

**MUNICIPAL SERVICE REVIEW
FOR THE
LEAVITT LAKE COMMUNITY SERVICES DISTRICT**

**Adopted
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LASSEN LAFCO

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LEAVITT LAKE COMMUNITY SERVICES DISTRICT**

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MUNICIPAL SERVICE REVIEW FOR THE LEAVITT LAKE COMMUNITY SERVICES DISTRICT

1.0 INTRODUCTION

1.1 LAFCO's Responsibilities, Spheres Of Influence and Municipal Service Reviews

This Municipal Service Review (MSR) has been prepared for the Lassen Local Agency Formation Commission (Lassen LAFCO). Local Agency Formation Commissions are quasi-legislative local agencies created in 1963 to assist the State in encouraging the orderly development and formation of local agencies. A Local Agency Formation Commission is established in each county in the State.

This MSR consists of a review of water and wastewater service as provided by the Leavitt Lake Community Services District. Figures 1 and 2 show the location of the Leavitt Lake CSD within Lassen County. The MSR may be considered by the LAFCO in a subsequent review of the Sphere of Influence of the Leavitt Lake Community Services District.

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.) is the statutory authority for the preparation of an MSR, and periodic updates of the Sphere of Influence of each local agency. The Governor's Office of Planning and Research has issued Guidelines for the preparation of an MSR. This MSR adheres to the procedures set forth in the MSR Guidelines.

A Sphere of Influence is a plan for the probable physical boundaries and service area of a local agency, as determined by the affected Local Agency Formation Commission (Government Code §56076). Government Code §56425(f) requires that each Sphere of Influence be updated not less than every five years, and §56430 provides that a Municipal Service Review shall be conducted in advance of the Sphere of Influence update.

The statute and regulations call for a review of the municipal services provided in the county or other appropriate area designated by the LAFCO. The LAFCO is required, as part of the MSR, to prepare a written statement of findings of its determinations with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.

The Municipal Service Review precedes LAFCO action on a Sphere of Influence. Given the close relationship between an MSR and sphere of influence creation, amendment or update, the Sphere of Influence is discussed in more detail below.

1.2 Sphere of Influence

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires the LAFCO to update the Spheres of Influence for all applicable jurisdictions in the County by January 1, 2008.

Local governmental agencies, special districts and municipalities must have an adopted Sphere of Influence (SOI) boundary and territory that define the probable future boundary and service area of the agency. Inclusion of a particular land area within an agency's SOI does not necessarily mean that the area will eventually be annexed. The Sphere of Influence is only one of several factors LAFCO must consider in reviewing individual proposals (Government Section 56668).

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a written statement of determinations with respect to each of the following:

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 which the agency provides, or is authorized to provide; and
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.

1.3 LAFCO Policies and Procedures Related to Municipal Services

The Lassen LAFCO has adopted Policies, Standards and Procedures.

According to the adopted Guidelines, the purpose and objectives of the Municipal service review (MSR) is to develop recommendations that will promote more efficient and higher quality service patterns, identify areas for service improvement, and assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries. A MSR is based on a specific growth period and a realistic growth projection rate for that period keeping in mind local conditions and circumstances.

1.4 Sphere of Influence Update Process

Section 3.4 of the Policies, Standards and Procedures adopted by Lassen LAFCO distinguish between a Sphere Update and a Sphere Amendment and set general review standards.

“3.4. Amendments and Updates of Spheres and Master Service Elements

- a) Amendments and Updates Defined. *Amendments generally involve discrete changes to a Sphere of Influence map or plan that are proposed by an agency or individual to accommodate a specific proposal. An amendment may or may not involve changes to the master service element of the agency.*
Updates generally involve a comprehensive review of the entire Sphere of Influence plan, including the map and master service element.
- b) Amendments Required. *An amendment to the Sphere of Influence plan or master service element will be required in the following circumstances:*
 - i) *When an agency seeks to add new territory to its sphere or remove territory from its sphere.*
 - ii) *When an agency seeks to move territory already within its sphere from one sphere horizon to another.*
 - iii) *When a district seeks to provide a new or different function or class of service.*
 - iv) *When an agency proposes a significant change in its plans for service, which make the current Master Service Element inaccurate.*
- c) Updates Required. *LAFCO will review the adopted sphere of each agency not less than once every five years, and will update it as the Commission deems necessary (Government Code Section 56425 (f)). In order to conduct a sphere review, LAFCO will request the agency provide updated information relative to its Sphere of Influence plan and master service element. Such information is necessary to inform the Commission’s determination of appropriate sphere horizon boundaries. In the absence of adequate information, the Commission will complete the sphere update by identifying the territories that currently receive the agency’s services and excluding unserved territories from the sphere.*

Prior to completion of a Sphere of Influence update, the Commission will conduct a review of the municipal services in the applicable area.

- d) General Requirements. *LAFCO will generally treat an update or a proposed amendment to an agency's Sphere of Influence similarly to an application for approval of a Sphere of Influence. Each of the following sets of policies apply to amendments to and updates of Spheres of Influence:*
 - i) *General policies.*
 - ii) *Specific policies and standards for Spheres of Influence and for Updates and Amendments thereto.*

- e) Precedence of Amendments over Annexations. *Sphere of Influence amendments shall precede the Commission's consideration of proposals for change of organization or reorganization.*

- f) Treatment of Amendment under Sphere Horizons. *LAFCO will not place territory in an agency's 0-10 year sphere horizon unless the agency can show an immediate need for service by clear and convincing evidence.*

- g) Consistency Required. *Amendment proposals must be consistent with an updated Sphere of Influence Master Services Element.*

- h) Inconsistent Sphere Amendments Prohibited. *LAFCO will not approve requests for Sphere of Influence amendments if the amendment will result in a sphere that is inconsistent with other policies or standards.*

- i) Demonstrated Need Required. *An applicant for amendment to a Sphere of Influence must demonstrate a projected need or (in the case of reduction of the sphere) lack of need for service.*

- j) Open Space and Prime Agricultural Land. *Amendment proposals involving Sphere expansion that contain open space or prime agricultural land will not be approved by LAFCO if there is sufficient alternative land available for annexation within the existing Sphere of Influence.*

k) *Spheres of Influence Amendment and Update Procedures.*
(56425).

Each request for amendment or update must be heard in a public hearing and is subject to the provisions of the California Environmental Quality Act. “

The General Sphere of Influence Update and Amendment Process for Lassen LAFCO is described below:

1. A district or petitioner meets with LAFCO staff to determine if the proposal is in the Sphere of Influence, if not, a determination is made if the proposal requires a Sphere of Influence amendment or warrants that the Sphere of Influence update be conducted.
2. A District or petitioner makes application to LAFCO for the Sphere of Influence amendment. Support of the District for a Sphere of Influence amendment is required if a request is made by a petitioner. A District or LAFCO will initiate a Sphere of Influence update. A Municipal Service Review is required prior to completion of the Sphere of Influence update process.
3. In the case of a Sphere of Influence amendment, a District or petitioner provides LAFCO mapping to SBOE/Surveyor Standards and fills out an application (this will be required as part of the change of organization proposal). In any case, LAFCO needs a map of the area of the proposed Sphere of Influence. In the case of an update, LAFCO or the District will provide the mapping.
4. Unless initiated by LAFCO, the applicant or district will pay fees and sign an indemnification form, as required.
5. LAFCO conducts a Municipal Services Review (Updates only)
6. LAFCO performs evaluation, makes environmental determinations and considers CEQA findings and LAFCO determinations (for Municipal Service Review and Sphere of Influence).
7. LAFCO sets public hearing to consider adoption of the Sphere of Influence.
8. Applicant or district files for Annexation or other change of organization.
9. Upon determination of a Sphere of Influence, the Commission shall adopt that sphere, and shall review and update, as necessary, the adopted sphere not less than once every 5 years.

1.5 Description of Public Participation Process

Lassen LAFCO is a legislative body authorized by the California Legislature and delegated powers as stated in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (the Act). The LAFCO proceedings are subject to the provisions California's open meeting law, the Ralph M. Brown Act (Government Code Sections 54950 et seq.) The Brown Act requires advance posting of meeting agendas and contains various other provisions designed to ensure that the public has adequate access to information regarding the proceedings of public boards and commissions. Lassen LAFCO complies with the requirements of the Brown Act.

The MSR Guidelines provide that all LAFCOs should encourage and provide multiple public participation opportunities in the municipal service review process. Lassen LAFCO has discussed and considered the MSR process in open session, and has adopted a schedule for completing the various municipal service reviews and sphere of influence updates for Lassen County. Each municipal service review will be prepared as a draft, and will be subject to public and agency comment prior to final consideration by Lassen LAFCO.

1.6 California Environmental Quality Act (CEQA)

The Municipal Service Review is a planning study that will be considered by LAFCO in connection with subsequent proceedings regarding the Leavitt Lake Community Services District Sphere of Influence. The Sphere of Influence review or update that would follow has not been approved, adopted or funded by LAFCO.

This MSR is funded in the Lassen LAFCO's 2005-2006 Budget. This MSR includes an analysis, to the extent required by Section 15262 of the CEQA Guidelines, of the environmental factors that may be affected by the Municipal Service Review process, but will not include the preparation of an environmental review document.

1.7 Preparation of the MSR

Research for this Municipal Service Review (MSR) was conducted over a three months period occurring during the March, April and May of 2006. Since that time, several modifications have been made reflecting dynamic circumstances. This MSR is intended to support preparation and update of Spheres of Influence, in accordance with the provisions of the Cortese-Knox-Hertzberg Act. The objective of this Municipal Service Review (MSR) is to develop recommendations that will promote more efficient and higher quality service patterns; identify areas for service improvement; and assess the adequacy of service provision as it relates to determination of appropriate sphere boundaries. While LAFCO prepared the MSR document, LAFCO did not engage the services of experts in engineering, law enforcement, fire protection, recreation and other specialists in related fields, but relied upon reports and district and county staff for information. Therefore, this MSR reflects LAFCO's recommendations, based on

available information during the research period and provided by district and county staff to assist in its determinations related to promoting more efficient and higher quality service patterns; identifying areas for service improvement; and assessing the adequacy of service provision for the District.

2.0 SERVICE AREA SETTING

2.1 Location

The Leavitt Lake Community Services District is located approximately eight miles east of Susanville, California in Lassen County. The District serves approximately 258 residences with a population of 950. The District lies within the Honey Lake Valley, a part of the Basin Range Geomorphic Province which extends into Nevada.

There are large parcels across Buffum Lane on individual sewage disposal systems (septic tanks) which may need to annex to the District for sewer service in the future.

2.2 General Background

The Leavitt Lake Community Services District was formed in 1972. The District provides water, sewage disposal, public street lighting and public recreation services for the Leavitt Lake Subdivision and Leavitt Lake Rancho No. 1 Community. The District maintains an office at 471-830 Buffum Lane, Susanville, California.

2.3 Climate

The Leavitt Lake Community Services District is located at 4096 feet elevation above sea level with an arid mountain climate --generally dry, with warm days and cool nights. The area experiences four complete but mild seasons, with an average summer high of 93° and an average low of 28° during the winter months. The average annual total precipitation is 14.29 inches with an average 10 inches of snowfall.

http://www.chamber101.com/2programs_committee/demographics/lassen.htm

2.4 Review of Current Management Structure

A 5-member Board of Directors governs the Leavitt Lake Community Services District. The Board members are elected and must reside within the District boundaries. The members are elected for four-year terms. The District employs one full-time secretary/operator and one full-time maintenance person.

The Board of Directors meets once per month on the third Thursday of each month at the District Office at 7:00 p.m. The Directors are paid a stipend of \$65.50 per meeting. The District publishes a newsletter once per month. If legal counsel is needed the District uses the County Counsel.

3.0 EXISTING MUNICIPAL SERVICES AND PROVIDERS

3.1 Potable Water Service

The Leavitt Lake Community Services District has 258 water service connections, 251 are active. The District charges all connections a flat rate for service of \$32.63 per month. The District delivers 57 million gallons per year with the highest delivery in August of 11.6 million gallons per month, a peak month daily average of 386,667 gallons per day or a total of 1,541 gallons per day per hook-up.

3.1.1 Water Supply

The District has two water wells. Well 01 has a capacity of 300-400 gallons per minute (gpm) and Well 02 has a capacity of 100 gpm. Well 01 is 600 feet deep. Well 02 is 622 feet deep. Well no. 2 is not functioning properly and yield has dropped from 150 to 100 gallons per minute. Total pumping capacity is therefore 1,008,000 gallons per day. The district currently uses slightly less than 1/3 of its source capacity during peak periods.

General Hydrologic setting in the Honey Lake Basin:

The Honey Lake Basin, in which this study area lies, is located within the larger North Lahontan Hydrologic Region which covers approximately 3.91 million acres and includes portions of several Counties including Modoc, Lassen, Sierra, Nevada, Placer, El Dorado, Alpine, Mono and Tuolumne. Much of this region is chronically short of water due to the arid, high desert climate, which predominates the region with rainfall amounts as low as 4.0 inches per year. Groundwater levels drop significantly during the irrigation season. Groundwater extracted from the Honey Lake Valley Basin accounts for 41,900 acre-feet of the agricultural supply and 12,000 acre-feet of the municipal supply. An additional 3,100 acre-feet is extracted to meet the demands of the Honey Lake Wildlife Area, which provides habitat for several threatened species (DWR, Bulletin 118, 2003 update).

Well yields in the Honey Lake Valley Basin are greatest in alluvial and volcanic deposits. Wells drawing from these deposits may have yields that vary from 10 gpm to more than 2,000 gpm, but drawdown is generally high. Well depths in the region range from 20 to 720 feet.

The California Department of Water Resources has monitoring wells within the Honey Lake Basin. These wells have been monitored during the spring and fall with the summer/fall ranging from 20 to 60 feet depending upon the year monitored giving a general indication of groundwater levels. However, some water levels of wells in the Honey Lake Basin have had a slight downward trend in recent years (DWR, Bulletin 118, 2003 update).

The Lahontan Region Water Quality Control Board states the following in the Board Order No. 6-96-18 for the Leavitt Lake Community Services District:

The Honey Lake Valley groundwater basin is a 490 square mile basin with internal drainage, which stores an estimated 16 million acre-feet of water. Local groundwater generally follows the south to north topographic gradient; however, this may be reversed in this area due to the influences of Leavitt Lake. Groundwater levels are approximately 13 feet below ground level.

3.1.2 Water Supply Infrastructure

The District has a distribution system, a 300,000-gallon capacity bolted steel tank, two new (2002) booster pumps, flow meters at the outlet from the storage tank and a booster station. The storage provided by the District is sufficient to meet the Waterworks Standard of 150,000 gallons (based on number of service connections and air temperature). The district has a back-up generator for the distribution system. However, there is no back-up power supply for the two wells.

3.1.3 Water Treatment

The water is chlorinated as a precaution. A 1.0% sodium hypochlorite solution is injected by a 24 gallon per day metering pump into the common pipe that discharges into the District's storage tank. The District has installed separate chlorine injection pumps for the two wells allowing the maintenance of a more constant chlorine residual.

3.1.4 Fire Flows

The District supplies water to 19 fire hydrants with a fire flow of 500 gallons per minute (gpm). The fire hydrants are flushed once each year along with the distribution system as a whole. The CSD is within the Susan River Fire Protection District.

3.1.5 Personnel

The District Secretary/Operator is Cathy Seabourn. She has a Grade "D1" certification which is required for operation of a Grade 1 water distribution system.

3.2 Wastewater Treatment Service

3.2.1 Wastewater Treatment System

The Wastewater Treatment Facility is located on Assessor's Parcel Number 117-260-86-11. The Wastewater Treatment System includes the collection system, mostly gravity flow with two small lift stations, and a wastewater disposal facility consisting of seven evaporation disposal ponds (lined with synthetic liners) and an artificial wetland disposal

area. The sewer mains are eight inch iron pipes with primarily gravity flow with four-inch laterals.

According to district staff, the average wastewater flow to the wastewater treatment facility is 0.055 million gallons per day (mgd) although the current Waste Discharge Order (Order No. 6-96-18) dated March 14, 2006 states 0.072 mgd. as a result of a high infill and infiltration rate that is in the process of being resolved. The disposal ponds and artificial wetlands are designed to treat and dispose of an average 0.096 mgd over a 12 month period and not to exceed 35.0 million gallons.

The system has few problems with inflow and infiltration from storm water. Based on 260 connections, the average daily wastewater use per connection is 212 gallons per day. At the daily average limit of 0.096 million gallons with an average of 212 gallons per connection, the Leavitt lake CSD has the ability to handle up to an additional 193 connections without exceeding the limits of the Board Order. It is anticipated there may be up to an additional 127 connections on the system. The District needs to consider increasing pond and artificial wetland capacity concurrently with new development. An amendment to the existing waste discharge order will more than likely be required.

The seven evaporation disposal ponds and the wetland disposal area are the only authorized disposal sites for wastewater. These authorized disposal sites are located on land owned by the District. No disposal sites for sludge are authorized. The wastewater treatment facility is governed by the California Regional Water Quality Control Board Lahontan Region WDID No. 6A180004501 and Monitoring and Reporting Program No. 96-18-A-1.

There are five monitoring wells around the ponds to monitor the groundwater.

The fee for sewer service is \$20.27 per month for all customers.

3.2.2 Personnel

Cathy Seabourn, District Secretary/Operator is certified to operate a Grade 1 wastewater treatment system and a grade one water distribution system. The other District employee is expected to become certified within the year (2006). The employees receive safety training from the Special Districts Risk Management Association.

3.3 Parks

The district maintains one park and provides no recreation programs. The park has older playground equipment, a gazabo and tables, barbeques, a volleyball court and 1/2 of a Basketball Court. The district has a Park Maintenance fee of \$2.50 per month. The purpose of which is to help pay the employee's wages who maintains the park, repairs/upkeep and improvements.

The district desires to extend the Basketball court to have a full court, put cement underneath the Gazabo, provide new playground equipment and provide lights at the park.

3.4 Street Lights

The Leavitt Lake CSD collects \$2.60 per month for street lighting to pay the Lassen Municipal Utility District to maintain the 40 street lights within the district boundary.

4.0 ZONING AND LAND USE

The Johnstonville Area Plan includes the Lake Leavitt Subdivision. The Land Use Plan Designation is “Residential-Urban Density” and the zoning is “R-1” Single Family Residential. The Plan states that “The Leavitt Lake Subdivision, although it provides affordable housing, is a prime example of leap frog subdivision. It is located in a rural and largely undeveloped area near Leavitt Lake, far from shopping and county services.”

The Plan further states that “The Lake Leavitt Subdivision is the only area within the planning area which is served by a community sewage system.” The definition of the Urban Land Use Designation is as follows:

Includes residential area receiving a full range of urban services such as community sewer and water services. May allow high density residential development and may include multi-family units. Density will usually exceed one dwelling unit per acre.

The Lake Leavitt Park is also designated in this Plan. The Lake Leavitt subdivision is located within in the Shaffer School District.

Land surrounding the Leavitt Lake CSD is designated for “Intensive Agriculture” on the Land Use Plan. In 2002, a 13.2 acre General Plan Amendment for the area south of the existing district was changed to urban residential and a .5 acre area from rural residential to public occurred. The General Plan Amendment occurred in conjunction with a zone change from Agricultural-Residential – 5 acre-minimums to R-1 Single Family Residential on 13.2 acres and .5 acres from Agricultural Residential to Institutional Use District.

5.0 MUNICIPAL SERVICE REVIEW

Lassen LAFCO is responsible for determining if an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within its boundaries and, later, within the Sphere of Influence. LAFCO will evaluate the present and long-term infrastructure demands and resources available to the District, analyze whether resources and services are, or will be, available at needed levels, and determine whether orderly maintenance and expansion of such resources and services are planned to occur in-line with increasing demands.

The Final Municipal Service Review Guidelines prepared by the Governor's Office of Planning and Research recommend issues relevant to the jurisdiction be addressed through written determinations called for in the Cortese-Knox Hertzberg Act. Written Determinations are provided for each of the nine factors, based on the information provided in this Municipal Service Review.

5.1 Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities and service quality.

LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within its boundaries and later in the Sphere of Influence. It is important that such determinations of infrastructure availability occur when revisions to the Sphere of Influence and annexations occur.

5.1.1 Water System

The water system is in good condition and the water storage tank has been upgraded. The Water System conforms to the State Department of Health Services Division of Drinking Water and Environmental Management requirements. Water consumption is approximately 1/3 of the source capacity for the system. Development of a new well should be a requirement for future development within the district since source capacity is declining with well No. 2 and there is a need to maintain reserve pumping capacity during peak months.

5.1.2 Wastewater Collection and Treatment Service

The wastewater collection and treatment system normally processes 55,000 gallons per day of wastewater (There are infill and infiltration problems which are in the process of being remedied (May 2006) and the WDR's indicated wastewater processing was at 72,000 gallons per day as a result. While the system complies with the Lahontan Regional Water Quality Control Board requirements the infill and infiltration problems need to be corrected. Wastewater generated per hook up is assumed to be 212 gallons per day assuming the infill and infiltration problems are resolved. Assuming 127

additional lots to be developed, an additional 26,924 of wastewater discharge could occur thereby totaling 81,924 gallons per day of wastewater generated.

5.1.3 Written Determinations Regarding Infrastructure Needs and Deficiencies

Water Infrastructure Needs and Deficiencies:

- 1-1) According to the State department of Health Services April 15, 2003 Inspection Report, the Well 02 casing vent does not meet California Well Standards.
- 1-2) According to the State department of Health Services April 15, 2003 Inspection Report, the District is past due on some chemical monitoring at both wells.
- 1-3) New development should be required to provide an additional well due to increasing demand upon the existing system.
- 1-4) Existing storage and treatment capacity are presently adequate. Additional storage capacity should be a condition of new development since the district will be increasing from 260 connections to 387 connections, an increase of nearly 50 percent.

Wastewater Infrastructure Needs and Deficiencies:

- 1-5) The District should continue to comply with the Regional Water Quality Control Board discharge requirements and monitoring requirements.
- 1-6) The District should increase pond capacity or require developers to provide additional pond capacity for additional development within its sphere.

5.2 Growth And Population Projections For The Affected Area

Purpose: To evaluate service needs based on existing and anticipated growth patterns and population projections.

5.2.1 Population Growth

The 2000 population of Lassen County was 33, 828, increasing to 35,455 by 2005 (including inmates). This is an increase of 2.5%. There were 12,000 housing units in the County in 2000. The 2005 population of the City of Susanville was 9,303 (with inmates the Population was 18,324). There were 9,625 households in 2000 with 2.59 persons per household. The median Household Income in 1999 was \$36,310. There is an anticipated capacity for an additional 18,300 new housing units countywide over the next 18 years.

The 2000 population of the County including the inmate population was classified as follows:

White	80.8%
Black	8.8%
American Indian	3.3%
Asian	0.7%
Pacific Islander	0.4%
Other	3.2%
Two or more races	2.7%
Hispanic (any race)	13.8%

Leavitt Lake has a population of approximately 900 with 260 connections. This assumes 4.0 persons per dwelling unit which is higher than the average of 2.59 persons per household in Lassen County.

There is currently one proposal, which has the potential to created up to 127 new lots to be developed within the CSD. Anticipated population growth would generate an additional 508 persons.

5.2.2 Written Determinations on Growth and Population

- 2-1) For a Community Services District formed under section 61000 et seq. of the Government Code, future annexations may include contiguous or non-contiguous territory.
- 2-2) The District should establish requirements for future annexations.

5.3 Financing Constraints and Opportunities

Purpose: To evaluate factors that affect the financing of needed improvements.

5.3.1 Financial Considerations

LAFCO should consider the ability of the District to pay for improvements or services associated with annexed sites. This planning can begin at the Sphere of Influence stage by identifying what opportunities there are to identify infrastructure and maintenance needs associated with future annexation and development, and identifying limitations on financing such improvements, as well as the opportunities that exist to construct and maintain those improvements.

Primary resources for the District include property taxes, assessments, interest and water and sewer charges, with primary disbursements going toward salaries, utilities, and Interest and Redemption of Bonds.

The Leavitt Lake Community Services District Budget for 2005-2006 shows Revenues of \$184,212 from service fees and \$4,800 from County taxes for a total of \$189,012. The Expenditures total \$176,966.

The Leavitt Lake CSD cannot afford to provide infrastructure to support new development. Leavitt Lake intends to require new development to provide or pay for necessary infrastructure.

5.3.2 Written Determinations on Financing Constraints and Opportunities

- 3-1) The District secured a loan in 2002 from USDA. The amount owed as of June 2005 was \$207,057. The annual rate of interest on this loan is .555%. The loan is a forty-year loan and will mature in the year 2042.
- 3-2) The District maintains its accounts in accordance with Accounting Principles Generally Accepted in the United States of America for proprietary enterprise funds as prescribed by the Governmental Accounting Standards Board.
- 3-3) Budgetary control over spending is maintained by adoption of an annual budget. The Board of Directors monitors spending and revenues on a monthly basis.
- 3-4) The Board of Directors develops the District's financial policies.
- 3-5) The District has a time certificate with the Plumas Bank in Susanville California with an annual interest rate of 2.30% and a savings account with an annual percentage yield of 0.70%.
- 3-6) The intent of the District is that the costs of providing water and wastewater treatment services shall be financed primarily through user charges.

5.4 Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

5.4.1 Cost Considerations

LAFCO should consider the relative burden of new annexations to the community when it comes to its ability to provide public safety and administrative services, as well as capital maintenance and replacements required as a result of expanding District boundaries.

5.4.2 Written Determinations on Cost Avoidance Opportunities

- 4-1) The District should prepare a Capital Improvement Plan to be prepared for future capital expenditures.
- 4-2) The District should prepare requirements for annexations to the District so that new development will pay all associated costs.
- 4-3) The District should be familiar with Community Facilities Districts and Mello-Roos Bonds as a means for new development to pay infrastructure costs.

5.5 Opportunities for Rate Restructuring

Purpose: To identify opportunities to positively impact rates without decreasing service levels.

5.5.1 Rates

Rate restructuring may be forced by shortfalls in funding, but the process may also reflect changing goals and views of economic justice or fairness within the community. LAFCO should evaluate the impact of SOI and Annexation decisions on existing community rates for public service.

To facilitate examination of the Leavitt Lake CSD monthly sewer charge and connection fees, a table of similar service providers’ rates was developed from the State Water Resources Control Board Wastewater User Charge Survey Report (2003-2004). This data is included below:

User Charge Survey Data

<i>City/Agency</i>	<i>Service Provided</i>	<i>Treatment Level</i>	<i>Population Index</i>	<i>Monthly Fee</i>	<i>Connection Fee</i>
Arbuckle PUD	B	2	2	\$6.50	\$750
City of Colfax	B	1	2	\$20.86	\$3,474
Lakeport Municipal Sewer District	B	3	2	\$28.69	\$3,100
Maxwell PUD	B	3	1	\$15.00	\$375
City of Orland	B	1	2	\$10.00	\$350
City of Winters	B	3	2	\$23.50	\$9,800
City of Willows	B	2	2	\$22.00	\$1,250
City of Williams	B	3	2	\$15.00	\$3,077
HUC	B	3	2	\$30.00	-
Leavitt Lake CSD	B	2	1	\$20.27	-
Stones-Bengard CSD	B	2	1	\$16.00 RV - \$5.50	-

(B) = Agency provides both collection and treatment services
Treatment Levels: "1" = primary; "2" = advanced primary with some secondary; "3" = secondary
Population Index: "1" = service population is under 1,000; "2" = population is between 1,000 and 9,999.
Source: User Charge Survey Report 2003-2004, State Water Resources Control Board

5.5.2 Written Determinations on Opportunities for Rate Restructuring

- 5-1) The rates appear to be adequate to meet the expenses of the District.
- 5-2) New development should be required to pay all expenses.
- 5-3) In Leavitt Lake, developers provide and install all new connections. District Staff performs inspections. Nevertheless, A fee for connection to the system should be established since district staff time and equipment is required to inspect new connections.
- 5-4) The district has a small budget. Additional funds would be required to service additional territory.

5.6 Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

5.6.1 Facilities

In the case of annexing new lands into a District, LAFCO could evaluate whether services or facilities can be provided in a more efficient manner if the District or some other entity provides them (i.e., the County of Lassen, a County Service Area, or Community Services District). In some cases, it may be possible to establish a cooperative approach to facility planning by encouraging the District and County to work cooperatively in such efforts.

5.6.2 Written Determinations on Shared Facilities

- 6-1) The Leavitt Lake CSD is not located in an area where facilities can readily be shared.
- 6-2) The Leavitt Lake CSD cooperated with the Susan River Fire Protection District by supplying water through 19 fire hydrants.

5.7 Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures that could provide public services.

5.7.1 **Government Structure**

One of the most critical components of LAFCO's responsibilities is in setting logical service boundaries for communities based on their capacity to provide services to affected lands.

Restructuring the governmental operation is not, in most cases, a feasible option for the Leavitt Lake Community Services District. Continued examination of service delivery and cost may, from time to time, reveal opportunities for such changes.

5.7.2 **Written Determinations on Government Structure Options**

- 7-1) The Community Services District structure has served the Leavitt Lake residents successfully for over 30 years.
- 7-2) The residents desire to maintain independence and provide services to the Leavitt Lake Community and have its own Board of Directors.
- 7-3) There is not sufficient population for the CSD and in the area to investigate becoming a city.
- 7-4) The District could create a web site for communication with the public.

5.8 **Management Efficiencies**

Purpose To evaluate the management capabilities of the organization.

5.8.1 **Management**

In evaluating the District's capability to serve the proposed Sphere of Influence areas, LAFCO can examine the District's ability to maintain management and budget efficiencies over the new lands.

5.8.1 **Written Determinations on Management Efficiencies**

- 8-1) The Leavitt Lake Community Services District is managed very efficiently with only two employees to perform all the work.
- 8-2) The employees work to maintain the certifications necessary to operate the water and wastewater treatment systems. This is more efficient than having to hire outside consultants with the required certification.

5.9 Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

5.9.1 Public Participation Opportunities

LAFCO may consider the agency's record of local accountability in its management of community affairs as a measure of the ability to provide adequate services to the Sphere of Influence and potential annexation areas. The Leavitt Lake Community Services District has a five member Board of Directors elected by the voters of the District. The Board meets on the third Thursday of each month at the District Office. The District has two employees.

5.9.2 Written Determinations on Local Accountability and Governance

- 9-1) The District maintains an office.
- 9-2) The District Secretary/Operator is accessible by phone and e-mail.
- 9-3) The District Board of Directors meets once per month on the third Thursday of each month.
- 9-4) The District mails a monthly newsletter to all customers.
- 9-5) The District Board members are elected for four year terms.
- 9-6) The District financial records are audited annually by a Certified Public Accountant.
- 9-7) The District complies with necessary regulations and has regularly scheduled meetings whereby the public is invited.
- 9-8) The District adopts budgets and rate changes at hearings where the public is notified and invited.

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ABBREVIATIONS

CEQA:	California Environmental Quality Act
DWR:	Department of Water Resources
gpd:	gallons per day
gpm:	gallons per minute
LAFCO:	Local Agency Formation Commission
mgd:	million gallons per day
MSR:	Municipal Service Review
psi:	pounds per square inch
SOI:	Sphere of Influence SOI
USDA:	United States Department of Agriculture

DEFINITIONS

Agriculture: Use of land for the production of food and fiber, including the growing of crops and/or the grazing of animals on natural prime or improved pasture land.

Aquifer: An underground, water-bearing layer of earth, porous rock, sand, or gravel, through which water can seep or be held in natural storage. Aquifers generally hold sufficient water to be used as a water supply.

Bond: An interest-bearing promise to pay a stipulated sum of money, with the principal amount due on a specific date. Funds raised through the sale of bonds can be used for various public purposes.

California Environmental Quality Act (CEQA): A State Law requiring State and local agencies to regulate activities with consideration for environmental protection. If a proposed activity has the potential for a significant adverse environmental impact, an environmental impact report (EIR) must be prepared and certified as to its adequacy before taking action on the proposed project.

Community Facilities District: Under the Mello-Roos Community Facilities Act of 1982 (Section 53311, et seq.) a legislative body may create within its jurisdiction a special tax district that can finance tax-exempt bonds for the planning, design, acquisition, construction, and/or operation of public facilities, as well as public services for district residents. Special taxes levied solely within the district are used to repay the bonds.

Community Services District (CSD): A geographic subarea of a county used for planning and delivery of parks, recreation, and other human services based on an assessment of the service needs of the population in that subarea. A CSD is a taxation district with independent administration.

Groundwater: Water under the earth's surface, often confined to aquifers capable of supplying wells and springs.

Impact Fee: A fee, also called a development fee, levied on the developer of a project by a county, or other public agency as compensation for otherwise-unmitigated impacts the project will produce. California Government Code Section 66000, et seq., specifies that development fees shall not exceed the estimated reasonable cost of providing the service for which the fee is charged. To lawfully impose a development fee, the public agency must verify its method of calculation and document proper restrictions on use of the fund.

Infrastructure: Public services and facilities such as sewage-disposal systems, water-supply systems, and other utility systems, schools and roads.

Land Use Classification: A system for classifying and designating the appropriate use of properties.

Leapfrog Development; New development separated from existing development by substantial vacant land.

Local Agency Formation Commission (LAFCO): A five-or seven-member commission within each county that reviews and evaluates all proposals for formation of special districts, incorporation of cities, annexation to special districts or cities, consolidation of districts, and merger of districts with cities. Each county's LAFCO is empowered to approve, disapprove, or conditionally approve such proposals. The LAFCO members generally include two county supervisors, two city council members, and one member representing the general public. Some LAFCOs include two representatives of special districts.

Mean Sea Level: The average altitude of the sea surface for all tidal stages.

Mello-Roos Bonds: Locally issued bonds that are repaid by a special tax imposed on property owners within a community facilities district established by a governmental entity. The bond proceeds can be used for public improvements and for a limited number of services. Named after the program's legislative authors.

Ordinance: A law or regulation set forth and adopted by a governmental authority.

Ranchette: A single dwelling unit occupied by a non-farming household on a parcel of 2.5 to 20 acres that has been subdivided from agricultural land.

Sanitary Sewer: A system of subterranean conduits that carries refuse liquids or waste matter to a plant where the sewage is treated, as contrasted with storm drainage systems (that carry surface water) and septic tanks or leech fields (that hold refuse liquids and waste matter on-site).

Sphere of Influence (SOI): The probable physical boundaries and service area of a local agency, as determined by the Local Agency Formation Commission (LAFCO) of the county.

Urban: Of, relating to, characteristic of, or constituting a city. Urban areas are generally characterized by moderate and higher density residential development (i.e., three or more dwelling units per acre), commercial development, and industrial development, and the availability of public services required for that development, specifically central water and sewer service, an extensive road network, public transit, and other such services (e.g., safety and emergency response). Development not providing such services may be "non-urban" or "rural". CEQA defines "urbanized area" as an area that has a population density of at least 1,000 persons per square mile (Public Resources Code Section 21080.14(b)).

Urban Services: Utilities (such as water, gas, electricity, and sewer) and public services (such as police, fire protection, schools, parks, and recreation) provided to an urbanized or urbanizing area.