

**FINAL
MUNICIPAL SERVICE REVIEW
AND
SPHERE OF INFLUENCE PLAN
FOR
BUZZTAIL COMMUNITY SERVICES DISTRICT**



**PREPARED BY THE
BUTTE LOCAL AGENCY FORMATION COMMISSION
MARCH 3, 2016**

THIS PAGE INTENTIONALLY LEFT BLANK

**FINAL
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
FOR BUZZTAIL COMMUNITY SERVICES DISTRICT**

TABLE OF CONTENTS

1.0	INTRODUCTION	
1.1	LAFCO	1
1.2	Butte LAFCO Policies and Criteria for Annexation.....	2
1.3	Municipal Service Reviews	2
1.4	Sphere Of Influence Update Process	3
1.5	California Environmental Quality Act	4
1.6	Community Services Districts	4
2.0	DISTRICT DATA SHEET	5
3.0	MUNICIPAL SERVICE REVIEW OF BUZZTAIL COMMUNITY SERVICES DISTRICT	7
3.1	Growth and Population Projections for the Affected Area	8
3.2	Location and Characteristics of Any Disadvantaged Unincorporated Communities.....	8
3.3	Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies	9
3.4	Financial Ability of Agency to Provide Services	11
3.5	Status of, and Opportunities for, Shared Facilities	12
3.6	Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies	13
3.7	Other Matters	14
3.8	Summary of Municipal Service Review Determinations	15

4.0	SPHERE OF INFLUENCE ANALYSIS	18
4.1	Present and Planned Land Use	18
4.2	Present and Probable Need for Public Services and Facilities	19
4.3	Present Capacity of Public Facilities and Adequacy of Services	19
4.4	Social and Economic Communities of Interest	20
4.5	Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence	20
4.6	Sphere of Influence Determinations Summary and Conclusion	20
4.7	Summary of Sphere of Influence Determinations	21
5.0	FINAL SPHERE OF INFLUENCE PLAN ACTIONS	22
5.1	Butte LAFCO Resolution of Adoption	22
5.2	Summary of Adopted MSR Determinations	24
5.3	Summary of Adopted SOI Determinations	27
5.4	Adopted SOI Boundaries for Buzztail Community Services District	28
6.0	GLOSSARY	29
	APPENDIX	31
A.	Comments Received and Responses to Comments	31
B.	Butte LAFCO Resolution No. 24 2014/15, dated July 2, 2015	35
C.	CA Public Utilities Commission Resolution No. W-5068, dated November 19, 2015.....	38
D.	CA Water Resource Control Board Correspondence, dated November 18, 2015.....	45
E.	Road Maintenance Agreement, dated January 22, 1996.....	48

LIST OF FIGURES

Figure 2-1	Buzztail Community Services District Boundaries and Sphere of Influence	6
------------	---	---

TABLES

Table 3.2.1	Buzztail Community Services District FY 2015-16 Budget	11
Table 3.2.2	Buzztail Community Services District Property Tax Assessments	12

1.0 INTRODUCTION

1.1 LAFCO

The fundamental role of the Local Agency Formation Commission (LAFCO) is to implement the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act), consistent with local conditions and circumstances. LAFCO's decisions are guided by the CKH Act, found in Government Code 56000, et. seq. The major goals of LAFCO as established by the CKH Act include:

- To encourage orderly growth and development which are essential to the social, fiscal, and economic well-being of the state;
- To promote orderly development by encouraging the logical formation and determination of boundaries and working to provide housing for families of all incomes;
- To discourage urban sprawl;
- To preserve open-space and prime agricultural lands by guiding development in a manner that minimizes resource loss;
- To exercise its authority to ensure that affected populations receive efficient governmental services;
- To promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide necessary services and housing;
- To make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies and to shape their development so as to advantageously provide the present and future needs of each county and its communities;
- To establish priorities by assessing and balancing total community service needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources;
- to determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary, consider reorganization with other single purpose agencies that provide related services;
- To conduct a review of all municipal services by county, jurisdiction, region, sub-region or other geographic area prior to, or in conjunction with, Sphere of Influence updates or the creation of new Sphere of Influences.

1.2 BUTTE LAFCO POLICIES AND CRITERIA FOR ANNEXATION

Under the CKH Act, LAFCOs are required to “develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote logical and orderly development of areas within the sphere” (Section 56425, CKH). A Sphere of Influence is generally considered a 20-year, long-range planning tool, and is defined by Government Code Section 56425 as “. . . a plan for the probable physical boundary and service area of a local agency or municipality” According to the CKH Act, LAFCOs are required to review and update Sphere of Influences as necessary. It is the Sphere of Influence Plan that provides the support for later changes of organization such as annexations.

Pursuant to Butte LAFCO’s Operations Manual Policies and Procedures, the Sphere of Influence Plans for all government agencies within LAFCO’s jurisdiction shall discuss the following factors:

1. A map defining the probable 20-year boundary of its service area and coordinated with the Municipal Service Review (MSR).
2. Maps and explanatory text delineating the present land uses in the area, including, without limitation, improved and unimproved parcels; actual commercial, industrial, and residential uses; agricultural and open space lands; and the proposed future land uses in the area.
3. The present and probable need for public facilities and services in the sphere area. The discussion should include consideration of the need for all types of major facilities, not just those provided by the agency.
4. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
5. Identification of any relevant social or economic communities of interest in the area.
6. Existing population and projected population at build-out of the spheres of the agency.
7. A Municipal Service Review.

1.3 MUNICIPAL SERVICE REVIEWS

The Cortese-Knox-Hertzberg Act requires that a Municipal Service Review be conducted prior to, or in conjunction with, the update of a Sphere of Influence. A Municipal Service Review is a comprehensive analysis of service provision by each of the special districts, cities, and the unincorporated county service areas within the legislative authority of the LAFCO. It essentially evaluates the current capabilities of a jurisdiction to serve its existing residents and future development in its SOI. The legislative authority for conducting MSRs is provided in Section 56430 of the CKH Act, which states “. . . in order to prepare and to update Spheres of Influence in accordance with Section 56425, LAFCOs are required to conduct a MSR of the municipal services provided in the County or other appropriate designated area”

The legislative authority for conducting the Municipal Service Review is provided in Section 56430 of the CKH Act. The Act states that, in order to update a Sphere of Influence in accordance with Government Code Section 56425, LAFCOs are required to conduct a service review of the municipal services provided by the jurisdiction. The Municipal Service Review facts that are required to be addressed include:

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

Information regarding each of the above issue areas is provided in this document. Written determinations for each factor have also been prepared for the Commission's consideration. The Municipal Service Review will analyze Buzztail Community Services District's services consistent with the State's Guidelines for preparing such a study, serve as an information base to update the Sphere of Influence and provide a basis for discussion concerning changes to the Sphere of Influence for future proposals.

1.4 SPHERE OF INFLUENCE PLAN UPDATE PROCESS

A Sphere of Influence is defined by the CKH Act in Government Code 56425 as ". . . a plan for the probable physical boundary and service area of a local agency or municipality". A Sphere of Influence is generally considered to be a future growth boundary for a jurisdiction. The Act further requires that a Municipal Service Review be conducted prior to, or in conjunction with, the update of a Sphere of Influence.

The Sphere of Influence Update addresses key factors called for in the CKH Act. In addition, the following written determinations must be addressed according to Section 56425(e)(1-4) of the CKH Act:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.

- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In addition, when reviewing a sphere for an existing special district, the Commission must also do the following:

- Require the existing district to file a written statement with the Commission specifying the functions or classes of services it provides.
- Establish the nature, location, and extent of any functions or classes of services provided by the existing district.

1.5 CALIFORNIA ENVIRONMENTAL QUALITY ACT

Sphere of Influence Studies are projects subject to environmental review under the California Environmental Quality Act (CEQA) and a CEQA Exemption has been prepared for the adoption of the Municipal Service Review and Sphere of Influence Plan for the Buzztail Community Services District. As indicated earlier, a Sphere of Influence Plan is a long-range planning tool that analyzes the physical boundaries of the affected district and the present and probable need for road maintenance services within that area. As such, it does not alter or influence the land use designations of the property inside the sphere boundary nor confer with any land use entitlements or development rights beyond what already exists.

1.6 COMMUNITY SERVICE DISTRICTS

Community Services Districts are governed by California Government Code Sections 61000-61226.5 (CSD law). The governing body for each district is a five-person Board of Directors elected by the registered voters who reside within the District boundaries. The Board of Directors makes decisions regarding the overall functioning of the Community Services Districts, projects that are completed, and the allocation of financial resources to complete District business. Community Service Districts may only provide the services that have been approved by LAFCO. Other powers permissible under the CSD law but not actively provided are considered "latent" and may be activated if approved by LAFCO.

2.0 DISTRICT DATA SHEET

BUZZTAIL COMMUNITY SERVICES DISTRICT

Contact: Richard Tooker, Board President
Address: 4501 Wilder Drive, Chico, CA 95928
Phone: (530) 899-9292
E-Mail: richard@tooker.com
Webpage: <http://www.buzztail.org/>

GOVERNING BOARD

The District is governed by a five-member Board of Directors who serve as the decision-making authority of the District. Directors are elected by the voters of the District to a term of four years. Board meetings are open to all residents, homeowners and landowners and are held on a periodic basis at various residences within the District.

<u>Member</u>	<u>Title</u>	<u>Term Expires</u>
Richard Tooker	President	December 1, 2017
Jason Sebrian	Vice President	December 6, 2019
Jim McCrossin	Director	December 6, 2019
William J. Ward	Director	December 6, 2019
Matt Wallen	Director	December 1, 2017

FORMATION INFORMATION

The District was formed on March 5, 1985 by the Butte County Board of Supervisors pursuant to Resolution 85-90.

PURPOSE

- Enabling Legislation: Government Code Section 61000-61226.5.
- Empowered Services: Road maintenance.
- Provided Services: Road maintenance.

AREA SERVED

- Supervisorial District: 5
- Location: East of the City of Chico, Butte County.
- Acreage/Parcels: Approximately 1,001 acres consisting of 69 parcels.
- Estimated Population: Approximately 90.

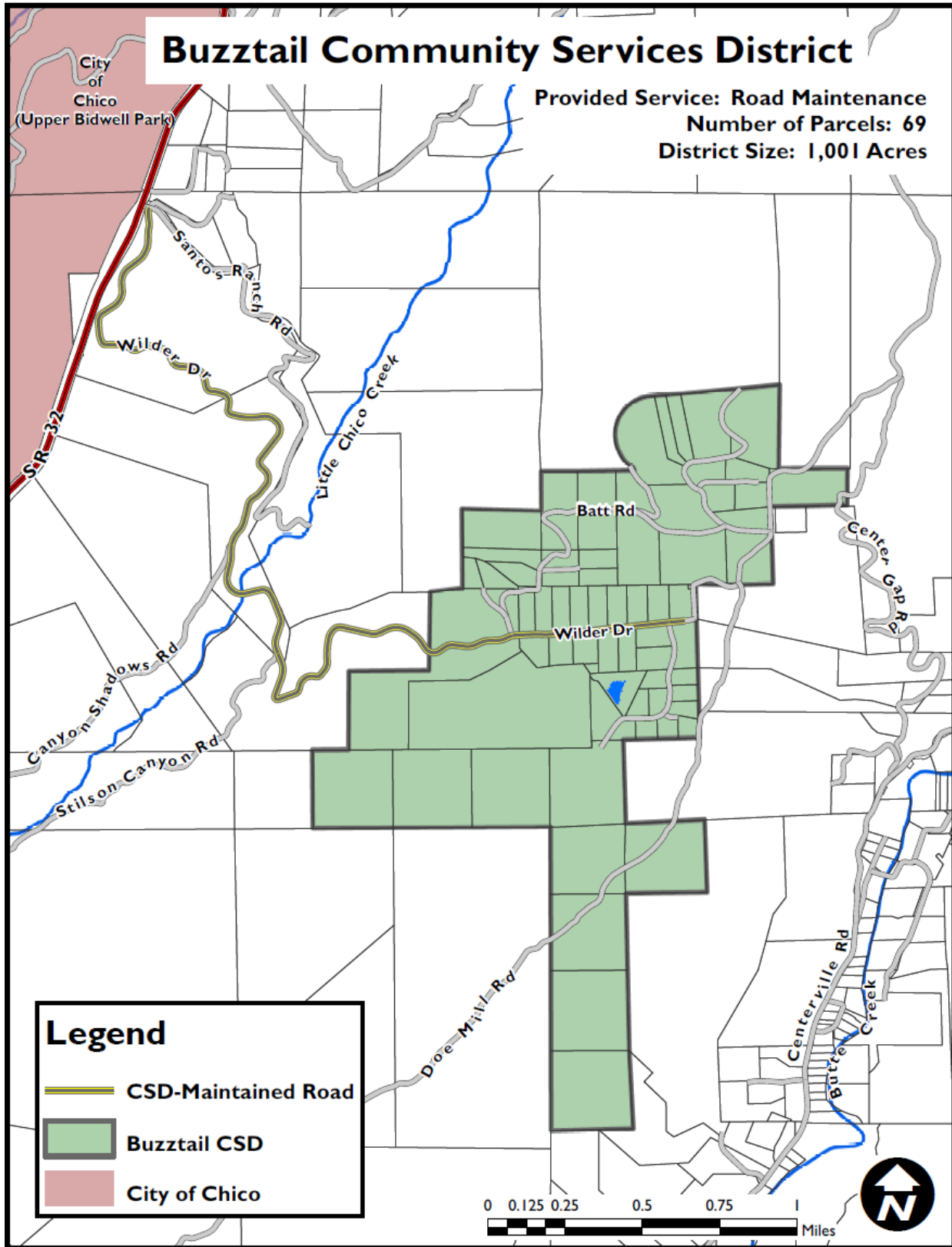
FINANCIAL INFORMATION

Fiscal Year 2015-16

Beginning Fund Balance	113,236.00
Revenues	34,294.00
Expenditures	38,862.00

Revenue Sources: Property Tax Assessments, Interest and Miscellaneous Income

Figure 2.1 Buzztail Community Services District Boundaries and Sphere of Influence



3.0 MUNICIPAL SERVICE REVIEW

General Background

The Buzztail Community Services District (District) was formed on March 5, 1985 as an independent special district empowered to provide domestic water and road maintenance services to a rural residential subdivision. The District is located on Doe Mill Ridge, approximately 8 miles northeast of the City of Chico on Wilder Drive, approximately 3.1 miles east of State Route 32. The Community Services District Law is the Principal Act which governs the District functions.

The District's current Municipal Services Review (MSR) was included in the *Domestic Water and Wastewater Service Providers MSR*, adopted by the Commission in 2006 (Resolution No. 55M 2005/06). The 2006 Municipal Service Review only included a review of the District's domestic water provisions; it did not include a review of the District's road maintenance provisions nor did it evaluate its Sphere of Influence at that time.

Divestiture of Water System

Since its inception, the District managed its domestic water system independently, primarily relying on knowledgeable residents to act as water manager. For a number of years the District has considered alternative approaches to managing its water system. In 2014, the District actively sought to relieve itself of the increasingly complicated domestic water service responsibility which was difficult to manage without professional assistance. To this end, the District consulted with the private Del Oro Water Company (DOWC) to discuss possible management of the water system. These discussions resulted in the District entering into an agreement with the DOWC to purchase the Buzztail Community Service District's water rights, well property, distribution system and related assets for \$73,359. The sale was contingent upon the approval of LAFCO to divest the District of this power and the Public Utilities Commission (PUC) which has regulatory authority over the privately owned DOWC.

LAFCO, at its July 2, 2015 meeting adopted Resolution No. 24 2015-16 (Appendix C) approving the divestiture of water service powers subject to PUC approval. The PUC approved the sale and transfer of the BCSD water system on November 19, 2015 by Resolution No. W-5068 (Appendix D) subject to obtaining an operating permit from the State Water Resources Control Board Division of Drinking Water (SWRCB). The SWRCB issued a temporary operating permit on November 18, 2015 and the final permit on January 11, 2016. These two actions along with the LAFCO divestiture approval completed the process of removing the power of the District to provide domestic water service to its residents. Therefore, this MSR does not evaluate the water system and only discusses the remaining road maintenance function.

3.1 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

The District is approximately 1,001 acres in size and consists of 69 parcels. Of these, 35 are developed with single family dwellings, 33 are undeveloped, and one parcel is developed with a 27-acre vineyard, all of which are zoned FR-40 (Foothill Residential, 40 acre minimum). The remaining two parcels are owned by the Del Oro Water Company and are developed with water supply facilities and are zoned Public.¹ It appears that only two parcels within the District are larger than 40 acres; therefore, the potential for subdivision is possible; but unlikely unless a zoning change and land division is approved by the County of Butte.

The current population for 2015 has been roughly estimated at 2.56 people per single family residence, for a total of approximately 90 people.² According to District officials, as the economy improves and the undeveloped lots are built upon, it is reasonable to estimate that there will be an average growth within the District of 10 people every five years until build out is reached. The unincorporated area of Butte County is expected to have an annual population growth rate of approximately 1.1 percent over the next 25 years.³ Therefore, the District's estimated build out population over the next 25 years is approximately 177. It is possible additional lands could seek to be annexed into the District, but this scenario is highly speculative.

MSR DETERMINATION 3.1.1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

<i>New population growth within the Buzztail Community Services District is expected to be limited to the existing 33 undeveloped parcels, zoned FR-40 (Foothill Residential, 40 acre minimum), resulting in a population growth of approximately 87 additional people which was anticipated when the subdivision and the District were created.</i>
--

3.2 LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is responsible for determining the location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence of a jurisdiction that provides back bone services such as fire protection, public water and public sewer. If a jurisdiction is reasonably capable of providing needed resources and basic infrastructure to disadvantaged unincorporated communities within the Sphere of Influence or contiguous to the Sphere of Influence, it is important that such findings of infrastructure and resource availability occur when revisions to the Sphere of Influence and annexations are proposed by the District or property owners.

¹ Butte County Assessor's Office land use data, accessed June 2015.

² Butte LAFCo derived estimate based on the number of residential-developed parcels multiplied by 2.56 (average number of people per dwelling in the unincorporated areas of Butte County), *State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2011- 2015. Sacramento, California, May 2015*

³ Butte County Association of Governments, *Butte Regional Growth Projections 2010-2035*

With the divestiture and sale of the water system, the District no longer provides a back bone service subject to this review factor.

MSR DETERMINATION 3.2.1: LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

The Buzztail Community Services District does not provide a back bone service; therefore, is not subject to this MSR review factor. Additionally, no disadvantaged unincorporated communities are located within or adjacent to its boundaries.

3.3 PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

With the divestiture of water services in 2015, the Buzztail Community Services District's remaining current infrastructure includes approximately five miles of private roads consisting of one primary access paved road (Wilder Drive) and eleven graveled roadways (Al Road, Batt Road, Blue Shirt Drive, Buck Court, Doe Mill Road, Hummer Road, Pam Court, Sky Court, Vineyard View Court, Quiggle Road and Zinfandel Drive).

The District also has a non-exclusive easement over Canyon Shadows Road/Wilder Drive, an approximately three mile private road that connects the District's west boundary to State Route 32. This portion of road was paved approximately 40 years ago and while it appears to be in satisfactory condition for the traffic load, it does require regular maintenance and will need resurfacing in the near future. The 1996 Road Maintenance Agreement (Appendix E) between the District and the landowner (Hall-Isom) requires the District to assist in the maintenance of this road. While the roads private owner and the District share the responsibility to determine the need for road improvements, it is the District who is primarily responsible for road maintenance costs as its residents are its primary users.



Adequacy of the graveled roadways within the District is generally based upon the District's self assessment, as determined by adherence to local preferences and expectations for roadway quality, repair frequency, and overall roadway operations. This is entirely a decision of the residents and the elected board of directors.

In the near future, the District anticipates chip sealing Wilder Drive, as well as grading and chip sealing Zinfandel Drive, Blue Shirt Drive and Doe Mill Road. In addition, the District is considering a redesign and/or rebuild of the entrance wall located at Wilder Drive and State Route 32 as a party to the Road Maintenance Agreement.



MSR DETERMINATION 3.3.1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Present and planned capacity for the Districts roads are adequate and the service levels appear sufficient based on landowner preferences.

MSR DETERMINATION 3.3.2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Although the District reports that the one paved roadway, Wilder Drive, was paved approximately 40 years ago, it does appear to be in good condition. The District is proposing the chip sealing of Wilder Drive; as well as grading and the chip sealing of Zinfandel Drive, Blue Shirt Road and Doe Mill Road. In addition, the District is considering a redesign and/or rebuild of its entrance wall located at Wilder Drive and State Route 32. The District has no other major infrastructure needs or deficiencies.

3.4 FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES

Each year, the District prepares an annual budget document describing the District's financial status and future spending plans. The District operates on a 12-month fiscal year which begins on July 1 and ends June 30. Each year, the District prepares an annual budget document adopted by the Board at a public meeting. Monitored throughout the fiscal year, the budget serves as the Board of Director's framework for maintaining the District's operations.

While the FY 2015/16 budget (Table 3.2.1 below) is available and on the District's website, prior year budgets were not readily available, nor were they found on the District's website.

An independent audit is completed by a qualified Certified Public Accountant. Audited financial statements are current through Fiscal Year 2013-14 and are located on the District's website (which mitigates to a degree the absence of the actual adopted budgets). Statements have been found to be consistent with accepted accounting principles and clearly indicate that the District is operating within its financial means.

With the divestiture and sale of the water system, the District is primarily funded by property taxes assessments, along with interest and miscellaneous revenue. Twice a year, the County of Butte collects the assessments for each and every parcel within District on the County Property Tax Rolls, which is then transmitted to the District. As can be seen in the current year budget, the District's revenues are adequate for routine annual road maintenance functions. Although this coming year, the District expects to make substantial, once in decade improvements to Wilder Drive for which it will dip into its general fund balance to complete.

Table 3.2.1 - Buzztail Community Services District FY 2015-16 Budget	
Revenue Sources:	
Balance, General Fund (2014-15)	113,236
Less Outstanding Warrants	0
Tax Assessments	31,744
Interest	850
Miscellaneous Revenue	1,700
Total Revenue Sources	147,530
Expenditures:	
Election/Operating Expense	894
ACO Reserve	500
Audit	2,000
Bookkeeping Fee	1,125
Insurance	4,487
Project Manager	1,350
Weed Abatement	3,500
Gate Repair	900
Wilder Drive & Gate Repair	25,000
Total Expenditures	38,862

Individual parcel tax assessments (below) appear adequate to maintain budgeted operations and reserves.

Table 3.2.2 - Buzztail Community Services Property Tax Assessments	
Property Tax Assessments, Prior to January 1, 2016:	
Properties with Homes	648.00
Properties without Homes	260.24
Property Assessments, Effective January 1, 2016:	
Properties with Homes	680.40
Properties without Homes	273.25

MSR DETERMINATION 3.4.1: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

District revenues, primarily property tax assessments, appear to provide sufficient funds to deliver required road maintenance services.

MSR DETERMINATION 3.4.2: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District prepares an annual budget which illustrates the services provided to residents and the funds expended for said services. However, the adopted budgets should be readily available to the members of the public via the District's website.

MSR DETERMINATION 3.4.3: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District appears to meet governmental requirements for financial accounting and auditing and is financial solvent. The District is heavily reliant upon property tax assessments. Said assessments are the District's primary source of revenue.

3.5 STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The Buzztail Community Services District is responsible for road maintenance for approximately five miles of roadway within the District, most of which are gravel. The District also maintains the portion of Canyon Shadows Road/Wilder Drive from the District's west boundary to State Route 32. Board members, along with residents, are encouraged to assist with road maintenance. Periodically, "work days" are scheduled for patching roadways and cutting back brush along the sides of roadways. Without help of the resident volunteers, work would have to be contracted out at a considerable expense to the District, which may result in increased property tax assessments. The District is not in close proximity to any other local entities that provide similar services; therefore, there are no opportunities for shared facilities.

MSR DETERMINATION 3.5.1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

Cost avoidance measures are limited to using resident volunteers to complete services that would be too costly for the District to provide. Currently, revenues exceed expenditures; thus, no other forms of cost avoidance appear necessary. There are very limited opportunities for shared facilities until such time as other development in the area occurs.

3.6 ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District is an independent special district governed by a five member Board of Directors, with staggered four year terms. Directors are registered electors residing within the boundaries of the District and are elected by voters residing within the District. Meetings of the District's Board appear to be held on an infrequent basis at a private residence of a board member. While this may appear unprofessional, it is common in small rural districts and generally works fine and enhances community member socialization. Members of the Board do not receive stipends and are responsible for compliance with the provisions of the Brown Act. Board meetings are open to all residents, homeowners and landowners.



Meeting notices and agendas are officially posted on an outdoor bulletin board near the intersection of Wilder Drive and Al Road. As a courtesy, residents are usually notified about meeting dates and locations via e-mail, provided they are on the District's mailing list. Residents within the District often attend Board meetings.

Pursuant to Government Code Section 61050, the District's Board of Directors has appointed a General Manager who is resident of the District and volunteers for the duty. The General Manager is directly responsible to the Board and implements the policies established by the Board. The District does not employ any staff; therefore, other management and service aspects of the District are administered by subcontractors hired by the District. The District's Board of

Directors and hired consultants provide fiscal, legal and engineering support. Historically, operational efficiencies are achieved through the use of volunteer efforts. The District maintains a website that outlines the purpose and function of the District, and contains contact information.

MSR DETERMINATION 3.6.1: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Board meetings and notices appear to be consistent with Brown Act requirements which governs open meetings for local government bodies.

MSR DETERMINATION 3.6.2: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

There appear to be ample opportunities for public involvement and input at meetings.

MSR DETERMINATION 3.6.3: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District has appointed a General Manager who is directly responsible to the Board of Directors and implements the policies established by the Board.

MSR DETERMINATION 3.6.4: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District Board of Directors along with the appointed General Manager and hired consultants provide full management and administrative support to the District.

MSR DETERMINATION 3.6.5: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District appears to provide an efficient service to its residents.

3.7 OTHER MATTERS

While the District has and continues to, conduct its business and deliver services adequately, the use of a community service district for small rural residential developments may not be the most suitable form of governance. Rural CSD's often have difficulty in securing volunteer board members or professionally manage the delivery of complex public services. CSD's have broad powers and are generally created to govern larger communities that provide many municipal services and have a large population base from which to draw board members and generate revenue. The District may have been better served by a county service area whereby professional county personnel would have administered the services and be able to draw from a larger pool of county resources if needed.

MSR DETERMINATION 3.7.1: OTHER MATTERS

Community service districts (CSDs) are generally unfavorable forms of governance for small rural residential communities that provide limited, but critical services.

3.8 SUMMARY OF MUNICIPAL REVIEW DETERMINATIONS

MSR DETERMINATION 3.1.1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

New population growth within the Buzztail Community Services District is expected to be limited to the existing 33 undeveloped parcels, zoned FR-40 (Foothill Residential, 40 acre minimum), resulting in a population growth of approximately 87 additional people which was anticipated when the subdivision and the District were created.

MSR DETERMINATION 3.2.1: LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

The Buzztail Community Services District does not provide a back bone service; therefore, is not subject to this MSR review factor. Additionally, no disadvantaged unincorporated communities are located within or adjacent to its boundaries.

MSR DETERMINATION 3.3.1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Present and planned capacity for the Districts roads are adequate and the service levels appear sufficient based on landowner preferences.

MSR DETERMINATION 3.3.2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Although the District reports that the one paved roadway, Wilder Drive, was paved approximately 40 years ago, it does appear to be in good condition. The District is proposing the chip sealing of Wilder Drive; as well as grading and the chip sealing of Zinfandel Drive, Blue Shirt Road and Doe Mill Road. In addition, the District is considering a redesign and/or rebuild of its entrance wall located at Wilder Drive and State Route 32. The District has no other major infrastructure needs or deficiencies.

MSR DETERMINATION 3.4.1: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

District revenues, primarily property tax assessments, appear to provide sufficient funds to deliver required road maintenance services.

MSR DETERMINATION 3.4.2: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District prepares an annual budget which illustrates the services provided to residents and the funds expended for said services. However, the adopted budgets should be readily available to the members of the public via the District's website.

MSR DETERMINATION 3.4.3: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District appears to meet governmental requirements for financial accounting and auditing and is financial solvent. The District is heavily reliant upon property tax assessments. Said assessments are the District's primary source of revenue.

MSR DETERMINATION 3.5.1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

Cost avoidance measures are limited to using resident volunteers to complete services that would be too costly for the District to provide. Currently, revenues exceed expenditures; thus, no other forms of cost avoidance appear necessary. There are very limited opportunities for shared facilities until such time as other development in the area occurs.

MSR DETERMINATION 3.6.1: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Board meetings and notices appear to be consistent with Brown Act requirements which governs open meetings for local government bodies.

MSR DETERMINATION 3.6.2: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

There appear to be ample opportunities for public involvement and input at meetings.

MSR DETERMINATION 3.6.3: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District has appointed a General Manager who is directly responsible to the Board of Directors and implements the policies established by the Board.

MSR DETERMINATION 3.6.4: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District Board of Directors along with the appointed General Manager and hired consultants provide full management and administrative support to the District.

MSR DETERMINATION 3.6.5: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District appears to provide an efficient service to its residents.

MSR DETERMINATION 3.7.1: OTHER MATTERS

Community service districts (CSDs) are generally unfavorable forms of governance for small rural residential communities that provide limited, but critical services.

4.0 SPHERE OF INFLUENCE ANALYSIS

A Sphere of Influence is defined by the CKH Act in Government Code 56425 as "... a plan for the probable physical boundary and service area of a local agency or municipality". A Sphere of Influence is generally considered to be a future growth boundary for a jurisdiction. The Act further requires that a Municipal Service Review be conducted prior to, or in conjunction with, the update of a Sphere of Influence.

The Sphere of Influence Update addresses key factors called for in the CKH Act. In addition, the following written determinations must be addressed according to Section 56425(e)(1-4) of the CKH Act:

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- 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, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

In addition, when reviewing a sphere for an existing special district, the Commission must also do the following:

- Require the existing district to file a written statement with the Commission specifying the functions or classes of services it provides.
- Establish the nature, location, and extent of any functions or classes of services provided by the existing district.

4.1 PRESENT AND PLANNED LAND USES IN THE AREA

The District is located on Doe Mill Ridge, northeast of the City of Chico on Wilder Drive, approximately 3 miles east of State Route 32. The District's Sphere of Influence is coterminous with the District's jurisdictional boundaries. The District is approximately 1,001 acres in size and consists of 69 parcels. Of these, 35 are developed with single family dwellings, 33 are undeveloped, and one parcel is developed with a 27-acre vineyard, all of which are zoned FR-40 (Foothill Residential, 40 acre minimum). The remaining two parcels are owned by the Del Oro

Water Company and are developed with water supply facilities and are zoned Public.⁴ It appears that only two parcels within the District are larger than 40 acres; therefore, the potential for subdivision is possible; but unlikely.

The Sphere of Influence is based upon analysis of Municipal Service Review. The District has not requested any changes to its current SOI boundaries. The County's General Plan does not envision any future developments within or around the District that would require an expansion of the Sphere of Influence.

SOI DETERMINATION 4.1.1: PRESENT AND PLANNED LAND USE IN THE AREA

The District was created to serve an existing rural residential subdivision with definite boundaries. No major land use changes are anticipated which would impact the need for additional services within the District's boundaries. The potential for further subdivision is possible; however, unlikely. Based on the fact that land use changes may promote future development are not envisioned in the County's General Plan; therefore, the District's Sphere of Influence is not recommended for expansion.

4.2 PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

The District was created to provide water and road maintenance services to the subdivision. As noted in the MSR, the District's water services were sold to a private water company in 2015. Other than provision of road maintenance services, the present or probable need for future public facilities is not anticipated.

SOI DETERMINATION 4.2.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND FACILITIES SERVICES

No additional services are anticipated or foreseen at this time.

4.3 PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF SERVICES

District revenues, primarily property tax assessments, appear to provide sufficient funds to deliver required road maintenance services to a level satisfactory to the District's residents.

SOI DETERMINATION 4.3.1: PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF SERVICES

The present capacity of the District to provide road maintenance services to residents within the District's boundaries meets the expectations of the landowners. The District calls for capital improvements and regular maintenance of the facility on an as needed basis to maintain adequate service levels.

⁴ Butte County Assessor's Office land use data, accessed June 2015.

4.4 SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

The District is approximately 1,001 acres in size and consists of 69 parcels. Of these, 35 are developed with single family dwellings, 33 are undeveloped, and one parcel is developed with a 27-acre vineyard, all of which are zoned FR-40 (Foothill Residential, 40 acre minimum). The remaining two parcels are owned by the Del Oro Water Company and are developed with water supply facilities and are zoned Public.⁵ It appears that only two parcels within the District are larger than 40 acres; therefore, the potential for subdivision is possible; but unlikely unless a zoning change and land division is approved by the County of Butte.

SOI DETERMINATION 4.4.1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

<i>Social and economic communities of interest for Buzztail Community Services District is limited to the unincorporated community located on Doe Mill Ridge, northeast of the City of Chico, on Wilder Drive, approximately 3.5 miles east of State Route 32.</i>
--

4.5 PRESENT AND PROBABLE NEED FOR THOSE PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

SOI DETERMINATION 4.5.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE
--

<i>The District's Sphere of Influence does not qualify under the definition of a disadvantaged community for the present and probable need for public facilities and services. The community served by the District is not a disadvantaged unincorporated community.</i>
--

4.6 SPHERE OF INFLUENCE SUMMARY AND CONCLUSION

The Buzztail Community Services District Sphere of Influence analysis and determinations indicate that there are no substantial land use or service delivery deficiencies that demand modifications to its existing SOI boundary. In addition, neither Butte County nor LAFCO has requested any modifications to the existing Buzztail Community Services District Sphere of Influence boundary. Therefore, the Commission affirms the existing boundary as presented by the map in Section 2, Figure 2-1.

⁵ Butte County Assessor's Office land use data, accessed June 2015.

4.7 SUMMARY OF SPHERE OF INFLUENCE DETERMINATIONS

SOI DETERMINATION 4.1.1: PRESENT AND PLANNED LAND USE IN THE AREA

The District was created to serve an existing rural residential subdivision with definite boundaries. No major land use changes are anticipated which would impact the need for additional services within the District's boundaries. The potential for further subdivision is possible; however, unlikely. Based on the fact that land use changes may promote future development are not envisioned in the County's General Plan; therefore, the District's Sphere of Influence is not recommended for expansion.

SOI DETERMINATION 4.2.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND FACILITIES SERVICES

No additional services are anticipated or foreseen at this time.

SOI DETERMINATION 4.3.1: PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF SERVICES

The present capacity of the District to provide road maintenance services to residents within the District's boundaries meets the expectations of the landowners. The District calls for capital improvements and regular maintenance of the facility on an as needed basis to maintain adequate service levels.

SOI DETERMINATION 4.4.1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

Social and economic communities of interest for Buzztail Community Services District is limited to the unincorporated community located on Doe Mill Ridge, northeast of the City of Chico, on Wilder Drive, approximately 3.5 miles east of State Route 32.

SOI DETERMINATION 4.5.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

The District's Sphere of Influence does not qualify under the definition of a disadvantaged community for the present and probable need for public facilities and services. The community served by the District is not a disadvantaged unincorporated community.

5.0 FINAL SPHERE OF INFLUENCE PLAN ACTIONS

5.1 BUTTE LAFCO RESOLUTION OF ADOPTION

RESOLUTION NO. 10 2015/16

ADOPTION OF MUNICIPAL SERVICE REVIEW UPDATE AND WRITTEN DETERMINATIONS, AND ADOPTION OF A SPHERE OF INFLUENCE PLAN/UPDATE FOR THE BUZZTAIL COMMUNITY SERVICES DISTRICT

WHEREAS, a service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as “the Commission”) for the Buzztail Community Services District in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 *et seq.*); and

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer, pursuant to Government Code Section 56428, has reviewed this proposal and prepared a report, including his recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, a public hearing by this Commission was called for March 3, 2016 and at the time and place specified in the notice of public hearing; and

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the proposal, in evidence presented at the hearing; and

WHEREAS, acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Municipal Service Review Update for the Buzztail Community Services District is Categorically Exempt from the provisions of CEQA under Section 15306, “Information Collection”; and

WHEREAS, acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Sphere of Influence Plan for the Buzztail Community Services District is Categorically Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption; and

WHEREAS, Municipal Service Review determinations as identified in Section 3.0 entitled “Municipal Service Review for Buzztail Community Services District” of the Municipal Service Review and Sphere of Influence Plan for Buzztail Community Services District are made in conformance with Government Code Section 56430 and local Commission policy; and

WHEREAS, Sphere of Influence determinations as identified in Section 4.0 entitled “Sphere of Influence Analysis” of the Municipal Service Review and Sphere of Influence Plan for Buzztail Community Services District are made in conformance with Government Code Section 56425 and local Commission policy; and

RESOLUTION NO. 10 2015/16

WHEREAS, based on presently existing evidence, facts, and circumstances considered by this Commission, including the findings as outlined above, the Commission adopts written determinations as set forth. The Commission affirms the existing Sphere of Influence for the Buzztail Community Services District as depicted on Figure 2.1 of the Municipal Service Review Update/SOI Plan for the Buzztail Community Services District, adopted by the Commission on March 3, 2016; and,

NOW, THEREFORE, BE IT RESOLVED, that pursuant to powers provided in §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Butte adopts written determinations as set forth in the MSR Update for the Buzztail Community Services District, dated March 3, 2016, and adopts the MSR Update for the Buzztail Community Services District. Furthermore, pursuant to powers provided in §56425, the Commission updates the existing SOI for the Buzztail Community Services District as depicted on Figure 2.1 of the MSR and SOI Plan Update for Buzztail Community Services District, adopted by the Commission on March 3, 2016.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Butte, on the 3rd day of March 2016 by the following vote:

AYES: Commissioners Lotter, Duncan, Connelly, Lando, Busch, Lambert & Chair Leverenz

NOES: None

ABSENT: None

ABSTAINS: None

ATTEST:


Clerk of the Commission



CARL LEVERENZ, Chair
Butte Local Agency Formation Commission

5.2 SUMMARY OF ADOPTED MUNICIPAL SERVICE REVIEW DETERMINATIONS

MSR DETERMINATION 3.1.1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

New population growth within the Buzztail Community Services District is expected to be limited to the existing 33 undeveloped parcels, zoned FR-40 (Foothill Residential, 40 acre minimum), resulting in a population growth of approximately 87 additional people which was anticipated when the subdivision and the District were created.

MSR DETERMINATION 3.2.1: LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES

The Buzztail Community Services District does not provide a back bone service; therefore, is not subject to this MSR review factor. Additionally, no disadvantaged unincorporated communities are located within or adjacent to its boundaries.

MSR DETERMINATION 3.3.1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Present and planned capacity for the Districts roads are adequate and the service levels appear sufficient based on landowner preferences.

MSR DETERMINATION 3.3.2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

Although the District reports that the one paved roadway, Wilder Drive, was paved approximately 40 years ago, it does appear to be in good condition. The District is proposing the chip sealing of Wilder Drive; as well as grading and the chip sealing of Zinfandel Drive, Blue Shirt Road and Doe Mill Road. In addition, the District is considering a redesign and/or rebuild of its entrance wall located at Wilder Drive and State Route 32. The District has no other major infrastructure needs or deficiencies.

MSR DETERMINATION 3.4.1: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

District revenues, primarily property tax assessments, appear to provide sufficient funds to deliver required road maintenance services.

MSR DETERMINATION 3.4.2: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District prepares an annual budget which illustrates the services provided to residents and the funds expended for said services. However, the adopted budgets should be readily available to the members of the public via the District's website.

MSR DETERMINATION 3.4.3: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES

The District appears to meet governmental requirements for financial accounting and auditing and is financial solvent. The District is heavily reliant upon property tax assessments. Said assessments are the District's primary source of revenue.

MSR DETERMINATION 3.5.1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

Cost avoidance measures are limited to using resident volunteers to complete services that would be too costly for the District to provide. Currently, revenues exceed expenditures; thus, no other forms of cost avoidance appear necessary. There are very limited opportunities for shared facilities until such time as other development in the area occurs.

MSR DETERMINATION 3.6.1: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Board meetings and notices appear to be consistent with Brown Act requirements which governs open meetings for local government bodies.

MSR DETERMINATION 3.6.2: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

There appear to be ample opportunities for public involvement and input at meetings.

MSR DETERMINATION 3.6.3: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District has appointed a General Manager who is directly responsible to the Board of Directors and implements the policies established by the Board.

MSR DETERMINATION 3.6.4: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District Board of Directors along with the appointed General Manager and hired consultants provide full management and administrative support to the District.

MSR DETERMINATION 3.6.5: ACCOUNTABILITY FOR COMMUNITY SERVICES NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

The District appears to provide an efficient service to its residents.

MSR DETERMINATION 3.7.1: OTHER MATTERS

Community service districts (CSDs) are generally unfavorable forms of governance for small rural residential communities that provide limited, but critical services.

5.3 SUMMARY OF ADOPTED SPHERE OF INFLUENCE DETERMINATIONS

SOI DETERMINATION 4.1.1: PRESENT AND PLANNED LAND USE IN THE AREA

The District was created to serve an existing rural residential subdivision with definite boundaries. No major land use changes are anticipated which would impact the need for additional services within the District's boundaries. The potential for further subdivision is possible; however, unlikely. Based on the fact that land use changes may promote future development are not envisioned in the County's General Plan; therefore, the District's Sphere of Influence is not recommended for expansion.

SOI DETERMINATION 4.2.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND FACILITIES SERVICES

No additional services are anticipated or foreseen at this time.

SOI DETERMINATION 4.3.1: PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF SERVICES

The present capacity of the District to provide road maintenance services to residents within the District's boundaries meets the expectations of the landowners. The District calls for capital improvements and regular maintenance of the facility on an as needed basis to maintain adequate service levels.

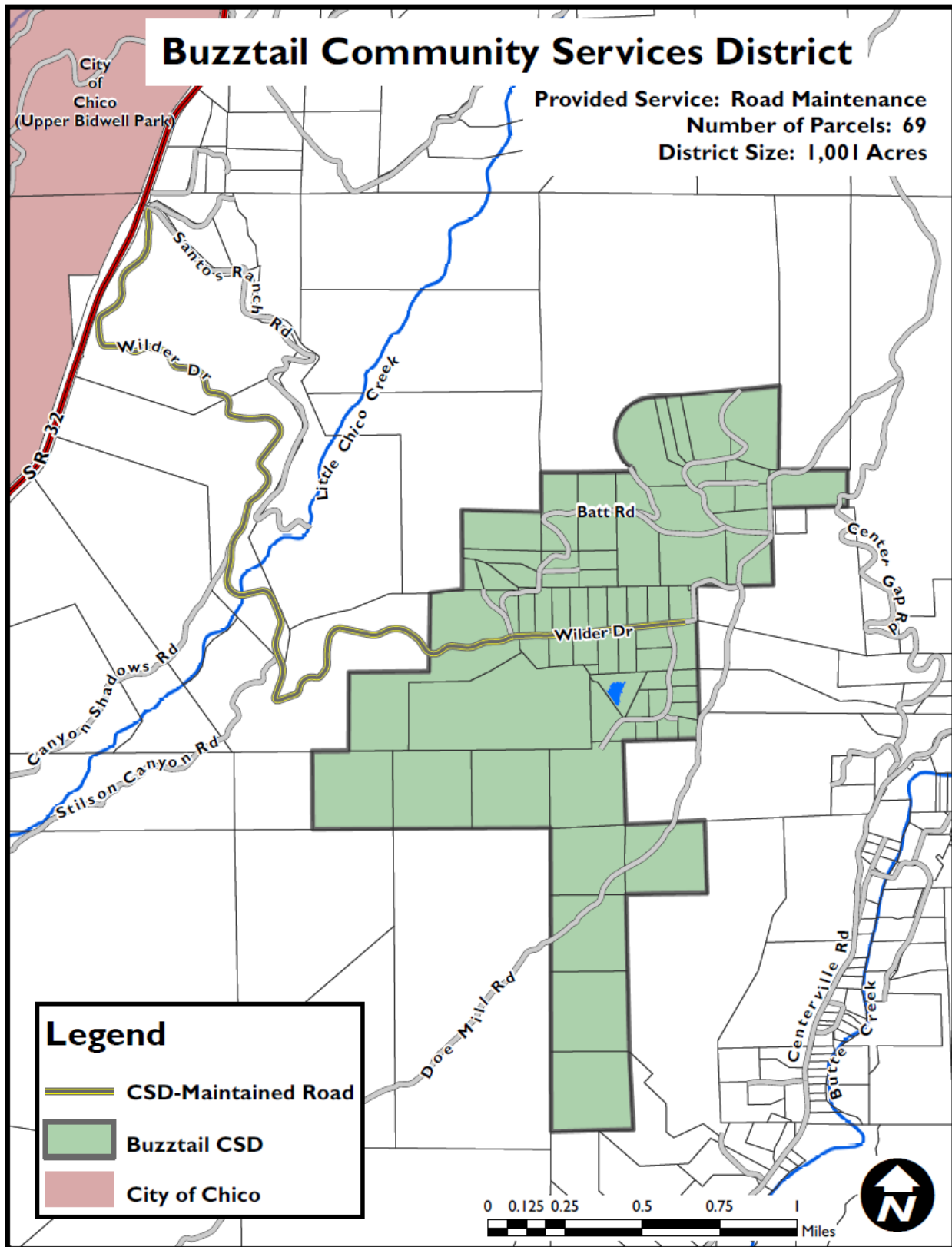
SOI DETERMINATION 4.4.1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

Social and economic communities of interest for Buzztail Community Services District is limited to the unincorporated community located on Doe Mill Ridge, northeast of the City of Chico, on Wilder Drive, approximately 3.5 miles east of State Route 32.

SOI DETERMINATION 4.5.1: PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

The District's Sphere of Influence does not qualify under the definition of a disadvantaged community for the present and probable need for public facilities and services. The community served by the District is not a disadvantaged unincorporated community.

5.4 ADOPTED SPHERE OF INFLUENCE BOUNDARIES FOR THE BUZZTAIL COMMUNITY SERVICES DISTRICT



6.0 GLOSSARY

ANNEXATION	The inclusion, attachment, or addition of a territory to a city of district.
BOARD OF SUPERVISORS	The elected board of supervisors of a county.
CEQA	The California Environmental Quality Act (CEQA) is intended to inform governmental decision-makers and the public about potential environmental effects of a project, identify ways to reduce adverse impacts, offer alternatives to the project, and disclose to the public why a project was approved. CEQA applied to projects undertaken, funded, or requiring issuance of a permit by a public agency.
DISTRICT OR SPECIAL DISTRICT	An agency of the state, formed pursuant to general law or special act, for the local performance of government or proprietary functions within limited boundaries. “District” or “special district” includes a county service area.
GENERAL PLAN	A document containing a statement of development policies, including a diagram and text setting forth the objectives of the plan. The general plan must include certain state mandated elements related to land use, circulation, housing, conservation, open-space, noise, and safety.
LAFCO	A state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.
LOCAL ACCOUNTABILITY AND GOVERNANCE	The term “local accountability and governance,” refers to public agency decision making, operational and management styles that include an accessible staff, elected or appointed decision-making body and decision making process, advertisement of, and public participation in, elections, publicly disclosed budgets, programs, and plans, solicited public participation in the consideration of work and infrastructure plans, programs or operations and disclosure of results to the public.
MANAGEMENT EFFICIENCY	The term “management efficiency,” refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of

continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel, and customer service and involvement, (2) has the ability to provide service over the short and long term, (3) has the resources (fiscal, manpower, equipment, adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves.

**MUNICIPAL SERVICE
REVIEW (MSR)**

A study designed to determine the adequacy of governmental services being provided in the region or sub-region. Performing service reviews for each city and special district within the county may be used by LAFCO, other governmental agencies, and the public to better understand and improve service conditions.

PUBLIC AGENCY

The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision.

RESERVE

(1) For governmental type funds, an account used to earmark a portion of the fund balance, which is legally or contractually restricted for a specific use or not appropriate for expenditure. (2) For proprietary type/enterprise funds, the portion of retained earnings set aside for specific purposes. Unnecessary reserves are those set aside for purposes that are not well defined or adopted or retained earnings that are not reasonably proportional to annual gross revenues.

**SPHERE OF INFLUENCE
(SOI)**

A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO.

**SPHERE OF INFLUENCE
DETERMINATIONS**

In establishing a sphere of influence, the Commission must consider and prepare written determinations related to present and planned land uses, need and capacity of public facilities, and existence of social and economic communities of interest.

ZONING

The primary instrument for implementing the general plan. Zoning divides a community into districts or “zones” that specify the permitted/prohibited land uses.

APPENDIX

A. COMMENTS RECEIVED AND RESPONSES TO COMMENTS

The Public Review Draft MSR/SOI Plan was circulated for public review for a period of 21 days beginning on Thursday, February 11, 2016, and ending on Wednesday, March 2, 2016. During this time, the document was distributed to Butte County, LAFCO Commissioners and their alternates, and made available to the general public on Butte LAFCO's web page, the Butte LAFCO office in Oroville, and to the Butte County Library Oroville Branch.

Comments dated March 1, 2016, from the County of Butte were received regarding the Draft Municipal Service Review/ Sphere of Influence Plan, and are as follows:



Butte County Administration

Paul Hahn, Chief Administrative Officer

25 County Center Drive, Suite 200
Oroville, California 95965

T: 530.538.7631
F: 530.538.7120

buttecounty.net/administration

Members of the Board

Bill Connelly | Maureen Kirk | Steve Lambert | Doug Teeter | Larry Wahl

March 1, 2016

Steve Lucas
Executive Officer
Butte LAFCo
1453 Downer Street, Suite C
Oroville, CA 95965
Sent via email: slucas@buttecounty.net

RE: Buzztail Draft MSR & SOI

Dear Mr. Lucas:

After reviewing the proposed update to the Buzztail Draft SOI and MSR, the County of Butte has the following comments:

1. **Butte County Fire**
No comments.
2. **Butte County Department of Public Works**
No Comments.
3. **Butte County Department of Development Services**
The Butte County Department of Development Services provides the following comments:

Future Upper Stilson Canyon Specific Plan

The Butte County General Plan 2030 established a Specific Plan Overlay on areas expected to be developed under a future Specific Plan. The General Plan specifies that "the underlying designations for these areas shall remain in effect until and unless the Specific Plan is adopted, at which point the land use designations in that Plan will replace the designations in this General Plan." (General Plan, pg. 69)

The General Plan includes the following information regarding the future Specific Plan (pg. 69-70):

a. Upper Stilson Canyon Specific Plan

The Upper Stilson Canyon Specific Plan will determine the mix of uses that will occur in a 4,264-acre area located east of State Route 32 and northeast of Chico. The Upper Stilson Canyon Specific Plan will limit development to not more than 300 new dwelling units clustered in the southern portion of the Specific Plan area. Specialty agriculture

and retail uses that support agriculture may be included. The remainder of the Specific Plan area shall be set aside for open space and conservation uses. In addition, the Specific Plan will ensure that there are no impacts to land uses to the south, including impacts related to road access, and that there will be adequate water supply and access for the proposed development, including the existing Buzztail Community Service District.

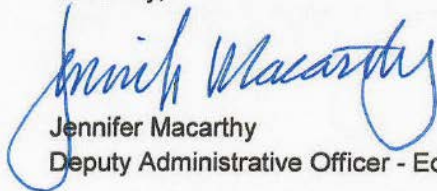
The attached map shows the location of the future Upper Stilson Canyon Specific Plan area, including the Buzztail Community Services District. Currently, there are no applications before Butte County for adoption of a specific plan in this area. For questions or additional information, please contact Chuck Thistlethwaite, Planning Manager - Butte County Development Services, at 530-538-6572 or cthistlethwaite@buttecounty.net.

4. **Butte County Department of Public Health**

Buzztail is currently served by Del Oro for its water supply. Any undeveloped lots would be required to go through the standard permitting process through Butte County Environmental Health to install wastewater at the time of development. For questions or additional information, please contact Kristen McKillop, Program Development Manager – Butte County Environmental Health Division at 530-538-7283 or kmckillop@buttecounty.net.

The County of Butte appreciates the opportunity to comment on this project.

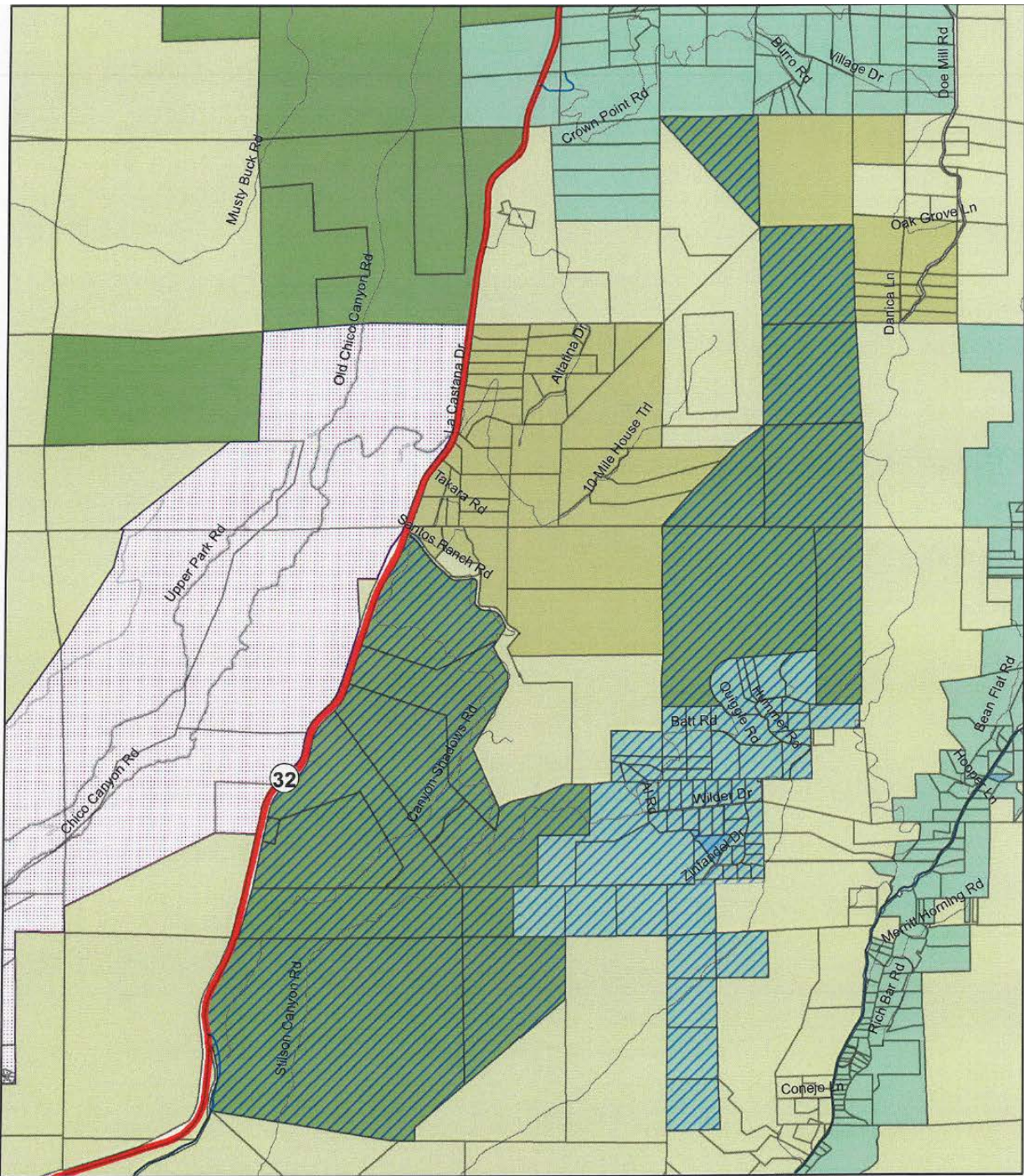
Sincerely,



Jennifer Macarthy

Deputy Administrative Officer - Economic and Community Development

cc: Darren Read, Interim Fire Chief
Matt Damon, Battalion Chief
Kristen McKillop, Program Manager - Environmental Health
Brad Banner, Director - Environmental Health
Tim Snellings, Development Services Director
Chuck Thistlethwaite, Planning Manager
Pete Calarco, Development Services Assistant Director
Tom Fossum, Public Works Deputy Director
Mike Crump, Public Works Director
Paul Hahn, Chief Administrative Officer



Proposed Upper Stilson Canyon Specific Plan Area



B. BUTTE LAFCO RESOLUTION NO. 24 2014/15, DATED JULY 2, 2015

**RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION
OF THE COUNTY OF BUTTE
MAKING DETERMINATIONS AND APPROVING THE
DIVESTITURE OF WATER SERVICE POWERS FOR THE BUZZTAIL COMMUNITY
SERVICES DISTRICT, BUTTE LAFCO FILE NO. 15-12**

RESOLVED, by the Local Agency Formation Commission of the County of Butte, State of California, that

WHEREAS, a proposal for the divestiture of water service powers for the Buzztail Community Services District in the County of Butte was heretofore filed by the Buzztail Community Services District and accepted for filing on May 14, 2015, by the Executive Officer of this Local Agency Formation Commission pursuant to Title 5, Division 3, commencing with Section 56000 of the Government Code; and

WHEREAS, the Buzztail Community Services District Board of Directors and the Del Oro Water Company have agreed to the sale of the District's water system to the Del Oro Water Company, as stipulated in the *Agreement of Purchase and Sale of Assets* executed between the District and the Del Oro Water Company on May 9, 2014; and

WHEREAS, the Del Oro Water Company provides water service to four different geographical areas within Butte County, with over 14,000 customers, and has the capability to provide water service to the parcels within the Buzztail CSD to the same service level as previously provided by the District; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56658, set July 2, 2015, as the hearing date on this proposal and gave the required notice of public hearing; and

WHEREAS, the Executive Officer, pursuant to Government Code Section 56665, has reviewed this proposal and prepared a report, including recommendations thereon, and has furnished a copy of this report to each person entitled to a copy; and

WHEREAS, this Commission called for and held a hearing on July 2, 2015, and at the hearing this Commission heard and received all oral and written protests, objections and evidence which were made, presented or filed, and all persons present were given an opportunity to hear and be heard with respect to this proposal and the report of the Executive Officer; and

WHEREAS, this Commission considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, factors specified in Government Code Sections 56668 and 56824.12 and Butte LAFCo Policies and Procedures; and

NOW, THEREFORE, the Local Agency Formation Commission of the County of Butte **DOES HEREBY RESOLVE, DETERMINE AND ORDER** as follows:

Section 1. Environmental Action:

- A. The Commission finds that the proposed divestiture of water service powers is exempt from the California Environmental Quality Act per §15061(b)(3) – General Rule Exemption.

Section 2. General Findings and Determinations:

- A. The Commission has considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, Butte LAFCo Policies and Procedures, Sphere of Influence and General Plan consistency, the Domestic Water and Wastewater Service Providers Municipal Service Review, and other factors specified in Government Code Sections 56668 and 56824.12 and as described in the staff report dated June 25, 2015, for the meeting of July 2, 2015.
- B. The proposed divestiture is assigned the following short form designation: 15-12 – Buzztail Community Services District – Divestiture of Water Services Powers.
- C. The purpose of this divestiture of powers is to allow the Buzztail CSD to sell the District's water service infrastructure to the Del Oro Water Company, which will then own, operate, and maintain the water supply infrastructure for the parcels within the District.
- D. The Commission determines that agricultural and/or open space lands will not be adversely affected by this proposal.
- E. There is no exchange of property taxes with Butte County or any city or special district as there is no change in the boundaries of the Buzztail CSD and because the Buzztail CSD does not receive any portion of property taxes for the provision of water services.
- F. The proposal is consistent with the Buzztail CSD Sphere of Influence.

Section 3. Conditions requested by LAFCo:

- A. This divestiture of water service powers authorization shall not be effective until such time at the sale of the Buzztail CSD water system to the Del Oro Water Company is completed per the Agreement of Sale and Transfer of Assets between the District and the Del Oro Water Company which includes approvals from the California Public Utilities Commission to expand the service area for the DOWC to encompass the Buzztail CSD area as well as approvals from the California Department of Health Services and the Butte County Department of Public Health.
- B. Upon completion of the sale of water infrastructure to the Del Oro Water Company, the Buzztail CSD shall hereafter not provide water services unless it first applies for and receives authorization from the Commission.

- C. The Buzztail CSD shall notify Butte LAFCo of the sale of the District's water system to the Del Oro Water Company within one (1) month of the date of the sale.
- D. All LAFCo, County of Butte, and State of California fees must be paid in full prior to filing the Certificate of Completion.
- E. If required by the State Board of Equalization for any reason, any map and (or) boundary description shall comply with the State Board of Equalization requirements. The boundary description and map, if required, shall be prepared, submitted or revised at the expense of the Buzztail CSD.
- F. Completion of proceedings shall be concluded within one-year after adoption of this resolution (July 2, 2016). If the proceedings are not concluded within one year after passage of this resolution, all proceedings shall be terminated unless the Commission grants an extension of time.
- G. The Executive Officer is hereby authorized and directed to mail certified copies of this Resolution as provided in Section 56882 of the Government Code.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Butte, on the 2nd day of July 2015, by the following vote:


AYES: Commissioners Lotter, Duncan, Connelly, Lando, Lambert & Chair Leverenz

NOES: None


ABSENT: Commissioner Dahlmeier

ABSTAINS: None

ATTEST:



CARL LEVERENZ, Chair
Butte Local Agency Formation Commission



Clerk of the Commission

**C. CA PUBLIC UTILITIES COMMISSION RESOLUTION NO. W-5068,
DATED NOVEMBER 19, 2015**

DATE OF ISSUANCE 11/23/2015

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**DIVISION OF WATER AND AUDITS
Water and Sewer Advisory Branch**

**RESOLUTION W-5068
November 19, 2015**

RESOLUTION

**(RES. W-5068) DEL ORO WATER COMPANY, ORDER
APPROVING DEL ORO WATER COMPANY'S REQUEST TO
ACQUIRE BUZZTAIL COMMUNITY SERVICE DISTRICT'S
WATER SYSTEM AND RELATED ASSETS AT A PURCHASE
PRICE OF \$73,356, AND TO ADD THE NEW DISTRICT, THE
BUZZTAIL DISTRICT, TO ITS SERVICE TARIFFS.**

SUMMARY

By Advice Letter 420, filed on July 30, 2015, Del Oro Water Company requests Commission authority to: 1) acquire the Buzztail Community Service District's water system and related assets at a purchase price of \$73,356, under the terms and conditions set-forth in the May 9, 2014 Purchase Agreement between Del Oro Water Company and Buzztail Community Service District; and 2) add the new district, the Buzztail District, to its utility service tariffs.

This Resolution authorizes the following: 1) grants Del Oro Water Company the authority to acquire Buzztail Community Service District's water system assets at a purchase price of \$73,356 under the terms and conditions set-forth in the May 9, 2014 Purchase Agreement between Del Oro Water Company and Buzztail Community Service District; 2) finds the purchase price of \$73,356 reasonable for establishing the rate base amount for the new district, the Buzztail District; and 3) grants Del Oro Water Company the authority to add the Buzztail District to its utility service tariffs.

This Resolution also finds that Del Oro Water Company's acquisition of Buzztail Community Service District meets the ratepayer indifference test,¹ the standard used by the Commission in its evaluation and approval of the sale/purchase of public utilities

¹ Under the ratepayer indifference test, any sale of a public utility should not have any net consequences that cause the ratepayer to prefer the seller to the buyer.

156014263

with Traver and Black Butte water companies in Decisions (D.) 15-08-036 and D. 15-09-015. The transfer of operations of the Buzztail Community Service District's water system is conditioned on Del Oro Water Company obtaining the required permit from the State Water Resources Control Board, Division of Drinking Water, for the operation of the water system.

BACKGROUND

Pursuant to Section 5 of General Order No. 96-B, Section 8.1 of the Water Industry Rules in General Order 96-B, on July 30, 2015 Del Oro Water Company (DOWC) filed Advice Letter (AL) 420, requesting Commission authority to: (1) acquire Buzztail Community Service District's (BCSD) water system (water facilities, delivery assets and real property upon which they are situated) at a purchase price of \$73,356 under the terms and conditions set-forth in the May 9, 2014 Purchase Agreement between DOWC and BCSD (Purchase Agreement) described herein; and 2) add the new district, the Buzztail District, to its service tariffs (service area map, metered and irrigation service tariffs, and other applicable tariffs).

BCSD is a mutual water company with thirty-four (34) service connections located in an incorporated area of Butte County known as Upper Stilson Canyon approximately forty-five minutes from DOWC's service center in Magalia. BCSD's water system consists of one water well with an estimated capacity ranging from 55 to 70 gallons per minute (gpm), an 80,000 gallon water storage tank and a 10,000 gallon hydro-pneumatic pressure tank, and the water distribution facilities.²

Public Utilities (Pub. Util.) Code Sections 851-854 only apply to acquisitions of public utilities and are not triggered when a Commission regulated water utility seeks to acquire a mutual water company. DOWC's request to acquire the BCSD therefore does not trigger Pub. Util. Code Sections 851-854 requiring approval of the acquisition through a formal application.

² Butte County Environmental Health Division October 8, 2012 Technical Report.

DOWC's and BCSD's Purchase Agreement

Under the terms of the Purchase Agreement, DOWC agrees to: 1) a purchase price of \$73,356 for the acquisition of BCSD's water system and related assets, a list of the assets³ included in the purchase price is provided in Table 1 of this resolution; 2) retain and continue to charge the existing rates for a period of three years (the service tariffs and rates are provided in Appendix A of this resolution) from the effective date of the transfer of ownership; 3) not file for a General Rate Case (GRC) during the first three years from the date of the transfer, and only consider annual cost of living adjustments and rate base off-sets for major system repairs such as a pump and/or distribution line failures; and 4) pay \$10,000, one-half of the estimated costs, for system improvements necessary to provide water service to Doe Mill Vineyards (DMV)⁴ under the Irrigation Tariff scheduled provided in Appendix A.

Table 1

Buzztail District Assets	
Land	\$ 4,072
Structures	\$ 24,450
Pumping Equipment	\$ 35,405
Water Storage Tanks	\$ 50,904
Meters	\$ 7,650
Other Equipment	\$ 5,812
	\$ 128,293
Depreciation	\$ (54,934)
Total Net Assets	\$ 73,359

BCSD agrees to establish a \$40,000 reserve fund to pay for the first \$10,000 of Butte County's Local Agency Formation Commission (LAFCO) fees associated with the

³ The value of the assets is based on the March 20, 2015 independent auditor's report by Holly B. Pladson, Certified Public Accountant, included in DOWC's advice letter filing which valued the depreciable assets as of June 30, 2014 after accounting for accumulated depreciation of the assets.

⁴ October 22, 2014 Agreement between DOWC, BCSD, and DMV.

transfer of ownership and the remaining balance of \$30,000 for any operational losses DOWC incurs during the first three years, and/or necessary system improvements.⁵

On July 2, 2015 by Resolution No. 24, Butte County's LAFCO approved BCSD's divestiture of water service powers, conditioned on the Commission's approval of DOWC's acquisition of BCSD and DOWC obtaining the required permit from the State Water Resources Control Board's Division of Drinking Water (DDW) to operate the BCSD's water system. DOWC on December 12, 2014 filed Application No. 14-12-15 with the SWRCB for the permit and the approval of the Application is pending.

RESPONSE/PROTEST

In accordance with General Order 96-B, AL 420 was served to DOWC's general service area on July 30, 2015. A customer notice was provided to BCSD's customers on August 14, 2015. No comments or protests letters were received.

DISCUSSION

Pub. Util. Code Section 2718-2720⁶ encourage the acquisition of small water systems by larger, more financially secured entities, given the increased amounts of capital required to finance the investment in water system infrastructure, and to achieve higher economies of scale in the operation of these systems. Pub. Util. Code Section 2720 requires that a fair market value be used when determining the rate base for an acquired system.

The Commission's standard of review for evaluating the sale/purchase of a public utility requires a test of ratepayer indifference and the buyer to demonstrate that the acquisition of the public utility yields a tangible benefit to ratepayers.⁷ Under the ratepayer indifference test the following factors are evaluated: 1) service quality; 2) continuity of service; and 3) the impact the purchase price has on rate base. Most

⁵ Any system improvements that uses BCSD's funds would be excluded from rate base and treated as contributed plant for ratemaking purposes since they are not being paid for by DOWC.

⁶ Chapter 2.5 Public Water System Investment and Consolidation Act of 1997.

⁷ See D.05-04-47 at 9-11, D.04-01-066 at 8-11, D.01-09-057 at 26-28.

recently, the Commission used this standard for evaluating DOWC's acquisitions of Black Butte and Traver Water Companies in D.15-08-036 and D.15-09-015. While BCSD is not a public utility, the Division of Water and Audits (Division) believes that the ratepayer indifference test also provides a reasonable standard of review for DOWC's acquisition of BCSD. The Division therefore applied this standard in its evaluation of DOWC's acquisition of BCSD as discussed below.

1. How will the proposed acquisition of BCSD affect service quality?

DOWC has been operating water systems under the Commission's jurisdiction since 1963 and currently provides water service to approximately 8,500 customers in sixteen (16) service districts throughout California. DOWC has the financial resources⁸ and technical experience operating water systems to take over the BCSD's system operations and ensure that the water supply complies with SWRCB's DDW and federal water quality standards for safe drinking water. DOWC's acquisition of BCSD water system will ensure continued access to safe and reliable water service for BCSD customers.

DOWC also operates from its service center in Magalia four additional districts which are also located in Butte County: the Magalia, the Paradise Pines, the Lime Saddle and the Stirling Bluffs districts. The operation of BCSD water system would therefore be managed from DOWC's service center in Magalia. DOWC also indicated that it has contracted local personnel on site in the Buzztail District to back-up regular scheduled personnel, in the event it is needed. DOWC is therefore well positioned to manage and take over the BCSD's water system operations and continue to provide safe and reliable water service.

2. How will the proposed acquisition affect service continuity?

The Purchase Agreement provides for an orderly transition of the BCSD's water system operations and service continuity. DOWC will continue to charge the BCSD customers the existing rates for a period of three years from the effective date of the transfer, and not file for a GRC during this period. Also, DOWC will only consider annual cost of

⁸ For 2014, DOWC's total revenues were approximately \$5.3 million with \$4.4 million in operating expenses; and its 2014 assets were approximately \$23.2 million (2014 Annual Report at 7 and 10).

living adjustments and rate base off-sets for major system repairs such as a pump or distribution line failures.

BCSD will also establish a \$40,000 reserve fund to pay for the first \$10,000 of Butte County LAFCO fees and the remaining balance of \$30,000 for any operational losses DOWC incurs during the first three years, and/or necessary system improvements.

3. Is the purchase price reasonable and properly calculated?

Under the Purchase Agreement, DOWC agrees to a purchase price of \$73,359 for the acquisition of BCSD water system and related assets (Table 1 provides a list of the assets). The Division finds the purchase price reasonable based on its review of the financial valuation of the assets provided in the independent auditor's report, included in DOWC's AL filing, and review of the assets included in the purchase price. The Division therefore finds the purchase price of \$73,359 reasonable for establishing the rate base amount for the Buzztail District.

4. Does DOWC's Acquisition of BCSD require an environmental review under California Environmental Quality Act (CEQA)?

The Commission in D. 15-08-036 and D.15-09-015 found in its approval of DOWC's acquisition of Black Butte and Traver Water Companies, that these sales did not trigger CEQA because it only involved a proposed change in control and operation of existing water facilities, and did not involve new construction or changes in source supply. DOWC in its request to acquire BCSD is also not proposing any new construction or changes in the source supply and therefore the Division finds that a CEQA review is not required, consistent with the Commission's prior decisions.

CONCLUSION

The Division thoroughly reviewed DOWC's AL 420 filing, the Purchase Agreement and all workpapers, and the Division is persuaded that DOWC's requested acquisition of BCSD's water system is reasonable, in the public interest, and meets the ratepayer indifference test standard. The Division therefore recommends approval of DOWC's acquisition of BCSD.

SAFETY CONSIDERATIONS

Pub. Util. Code Section 451 requires every public utility to maintain adequate, efficient, just and reasonable service to promote the "safety, health, comfort, and convenience of its patrons, employees, and the public." DOWC has been providing water service to the public for over 50 years. DOWC has the experience and resources to continue to operate BCSD water system in a safe, reliable, and efficient manner. The Division therefore finds that the acquisition of BCSD by DOWC will ensure the health and safety of BCSD customers.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public Utilities Code Section 311(g)(2) the otherwise applicable 30-day period for public review and comment is waived.

FINDINGS

1. Del Oro Water Company's (DOWC) request by Advice Letter 420, to acquire the Buzztail Community Service District's (BCSD) water system and related assets meets the ratepayer indifference test standard, in that BCSD customers will be unaffected in terms of service quality and continuity of service, and should be approved.
2. The purchase price of \$73,359 for acquisition of BCSD's water system and related assets is a reasonable for establishing the rate base amount for DOWC's Buzztail District.
3. An environmental review under the California Environmental Quality Act (CEQA) is not required for the acquisition of BCSD since DOWC is not proposing any new construction or changes in the source supply for the water system, consistent with Commission's determination in its approval of DOWC's acquisitions of Black Butte and Traver Water Companies in D. 15-08-036 and D. 15-09-015.
4. DOWC should be granted the authority to file a Tier 1 Advice Letter to add the new district, the Buzztail District, to its service tariffs (service area map, the Metered and Irrigation Service Tariffs (included in Appendix A of this Resolution), and other applicable tariffs).
5. DOWC should not take possession of the BCSD water system and collect tariff rates from its new Buzztail District customers until it has received the required operating permit from State Water Resources Control Board, Division of Drinking Water.

THEREFORE, IT IS ORDERED THAT:

1. Del Oro Water Company's request for authorization to acquire Buzztail Community Services District under the terms and conditions set-forth in the May 9, 2014 Purchase Agreement between Del Oro Water Company and Buzztail Community Service District is granted.
2. Authority is granted to Del Oro Water Company to file a Tier 1 Advice Letter to add the new district, the Buzztail District, to its service tariffs: a service area map, the Metered and Irrigation Service Tariffs included Appendix A of this Resolution, and other applicable tariffs.
3. Del Oro Water Company shall not take possession of the Buzztail Community Services District's water system and collect tariff rates from customers until it has received the required operating permit from State Water Resources Control Board, Division of Drinking Water. Del Oro Water Company shall provide a copy of the permit to the Division of Water and Audits prior to taking over the water system operations and implementing the Metered and Irrigation Service Tariffs included in Appendix A of this Resolution.
4. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on November 19, 2015; the following Commissioners voting favorably thereon:

/s/TIMOTHY J. SULLIVAN

TIMOTHY J. SULLIVAN

Executive Director

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners

**D. CA WATER RESOURCES CONTROL BOARD CORRESPONDENCE, DATED
NOVEMBER 18, 2015**



State Water Resources Control Board
Division of Drinking Water

November 18, 2015

Del Oro Water Company
Drawer 5152
Chico, CA 95927

Attention: Robert Fortino

Subject: Temporary Permission to Operate and Change of Ownership, Del Oro Water Company – Buzztail District, Public Water System No. 0400091

We received a permit amendment application from Del Oro Water Company, dated August 25, 2015, for the following action:

“... change ownership from Buzztail Community Water Services to Del Oro Water Company, Buzztail District.”

We find the application to be complete and acceptable for filing. Unless otherwise directed by the Division of Drinking Water, Del Oro Water Company – Buzztail District may operate the water system while a permit amendment is being prepared.

If you have any questions, please call me at (530) 224-4861.

Sincerely,

A handwritten signature in black ink that reads "R. Crenshaw".

Reese B. Crenshaw, P.E.
Valley District Engineer
Drinking Water Field Operations Branch

FELICIA MARCUS, CHAIR | THOMAS HOWARD, EXECUTIVE DIRECTOR

384 Knollcrest Drive, Suite 101, Redding, CA 96002 | www.waterboards.ca.gov

E. ROAD MAINTENANCE AGREEMENT, DATED JANUARY 22, 1996

Canyon Shadows/Wilder Road Road Maintenance Agreement
Monday, January 22, 1996
Pg. 1

ROAD MAINTENANCE AGREEMENT

RECITALS

WHEREAS, Canyon Shadows Road/Wilder Drive is a private road that connects Highway 32 to an area of subdivided parcels on Doe Mill Ridge, hereinafter referred to as "the Buzztail Community Service District or CSD"; and

WHEREAS, the portion of Canyon Shadow/Wilder Drive which is the subject of the agreement is shown on the map attached as Exhibit "a" hereto and is hereinafter referred to simply as "the Road"; and

WHEREAS, resident and certain property owners in the Buzztail Community who have individual easements of the Road, August 1987 formed a private road maintenance fund known as "the Sierra Foothills Road Maintenance Fund" hereinafter referred to as "the Fund" for the purpose of maintaining the Road and other roads within their community; and

WHEREAS, with the residents and property owners desire to share maintenance responsibility of the road to the CSD, the Fund was dissolved and remaining monies transferred to the CSD for road maintenance; and

WHEREAS, the CSD took over the mutual water company in the area known as "Buzztail Water Works"; and

WHEREAS, the CSD has authority under its formation grant to maintain road with in the area of the CSD, but may not maintain roads such as the Road which is outside the CSD. However by acquisition of the Buzztail Water Works, the CSD has acquired a non-exclusive easement over the Road allowing the CSD to assist in maintaining the road; and

WHEREAS, Hall & Isom Investments, a California general partnership, (hereinafter referred to as "Owner") is the owner of the property (the servient tenement) over which the Road passes; and

WHEREAS, the CSD and Owner desire to clarify as between themselves, control and maintenance responsibilities over the Road, while preserving its status as a private road;

NOW, THEREFORE the parties, the CSD and Owner agree as follows:

1. Control of Road Maintenance and Improvements.

(a) CSD shall have primary authority and shared responsibility with Owner for determining the need for road repairs, improvements on the Road, scope of work, and manner of execution. However, any action or decision other than routine maintenance activities shall be subject to review and approval of Owner prior to implementation.

(b) Owner retains the absolute right and financial responsibility to make improvements to the Road as Owners feel appropriate. Any such improvements shall be done in a manner that minimizes, to the extent feasible, any disruption of use by the CSD and other easement holders.

2. Contribution toward Cost.

(a) Until such time as Owner develop any portion of the property over which the Road passes, Owner shall contribute \$500.00 a year toward road maintenance for Wilder Road. This amount shall be adjusted annually for inflation, by an increase equal to the increase in the West Coast Consumer Price Index for the previous year. This payment shall be made on or before January 31st of each year.

(b) In addition, owner agree to pass through all contributions to the CSD towards maintenance received from other licensees or easement grantees within 30 days of receipt by Owner, This amount should be based on comparative usage and should be reasonable, fair and consistent with the amounts residents contribute. A CSD Board Member will be consulted by the Owners for determining the appropriate contribution amount. This amount shall be adjusted annually for inflation, by an increase equal to the increase in the West Coast Consumer Price Index for the previous year.

(c) In the event Owner develops a portion of the property and the development will use the road for access, the parties agree to determine an appropriate apportionment of road maintenance/improvement cost to the new development at that time, based on usage. This amount should be based on comparative usage and should be reasonable, fair and consistent with the amounts residents contribute.

(d) The CSD, as the major current user of the Road, agrees to contribute all other available sums reasonably needed to maintain the Road.

3. Maintenance of the Road as Private Road.

The parties agree that the road is a private road, usable only by those who have proper deeded easements to use it. The parties hereby confirm their commitment to maintaining the existing private character of the Road, and agree to do nothing that would endanger that status. Without limiting the foregoing, the parties specifically agree that:

(a) The CSD is expending funds for maintenance of the road under its proprietary right as a private easement holder and not under its general grant of public authority to maintain road within the boundaries of the CSD. As such it is acknowledges and agrees that the provisions of Civil Code Section 1009(d)¹ are not applicable and that any use by the public is pursuant to permission and will not ripen to confer upon the CSD or any other public entity, a right to continue the use of the Road.

(b) The parties will cooperate in taking all steps necessary to maintain private status, including periodically controlling access, posting appropriate signs, etc.

(c) CSD is aware that Owners are relying on CSD's representations herein, in allowing participation by a public agency in road maintenance. CSD intends that its representations herein be so relied upon and that such reliance act as an estoppel to any assertion of a public dedication of the Road.

4. Insurance.

Both parties agree to at all times maintain a minimum of \$1,000,000.00 of general liability insurance covering liability exposure related to the Road. Each party shall name

¹Need attachment of CCS 1009d

the other as additional insureds under the policy with right to notice of cancellation or non-renewal. Both Parties shall provide proof of such insurance within 30 days of execution of this agreement.

5. Term.

This agreement shall remain in effect for five years. The agreement shall automatically renew for additional two year periods thereafter, unless written notice of non-renewal is given by one party to the other at least 90 days prior to expiration. This agreement may be amended or terminated upon written agreement by both parties.

6. Construction with Other Road Maintenance Agreements.

The parties acknowledge that there may be recorded road maintenance agreements affecting all or portions of the Road and properties holding easement on the road. Such agreements have not been enforced up to this time. As to the parties to this agreement, it is intended to clarify and supersede any such known CSD agreement while it is in effect.²

7. Additional Users.

(a) CSD and Owner understands and agrees that it shall not condone the Road to be used by parties who do not have legal easements or who are not invitees of easement holders.

b) Owner may grant easement or licenses to use the Road to others, but shall require that any such additional user either join the CSD or pay a fair annual contribution towards maintenance and improvement of the Road, as per recital section 2, "Contribution toward Cost", and the Owners agree to forward copies of such agreements to the CSD within 30 days of execution of this agreement.

8. Notices.

Unless otherwise expressly specified herein, any notice which either party may or is required to give shall be given in writing by personal service or by deposition such notice with the U.S. Postal Service, postage prepaid, to such other parties at the address given beneath their signature below, or at such other place as may be designated by the parties in writing from time to time. Notice shall be effective upon the date of mailing or personal delivery.

9. Construction of Agreement.

When the context of any provision requires it, the singular shall be held to include the plural, and the masculine shall be held to include the feminine gender. Should any provisions of this agreement require judicial interpretation, it is understood by the parties and agreed that a Court interpreting or construing same shall not apply a presumption that the terms hereof shall be more strictly construed against one party by reason of the rule of construction that the document is to be construed more strictly against the party who prepared it since the parties agree that both have participated in the preparation of this document.

10. Arbitration of Disputes.

(a) Any controversy between the parties involving the construction, application or performance of any of the terms, provisions, or conditions of this

²Attach list of all known Road Maintenance Agreements.

agreement shall, on the written request of either party served on the other, be submitted to binding arbitration, with the following exceptions:

(1) If the matter is justiciable in small claims court, then the dispute shall be resolved through that court without referral to arbitration.

(b) Arbitration shall comply with and be governed by provisions of the California Arbitration Act, Section 1280 et.seq. of the California Code of Civil Procedure.

(c) Upon receipt of a notice of intent to arbitrate, the parties shall mutually agree on an arbitrator. If they are unable to agree on a single arbitrator, each party shall appoint an arbitrator and the arbitrators shall select a third impartial arbitrator. The appointment of all arbitrators should be completed within 10 days of receipt of notice, and the matter set for hearing within 20 days thereafter. The decision of a majority of the arbitrators after close of the hearing, shall be final and conclusive upon the parties.

(d) The parties agree to attempt to expedite the arbitration proceedings such that the matter can be arbitrated within 30 days of service of notice of intent to arbitrate.

(e) The cost of arbitration, including the parties' attorneys fees shall be borne in such proportions as the arbitrator decides is just and reasonable.

NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL.

BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION.

Initials: _____

11. Heirs, Successors and Assigns.

This agreement shall be binding upon and inure to the benefit of the parties' heirs, personal representatives, successors, assigns, and transferees.

12. Authority to Sign

The parties executing this agreement personally warrant that they have full authority to enter into this agreement on behalf of the entity for which they are signing, and that said entity will be legally bound to the agreement by their signature hereto.

00 00002

OWNERS:

HALL & ISOM INVESTMENTS

Dated: 1/22/96, 1996

By: [Signature]
Ben. F. Hall Guyton Hall

Address: PO BOX 820
(number and Street or P.O. Box)

Chico CA
(City) (State) (Zip)

CSD:

Dated: 2/20/96, 1996
2/20/96

By: [Signature] (James D. Micles president)

By: [Signature] (GREG V. MELTON board member Buzztail Corn. Serv. Dist.)

Address: Box 7303
(number and Street or P.O. Box)

Chico CA 95927
(City) (State) (Zip)

