, and operations for 11 CSAs, including the Castella water system. The department has one operation supervisor, four licensed water treatment plant operators, and five part-time non-licensed employees. The Department is responsible for maintaining, upgrading or replacing equipment. They also manage budgets, suggest rates for services, and assure compliance with all laws relating to quality, health and safety. The Department manages funds for capital improvement projects, bond assessments, and debt service of the CSAs, and administers billing of CSA customers.

Other Service Providers

Fire Protection

Fire protection and emergency response services are provided by the Castella Fire Protection District. Located at the base of the Castle Crags in the upper Sacramento River canyon, the Castella Fire Protection District protects multiple communities as well as critical infrastructure within an 82square mile area of northern Shasta County, California. The Castella Fire Protection District works in parallel with the Dunsmuir Fire Department, through an automatic aid agreement, as one operational group of volunteers to provide fire, rescue, and emergency medical services to the citizens and visitors of Castella and Dunsmuir. The closest fire station to CSA #3 is located on Crag View Drive in Dunsmuir, CA.

Present and Planned Land-Use

Existing Land Uses

CSA #3 primarily consists of improved and unimproved rural residential and commercial uses. It is directly adjacent to Castle Crags State Park. Castella is designated as a Rural Community Center in the Shasta County General Plan.

Land Use and Development

Land use and building regulation services are provided by the County of Shasta. The County has multiple land use designations for the service area, including: Rural Residential, Commercial Recreation, and Public Facilities. The service area is surrounded by areas designated as Unclassified, Limited Residential, and Timber Production areas.

Population and Growth

Castella is not a census-designated place so actual population statistics for the District are not available. Based on census blocks and geospatial analysis, the estimated population for CSA #3 was 185 persons in 2010. Looking at future population estimates, growth in the unincorporated areas of Shasta County appears to be negligible. A 2016 DOF report notes a recent decrease of 0.5 percent in the County's unincorporated population between 2015 and 2016, indicating a future potential for population loss in unincorporated areas such as CSA #3.¹ However, population estimates for the county still predict an increase of between zero and 0.5 percent through 2035.² Using the 0.5 percent annual growth estimate and the 2010 population, the CSA #3 population will increase to 209 by the year 2035. Based on this analysis, it is unlikely that the District will have a significant water services demand increase during the time frame of this MSR.

¹Sources: CA DOF: www.dof.ca.gov/Forecasting/Demographics/Estimates/documents/Price-Population_2016.pdf?zoom_highlight=shasta+population

²Caltrans: www.dot.ca.gov/hq/tpp/offices/eab/socio_economic_files/2013/Shasta.pdf

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate water service, sewer service, and structural fire protection within disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. A disadvantaged unincorporated community (DUC) is defined as any area with 12 or more registered voters where the annual median household income (MHI) is less than 80 percent of the statewide annual (MHI) (pursuant to Government Code § 56033.5 and Water Code § 79505.5). Within a DUC, three basic services are evaluated: water, sewage, and fire protection. CSA #3 Castella provides one of these services – domestic water, and is therefore responsible for assuring that this service is adequately provided to the community. Wastewater service is not provided by a local service provider, and the community relies upon individual private systems for sewage disposal. As mentioned above, the Castella Fire Protection District provides fire protection for CSA #3.

CSA #3 Castella is in Community Tract, 06089012500³ which meets the definition of a Disadvantaged Community Tract. The tract has a MHI of \$41,917, which is 68 percent of the state average MHI,⁴ thereby qualifying the area as disadvantaged. Should surrounding territory be evaluated for future annexation, disadvantaged communities in the area should be further considered.

³Source CA DWR – Disadvantaged Communities Mapping too: <https://gis.water.ca.gov/app/dacs/>

⁴Census Quick Facts: <https://www.census.gov/quickfacts/table/PST045215/06>

District Service & Infrastructure

Water Service Overview

CSA #3 operates a community water system which provides treated, potable water to customers within the CSA boundary. The water system currently serves 74 active connections. There are 28 additional connections available on standby. The State Division of Drinking Water reports 94 active connections.

CSA #3 holds a state water permit for treatment and delivery of drinking water used for municipal purposes (public water system No. 4500015). The water system and treatment plant are reviewed annually by the Shasta County Department of Public Health.

Water Source

CSA #3 – Castella’s primary water source is raw water from Castle Creek. Appropriative water rights for the Castle Creek water source, a tributary of the Sacramento River, were secured in 1977. The water rights are considered “recent” and due to preexistent rights, water is not provided during July and August of each year. During these two months, the U. S. Bureau of Reclamation (USBR) Central Valley Project (CVP) through the Shasta County Water Agency (SCWA) provides water to CSA #3 for the Castella area. A total of 157 acre/feet are available from the appropriative water right annually. The SCWA Permit for Diversion and Use of Water allocation provides up to 72.3 acre/feet per year from January 1st to December 31st. In 2015 the Shasta County Board of Supervisors purchased water from the McConnell Foundation to supplement water to the CSA from the CVP.⁵ The water, purchased at \$250 per acre-foot, met demands in CSA #3. In 2015, the SWRCB Division of Water Rights curtailed CSA #3’s water rights from May 1st to November 2nd. Notice came on May 1st and notice of temporary lifting was given on November 1st. In addition, the USBR cut back CVP and SCWA allocations to 25% of recent regular use.

⁵Source: www.redding.com/news/local/shasta-supervisors-ok-water-purchase-from-mcconnell-ep-983068555-362053291.html

The Shasta County Water Agency initially entered into a Master Contract with the U.S. Bureau of Reclamation for water from the Central Valley Project (CVP) on June 30, 1967. In 1980 the Shasta County Water Agency entered into subcontracts with the County of Shasta that would provide water and Replaced Water for CSA #3 Castella. Replaced water is water from the CVP provided during times when CSA #3 is otherwise not entitled to divert water. The water supply meets current demands, and is adequate to supply water to the 28 standby connections.

Table 2: Source Data

Source	Status	Quantity
Surface Water Castle Creek	Active	157 acre/feet/year
Replaced Water from CVP	Active	72.3 acre/feet/year
Total		229.3 acre/feet/year

Water Treatment, Storage and Distribution

The system includes a surface water treatment plant which receives water from Castle Creek. The treatment system consists of pipeline flocculation, multi-media sand filtration, and disinfection with sodium hypochlorite. The treatment system is classified as direct filtration. The treated water is delivered to the distribution system, where a 200,000-gallon capacity storage tank maintains pressure on the system. The water storage tank is located on a hillside on the east side of the District.

A combination grant/loan was secured in 2008 from the U.S. Department of Agriculture to fund major improvements and upgrades to the water system. The work included the modification of existing water filters to meet current standards, the addition of pipeline to increase flocculation and chlorine contact time, operational improvements to the treatment plant, and new service lateral complete with radio-equipped water meters.

Table3: Storage Data

Name	Type	Capacity	Comments
Main	Steel	200,000 gallons	Finished water storage tank

System Monitoring

CSA #3 is required to routinely monitor for drinking water contaminants and water turbidity.

A Consumer Confidence Report (CCR) shows the results of drinking water monitoring for the period of January 1 to December 31 and is sent annually to customers. The most recent CCR was prepared in 2015 and posted on the Shasta County website. The 2015 CCR reports that the Castella system never violated a maximum contaminant level or any other water quality standard during the monitoring period.

Infrastructure Needs and Deficiencies

In 1980 an intake structure, water treatment plant, and welded steel storage tank were constructed. The main water intake is a fabric-lined, wooden crib-structure in Castle Creek, and is periodically backwashed to clear debris. It is difficult to enter this confined space, to remove large debris and replace the lining. The County is currently seeking funding to replace the intake structure. There are indications of water loss in the distribution system due to aging infrastructure. The County Public Works Department is monitoring this situation and may seek grants to upgrade water delivery system to address this condition. This CSA has no master plan regarding infrastructure expansion.

Water system fees are currently the only revenue source for covering water system operation costs. Based on past efforts, property based assessments seem unlikely to receive voter approval. The County is consistently pursuing grant funds for system improvements.

Financial Information

CSA #3 is principally funded by service charges and does not receive property taxes. Each year the County adopts a budget for CSA #3. Table 6 provides actual budgets for Fiscal Years 2014-15 and 2015-16, as well as the approved FY 2016-17 budget.

Table 4. CSA #3 - Castella Revenues & Expenditures

Revenue	Adopted 16-17	Actual 2015-16	Actual 2014-15
420000 - Interest	\$25	\$95	\$194
668194 – S/A Del Water Curr	\$250	\$1,055	\$1,519
693020 – Water Service Collections	\$52,000	\$41,846	42,397
Total Revenue	\$52,275	\$42,996	\$44,110
Expenses			
32500 – Communications Expense	\$200	\$241	\$209
33103 – Insur XP Miscellaneous	\$194	\$192	\$204
33500 – Maintenance of Equipment	\$1,000	\$2699	\$1,027
33700 – Maintenance of Structures	\$5,000	-	-
33791 - CHGS GAC MGMT Maint. Str	\$1,000	-	\$2,464
34100 – Memberships	\$163	\$163	\$153
34591 – Chgs OC Postage Svs.	\$565	\$478	\$547
34800 – Prof & Special Services	\$1,700	\$7,357	\$2,381
34826 – Prof Lab Services	\$3,400	\$4,193	\$3,974
34829 – Prof. Maintenance Services	\$24,328	\$30,598	\$19,964
35700 – Special Departmental Expense	\$850	\$848	\$1,019
35900 – Transportation & Travel	\$6,100	\$6,348	\$6,296
36100 – Utilities	\$17,000	\$13,266	\$10,527
50001 – Central Service Cost A-87	\$4,109	\$3,264	\$2,792
50800 – Taxes & Assessments	\$75	\$47	-
50900 – Depreciation Expenses	\$41,199	\$41,199	\$41,199
Total Expenses (without depreciation)	\$65,684	\$70,948	\$51,557
Net Total (Deficit)	-\$13,409	\$-27,952	\$-7,447

Source: Shasta County

As discussed below, basic operating revenue comes from bi-monthly (once each two months) water service charges. The current water fees and rates were established by District Ordinance No. 701. Customers are charged according to existing rate structures. Proposition 218 require CSA #3 to adopt a rate structure that is reflective of actual costs of service. The current rate structure meets this standard. Occasionally, additional revenue is generated when specific services are requested, such as new meter installations. This work is charged at a fixed rate. Any change in the bimonthly service charge must originate with an engineering report that analyzes existing revenue and projected future costs. Based on that analysis, a new rate structure can be recommended for approval by the Board. A public hearing is held prior to authorizing the rate change. The degree to which there is opposition to the rate change constitutes the constraint to generating additional revenues.

Service Rates

The CSA #3 rates for water services are as follows:

Table 5 - Residential In-Service Area Rate Schedule - Effective September 2015:

Charge Type	Amount	Applies to:
Basic	\$ 77.62Bi-monthly	First 20,000 gallons consumed (0-2,674 cf)
Use Charge 1	\$2.05/ 1,000 gallons	Next 20,000 - 50,000 gallons (2,674-6,685 cf)
Use Charge 2	\$1.65/ 1,000 gallons	All water >50,000 gallons consumed (6,685cf+)

Installation: Meter and main line extension installations shall be at the sole expense of the person or entity applying.

- (1) When main line extensions are not required, CSA personnel will install the meter based on the following fees to be paid prior to installation:

Table 6 Castella Water Meter Connection Fees and Road Crossing costs

3/4" Meter	1" Meter	1-1/2 Meter	2" Meter	Road Crossings
\$750.00	\$1,000.00	\$1,250.00	\$1,500.00	\$2,500.00 Deposit+ actual costs

- (2) When main line extensions are required, meter installation and service extension shall be constructed at the sole expense of the person or entity applying for the extension, and shall meet or exceed County minimum standards and requirements. A minimum improvement plan-checking and construction inspection deposit of \$500.00is required. Once the actual plan-checking and construction inspection costs are determined, a fee to cover those costs shall be imposed and the deposit shall be applied to the fee.

Stand-by and Vacation Fees: A bi-monthly stand-by fee of \$30.00, paid by the parcel owner, will be charged for each parcel in the service area for which delivery of water service is available but has not been initiated; whether structures are present or not. Properties that are determined not to be suitable for residential or commercial development are exempt. A bi-monthly vacation status fee of \$30.00 is charged to customers with a meter if the property is to receive regular water service for less than three consecutive months per year. A service charge of \$140 will be charged to cover the costs of administering the vacation status conversion.

Financing Constraints and Opportunities

Shasta County has recently been upgraded from an A1 bond rating to Aa3,⁶ signifying that the risk of default is low. An Aa3 bond rating is one of the top ratings assigned by Moody’s, a bond credit rating agency. The basis for a bond rating is similar to an individual’s credit report. It evaluates the bond issuer’s ability to make payments to bondholders. It assists creditors with their decision to extend credit.

⁶Moody’s Investors Service https://www.moodys.com/research/Moodys-Upgrades-to-Aa3-from-A1-Shasta-County-CAs-2013A--PR_903622926?WT.mc_id=AM%7eRmluYW56ZW4ubmV0X1JTQl9SYXRpbmdzX05ld3NfTm9fVHJhbnNsYXRpb25z%7e20160930_P_R_903622926

Cost Avoidance Opportunities

Regular system consumption monitoring, infrastructure condition inspections, and a capital improvement plan for scheduled replacement and upgrades are effective cost avoidance measures. The County monitors the system with meter records and conducts periodic inspections.

Accountability and Governance

Budgets are approved annually by the BOS which then establishes the scope of work and improvements that can be performed. The BOS, as the district board of directors, authorizes and approves any contracts used to construct improvements or perform maintenance work, or to conduct studies, designs, or engineered changes to the water system. The Board communicates directly with the Director of Public Works and/or department staff during weekly Board meetings or through written communications. The BOS meets weekly, but only conducts business related to CSA #3 as needed.

Communication with the public takes place at the CAB meetings, which occur quarterly and provide time for public input on topics related to the CSA. The CAB exists to represent all property owners within the CSA and to enhance local input regarding CSA matters.

Governance Structure Options

No governance structure options are identified.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

This chapter addresses determinations as specified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56430). As part of the municipal service review process, each LAFCO makes written determinations for each of the categories listed below.

Growth and population projections

Population growth and population projections for the area served is expected to be limited or none as the area is built-out. The estimated residential population within the CSA # 3 boundary is approximately 185 persons.

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence

CSA#3 has been identified as being a DUC. There are no other DUCs in the vicinity that could be served by the CSA.

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

There are some infrastructure deficiencies that need to be addressed, such as the water intake structure. LAFCO recommends that the CSA #3 conduct the appropriate engineering report and

cost analysis to estimate needed infrastructure project costs and relay those cost the customers in the form of a fee increase in advance of the next MSR and SOI update cycle.

At the present time, the CSAs has the capacity to serve the existing service areas. CSA #3 does not provide sewer, and fire protection services. These services are provided through other special districts in Shasta County or by private systems.

Financial ability of agencies to provide services

CSA #3 is an “enterprise” district with water service funding primarily from services fees and charges. The District periodically reviews and updates fees to maintain a nexus between reasonable charges levied, and actual costs of services provided, and seeks to be as efficient and innovative as possible in maximizing use of existing fiscal resources. The District has a maintenance policy, and periodic replacement of outdated or deteriorating equipment should be scheduled in a Capital Improvement Program with a financing plan.

Status of, and opportunities for, shared facilities

There are presently inherent limitations – geographically and operationally – on District water service facilities being extended to and/or shared with other communities. There is no known overlapping or duplication of services within the CSAs’ boundaries.

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

The CSA is governed by the Shasta County Board of Supervisors. There is no advisory board for CSA #3. The CSA demonstrated accountability and transparency by disclosing financial and service related information in response to LAFCO requests.

Any other matter related to effective or efficient service delivery, as required by commission policy

None beyond those noted above.

SPHERE OF INFLUENCE DETERMINATIONS

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

Shasta County designates the area served as mostly rural residential and commercial surrounded by Recreation, Limited Residential, and Timber Production. This is a rural area with community development either clustered around the District or scattered about on secondary roads.

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

The SOI is coterminous with the District Boundary and there are no identified needs beyond that boundary.

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

District facilities are adequate for current service needs. It has the capacity to serve the areas within the proposed sphere of influence boundaries, with the extension of services tied to development of parcels.

Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

The District is located north of the City of Redding, and is also served by Castella Fire Protection District. The City of Redding provides a major shopping and service industry hub to the south for local residents in Shasta County. The Siskiyou County communities of Dunsmuir, Mr. Shasta, Weed, and Yreka also offer alternative service locations for residents.

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.

The Castella area within the current SOI is considered a DUC. There are no other DUCs adjacent to the CSA that should be included in the SOI.

LAFCO RESOLUTION 2017-03

RESOLUTION OF THE SHASTA LOCAL AGENCY FORMATION COMMISSION MAKING WRITTEN DETERMINATIONS AND UPDATING THE MUNICIPAL SERVICE REVIEW & SPHERE OF INFLUENCE FOR THE COUNTY SERVICE AREA #3 CASTELLA

WHEREAS, the Shasta Local Agency Formation Commission, conducts studies of the provision of Municipal Services Review (MSR) in conjunction with reviewing the Spheres Of Influence (SOI) of the local governmental agencies whose jurisdictions are within Shasta County; and

WHEREAS, Government Code Section 56425(g) requires that LAFCO review and updated adopted SOI boundaries, as necessary, not less than once every five years; and

WHEREAS, Government Code Section 56430 requires that a MSR be conducted prior to or in conjunction with a SOI update; and

WHEREAS, the County Services Area #3 (CSA #3) Castella's sphere of influence boundary was last updated in 2014; and

WHEREAS, the Executive Officer, pursuant to the Government Code Section 56000 *et seq.*, has prepared a MSR and a proposed updated SOI boundary recommendation for the CSA #3 Castella; and

WHEREAS, in the manner required by law, the Executive Officer has given notice of the public hearing by the Commission on the proposal; and

WHEREAS, the Commission has heard, discussed and considered all evidence presented at a public hearing held on the MSR and SOI on April 6, 2017 for CSA #3 – Castella.

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

1. Pursuant to Government Code Sections 56425 and 56430, the Commission hereby makes the statements of determinations included in the CSA #3 – Castella's Municipal Services Review and Sphere of Influence boundary update (Exhibit A).
2. Shasta LAFCO, as the lead agency, circulated a Notice of Intent to Adopt a Statutory Exemption for this project, responded to written comments received during the review period and hereby intends to certify a Statutory Exemption pursuant to the California Environmental Quality Act (CEQA) for the proposed update of its Sphere of Influence.
3. The Commission, pursuant to Government Code Section 56425(e), makes the following specified determinations based upon data within the municipal service review to update the CSA #3 - Castella's Sphere of Influence:
 - A. *Present and planned land uses* – Shasta County designates the area served as mostly rural residential and commercial surrounded by recreation, limited residential, and timber production. This is a rural area with community development either clustered around the District or scattered about on secondary roads.
 - B. *Present and probable need for public facilities; adequacy of services* – The SOI is coterminous with the District Boundary and there are no identified needs beyond that boundary.

- C. *Present capacity of the public facilities and adequacy of public services* – District facilities are adequate for current service needs. It has the capacity to serve the areas within the proposed SOI boundaries, with extension of services tied to development of parcels.
- D. *Existence of any social or economic communities of interest* – The District is located north of the City of Redding, and is also served by Castella Fire Protection District. The City of Redding provides a major shopping and service industry hub to the south for local residents in Shasta County. The Siskiyou County communities of Dunsmuir, Mt. Shasta, Weed, and Yreka also offer alternative service locations for residents.
- E. *Present and probable needs of disadvantaged unincorporated communities (DUCs) within the area* – The Castella area within the current SOI is considered a DUC. There are no other DUCs adjacent to the CSA that should be included in the SOI.

5. The Executive Officer is hereby directed to complete update proceedings, and to schedule the subsequent review and update, as necessary, of this Agency’s municipal service review and sphere of influence boundary five years from this approval date as required by statute.

6. The CSA #3 - Castella’s District Sphere of Influence is hereby updated and approved as presented on the attached map (Exhibit B).

Adopted on April 6, 2017, by the following vote:

AYES:
NOES:
ABSTAINS:
ABSENT:

Dated: _____

Irwin Fust, Chairman
Shasta Local Agency Formation Commission

Attest:

Dated: _____

George Williamson, Executive Officer