



Shasta Community Services District

Municipal Services Review & Sphere of Influence Update

Approved
February 7 2019

SHASTA LOCAL AGENCY FORMATION COMMISSION

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1.0 INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Update provides information about the services and boundaries of the Shasta Community Services District in western Shasta County. The report is for use by the Shasta Local Agency Formation Commission (LAFCO) in conducting a statutorily required review and update process. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires that the Commission conduct periodic reviews and SOI updates for Shasta County cities and special districts (Government Code § 56425).

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

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

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

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

Community Services District Overview

Government Code 56036(a) defines "District" or "special district" as "an agency of the state, formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries." A community service district (CSD) is often the best way for a community to begin organizing basic services, as Shasta CSD citizens did in 1959, because the law invests these districts with the power to provide almost every service a city can provide, with the requirement that the community agrees to pay for these services. Shasta CSD provides both water and fire services, although only water services would be consolidated after adoption of CSA#25-Keswick into the District.

County Service Area Overview

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

Service Review Determinations

CKH Act § 56430 requires LAFCO to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following topics:

- Growth and population projections for the affected area;
- The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere;
- Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies;
- Financial ability of the agency to provide services;
- Status of, and opportunities for, shared facilities;
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter affecting or related to effective or efficient service delivery, as required by Commission policy.

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

California Environmental Quality Act

The California Environmental Quality Act (CEQA) is contained in Public Resources Code § 21000 et seq. Public agencies are required to evaluate the potential environmental effects of their actions. MSRs are statutorily exempt from CEQA pursuant to § 15262 (feasibility or planning studies) and categorically exempt pursuant to CEQA Guidelines § 15306 (information collection). CEQA requirements are applicable to SOI Updates. The CEQA lead agency for SOI Updates is most often LAFCO, unless an agency has initiated an SOI expansion or update.

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

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

1.1 Report Uses

This service review process identifies ways to expand district boundaries where appropriate to increase efficiency of service provision. The potential report uses are described below.

To Update Spheres of Influence

This service review serves as the basis for updating the SOIs for Shasta CSD and CSA#25-Keswick. Specifically, a SOI designates the territory LAFCO believes represents an agency's appropriate future jurisdiction and service area. All boundary changes, such as annexations, must be consistent with an affected agency's SOI with limited exceptions.

To Consider Jurisdictional Boundary Changes

LAFCO is *not* required to initiate any boundary changes based on service reviews. However, LAFCO, other local agencies (including cities, special districts or the County) or the public may subsequently use this report together with additional research and analysis, where necessary, to pursue changes in jurisdictional boundaries.

Resource for Further Studies

Other entities and the public may use this report for further study and analysis of issues relating to service provision in Shasta County.

Proposed Reorganization and Sphere of Influence Changes

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

1.2 Review Methods

The following information was gathered from the district to understand the current status of district operations and services:

1. Governance and Organization
2. Financial
3. Personnel
4. Infrastructure and Facilities
5. Water Source and Demand
6. Treatment and Distribution

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

- Shasta CSD & Keswick Intertie Project Preliminary Engineering Report, October 2018 PACE Engineering
- Shasta CSD budget and plan for services

Information gathered was analyzed and applied to make the required determinations for each agency and reach conclusions about the focus issues identified in the service review. All information gathered for this report is filed by LAFCO for future reference.

2.0 AGENCY PROFILE

Formation of Shasta CSD was initiated by petition of landowners and registered voters in 1959. In 1960, the CSD began providing fire protection services to the community. In 1964 the CSD began providing domestic water service to its



citizens. The Shasta CSD is generally bounded on the northeast by CSA #25- Keswick, the southeast by the City of Redding and Centerville CSD, the south by Centerville CSD, and on the west by U.S. Forest Service lands and the Whiskeytown National Recreation Area. Bureau of Land Management (BLM) parcels are interspersed throughout the District. The District is bisected by State Route 299 West.

Table 1: Shasta CSD Contact Information

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

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

District Boundaries

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

Growth and Population

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

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

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

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

Existing and Planned Uses

Land uses within the area are subject to the Shasta County General Plan and Zoning Ordinances. The Shasta County General Plan identifies Shasta CSD as a Rural Community Center which is defined as a community that may or may not provide water and/or wastewater treatment. Zoning in the District is primarily Limited Residential (R-L), Rural Residential (R-R), Building Site (B), and Community Commercial. Land-use is primarily rural residential with some areas of planned development in the western and southern portions of the district and an aggregate mining operation designated mineral resources adjoining an industrial area along Iron Mountain Road.

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

Disadvantaged Unincorporated Communities

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of its municipal service review process. Per California Senate Bill 244, a DUC is defined as any area with 12 or more registered voters where the median household income (MHI) is less than 80 percent of the statewide MHI. Within a DUC, three basic services are evaluated: water, sewer and fire protection.

The California Department of Water Resources Disadvantaged Communities Mapping Tool uses US Census Block Groups, Tracts and Places from the US Census American Community Survey (ACS) 5- Year Data: 2010-2014 to map disadvantaged communities. Using this information, each district or agency is evaluated to determine whether or not it is a DUC, or

in the case of cities, whether or not there are DUCs within the city's SOI. In many cases, Census Block Groups are larger than Districts. In these cases, LAFCO's evaluation was conducted with an abundance of caution to ensure no DUCs are overlooked.

Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, a large portion of each District does not fall within a disadvantaged community block, tract or place as defined by the California State Department of Water Resources and therefore does not qualify as a DUC. Should the territory in the surrounding area be proposed for annexation in the future, the disadvantaged communities will be considered.

3.0 INFRASTRUCTURE AND SERVICES

3.1 Domestic Water Service

Shasta CSD provides domestic water to the community through water system No. CA4510013, with 864 connections listed. There are currently 725 active connections, the difference is attributed to people who have paid connection fees but haven't yet built. The District has been discussing options of entering into contractual agreements to provide up to an additional 200 acre-feet for future development within the District. Customers who require the District to pump water to higher elevations pay an additional electrical fee to cover the pumping costs.

Water is provided to CSA #25 via water system No. CA4500001. There are 209 connections formerly serving a population of 475. Following the Carr Fire, there are 27 active connections and 182 stand-by connections. Water is sourced from the Spring Creek conduit bringing water from Whiskeytown Lake. The water is available via a contract between the Shasta County Water Agency and the US Bureau of Reclamation. Water intake facilities are located along the conduit and a 100,000-gallon storage tank is located on a hill above the intake and treatment facilities. In 2015, CSA# 25 constructed a 500,000-gallon storage tank and improved the water treatment system.

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

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

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

Water Supply

The District receives all of its water through the Central Valley Project (CVP) as administered by the USBR. The District has a post-1914 water contract obligation of 1,000 acre-feet of CVP water to be used only for municipal, domestic, and industrial purposes. Under the contract, the District is obligated a maximum of 1,000 acre-feet per year at a maximum rate of 1,750 GPM. The contract was issued in 1964 and was valid for 40 years until 2004. The USBR and District signed a new agreement in 2010¹.

Distribution System

The District's primary transmission main begins at the water treatment plant and consists of a 12-inch-diameter cast iron (CI) pipe that travels along Benson Drive to Rock Creek Road, then south to McComb Hill through the town of Shasta to the Grand Forks Tank. The entire distribution system consists of approximately 23.5 miles of 2- to 12-inch-diameter pipes. Water mains are primarily made of cement-lined CI, asbestos cement (AC), ductile iron (DI), polyvinyl chloride (PVC), and galvanized steel (GS) pipe.

The District is currently replacing eight storage tanks and four pump stations that were in poor condition with four new welded steel tanks and four new pump stations. The new pump stations are currently under construction as part of the Tanks and Pump Stations Replacement Project and are expected to be operating by the end of 2018. The project is 70% complete with a cost of \$5.2 million.

In 2008-2009, the District constructed \$2.3M of improvements to the water treatment plant including replacement of Main Tank 1 to increase the capacity from 0.15 MG to 0.38 MG, addition of a 0.12 MG backwash tank, a SCADA system, and filter reconstruction.

Water System Demand

According to Title 22 CCR Section §64554, New and Existing Source Capacity, a public water system's water source(s) shall have the capacity to meet the system's maximum day demand (MDD) at all times. Based on 2015 records, the average day demand (ADD) and MDD were approximately 380 and 1,012 GPD/HE, respectively. Shasta CSD has 1.465 MG in storage and the City of Redding intertie pump station provides an additional 600 GPM. Per the District's 2015 Division of Drinking Water (DDW) inspection report, Shasta CSD will meet this requirement once the Tank Replacement Project is complete.

Water Meters

Shasta CSD replaced all manual read meters to automatic meter readers (AMRs) in 2013. The District has indicated about 20 meters and appurtenances were damaged in the fire. CSA #25 is still using manual meters. Replacing meters for active CSA #25 customers with AMRs

¹ Preliminary Engineering Report: Shasta CSD & Keswick Intertie Project PACE Engineering October 2018

would reduce monthly operating costs and work with Shasta CSD's current billing software. CSA #25 has reported 23 customers are now using water. this needs to be consistent with # of active connections

District Facilities

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

Table 2: Shasta CSD Equipment List

Buildings	Water Tanks	Vehicles	Misc.
Water treatment plant	Two potable storage tanks (at water treatment plant)	Three Ford trucks (Ford F-350 Utility truck 2016, Ford F-150 truck 2018, Ford Ranger 2012)	Pipe service tapping machine
Water pump station (for treatment plant)	Backwash tank (at water treatment plant)	John Deere backhoe 580	Road signs
Shasta/Redding intertie pump station	Two 10,000-gallon moveable storage tanks	Dump trailer (12 ft.)	Hazard cones
Four pump stations (Lower Brunswick, Upper Brunswick, Highland Park, Record Heights)	Five storage tanks (Middle Brunswick, Upper Brunswick, Highlands Park, Record Heights, Grand Forks)	Backup diesel generator	Backflow device tester

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

Opportunities for Shared Facilities/Increased Efficiency

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

The United States Department of Agriculture (USDA) provided a grant to prepare a Preliminary Engineering Report (PER) to assess damage from the Carr Fire. The PER describes the project that will provide the necessary distribution system interties to provide safe drinking water and reduce financial hardship to the communities. The PER concludes that a CSA# 25/ Shasta CSD reorganization is feasible from an engineering standpoint and would have benefits for both agencies.

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

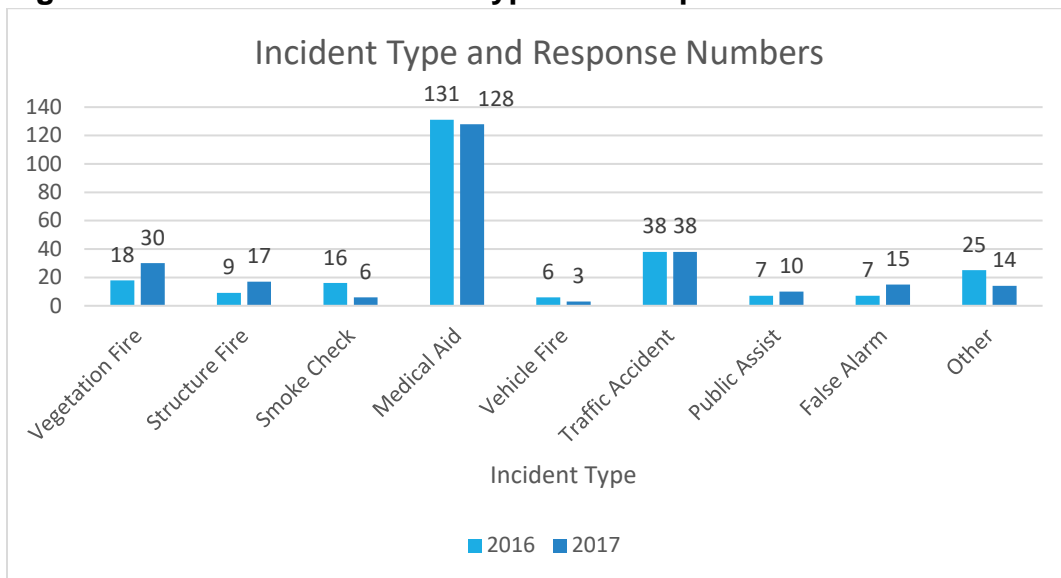
According to the PER, the system intertie pump station would be located along Rock Creek Road at the intersection of Bandana Trail and Rock Creek Road. The intertie pipeline would extend along Rock Creek Road for 2,220 feet to the last CSA# 25 hydrant. Once the improvements are in place, the CSA# 25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

3.2 Fire Services

Service Demand and Service Levels

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

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



ISO Rating

The District maintains an ISO rating of 05/5Y. The first number is applied to properties within five road miles of a fire station and within 1,000 feet of a creditable water supply. The second number with a Y designation applies to properties within five road miles of a fire station, but beyond 1,000 feet of a creditable water supply.

Personnel and Training

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

Current Infrastructure and Facilities

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

Table 3: Shasta CSD Current Fleet

Apparatus	Type	Capacity
E-56	Type 1	1,000 GPM
E-256	Type 2	1,000 GPM
E-556	Type 2/3	500 GPM
B-56	2011 F150	-
WT-56	Water Tender	2,000 Gal/500 GPM
R-56	F350	-
R-256	2009 5150	-

CSA #25 - Keswick

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

Opportunities for Shared Facilities/Increased Efficiency

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

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

4.0 FINANCING

4.1 Budget Information

Shasta CSD maintains separate budgets to track expenditures for domestic water and fire services, however, the revenues for both services are deposited into the water budget accounts and funds are provided to the fire service from there. Revenues are primarily from water enterprise funds, property taxes and strike team revenues. Water enterprise funds generated approximately 43 percent of all revenues, and property taxes generate approximately 20 percent of revenues in fiscal year 2017-18. Strike team revenue amounted to \$284,305.59 for fiscal year 2017-18 and is likely used, in addition to other revenue sources, to fund the Shasta CSD Fire Department. Given that strike team revenue was used to fund fire services, the Shasta CSD fire services budget had a deficit of \$82,710.10.

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

Table 4: Shasta CSD Water Services Revenues and Expenditures

Revenues	FY 2017-18 Budget Actuals	FY 2018-19 Budget	FY 2018-19 Combined Budget
Water Sales	\$513,687.26	\$345,400.00	\$415,400.00
Revolving Fund Loan	\$134,203.60	\$135,000.00	\$135,000.00
Property Tax Revenue	\$241,155.25	\$245,000.00	\$268,000.00
Strike Team Revenue	\$284,305.59	\$ -	\$ -
SFD Reimbursement	\$4,444.02	\$7,300.00	\$7,300.00
Other Income Sources	\$22,678.98	\$8,295.00	\$8,295.00
Total Revenue	\$1,200,472.70	\$619,495.00	\$833,995.00
Expenditures	FY 2017-18 Budget Actuals	FY 2018-19 Budget	FY 2018-19 Combined Budget
Water Service Expenses	\$34,403.80	\$38,000.00	\$38,000.00
Pumping Expense	\$10,767.34	\$11,130.00	\$11,130.00
Water Treatment Expense	\$15,381.69	\$17,650.00	\$19,750.00
Transmission/Distribution	\$42,966.12	\$43,000.00	\$43,000.00
Vehicle Maintenance	\$1,301.12	\$2,100.00	\$2,100.00
Gas & Oil Expense	\$4,447.81	\$4,950.00	\$4,950.00
Training	\$1,478.00	\$3,800.00	\$3,800.00
Community Building	\$2,721.44	\$3,300.00	\$3,300.00
Administrative Expenses			
Manager Salary	\$74,854.17	\$75,000.00	\$75,000.00
Maintenance/Hourly	81,095.14	\$86,780.00	\$86,780.00
Office/Hourly	18,554.64	\$16,640.00	\$16,640.00
Payroll Expenses	\$195,492.08	\$194,428.00	\$194,428.00
Employee Benefits	\$89,056.58	\$101,000.00	\$101,000.00
Payroll Tax Expense	\$19,661.18	\$18,936.00	\$18,936.00

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

Table 5: Shasta CSD Fire Service Revenues and Expenditures

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

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

and backwashing to keep up with the raw water quality anticipated. Therefore, the District will likely have increased chemical and pumping costs this winter.

5.0 ACCOUNTABILITY AND GOVERNANCE

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

Table 6: Shasta CSD Board of Directors Membership

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

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

6.0 MUNICIPAL SERVICE REVIEW DETERMINATIONS

1) Growth and population projections for the affected area

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

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

- a) Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, a large portion of each District does not fall within a disadvantaged community block, tract or place as defined by the California State Department of Water Resources and therefore does not qualify as a DUC. Should the territory in the surrounding area be proposed for annexation in the future, the disadvantaged communities should be considered.
- b) If the reorganization is approved, CSA#25-Keswick will become part of the Shasta CSD. Portions of both communities meet the definition of a Disadvantaged Unincorporated Community, as noted above. However, no unmet service needs or deficiencies related to sewers, water, or fire protection are known to exist within, or contiguous to, the area currently served by CSA#25-Keswick or Shasta CSD. The Keswick area currently has adequate sewer, water, and fire protection services and will continue to receive these services if the proposed annexation is approved and the area becomes part of the Shasta Community Services District.

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

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

4) Financing ability of agencies to provide services

- a) Shasta CSD maintains separate budgets to track expenditures for domestic water and fire services, however, the revenues for both services are deposited into the water budget accounts and funds are provided to the fire service from there. Revenues are primarily from water enterprise funds, property taxes and strike team revenues. Water enterprise funds generated approximately 43 percent of all revenues, and property taxes generated approximately 20 percent of revenues in fiscal year 2017-18.
- b) Strike team revenue amounted to \$284,305.59 for fiscal year 2017-18 and is likely used, in addition to other revenue sources, to fund the Shasta CSD Fire Department. Given that strike team revenue was used to fund fire services, the Shasta CSD fire services budget had a deficit of \$82,710.10.

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

5) Status of and, opportunities for, shared facilities

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

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

- a) Shasta CSD meetings are held every third Wednesday of the month at 6:00 PM at 10711 French Alley in Shasta, CA, 96087. The Shasta CSD website www.Shastacsd.org is where meeting agendas, minutes and other District information is available. Board vacancy announcements are published in newspapers, at the Shasta County Public Library, and local public places for a minimum of three weeks. Candidates are interviewed and voted in by the district board and are submitted to Shasta County for Board of Supervisors.
- b) The Shasta CSD Board of Directors operates as the District governing body and this will expand to Keswick area upon annexation. Post-annexation, residents of the Keswick area will gain the right to vote for, and serve as, members of Shasta CSD's Board of Directors, beginning with the next available Board seat.

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

- a) LAFCO has reviewed its local policies and there are no other pertinent matters to be discussed.

7.0 SPHERE OF INFLUENCE DETERMINATIONS

The recommended determinations in this section, and MSR information provide support for the proposed reorganization of Shasta CSD and CSA #25-Keswick into a single district by expanding the Shasta CSD district boundaries and SOI to include the Keswick area. Shasta LAFCO makes the following written SOI determinations

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

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

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

- a) The City of Redding provides a nearby population hub for district residents to shop for basic household supplies and goods. The potential annexation of CSA#25 into the Shasta CSD would have no effect on the availability of this service.

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

- a) Portions of Shasta CSD and CSA #25 Keswick are located in Community Block Group 060890124001, which has an MHI of \$33,462. This figure is 50 percent of California's reported \$67,169 MHI, thereby qualifying the area as disadvantaged. However, a large portion of each District does not fall within a disadvantaged community block, tract or place as defined by the California State Department of Water Resources and therefore does not qualify as a DUC. Should the territory in the surrounding area be proposed for annexation in the future, the disadvantaged communities should be considered.

8.0 REFERENCES

California Department of Water Resources, Disadvantaged Community Mapping Tool
<https://gis.water.ca.gov/app/dacs/>

Environmental Protection Agency: Safe Drinking Water Information System, California Drinking Water Watch <https://sdwis.waterboards.ca.gov/PDWW/index.jsp>

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

Shasta County Department of Resource Management. General Plan.
https://www.co.shasta.ca.us/index/drm_index/planning_index/plng_general_plan.aspx

Shasta County GIS. <https://maps.co.shasta.ca.us/ShastaCountyMap/>

United States Census Bureau, American Fact Finder.
https://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml.