



# ***CITY OF CHICO MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN***

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Prepared for the City of Chico  
by Policy Consulting Associates, LLC.

# **Section I: Municipal Service Review**

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# ACRONYMS

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ADA:	Americans with Disabilities Act
ADWF:	Average dry weather flow
af:	Acre-feet
afa:	Acre-feet per annum
ALS:	Advanced Life Support
ATC:	Air Traffic Control
ATP:	Active Transportation Program
BBWUA:	Butte Basin Water Users Association
BCAG:	Butte County Association of Governments
BIRG:	Butte Interagency Rescue Group
BLS:	Basic Life Support
BOD:	Biological oxygen demands
BOE	California Board of Equalization
CAFR:	Comprehensive Annual Financial Report
CAL FIRE:	California Department of Forestry and Fire Protection
CARD:	Chico Area Recreation District
ccf:	Hundreds of cubic feet
CEO:	Chief Executive Officer
CEQA:	California Environmental Quality Act
cfs:	Cubic feet per second
CFRD:	Chico Fire and Rescue Department
CHP:	California Highway Patrol
CIWMB:	California Integrated Waste Management Board
CIP:	Capital improvement plan
CKH:	Cortese-Knox-Hertzberg
CMA:	Chico Municipal Airport
CMS:	Center for Medical and Medicaid Studies
CPD:	Chico Police Department
CSA:	County Service Area
CSD:	Community Services District
CSDA:	California Special District Association
CSUC:	California State University, Chico
CTAF:	Common Traffic Advisory Frequency
CUAFRA:	Chico Urban Area Fire and Rescue Agreement
CUSD:	Chico Unified School District
CWEA:	California Water Environment Association
CY:	Calendar year
DFG:	California Department of Fish and Game
DIF:	Development Impact Fee
DOF:	California Department of Finance
DPH:	California Department of Public Health
DUC:	Disadvantaged Unincorporated Community
DWR:	California Department of Water Resources
EMS:	Emergency Medical Services

EMT:	Emergency Medical Technician
EPA:	U.S. Environmental Protection Agency
ERAF:	Educational Revenue Augmentation Fund
FAA:	Federal Aviation Administration
FEERAM:	Fire Engine Equipment Replacement and Maintenance
FEMA:	Federal Emergency Management Agency
FF:	Firefighter
FTE:	Full Time Equivalent
FY:	Fiscal year
GIS:	Geographic Information Systems
gpd:	Gallons per day
gpm:	Gallons per minute
GP:	General Plan
GSA:	General Services Administration
I/I:	Infiltration and inflow
ISO:	Insurance Services Organization
IWMA:	Integrated Waste Management Act
IRWMP:	Integrated Regional Water Management Plan
JHA:	Jurisdiction having authority
JPA:	Joint Powers Authority
LAFCo:	Local Agency Formation Commission
LEA:	Local Enforcement Agency
LID:	Low Impact Development
LPS:	Lift Pump Station
MCL:	Maximum Contaminant Level
mg:	Millions of gallons
mgd:	Millions of gallons per day
MHI:	Median Household Income
MOU:	Memorandum of Understanding
MSR:	Municipal services review
MS4:	Municipal separate storm sewer systems
MTC:	Metropolitan Transportation Commission
MTZ:	Mutual Threat Zone
NA:	Not applicable
NAVAIDS:	Navigation Aid System
NFPA:	National Fire Protection Association
NP:	Not provided
NPDES:	National Pollutant Discharge Elimination System
OASA:	Out-of-Area Service Agreement
OES:	Office of Emergency Services
OPEB:	Other Postemployment Benefits
OIT:	Operator in training
OPR:	Governor's Office of Planning and Research
PCI:	Pavement Condition Index
PMS:	Pavement Management System
PSAP:	Public Safety Answering Point
PWWF:	Peak wet weather flow



RCO:	Resource Constraint Overlay
ROW:	Right of Way
RWQCB:	Regional Water Quality Control Board
SAFER:	Staffing for Adequate Fire and Emergency Response
SCADA:	Supervisory Control and Data Acquisition
SDMP:	Storm Drain Master Plan
SDMRA:	Special District Risk Management Authority
SDWA:	Safe Drinking Water Act
SOI:	Sphere of influence
SORC:	Standards of Response Coverage Analysis
SPA:	Special Planning Area
SRT:	Solids Retention time
SSMP:	Sewer System Management Plan
SSO:	Sewer System Overflow
SWAT:	Special Weapons and Tactics
SWP:	State Water Project
SR:	State Route
SWRCB:	State Water Resources Control Board
TDS:	Total dissolvable solids
TMDL:	Total maximum daily load
TSS:	Total suspended solids
USDA:	United States Department of Agriculture
USFS:	United States Forest Service
UWMP:	Urban Water Management Plan
WPCP:	Water Pollution Control Plant
WSFMP:	Water Supply and Facility Master Plan
WWTP	Wastewater treatment plant
WTP:	Water treatment plant

# ***PREFACE***

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Prepared for, and under the direction of, the Butte Local Agency Formation Commission (LAFCo), this report is a municipal service review (MSR)—a state-required comprehensive study of services within a designated geographic area. This MSR is for the City of Chico, which is located in Butte County, and provides various municipal services, including airport, fire protection, law enforcement, solid waste, streets, stormwater, and wastewater services.

## **CONTEXT**

Butte LAFCo is required to adopt MSRs for each city and special district within the County pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. An MSR reviews services provided by public agencies whose boundaries and governance are subject to LAFCo. The City of Chico and the services it provides are covered by this MSR.

## **CREDITS**

The City provided a substantial portion of the information included in this document, including budgets, financial statements, various plans, and responded to questionnaires. The authors extend their appreciation to those individuals at the City of Chico that provided information, documents, and assistance crucial to this review.

Brendan Vieg, City of Chico Principal Planner, provided project direction and review. This report was prepared by Policy Consulting Associates, LLC, and was co-authored by Oxana Wolfson and Jennifer Stephenson. Oxana Wolfson served as project manager.

# ***1. EXECUTIVE SUMMARY***

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This report is a Municipal Service Review (MSR) regarding the municipal services provided by the City of Chico. An MSR is a State-required comprehensive study of services within a designated geographic area, in this case, the City of Chico. The MSR requirement is codified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.). Concurrently with the adoption of the MSR findings and the SOI Plan, Butte LAFCo will review and update the Sphere of Influence (SOI) of the City.

## **GROWTH AND GROWTH STRATEGIES**

Prior to the recession, the City of Chico population grew at an approximately two percent annual growth rate, some of which is attributable to annexations. Similar to other communities in the State, Chico experienced a significant slowdown in new residential development following the recession.

Assuming a continuation of the City's historic two percent growth rate, the 2030 General Plan projected the need to accommodate a population of 139,713 by the year 2030. Since the General Plan's adoption in 2011, Chico's population has increased by an annualized rate of 1.2 percent, expanding the population by 5,645 people (does not include annexations). Given that Chico has experienced a lower growth rate than assumed for the General Plan, the City's population in 2030 will likely be significantly less (106,827 to 114,460 people) than the projected 139,713.

Additionally, the Butte County Association of Governments (BCAG) prepares long-term growth forecasts. Low, medium, and high growth forecasts are developed to provide flexibility and acknowledge the uncertainty inherent in long-range projections. BCAG's population forecasts for Chico include a "low" compound annual growth rate of 1.2 percent and a "high" compound annual growth rate of 1.6 percent. These growth rates project a Chico population of between 106,827 and 114,460 for the year 2030.

Residential demands have shifted, since the recession, to a more balanced single-family and multi-family mix. Between 2011 and 2015, a total of 845 new single-family residences and 751 new multi-family units were constructed. The healthy trend in housing production over the past five years is a response to a limited supply of residential units for sale and rent, continued job growth, and low interest rates.

It is considered a best management practice for an agency to plan for additional capacity and capital improvements necessary to accommodate the level of service at buildout of the sphere of influence (SOI). Buildout refers to a period in time when the land use capacity of a specified geographic area is maximized. While complete buildout is rarely realized, the concept is used as a planning tool to identify infrastructure needs to handle maximum potential demand given zoning and numerous other development constraints. In the case of the City of Chico, such planning occurred in the Public Facilities Finance Plan, where the City estimated the required capacity and needed improvements to meet maximum demand of its proposed SOI. At the time of the release of the Plan, existing growth and growth projections were higher, and buildout was projected to occur by 2030.

However, the lower than expected growth that the City has experienced delays the anticipated timeline for buildout. That said, the surmised capacity and capital improvements to address demand at buildout remain the same; albeit, they will likely be required at a later date than originally predicted. The City will be adjusting the timeline of the needed improvements in accordance with actual future development and growth and implementing such improvements as needed. The term “buildout” as discussed in this report thus refers to a state in which the City’s proposed SOI will be fully developed, which is likely to occur well beyond 2030. The buildout point of the City’s planned boundary, however, is a critical timeline for service capacity planning as it is the only currently known future reference point around which forecasts may be built. Changes in circumstances, including fluctuations in growth rates and boundary modifications, may further alter the amount and the speed of required capacity upgrades as necessary over time.

Residential capacity is defined as the total population that can be absorbed through the buildout of vacant residentially-designated land, including approved undeveloped lots, within the City’s proposed SOI. Per the City’s Five-Year General Plan Review, the total residential capacity is estimated to be 33,076 persons. Assuming the City’s historic growth rate of two percent from the January 1, 2016 population estimate, the residential capacity would be absorbed over approximately 15 years. Using Chico’s 1.2 percent annual growth rate experienced over the past five years, the residential capacity would be absorbed over approximately 26 years. The residential capacity estimate is conservative, because it does not include an assumption for redevelopment or new units in mixed-use designations. The City’s Land Use Diagram, therefore, has the potential to support a greater number of dwelling units and population than this estimate. Overall, the General Plan’s existing residential capacity will meet the community’s future housing demand beyond the General Plan’s 20-year planning horizon.

Currently, 319 acres of land designated for various types of commercial uses remains vacant, land designated for office or industrial/office use has 230 acres remaining vacant, and there are 414 acres of manufacturing/warehousing land available. Given past City absorption rates, this supply is considered to be adequate for projected future need.

The “readiness” of the land for immediate development, as well as the availability of larger parcels, however, remains a concern. The City’s primary role in promoting readiness of land is to deliver an adequate supply of appropriately zoned land, provide infrastructure and services, and to process entitlement applications expeditiously. The City has retained a consultant to prepare a Land Absorption Study Report to better understand vacant land “readiness.”

The City’s General Plan encourages 1) compact urban development to limit farmland and habitat conversion, make efficient use of available infrastructure and public services, and reduce air pollution, 2) infill and redevelopment, and 3) complete neighborhoods to promote livability and safety. The City has put into practice measures to encourage desired development.

The characteristics of the City’s population is heavily influenced by the presence of California State University, Chico. The City’s planning for future housing market needs and related service needs is impacted by the student population as students are generally younger renters with lower incomes.

## DISADVANTAGED UNINCORPORATED COMMUNITIES

Government Code §56430 requires LAFCo to identify the location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI. According to Butte LAFCo policy, a DUC constitutes all or a portion of a “disadvantaged community,” which is defined in the State Water Code (§79505.5) to be “a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income.” There are 12 DUCs within Chico proposed SOI. Two of these DUCs (Mulberry and Chapman) are to be annexed by the City in 2020.

## MUNICIPAL SERVICES

The City of Chico provides a wide variety of municipal services. Reviewed in this study are services provided by the City directly to its residents, including airport, fire protection and emergency medical, parks and open space (including street trees), law enforcement, solid waste, street maintenance and transportation (including road repair and cleaning, street lighting, and traffic safety activities), stormwater, and wastewater services. One essential service not provided by the City is domestic (potable) water that is provided by the California Water Service Company - Chico District, which is a private utility regulated by the California Public Utilities Commission.

Financial challenges to the City following the national recession resulted in reductions in staffing, and therefore reduced the capacity of all departments to maintain customary service levels. Certain departments for which funding is primarily derived from property and sales tax revenues, faced greater challenges than others. The public safety, parks and street trees, and stormwater departments/divisions have had more readily identifiable capacity concerns, compared to other departments, as defined by prolonged response times, elimination of certain services, deferred maintenance, and self-reported inability to keep up with demand. The City requires additional staff and infrastructure capacity to address current and anticipated demand for all municipal services.

During the course of this review, the following highlighted findings regarding each municipal service have been identified:

1. **Airport Services.** The City airport’s expenses currently outpace revenues, and the airport is struggling with a financial deficit. The City is working on determining how to bring back fiscal stability to the airport and restore commercial air service at the facility. If an airline commences services at the Chico airport with larger commercial aircraft, the facility will likely need to be expanded and upgraded to accommodate TSA operations and equipment.
2. **Fire Services.** The Chico Fire and Rescue Department’s continuing funding constraints, increase in call volume and staffing reductions have resulted in reduced capacity, which caused a drop in service levels reflected by the increase in the Insurance Service Office (ISO) rating, response times that exceed the National Fire Protection Association (NFPA) standards and the General Plan goals, station closure, and deferred maintenance. The 2017 Standards of Response Coverage assessment contains suggested adjustments to improve service adequacy and increase capacity, which include fire station reorganization, staffing model modification, discontinuing EMS response to lower-acuity medical incidents, and implementing a commercial

and residential sprinkler program. The assessment also states that overall the Department is well performing within the current system; the community enjoys high quality services from a professional and well-trained Department.

3. **Parks and Recreation Services.** There is a deficit of developed and undeveloped neighborhood parkland in the City, but a surplus of community parks and accessible greenways. When combined, the standard of 4.0 acres of total community and neighborhood parkland per 1,000 persons is currently met. New parkland acquisition necessitated by new development will be financed by development impact fees. Chico Park and Recreation District (CARD) holds primary responsibility for community and neighborhood parks within the City. The District and the City are working collaboratively to address the current neighborhood park needs.
4. **Parks and Street Trees Services.** Financing and staffing constraints greatly affected the Parks and Street Trees divisions to provide services, which created a backlog of deferred maintenance and degradation of resources and infrastructure, increased unauthorized uses at Bidwell Park and other parks, caused litter and vegetation destruction, and created public safety concerns.
5. **Law Enforcement Services.** For the last several years, CPD has been struggling due to the economic recession, increased demand for services, decreased staffing, and insufficient resources, which led to a decreased level of service. The reduction in law enforcement resources has limited Chico's ability to be responsive to more chronic crime issues such as vagrancy, vehicle burglaries, vandalism and bike theft. CPD continues working on improving the level of service offered by enhancing staffing levels, reinstating task forces, and forming strategic partnerships.
6. **Solid Waste Services.** In 2017, the City adopted a new ordinance altering the structure of its solid waste municipal services to a citywide solid waste, recycling and organics collection services franchise system and initiated franchise agreements with two private companies that provide solid waste services and curbside recycling for City residents. The two private haulers are responsible for ensuring adequate hauling capacity to serve the City.
7. **Street Services.** The overall condition of streets in the City of Chico is currently considered to be fair. The City struggles with extensive deferred maintenance, limited staff capacity to address service demand, and continuing funding constrains. Funding required to address the deferred maintenance and improve the condition of City streets is currently not being budgeted by the City.
8. **Stormwater Services.** Limited financing and decreased staffing levels pose a constraint on providing stormwater services, as the City strives to keep up with increased work requests. The City lacks adequate staffing resources to fully inspect and maintain the entirety of the system and faces challenges in monitoring and

reporting the Stormwater Management Program and MS4 permit requirements.<sup>1</sup> In lieu of additional staff, the City attempts to prioritize existing staff efforts on the most critical items.

For the most part, stormwater infrastructure has sufficient capacity, with some exceptions in the older neighborhoods where portions of the collection system lack capacity to handle flow, which has led to shallow sheet flooding.

9. **Wastewater Services.** At present, the City makes use of approximately 63 percent of its average dry weather capacity at its treatment plant, which indicates substantial existing treatment capacity. While the City's peak wet weather flows greatly exceed the plant's permitted flows, it does not indicate a capacity concern, as wet weather flows can be diverted or stored until there is sufficient capacity at the plant.

As the City continues to grow, wastewater flows will also increase. As such, there are some areas of the existing collection system that cannot convey the peak wet weather flow. The City has planned necessary improvements to mitigate the potential problem. Similarly, the City has plans for expansion of the treatment plant to increase capacity to handle increased flow associated with future development and all the properties that are currently operating with private septic systems within the City.

Infrastructure needs for all the departments are outlined in the City's Capital Improvement Program (CIP), which is included in the annual city budgets. The Chico CIP is a 10-year expenditure plan for the purchase or construction of capital improvements or equipment and city programs. The City has had challenges with replacement of its capital improvement funding lost largely due to the elimination by the State of redevelopment agencies. Despite limited staffing, the City pursues outside funding and grants, such as the Active Transportation Program (ATP), to help maintain City infrastructure.

## FINANCING

The City of Chico, like all other cities in the State of California, suffered the devastating impacts that the prolonged recession had on the economy, with FYs 12-13 and 13-14 being the most challenging times. One positive outcome of this financial crisis was the spotlight placed on the City's finance practices and structural accountability within the organization. The City has been gradually recovering from the financing challenges. Chico has eliminated a general fund unassigned deficit of over \$8 million it had at the end of FY 12-13 to create an unassigned positive fund balance at the end of FY 16-17 of \$2.5 million including reserves for emergencies and compensated absences. The City has implemented numerous

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<sup>1</sup> To prevent harmful pollutants from being washed or dumped into local water bodies through drainage, the City is regulated by Water Quality Order No. 2003-0005-DWQ for the State of California's National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000004 for Storm Water Discharges from Small MS4s. The permit requires the City to create and maintain a stormwater program in an effort to maintain the integrity of its local creeks and rivers by sharply reducing stormwater runoff related to pollution. The City has developed a Stormwater Management Program to address stormwater drainage in Chico, which is a requirement established by the federal government's Clean Water Act (CWA) that is dedicated to implementing broad-based watershed strategies to reduce water pollution.

measures to address the fiscal distress and promote recovery, including establishing new financial policies, cutting costs where possible, restructuring staffing, renegotiating retirement and benefits contributions, and implementing new technology to increase efficiency. Although Chico made significant financial improvements and is working towards restoring prudent financial reserves, there continue to be financial challenges, which are reflected in decreased service levels.

While the City has recovered to a baseline of acceptable service levels, it has not returned to pre-recession service levels. Chico must address increasing capital maintenance needs and future unfunded liabilities. Also, the City's level of reserve funds is lower than the desired levels for most of its funds. Therefore, the City remains vulnerable to economic downturns, legislative or legal challenges to City funding streams, or other unforeseen occurrences (e.g., natural disasters) that could significantly impact the City's sources and uses of funding. In order to build reserves, the City has developed fiscal policies to ensure that City funds do not fall into a deficit position and that new revenue sources, one-time revenue sources, and annual cost savings are prioritized to reduce current deficits and build reserves.

The City of Chico's departments are currently looking at, or are already engaging in, reorganizations to focus limited resources on key priorities. The City is moving aggressively in the area of public safety to strengthen boots on the ground to preserve Chico's quality of life and improve the community-oriented nature of law enforcement. Fire services are being reorganized to focus on community risk reduction and protection activities, thus reshaping the traditional service model to increase service levels. Additionally, the Public Works and Community Development departments are evaluating how to provide faster and better service through the plan check process to ensure the City's direct control of its economic development. The City continues to conduct external outreach, engage its residents, and form beneficial partnerships with private and public sector agencies.

Overall, Chico's local economy is showing signs of economic recovery, as evidenced by the increases in locally-generated revenues over the last five fiscal years, including sales taxes, property taxes, and transient occupancy taxes. In addition, other key economic factors are showing slow but steady growth for the City, such as a decline in the unemployment rate and increased local construction. Despite the increase in construction, however, there is still a lack of affordable housing in the City of Chico, which is reflective of the statewide housing crisis.

## **GOVERNANCE STRUCTURE OPTIONS**

Several governance structure options have been identified for the City of Chico in the process of this Municipal Service Review. Most of the options are related to municipal service restructuring. Any of the governance structure options considered would require further in-depth studies to assess costs and benefits.

- ❖ The City and LAFCo have made great efforts to cooperatively come to an agreement to address a number of issues relating to the extension of city sewer to unincorporated properties (located in the Nitrate Compliance Program area). The



City and LAFCo are encouraged to continue to develop an annexation plan as outlined in the Sewer Service Extension and Annexation Agreement.

- ❖ There is an option of privatizing a portion or all of airport services, likely through service or management contracts. Feasible options will be dependent on further cost/benefit analysis.
- ❖ The City may consider cooperative service agreements of certain operational, management or administrative functions of the Chico Fire and Rescue Department, which has the potential of improving the overall efficiency and effectiveness of emergency services through efficient use of scarce resources. Additionally, Chico is considering evaluating other fire service models, including creating a special purpose district that either overlaps the City boundaries, is a regional department, or encompasses the entire County.
- ❖ Service structure options to address staffing constraints at the Chico Police Department include closer collaboration with the California State University, Chico Police Department (CSUC PD) in the form of joint divisions or greater support by CSUC PD off campus. Other collaborative opportunities may also be explored.
- ❖ Transferring ownership of the remaining, City-owned neighborhood park sites to CARD would promote consolidation of neighborhood park services by CARD. The transfer plan may be developed in a similar manner to the existing Memorandum of Understanding between the two agencies. Bidwell Park should also be considered objectively and portions of it possibly be managed by the entity with the appropriate resources to both maintain it as a natural resource and manage it as a recreational resource fundamental to Chico's growing population.
- ❖ With a substantial portion of the County Service Areas (CSAs) 23, 24 and 25 within the jurisdictional boundaries of the City providing stormwater services, it would be logical for the City of Chico to assume full responsibility for maintenance of the stormwater drainage infrastructure within these CSAs.
- ❖ The City of Chico is considering receiving wastewater flow from the Town of Paradise commercial core to be treated at the City's Wastewater Pollution Control Plant. The City would have to analyze the effects of additional flows on its Wastewater Pollution Control Plant treatment capacity.
- ❖ The City of Chico should consider resuming its support for the Butte County Library as the City's financial situation improves.

## ***2. LAFCO AND MUNICIPAL SERVICES REVIEWS***

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This report is prepared pursuant to legislation enacted in 2000 that requires LAFCo to conduct a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCo's jurisdiction. This chapter provides an overview of LAFCo's history, powers and responsibilities. It discusses the origins and legal requirements for preparation of the municipal services review (MSR). Finally, the chapter reviews the process for MSR review, MSR approval and SOI updates.

### **LAFCO OVERVIEW**

LAFCo was formed as a countywide agency to discourage urban sprawl and encourage the orderly formation and development of local government agencies. LAFCo is responsible for coordinating logical and timely changes in local governmental boundaries, including annexations and detachments of territory, incorporations of cities, formations of special districts, and consolidations, mergers and dissolutions of districts, as well as reviewing ways to reorganize, simplify, and streamline governmental structure. The Commission's efforts are focused on ensuring that services are provided efficiently and economically while agricultural and open-space lands are protected. To better inform itself and the community as it seeks to exercise its charge, LAFCo conducts service reviews to evaluate the provision of municipal services within the County.

LAFCo regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCo is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, and any reorganization including such actions. Otherwise, LAFCo actions must originate as petitions or resolutions from affected voters, landowners, cities or districts.

Butte LAFCo consists of seven regular members: two members from the Butte County Board of Supervisors, two city council members, two special district representatives, and one public member who is appointed by the other members of the Commission. There is an alternate in each category. All Commissioners are appointed to four-year terms. Any member appointed on behalf of local government shall represent the interests of the public as a whole and not solely the interest of the appointing authority Government Code §56325.1.

**Figure 2-1: Commission Members, 2018**

Appointing Agency	Members	Alternate Members
Two members from the Board of Supervisors appointed by the Board of Supervisors	Bill Connelly Steve Lambert	Larry Wahl

Two member representing the cities in the County. Must be city officer and appointed by the City Selection Committee.	Nathan Wilkinson Scott Lotter	Bruce Johnson
Two members representing the special districts in the County.	Tom Lando Vacant	Al McGreehan
One member from the general public appointed by the other six commissioners.	Carl Leverenz	Greg Steel

## **MUNICIPAL SERVICES REVIEW LEGISLATION**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review and update SOIs every five years, if necessary, and to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCo with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Effective January 1, 2008, Government Code §56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- ❖ Growth and population projections for the affected area;
- ❖ The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI (effective July 1, 2012);
- ❖ Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence);
- ❖ Financial ability of agencies to provide services;
- ❖ Status of, and opportunities for shared facilities;
- ❖ Accountability for community service needs, including governmental structure and operational efficiencies; and
- ❖ Any other matter related to effective or efficient service delivery, as required by commission policy.

## MUNICIPAL SERVICES REVIEW PROCESS

For the City of Chico MSR, the process consisted of the following steps:

- ❖ Data Discovery: The City provided documents and responded to requests for information.
- ❖ Drafting: Drafting of service review with a chapter dedicated to each municipal service.
- ❖ Departmental Review: Internal review and comment on draft chapter by respective department head.
- ❖ Analysis and Determinations: Determinations drafted based on City-confirmed content.
- ❖ Administrative Draft MSR: Reviewed by the City and LAFCo staff.
- ❖ Public Review Draft MSR: MSR released for minimum of 21-day review period to solicit public input on the draft report.
- ❖ LAFCo Hearing: Public hearing held with the potential for adoption by the Commission.

MSRs are exempt from California Environmental Quality Act (CEQA) pursuant to §15262 (feasibility or planning studies) or §15306 (information collection) of the CEQA Guidelines. LAFCo's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

The MSR process does not require LAFCo to initiate changes of organization based on service review findings, only that LAFCo identify potential government structure options. However, LAFCo, other local agencies, and the public may subsequently use the determinations to analyze prospective changes of organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCo may act with respect to a recommended change of organization or reorganization on its own initiative (e.g., certain types of consolidations), or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters).

Concurrently with the MSR and SOI Plan adoption, LAFCo will review and update the City's Sphere of Influence. The LAFCo Commission determines and adopts the spheres of influence for each agency. A CEQA determination is made by LAFCo on a case-by-case basis for each sphere of influence action and each change of organization, once the proposed project characteristics are sufficiently identified to assess environmental impacts.

## SPHERE OF INFLUENCE UPDATES

The Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county.<sup>2</sup>

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<sup>2</sup> The initial statutory mandate, in 1971, imposed no deadline for completing sphere designations. When most LAFCos failed to act, 1984 legislation required all LAFCos to establish spheres of influence by 1985.

An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCo to a city or district unless it is within that agency's sphere.

The purposes of the SOI include the following: to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo cannot directly regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCo is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCo promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCo has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires to develop and determine the SOI of each local governmental agency within the county and to review and update the SOI every five years. LAFCos are empowered to adopt, update and amend the SOI. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment.

While SOIs are required to be updated every five years, as necessary, this does not necessarily define the planning horizon of the SOI. The term or horizon of the SOI is determined by each LAFCo. In the case of Butte LAFCo, the Commission's policies state that it discourages the inclusion of areas within an SOI that cannot feasibly be served within the next 20 years based on the Sphere Plan.

LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations.

In determining the SOI, LAFCo is required to complete an MSR and adopt the seven determinations previously discussed.

In addition, in adopting or amending an SOI, LAFCo must make the following determinations:

- ❖ Present and planned land uses in the area, including agricultural and open-space lands;
- ❖ Present and probable need for public facilities and services in the area;
- ❖ Present capacity of public facilities and adequacy of public service that the agency provides or is authorized to provide;
- ❖ Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency;
- ❖ Present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence; and

- ❖ In the case of special districts, the nature, location, and extent of any functions or classes of services provided by existing districts.

Butte LAFCo requires that the affected agency submit a Sphere Plan addressing all of the aforementioned required determinations in order to update the SOI. In addition, Butte LAFCo requires a city's Sphere Plan to include a City/County Agreement (if an agreement has been reached) and a Parcel Inventory and Absorption Study.

By statute, LAFCo must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCo Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

## ***3. CITY OF CHICO OVERVIEW***

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### **BACKGROUND**

The City of Chico was founded in 1860 by General John Bidwell, and incorporated on February 5, 1872, with a population of approximately 1,000 persons in an area of 6.6 square miles. Since then the incorporated area of the City of Chico has grown to about 33 square miles, with a current estimated population of 92,464.

Modern-day Chico began with a 290-acre street grid pattern that is now considered to be Downtown. Early development included the California State University (CSU), Chico campus, the Downtown core, and the surrounding neighborhoods.

Chico supports a diverse range of industries including agriculture, recreation, tourism, education, medical, and manufacturing. Chico is also the home of the second oldest institution in the California State University system (Chico State), enrolling over 16,000 students. Much of the local economy is driven by the presence of Chico State. Industries providing employment include education, health and social services, retail trade, arts, entertainment, recreation, accommodation, and food services.

The City maintains a special sense of community and small-town living as it has developed into a regional center for business, recreation, and cultural activities. There are many recreational opportunities in and around Chico. Bidwell Park, which at 3,600 acres makes up 17 percent of the City boundary area, is one of the country's 25 largest municipal parks and the 13th largest municipally-owned park.

The City is bounded on the west by orchards with thousands of almond trees, and there are still a few pockets of orchards remaining within the contiguous city limits. Walnuts are also a major agricultural production in the area north and west of town.

Chico has been designated to be the provisional capital of California, in the event that a disaster occurred that would cause evacuation of Sacramento.

The nickname "City of Roses" appears on the Seal of the City of Chico. Chico has been designated a Tree City USA for 31 years by the National Arbor Day Foundation. The City of Chico has also gained a reputation as being a bicycle-friendly city. In 1997, Chico was ranked as the number-one cycling city in the nation by Bicycle Magazine; the City also hosts the Wildflower Century, which is an annual 100-mile bike ride throughout Butte County every April, put on by Chico Velo Cycling Club. The City is in the process of creating a network of bicycle paths, trails, and lanes.

### **BOUNDARIES AND SPHERE OF INFLUENCE**

The City of Chico is located in the Sacramento Valley approximately 90 miles north of the City of Sacramento, and is the largest city in Butte County. The Sierra Nevada mountain range lies to the east of the City, while the Sacramento River is located approximately five miles to the west. The City's terrain is generally flat but rises into the foothills at the City's eastern edge. Other major cities in close proximity include Paradise and Oroville. Unincorporated communities near Chico include Durham, Cohasset, Dayton, Nord, and Forest Ranch.

The City of Chico boundary area is not uniform and contains multiple County “islands” (unincorporated urban pockets completely or substantially surrounded by the City). Additionally, the Chico’s boundaries include the Chico Water Pollution Control Plant—a non-contiguous area located approximately four miles southwest of the City. The total size of Chico’s current boundary area equals approximately 33 square miles.


















The City’s current sphere of influence (SOI) shown in Figure 3-1 totals approximately 39.5 square miles. The SOI, which was last updated in 2006, contains the City’s boundary area, unincorporated islands, and other unincorporated areas primarily to the north, west, and south of the City bounds.

In the 2030 General Plan adopted in 2011, the City outlined the need for a larger SOI to meet housing and job needs for the future. This SOI update is being initiated concurrently with an update to the Chico Municipal Service Review (MSR). As depicted in Figure 3-2, the proposed SOI is approximately 43.9 square miles (an increase of 11 percent from the existing sphere of influence), and generally adds four new development areas to the City’s sphere: two to the north, one in the northwest near the railroad tracks, and one in the southeast near the Skyway. The City’s current SOI and the proposed areas of expansion are discussed in more detail in the *City of Chico SOI Plan*. All of the City’s 2030 General Plan growth strategies and population projections are based on the proposed sphere of influence update.



Figure 3-1: City of Chico Existing Boundaries and Sphere of Influence

**City of Chico  
Incorporated Area &  
Sphere of Influence Boundaries  
w/Public Service Locations**

- PUBLIC SERVICES**
-  City Fire Station
  -  CDF Station
  -  City Police Station
  -  Municipal Center
  -  County Courthouse
  -  Enloe Hospital w/offsite facilities
- EDUCATION**
-  CUSD High School
  -  CUSD Junior High School
  -  CUSD Elementary School
  -  Charter School
  -  Private Elementary School
  -  CSUC Campus
  -  Butte College - Chico Centers
- CARD/CITY RECREATION**
-  Regional Park
  -  Community Park
  -  Neighborhood Park
  -  Community Center

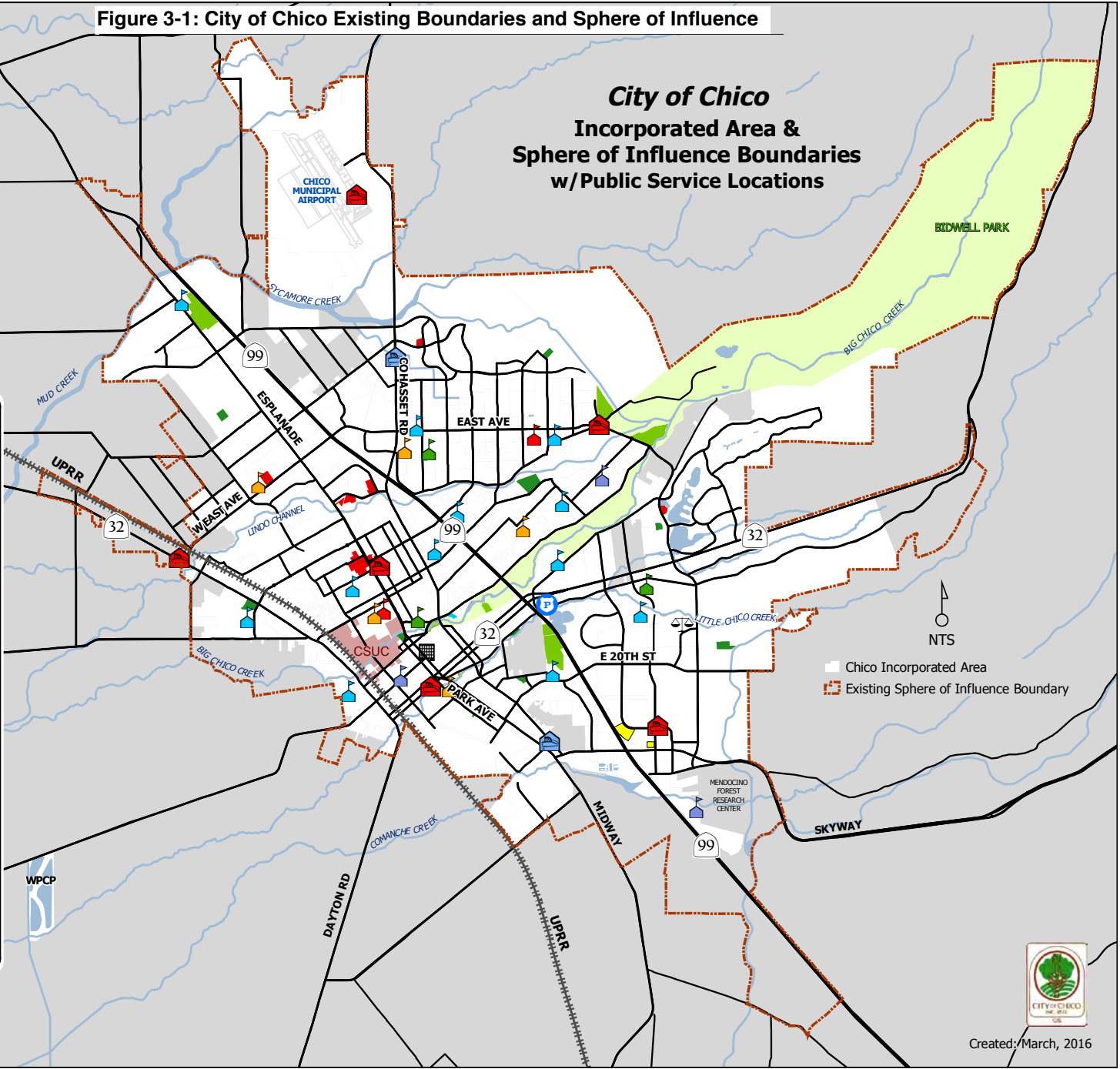
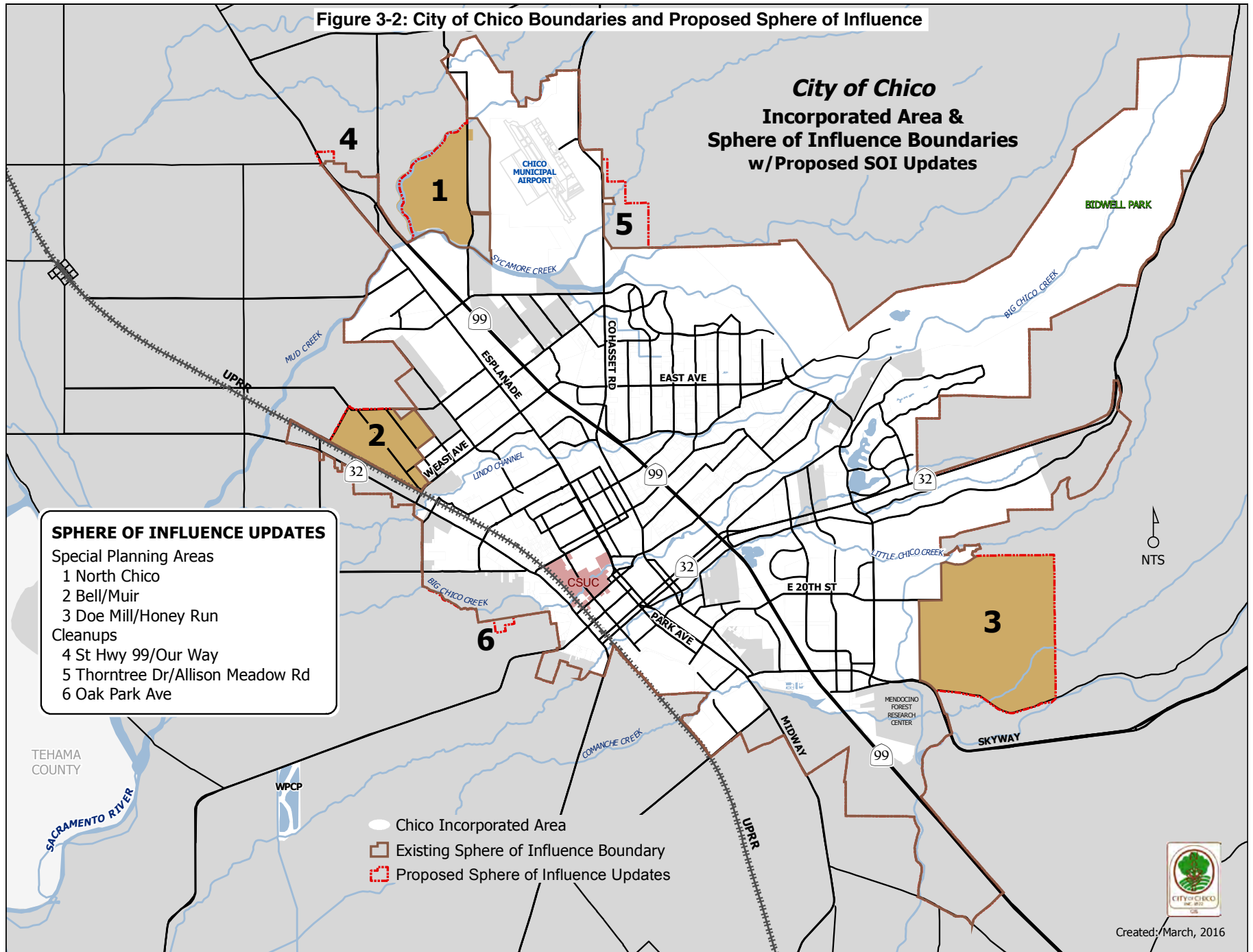


Figure 3-2: City of Chico Boundaries and Proposed Sphere of Influence



## MUNICIPAL SERVICES

The City of Chico provides a wide variety of municipal services. Reviewed in this study are services provided by the City directly to its residents, including airport, fire protection and emergency medical, parks and recreation (including street trees), law enforcement, solid waste, street maintenance and transportation (including road repair and cleaning, street lighting, and traffic safety activities), stormwater, and wastewater services.

In addition to the City, municipal services are provided within the City and its SOI by two local agencies under LAFCo jurisdiction, as well as federal and state agencies, Butte County, and private service providers. Water service in the City is provided by the California Water Service Company. Providers of municipal services in the City and its SOI are shown in Figure 3-3.

**Figure 3-3: Municipal Service Providers**

Municipal Service	City Limits	SOI (unincorporated)
<i>Public Safety</i>		
Police	Direct, California State University at Chico	County Sheriff
Traffic Enforcement	Direct, California Highway Patrol	County Sheriff, California Highway Patrol
Parking Enforcement	Direct	County Sheriff
Code Enforcement	Direct	Butte County
Animal Control	Direct	Butte County
Fire Protection	Direct, CALFIRE/Butte County Fire Department under mutual aid	City of Chico, CALFIRE/Butte County Fire Department
Emergency Medical	Direct, Butte County EMS	Butte County EMS CALFIRE/Butte County Fire Department
<i>Utilities</i>		
Water Retailer – Domestic	California Water Service Company, private wells	California Water Service Company, private wells
Wastewater	Direct, private septic tanks	City of Chico, private septic tanks
Electricity	City of Chico to WPCP, PG&E	PG&E
Natural Gas	PG&E, Suburban Propane	PG&E, Suburban Propane
Residential Solid Waste Collection	North Valley Waste Management and Recology under franchise with City of Chico	North Valley Waste Management and Recology
Residential Solid Waste Disposal	Neal Road Landfill (Butte County), Butte Regional Household Hazardous Waste Collection Facility, City of Chico Compost Facility	Neal Road Landfill (Butte County), Butte Regional Household Hazardous Waste Collection Facility, City of Chico Compost Facility
Commercial Solid Waste Collection	North Valley Waste Management and Recology	North Valley Waste Management and Recology

	through permits with Chico	
Commercial Solid Waste Disposal	Neal Road Landfill (Butte County), Butte Regional Household Hazardous Waste Collection Facility, City of Chico Compost Facility	Neal Road Landfill (Butte County), Butte Regional Household Hazardous Waste Collection Facility, City of Chico Compost Facility
<i>Public Works</i>		
Drainage	Direct	City of Chico, Butte County
Street Maintenance	Direct, Caltrans	Butte County, Caltrans
Street Lighting	Direct, PG&E	Butte County, PG&E
<i>Community Services</i>		
Parks	Direct, CARD	CARD, City of Chico
Recreation	CARD	CARD
Library	Butte County	Butte County
Mosquito Abatement	Butte County Mosquito and Vector Control District	Butte County Mosquito and Vector Control District
Vector Control	Butte County Mosquito and Vector Control District	Butte County Mosquito and Vector Control District
Airports	Direct	City of Chico, Ranchoero Airport
Resource Conservation	Butte County Resource Conservation District	Butte County Resource Conservation District
Economic Development	Direct	City of Chico, County of Butte Economic Development Corporation
Public Transportation	Direct, BCAG	Butte County

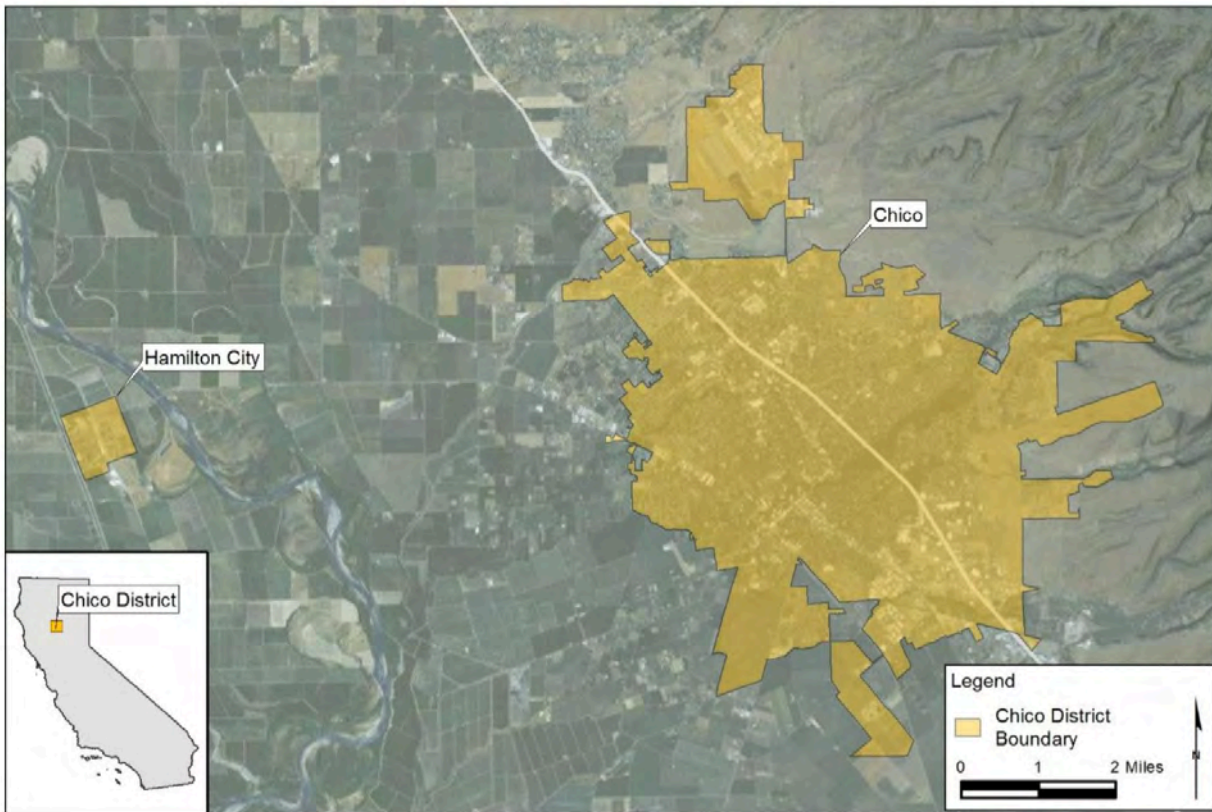
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## Water Services

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Although the City does not directly provide water services, as a core municipal service considered critical to public health, a brief description of those services delivered to city residents is provided here. Water services in and around the City are provided by private wells and the California Water Service Company (Cal Water). Cal Water is an investor-owned public utility supplying water service to 1.7 million Californians through 435,000 connections. Its 24 separate water systems serve 63 communities from Chico in the north to the Palos Verdes Peninsula in southern California. Rates and operations for Cal Water districts located in California are regulated by the California Public Utilities Commission (CPUC). Rates are set separately for each of the systems.

Cal Water's Chico District was formed in 1926 with the purchase of the Chico Water Supply Company, Chico-Vecino Water Company, and the C.C. White Water Company. The Chico District of Cal Water extended service to Hamilton City (an unincorporated community to the west of the City of Chico) in 1962. Residents not supplied by Cal Water obtain water through private wells. The Chico District's defined service area is shown in Figure 3-4.

**Figure 3-4: Cal Water Chico District Service Area**

Water supplied by Cal Water to the City of Chico comes entirely from local groundwater. The Chico District operates 62 groundwater wells in Chico (not including Hamilton City), which serve 27,775 municipal connections. In 2015, Cal Water supplied 17,864 acre feet (AF) of water to connections within its Chico service area. Based on the Urban Water Management Plan (UWMP) specifically for the Chico District, residential customers comprised approximately 88 percent of service connections and 67 percent of water uses in the District in the last five years (2010-2015).

Water use throughout California in 2015 was strongly affected by the Drought Emergency Regulation adopted by the State Water Resources Control Board in May of 2015 (SWRCB Resolution No. 2015-0032). The Chico-Hamilton City District was mandated to reduce potable water use by 32 percent over this period relative to use over the same period in 2013. Between June and December 2015, water use in Chico-Hamilton City was 39.2 percent less than water use over the same period in 2013.

The delivery system is composed of over 355 miles of pipeline, nine storage tanks and six booster pumps. Cal Water does not have any plans to add additional wells to the District in the near future. The nine surface storage structures enable the groundwater wells to pump to storage during non-peak demand periods and provide peak day demand. The District reportedly has sufficient production capacity to supply all of the current annual average day and maximum day demand.

The continued reliance on groundwater for the near term is anticipated as there are presently no plans to incorporate use of surface water or recycled water based on the

UWMP water supply projections. However, Butte County in collaboration with Cal Water is conducting a study regarding the possibility of supplying the City of Chico with water from Lake Oroville.

Groundwater used by the Chico-Hamilton District is extracted from the aquifers of the Sacramento River Valley that underlie the District. The actual water supply available to Cal Water is unknown, as there has not been a comprehensive investigation of the basin to define its safe yield, nor has there been a legal adjudication of groundwater rights for this particular groundwater basin. Although there has been a general decline in groundwater levels over the long term, the decline has reportedly not posed a particular concern to this area as groundwater levels have recovered quickly after past drought events.

The Butte County Department of Water and Resource Conservation developed a groundwater management plan. No safe yield has been established but policy decisions were made in an attempt to maintain groundwater levels and water quality. The Butte Basin Water Users Association (BBWUA) prepared a groundwater model of the basin and began development of a plan to manage the quantity of water stored in the groundwater aquifers. Butte County has taken the lead role in regional management since 2012 and currently maintains the groundwater model.

Cal Water is projecting that, under all hydrologic conditions, its groundwater supply for the Chico-Hamilton District will fully meet future demands through 2040; therefore, the groundwater supply amounts shown in Figure 3-5 equal the projected demand in each year. Storage in the groundwater basin will provide a buffer against years with decreased precipitation while wetter years will recharge natural supplies. Water supply and demand patterns change during normal, single dry, and multi dry years. The Chico District UWMP assumes that Cal Water's groundwater supply for the Chico-Hamilton District will be able to serve those demands.

**Figure 3-5: Projected Water Supply and Demand Comparison in Normal Year (AF)**

	2020	2025	2030	2035	2040
<b>Supply Totals</b>	29,397	32,162	33,981	35,916	37,974
<b>Demand Totals</b>	29,397	32,162	33,981	35,916	37,974
<b>Difference</b>	0	0	0	0	0

Contaminants of concern in the Chico-Hamilton District include arsenic and the volatile organic compounds tetrachloroethylene (PCE), trichloroethylene (TCE), 1,2,3-Trichloropropane (TCP), and nitrates. None of these contaminants are expected to cause significant problems with the quality of water delivered to Cal Water's customers. Wells testing above maximum contaminant limits for any contaminant are either taken out of service or are treated with wellhead remediation technologies to ensure compliance with regulations. Furthermore, Cal Water will avoid contaminated areas when sighting any future wells. While a maximum contaminant limit has not yet been adopted for TCP, a few wells have been identified with levels of TCP that will likely exceed the upcoming proposed MCL and are anticipated to require treatment.

Cal Water coordinates its master planning of the municipal water system with projections outlined in the City's General Plan. Additionally, Cal Water compiled a Water Supply and Facility Master Plan (WSFMP) in 2009 to determine future needs associated with growth and development.

## **4. ACCOUNTABILITY AND GOVERNANCE**

Accountability of a governing body is signified by a combination of several indicators. The indicators chosen here are limited to 1) agency efforts to engage and educate constituents through outreach activities, in addition to legally required activities such as agenda posting and public meetings, 2) timely ethics training for governing body members and an adopted reimbursement policy, 3) a defined complaint process designed to handle all issues to resolution, 4) adopted bylaws that provide a framework and direction for governance and administration, 5) adoption of a conflict of interest code as required, 6) proper filing of Form 700 by the governing body members, and 7) transparency of the agency as indicated by cooperation with the MSR process and information disclosure.

The City is governed by a charter and operates under a Council-Manager form of government. The City Council consists of seven members, currently elected at-large to staggered four-year terms. An election held each November in even numbered years selects either three or four council members. A community group has recently raised a question of electing city council members by district rather than at large to potentially reduce campaign costs and promote local neighborhood interaction by establishing smaller election districts. The City Council heard the group's proposition but took no action. The community group has not taken any further action to put the proposition on the ballot.

The City Council selects a mayor and vice mayor from among its members to serve two-year terms. The mayor presides over the Council meetings, which are held on the first and third Tuesday of each month. City Council meetings are televised live on Cable TV and are available to watch online. The City Council appoints a City Manager to implement its policies and directives, a City Attorney to serve as its legal counsel, and City Clerk to manage its agenda and oversee elections. City Council meeting agendas are available by mail, for pick up from the City Clerk, and online. Meeting minutes are posted on the City website.

The Chico City Council appoints a combination of five boards and commissions consisting of the Airport Commission, Architectural Review and Historic Preservation Board, Arts Commission, Bidwell Park and Playground Commission, and Planning Commission. A biennial recruitment is conducted in the fall of even-numbered years for four-year appointments to positions on each board and commission.

**Figure 4-1: City of Chico Governing Body**

<b>City of Chico</b>		
<b>Governing Body</b>		
<i>Manner of Selection</i>	Elections at large.	
<i>Length of Term</i>	4 years	
<i>Meetings</i>	First and third Tuesday of the month at 6:30 p.m.	City Council Chamber, 421 Main St.
<i>Agenda Distribution</i>	Mailed out, available for pick up from City Clerk, available at meeting &	

	online.
<i>Minutes Distribution</i>	Posted online or requested from the City Clerk for a small fee.
<b>Contact</b>	
<i>Contact</i>	Mark Orme, City Manager
<i>Mailing Address</i>	411 Main Street, Chico, CA 95928
<i>Phone</i>	530-896-7200
<i>Fax</i>	530-895-4825
<i>Email/Website</i>	CMWeb@chicoca.gov <a href="http://www.chico.ca.us/city_manager/home_page.asp">http://www.chico.ca.us/city_manager/home_page.asp</a>

The City conducts constituent outreach via its website, Facebook pages, multiple newsletters distributed by various departments, and press releases. Select departments release annual reports available for constituents online. Additional outreach efforts include community meetings, surveys, and workshops. Service requests and complaints may be submitted online, through phone calls, email, letters, and in-person to the City Council, department heads or the City Manager. Contact information for each of the city departments is available on the City's website.

Each councilmember receives the maximum monthly salary of \$600 allowed for council members in general law cities on the salary schedule set forth in California Government Code §36516(a); the Mayor receives an additional \$120 a month. The salary is adjusted whenever the official population for the City increases or decreases. The mayor receives, in addition to this remuneration as a councilmember, a monthly salary equal to 20 percent of the monthly salary of a councilmember. Each councilmember, including the mayor may also be reimbursed for reasonable and necessary expenses incurred in the service of the City. Government Code §53235 requires that if a local agency provides compensation or reimbursement of expenses to its members of the governing body, the members must receive two hours of training in ethics at least once every two years and the agency must establish a written policy on reimbursements. Chico Council members receive ethics training as required. The City has established a written policy on expense reimbursement in its Municipal Code.

The City Council has adopted a set of policies that provide a framework and direction for city governance and administration, included within which are policies on code of ethics, Brown Act requirements, and public requests for information.

The Political Reform Act (Government Code §81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (California Code of Regulations §18730), which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. The City has adopted a conflict of interest code.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms with the appropriate filing agency (i.e., the County or the Fair Political Practices Commission) each year. All City Councilmembers filed their Statements of Economic Interest as required for 2015.



The City was cooperative and transparent throughout the MSR process by providing all requested information, documentation, and review of the document.

**Determination 4-1: Accountability**

The City of Chico demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, solicits constituent input, posts public documents on its website, and appropriately responds to requests for information. The City also demonstrates accountability to its constituents through complying with the Brown Act, i.e. conducting open meetings for boards and commissions and public noticing.

**Determination 4-2: Compliance with Legal Requirements**

Councilmembers comply with ethics training and economic interest disclosure requirements. The City has adopted a policy for expense reimbursements and a conflict of interest code.

**Determination 4-3: Transparency**

The City demonstrated transparency by readily cooperating during the MSR process. The City provided requested information and provided input throughout the review process.

**Determination 4-4: Elections**

Seven City Council members are elected at-large to staggered four-year terms. There has been a proposition from a community group to elect each council member by district instead of at-large but no action towards the implementation of this proposition has been taken to date.

## ***5. PLANNING AND MANAGEMENT PRACTICES***

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While public sector management standards vary depending on the size and scope of the organization, there are minimum standards. Well-managed organizations evaluate employees annually, track employee and agency productivity, periodically review agency performance, prepare a budget before the beginning of the fiscal year, conduct periodic financial audits to safeguard the public trust, maintain relatively current financial records, conduct advanced planning for future service needs, and plan and budget for capital needs.

### **STAFFING AND ORGANIZATIONAL STRUCTURE**

The City of Chico delivers municipal services using the combination of city staff, contracts with other agencies, or private contractors. The City of Chico consists of eight departments, including the Administrative Services Department, City Attorney Department, City Clerk Department, City Manager Department, Community Development Department, Fire Department, Police Department, and Public Works Department.

The Administrative Services Department consists of the Finance Division, Human Resources and Risk Management Division, and Information System Division. The Department employs 23.63 full-time equivalents (FTEs), including one in Administrative Services, 13.63 in Finance, four in Human Resources/Risk Management, and eight in Information Systems.

The city attorney is directly appointed by the City Council and is responsible for administration of all legal affairs of the City. The Department does not employ any staff. In April 2014, the City Council transitioned from an in-house to a contract city attorney with the law firm of Alvarez-Glassman & Colvin (AGC), and appointed Vincent C. Ewing as the city attorney.

The city clerk is also appointed by the City Council. The City Clerk Department employs three FTEs, which is one full-time employee more than during the previous fiscal year.

The City Manager is appointed by the City Council, similar to the city attorney and the city clerk. The Department of the City Manager consists of three main divisions—City Management, Economic Development, and Airport. The department employs five FTE staff.

The Community Development Department consists of the Planning Division, Building Division, Housing Division, Code Enforcement Division, and Geographic Information Systems (GIS) Division. The Community Development Department was created during the 2013 citywide departmental reorganization, which combined five divisions. There are a total of 23 FTEs in the department, including five that are involved in current and long range planning, 11 in building and development services, four in code enforcement, two in housing and neighborhood services, and one in GIS.

The City's Fire Department consists of the Operations, Emergency Preparedness and Training, and Community Risk Reduction Divisions and employs a total of 74 FTEs. While historically the Police Department has been divided into two divisions (Operations and Support), a newly adopted organizational structure designed to facilitate active use of

community oriented policing on a department-wide basis has been adopted. The Police Department is broken down into Animal Control, Communications and Records division for administrative services. Additionally, there are three lieutenants in charge of specific areas of the City and/or type of operation, and one lieutenant in charge of investigations. The Department employs 153.66 FTEs including 92 full-time sworn personnel, 57.75 full-time non-sworn personnel, and 3.91 hourly non-sworn personnel.

The Public Works Department consists of nine service areas, including transportation and traffic safety, development engineering, wastewater treatment and collection maintenance, sewer storm drain engineering, capital projects and right-of-way engineering, right-of-way and street cleaning maintenance, parks and open spaces, street trees and public plantings, fleet services, and buildings and facility maintenance. The department employs 85 FTEs—four in public works administration, 13 in capital project services, 54 in operations and maintenance, and 14 in parks and recreation.

## **MANAGEMENT AND PLANNING PRACTICES**

Employees in non-management, full time positions, as well as hourly employees, are evaluated on an annual basis. Employees who are on probation are evaluated every three months. A department head may initiate a special performance report at any time during the year if there has been a significant change in an employee's performance.

Accomplishments, as well as goals and priorities for each department and division are included in the annual budget. The Police and Fire Departments produce annual reports that provide review of each of the department's operations and changes over the completed calendar year. There are annual reports for the Parks and Street Trees divisions that contain goals and accomplishments for each of the years and provide status of work performed.

The Community Development Department is responsible for both current and long-range administration of State, regional, and local land use laws. Current planning involves the review of development applications for conformance with city plans, ordinances and policies related to zoning, urban design, subdivision, and the California Environmental Quality Act. Processing of development applications also includes the consideration of public input at Planning Commission, zoning administrator, architectural review and Historic Preservation Board, and City Council meetings. Long range planning involves the City's policy planning activities, which include analyzing and preparing various planning documents such as the City's General Plan, Sphere of Influence Plan, specific plans, design guidelines, and other land use studies. Community development staff also assemble and maintain community data and demographics and coordinate the reporting of this data to outside agencies.

The City's central planning document is its General Plan, which contains 12 elements including sustainability, land use, circulation, community design, downtown, economic development, housing, parks, public facilities, and services, open space and environment, cultural resources and historic presentation, safety, and noise. The Plan's guiding principles, goals, policies, and actions guide day-to-day decisions made by the City Council, boards, and commissions on the physical development of the City. The policies of the General Plan apply to all properties both public and private, within the City limits. Although

California State University (CSU) Chico, Chico Unified School District, and other state and county agencies with properties within the city boundaries are not obligated by law to comply with the Plan, their cooperation with its implementation is important. The Plan was last adopted in 2011 with a planning horizon of 2030.

The City prepares an annual General Plan progress report, which is intended to help the community and City officials assess the progress of implementation of the General Plan in accordance with its goals and policies, and to help establish and provide direction on future priorities.

In conjunction with the General Plan, Chico certified an Environmental Impact Report (EIR). In addition to the General Plan, the City adopts specific plans and neighborhood plans that provide more in-depth planning direction in specific areas in the community. Examples include the Northwest Chico Specific Plan, the Avenues Neighborhood Improvement Plan (2008), the Chapman/Mulberry Neighborhood Plan (2004), and the Southwest Chico Neighborhood Improvement Plan (2008).

Select city departments and divisions have adopted strategic and/or master plans, including:

- ❖ Bidwell Park Master Management Plan, 2008.
- ❖ Sanitary Sewer Master Plan, 2013.
- ❖ Strategic Roadmap for Police Staffing, 2014.
- ❖ Chico Urban Area Bicycle Plan, 1991 (currently being updated).
- ❖ Storm Drain Master Plan, 2000.

Other significant City planning documents include the 2020 Climate Action Plan, the Diversity Action Plan (2011), and City of Chico Development Impact Fee Nexus Study (currently being updated).

The City's financial planning documents are represented by annually adopted budgets and comprehensive annual financial reports (CAFRs). The adopted budgets from FY 06-08 (two-year budget) through FY 16-17, as well as CAFRs FYs 06-07 through 14-15, are posted on the City's website. The City has also adopted a Capital Improvement Program Budget, which is a 10-year expenditure plan for the purchase or construction of capital improvements or equipment, updated annually.

#### **Determination 5-1: Management Practices**

The City implements best management practices including evaluating employees annually, tracking staff and city productivity on time sheets and in annual reports, reviewing city performance during the budget process, preparation of budgets and audits as required, master planning for future service needs, and maintaining a multi-year capital improvement plan.

## **6. GROWTH AND POPULATION PROJECTIONS**

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The purpose of this chapter is to evaluate growth and population projections in relationship to the City of Chico's boundaries and sphere of influence (SOI), in order to anticipate the future service needs of the City. The term SOI in this chapter refers to the proposed (not current) sphere of influence (unless specified otherwise) that is used by the City of Chico for planning purposes in the 2030 General Plan. All of the growth projections, estimates, and strategies adopted in the 2030 General Plan are for the proposed sphere of influence that is expected to be adopted concurrently with the adoption of this MSR. Additionally, the anticipated growth patterns of the City are evaluated in order to determine the impact and compatibility of such growth on land use plans and local government structure.

### **LAND USE**

The area serviced by the City is characterized as a growing and dynamic residential community with a significant number of students and employees of California State University, Chico (CSUC). There are a variety of residential neighborhoods ranging from rural residential to high density residential in the Downtown commercial district.

There are also several open space areas within the City, including Bidwell Park, California Park Lake, and the Chico Cemetery. The primary water bodies flow east to west through the City service area, and include Big Chico Creek, Little Chico Creek, Lindo Channel, Comanche Creek (Edgar Slough), and Sycamore Creek. The Sierra Nevada Foothills are located just east of the City. The Sacramento River is located roughly five miles west of the current City limits.

There are two major highways that run through the City. State Routes (SR) 32 and 99 comprise the City's connectivity to the regional transportation network and serve much of the population in Butte County. SR 32 connects Chico residents to Glenn and Plumas counties to the west and east, respectively. SR 99 connects residents to Tehama and Sutter counties to the north and south, respectively.

Chico has expanded outward from its historic core into the surrounding landscape. With some exceptions, most of the recent larger-scale residential development has occurred on the periphery of the City, including near Bruce Road and East 20<sup>th</sup> Street, the Hancock Park area, Hillview Terraces, and the developing Northwest Chico Specific Plan area. Manufacturing and warehousing uses are also generally located on the periphery of the City, with concentrations in the southern portions of Chico and around the airport (Hegan Lane, South Park Avenue, and the Airport Industrial Park). Community and regional commercial uses are mostly located along SR 99 and other highly used transportation corridors.

Existing uses on lands outside the boundaries of the Chico SOI are primarily agricultural, agricultural residential, and rural residential in character. Some single-family residential homes on lots ranging from one acre to over 20 acres are being built on

unincorporated lands adjacent to and surrounding the City. This development is particularly focused to the north of the City in the North Chico Specific Plan area along SR99, Hicks Lane and Keefer Road in Butte County, and to the south along Speedway Avenue and Entler Avenue. In these areas large homes on large lots have been built along existing roads and transportation routes, though these land uses are interspersed with ever diminishing orchards, field crops, and grazing of livestock. This pattern of large lot residential development approved by the County on the City's periphery has consumed a large amount of developable territory at very low densities. The presence of the "Greenline" (discussed later in this chapter) on the western side of the City has limited growth and westward expansion and has effectively forced growth north and south as well as reinforcing the City's compact urban form and promoting infill.

Figure 6-1 provides a breakdown of acreage of existing land uses within the City boundaries and SOI.

**Figure 6-1: Existing Land Uses within Chico Boundaries and SOI**

Land Use Designation	Acreage	
	Total Acres	% of Total
Very Low Density Residential	1,546	7.4%
Low Density Residential	5,035	24.2%
Medium Density Residential	1,097	5.3%
Medium High Density Residential	773	3.7%
High Density Residential	11	0.1%
Residential Mixed Use	76	0.4%
Neighborhood Commercial	96	0.5%
Commercial Service	204	1.0%
Commercial Mixed Use	617	3.0%
Regional Commercial	410	2.0%
Office Mixed Use	390	1.9%
Industrial Office Mixed Use	127	0.6%
Manufacturing & Warehousing	1,304	6.3%
Public Facilities and Services	2,052	9.8%
Primary Open Space	5,206	25.0%
Secondary Open Space	1,704	8.2%
Special Mixed Use (Meriam Park)	197	0.9%
<b>TOTALS</b>	<b>20,845</b>	<b>100%</b>

Source: Chico 2030 General Plan, Annual Progress Report, May 2015

### Agricultural Lands

Agriculture has helped to shape the City, and continues to be a major component of the local and regional economy. While few agricultural operations continue within the City, substantial operations exist just outside of the City limits, within the City's Planning Area. The City has respected a firm boundary between urban and rural uses on the community's western edge, known as the Greenline,<sup>3</sup> for over thirty years. Land to the west of the City and the Greenline are almost exclusively agricultural, while much of the land to the north and east of the City is used for grazing. The area north of the SOI, east of SR 99, and south of Rock Creek is developed with rural residential land uses interspersed with orchards, field crops, and grazing land.

Within the City's boundary and SOI, the primary use of land is developed urban and suburban uses. While limited in size and number relative to the City as a whole, there are also agricultural or agricultural-supporting land uses within the City. The largest active agricultural land use within the City's central urban area is the 32-acre Vanella Orchard located on West 8th Avenue, west of the Esplanade. Also located within the central urban area is the Chico Nut Company, adjacent to the Esplanade and immediately south of Lindo Channel. Chico Nut Company is a processing, storage, and shipping facility for almonds in the area. Two large agricultural industrial operations, Smucker Quality Beverages and the R.W. Knudsen Company, are located to the south of the southern City limit boundary on Hegan Lane and Speedway Avenue, respectively, yet are within the City's sphere of influence. Within the city bounds, various small agriculture operations, large market gardens and remnant orchards exist as isolated uses on undeveloped lands.<sup>4</sup>

The City has adopted multiple policies and goals in the 2030 General Plan, outlined in the Land Use and Open Space elements, related to agricultural land uses, including:

**Policy LU-1.2 (Growth Boundaries/Limits)** - Maintain long-term boundaries between urban and agricultural uses in the west and between urban uses and the foothills in the east, and limit expansion north and south to produce a compact urban form.

**Policy LU-2.6 (Agricultural Buffers)** - Require buffering for new urban uses along the City's Sphere of Influence boundary adjacent to commercial crop production. Landscaping, trails, gardens, solar arrays, and open space uses are permitted within the buffer. Design criteria for buffers are as follows:

- ❖ A minimum 100-foot-wide physical separation, which may include roadways, pedestrian/bicycle routes, and creeks, between the agricultural use and any habitable structure.
- ❖ Incorporate vegetation, as may be needed, to provide a visual, noise, and air quality buffer.

<sup>3</sup> The Chico's Greenline is a boundary established by the City and Butte County that separates the urban and agricultural uses along Chico's western border. The goal of the Greenline is to protect prime agricultural soils south, west, and north of Chico from urban development. To consider boundary modifications, two findings must be made: the public benefits of converting agricultural lands to urban use must substantially outweigh the public benefits of continued agricultural production, and there can be no other urban and suburban lands reasonably available and suitable for proposed development.

<sup>4</sup> City of Chico, Draft Environmental Impact Review 2030 General Plan, 2011.

**Goal OS-5:** Preserve agricultural areas for the production of local food and the maintenance of Chico’s rural character.

**Policy OS-5.1 (Urban/Rural Boundary)** – Protect agriculture by maintaining the Greenline between urban and rural uses.

**Policy OS-5.2 (Agricultural Resources)** – Minimize conflicts between urban and agricultural uses by requiring buffers or use restrictions.

**Action OS-5.2.1 (Agricultural Buffers)** – Require buffers for development adjacent to active agricultural operations along the Greenline to reduce incompatibilities, and explore opportunities for public uses within buffers.

**Policy OS-5.3 (Support Agriculture)** – Support local and regional agriculture.

**Policy OS-5.4 (Agricultural Lands)** – Promote the continued use of land within the City Limits for local food production while working with property owners to minimize impacts to and from agricultural operations.

### Vacant Land Inventory

For the 2030 General Plan update process, an assumption was made that the City’s historic growth rate of two percent would continue for planning purposes. With this assumption, it was estimated that the City would need to accommodate 40,262 new residents (in approximately 16,300 new dwelling units) and 20,852 new jobs by the year 2030. The Plan was prepared for a projected 2030 city population of 139,713. Since Plan adoption in 2011, Chico’s population has increased by an annualized rate of 1.2 percent, expanding population by 5,645 people (does not include annexations). Given that Chico has experienced a lower growth rate than assumed for the General Plan, the City’s population in 2030 will be very likely be significantly less than the projected 139,713.

#### **Determination 6-1: Projected Growth**

The City’s General Plan assumes that its historical (prior to 2010) two percent annual population growth will continue through the planning period of the General Plan, which equates to 139,713 city residents by 2030. Given that Chico has experienced a lower growth rate than assumed for the General Plan, the City’s population in 2030 will be very likely be significantly less than projected.

Within the City’s proposed SOI there is 28,096 acres of land, of which 4,607 acres or 16 percent is vacant and available for new development. A majority of the vacant acreage (55 percent) is residential of varying densities. Manufacturing and warehousing and open space make up the other two significant categories of vacant land.

Figure 6-2 shows the number of vacant acres available for development in each designation in the City’s boundaries and SOI, including special planning areas (SPAs). Chico’s SOI contains five SPAs that have been designated as such for their significant new growth potential. These areas that include Bell Muir, Barber Yard, Doe Mill/Honey Run, North Chico, and South Entler, require more detailed subsequent land use planning in the form of a specific plan, planning development, or other comprehensive plan.

Given past absorption rates, the vacant land supply is more than adequate (predicted to be beyond 20 years) for projected future need. The “readiness” of the land for immediate



development, as well as the availability of larger parcels, however, remains a concern. This capacity does not include the significant amount of existing, built commercial, office, and industrial space that is available for lease or purchase throughout the community, or the predominantly undeveloped Meriam Park site which allows for up to 287,000 square feet (6.5 acres) of retail and 900,000 square feet (20+ acres) of commercial/office space.

Ultimately, the City’s primary role in promoting readiness of land is to deliver an adequate supply of appropriately zoned land, provide infrastructure and services, and to process entitlement applications expeditiously. However, in order to better understand the “readiness” of vacant land in Chico, the City has retained a consultant to prepare a Land Absorption Study Report. The Report will include residential and non-residential land absorption projections and identify annualized acreage needed for residential and non-residential land use categories to support a balance of land supply and demand in the Chico market through 2035. In addition, the Report will provide a market assessment, identify major impediments to opening up land planned to accommodate growth, include a land supply/demand evaluation, assess the impacts that the anticipated supply/demand balance could be expected to have on housing and business space availability and affordability, and include policy recommendations for maintaining consumer and economic development-friendly supply and demand characteristics through 2035.

#### **Determination 6-2: Vacant Land Inventory**

Within the City’s proposed SOI and boundaries there is 4,607 acres or 16 percent of vacant land available for new development. The “readiness” of the land for immediate development, as well as the availability of larger parcels, however, remains a concern.

**Figure 6-2: Vacant Land Inventory**

Land Use Designation	Vacant (excluding SPAs)		Vacant Acreage in SPAs*	
	Acres	% of Total Vacant	Acres	% of total SPAs
Very Low Density Residential	466	19.9%	132	5.8%
Low Density Residential	579	24.7%	571	25.2%
Medium Density Residential	244	10.4%	264	11.6%
Medium High Density Residential	133	5.7%	81	3.6%
High Density Residential	4	0.2%	37	1.6%
Residential Mixed Use	14	0.6%	15	0.7%
Neighborhood Commercial	36	1.5%	19	0.8%
Commercial Service	23	1.0%	0	0.0%
Commercial Mixed Use	80	3.4%	32	1.4%
Regional Commercial	83	3.5%	42	1.9%
Office Mixed Use	49	2.1%	5	0.2%
Industrial Office Mixed Use	58	2.5%	120	5.3%
Manufacturing & Warehousing	387	16.5%	34	1.5%
Public Facilities and Services	N/A		28	1.2%
Primary Open Space	N/A		329	14.5%
Secondary Open Space	N/A		556	24.6%
Special Mixed Use (Meriam Park)	186	7.9%	0	0.0%
<b>TOTALS</b>	<b>2,342</b>	<b>100.0%</b>	<b>2,265</b>	<b>100%</b>

Source: Chico 2030 General Plan, Annual Progress Report, 2015  
\*SPA= Special Planning Area

The City of Chico prepares a General Plan Annual Progress Report to ensure that an adequate supply of land remains available to support the future housing needs of the community. Residential capacity is defined as the total population that can be absorbed through the buildout of vacant residentially-designated land, including approved undeveloped lots, within the City's SOI. The capacity of these undeveloped areas is summarized in Figure 6-3.

**Figure 6-3: Capacity of Vacant Residential Land**

Land Use Designation	Vacant Acreage	Assumed DUs/Acre	Total Units	Assumed Persons/Unit	Population	
Very Low Density Residential	236	1	236	3	708	
Low Density Residential	227	4.5	1,022	2.4	2,452	
Medium Density Residential	94	8	752	2.4	1,805	
Medium-High Density Residential	109	17	1,853	2.5	4,447	
High Density Residential	4	25	109	1.8	191	
Residential Mixed Use	14	16	224	2.4	538	
Special Planning Areas (Units Assumed General Plan)	1,100	Varies	6,683	2.4	16,039	
<b>SUBTOTALS</b>	<b>1,784</b>	<b>N/A</b>	<b>10,879</b>	<b>Average 2.4</b>	<b>26,180</b>	
After 15% Reduction for Land Vacancy					22,662	
<b>Total Capacity on Approved Lots</b>			5,276	X 2.4=	12,662	
					Subtotal	34,915
					Less 3%	-1,047
					<b>Total</b>	<b>33,867</b>

Source: Chico 2030 General Plan, Annual Progress Report, May 2015

According to the City's Five-Year General Plan Review, Chico's total residential capacity is estimated to be 33,076 persons. Utilizing the General Plan's assumed annual growth rate of two percent from the January 1, 2016 population estimate of 92,464, the residential capacity would be absorbed over approximately 15 years. Using Chico's 1.2 percent annual growth rate experienced over the past five years (and expected for the foreseeable future), the residential capacity would be absorbed over approximately 26 years.

In all cases, the residential capacity estimate is conservative because it does not include any assumptions for redevelopment or new units in mixed-use designations, even though the General Plan policy framework is supportive and expectant of redevelopment and mixed-use. As an example, over the past five years, there were 86 multi-family units approved on parcels with a "non-residential" land use designation. Also, no units were estimated for land with the Resource Constraint Overlay (RCO) to account for the presence of highly sensitive habitat and species. The General Plan Land Use Diagram, therefore, has the potential to support a greater number of dwelling units and population than the residential capacity estimate.

Utilizing the General Plan's assumed annual growth rate of two percent, the residential capacity of approved undeveloped subdivision lots, is approximately six years. At a 1.5 percent growth rate, the capacity extends to eight years, while a one percent growth rate would result in a nearly 12.5 year build out. A majority of this capacity is in larger projects like Meriam Park, Mountain Vista/Sycamore Glen, Oak Valley, and the western portion of the Northwest Chico Specific Plan. These "ready-to-go" properties provide a variety of housing types for the community.

The General Plan's existing residential capacity will meet the community's future housing demand beyond the General Plan's 20-year planning horizon. One key factor that may affect this conclusion is that much of the capacity lies in the SPAs, which require comprehensive planning that may delay their immediate, but not long-term, availability for development. Importantly, while the General Plan identifies land for future development, it does not direct the timing of development. Some areas may not develop for many years, and others may never develop. The City's role in accommodating growth is to identify a land supply and create an environment where development can take place. It is then left to the private sector, where development is driven by market conditions and willing landowners.

It has also been estimated by the City that 319 acres of land designated for various types of commercial uses remains vacant, while land designated for Office or Industrial-Office Mixed Use has 230 acres remaining vacant, and 414 acres of industrial land remain vacant. This capacity is considered to be adequate for the current and projected future need. Since 2011, 33 of the 992 acres of vacant land designated for commercial, office, or industrial use have been developed. This indicates an absorption rate of approximately 6.6 acres of non-residential land per year. Approximately 959 acres, or 97 percent, of the vacant land with these designations remain vacant today. Specifically, vacant industrial land has decreased by 25 acres, or less than five percent, vacant commercial land has decreased by eight acres, or two percent, and vacant land for office use has remained generally unchanged.

This commercial, office and industrial capacity does not include the significant amount of existing, built commercial, office, and industrial space that is available for lease or purchase throughout the community, or the predominantly undeveloped Meriam Park site with a Development Agreement that allows for up to 287,000 square feet of retail and 900,000 square feet of commercial space. As with residential capacity, RCO-overlain land and potential redevelopment sites are not included in the vacant land totals.

The City concludes that at this time, sufficient land remains available for public facilities and parks. The new North Butte County Courthouse has been completed at the Meriam Park site in southeast Chico, and CUSD has a number of projects underway and planned throughout the community, such as new parking lots, solar shade structures and drop off areas, new buildings within Chapman Elementary School, office building at Hooker Oak Elementary, additional kindergarten facilities at Little Chico Creek Elementary, new classroom building and multi purpose building at Marigold Elementary, new kindergarten at Rosedale Elementary, new classroom buildings at Shasta Elementary and Sierra View Elementary Schools, new science building at Chico Junior High School, and classroom building at Marsh Junior High. No other significant new public structures or parks are under construction. Further, public facilities, parks, and open space will be integrated into new growth areas consistent with the policy direction for the Special Planning Areas found in the General Plan.<sup>5</sup>

### **Determination 6-3: Vacant Land Capacity**

<sup>5</sup> City of Chico 2030 General Plan, Annual Progress Report, May 2015.

The City has demonstrated that the residential capacity of the territory within the proposed SOI and current city limits is estimated to be absorbed within the next 15 years based on an assumed two percent annual growth rate. . Using Chico's 1.2 percent annual growth rate experienced over the past five years and expected for the foreseeable future, the residential capacity would be absorbed over approximately 26 years. The capacity of vacant commercial, industrial, governmental, and parks lands is also considered to be adequate for the planning period identified in the 2030 City's General Plan.

#### **Determination 6-4: Vacant Land Development**

One key factor that may affect vacant land development is that much of the capacity lies in the special planning areas, which require comprehensive planning that may delay their immediate availability for development. While the General Plan identifies land for future development, it does not direct the timing of development. This may affect the estimated residential absorption rate and cause the City to consider other growth areas to meet its housing goals.

## **CURRENT POPULATION AND RECENT GROWTH**

Chico is the largest city in Butte County and the second most populous city north of Sacramento in California. According to the California Department of Finance (DOF) Unit Survey data, on January 1, 2016, the estimated population for the City of Chico was 92,464,<sup>6</sup> representing an increase of 0.7 percent (669 people) from the prior year. The increased population is related solely to new construction (371 units) as there were no annexations that significantly increased population. The approximately 0.7 percent growth rate from new development is less than last year's 1.2 percent growth rate, but generally consistent with the 0.75 percent to 1.5 percent City growth experienced over the previous five years. Prior to 2010 Chico's population was growing at a rate close to about two percent a year.

#### **Determination 6-5: Current Population**

According to the California Department of Finance, as of January 1, 2016, the estimated population for the City of Chico was 92,464.

#### **Determination 6-6: Historical and Projected Growth Rates**

The City assumes a two percent population growth rate in its General Plan; however, this may be an overly optimistic projection considering that between 2010 and 2016 annual population growth for the City ranged from 0.75 to 1.5 percent per year and Butte County Association of Governments conservatively projects growth for the City of Chico to be between 1.2 and 1.6 percent annually through 2040 with a corresponding population increase of approximately 27,222 to 40,179 persons since 2016.

<sup>6</sup> <http://www.chico.ca.us/about/>

Influenced by the California State University at Chico and Butte College, Chico's population is much younger than that of Butte County, the State and nation as a whole. The segment aged 20-34 is much larger than any other age segment, representing one-third of the entire City's population. Chico's median age is 28.9 years old. By comparison, the median age for Butte County is 37.1 years old, the median age for the State of California is 35.5 years old, and the median age for the United States is 37.4 years old. The U.S. Census estimates that approximately 20,000 of Chico residents are college students, which is nearly a quarter of the population. Chico's exceptionally young population influences its other demographic, economic, and housing characteristics—particularly in terms of unemployment, income and housing tenure. Younger residents are more likely to be unemployed, have lower incomes, and rent housing.<sup>7</sup>

Approximately 85 percent of Chico's population is white. This is a much higher proportion than for the State of California, which is about 62 percent white. Persons identifying as Hispanic or Latino comprise approximately 15 percent of the City's population.

A total of about 56 percent of all households receive annual incomes of less than \$45,000. A large portion of these households have challenges with housing expenditures and overcrowding. Many of these households also have special needs, such as seniors, persons with disabilities, and single-parent households.

An estimated 57 percent of Chico households are renters. This is a much higher proportion than Butte County (44 percent) and the State of California (45 percent). It is more comparable to the City of San Francisco (58 percent). Chico's high proportion of renter households is influenced by its large student population, predominantly younger demographic, and large percentage of households with low incomes.

#### **Determination 6-7: Population Characteristics**

Students from the California State University at Chico constitute a large portion of the City's population, which lowers the median age within the city, influences municipal services such as law enforcement and creates demands on the housing market as the students are generally younger, renters, and with lower incomes. The City has dedicated a substantial area to medium-high residential uses and mixed use to accommodate resident needs.

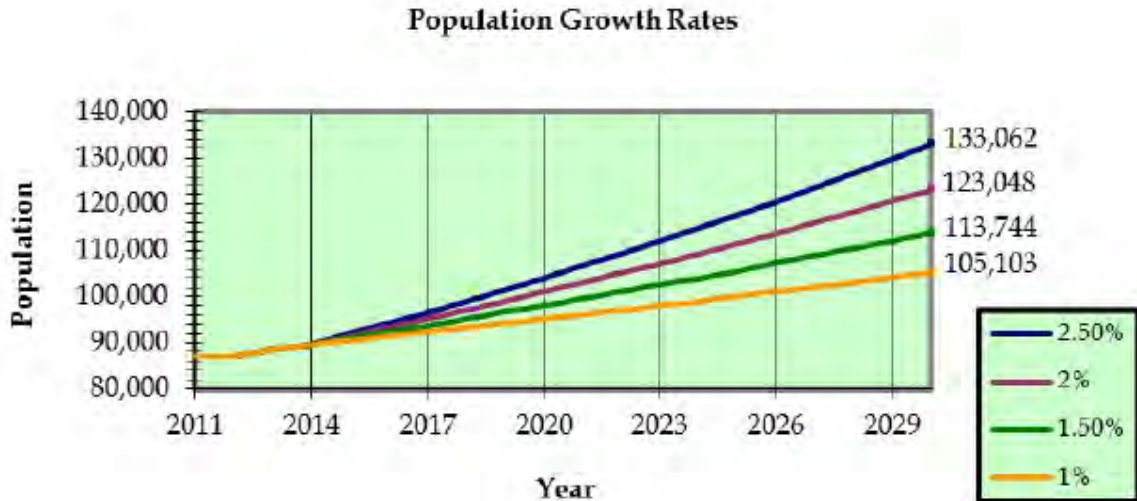
## **GROWTH PROJECTIONS**

The 2030 General Plan projects the need to accommodate a population of 139,713 by the year 2030. This projection assumed a continuation of the City's historic two percent growth rate. Figure 6-4 compares the two percent growth rate used to inform the General Plan Update process to other possible growth rates moving forward from the City's 2016 population of 92,464. Given that Chico has been experiencing a growth rate lower than the assumed two percent, the city population in 2030 will likely be significantly less (106,827 to 114,460 people) than that projected in the General Plan (139,713 people).

<sup>7</sup> General Plan, Housing Element, 2014-2022.

Based on these more conservative population projections, and the fact that the General Plan had planned for excess land capacity beyond what was initially projected, it appears that there is currently more than sufficient capacity within the City’s proposed SOI to accommodate the projected 2030 population.

**Figure 6-4: City of Chico Growth Projections**



Butte County Association of Governments (BCAG) has also put together long-term regional growth forecasts for 2014-2040 to provide insight into the growth trends that are anticipated to occur within Butte County and the incorporated cities during the next 26 years. Low, medium, and high growth forecasts were developed to provide flexibility and acknowledge the uncertainty inherent in long-term projections. As shown in Figure 6-5, based on all three scenarios, the average annual growth rate in the City over the next two and a half decades is anticipated to be lower than the two percent originally predicted by the 2030 General Plan. BCAG projects a “low” compound annual growth rate of 1.2 percent and a “high” compound annual growth rate of 1.6 percent.

**Figure 6-5: BCAG Population Projections for the City of Chico (2014-2040)**

Scenario	2014*	2020	2015	2030	2035	2040	Percent Increase 2014-2040	Compound Annual Growth Rate (2014-2040)
Low	88,389	92,726	98,480	106,827	114,769	119,686	35%	1.2%
Medium	88,389	93,603	100,519	110,552	120,099	126,009	43%	1.4%
High	88,389	94,522	102,658	114,460	125,691	132,643	50%	1.6%

\*California Department of Finance estimate  
 Notes: Projections include growth within city boundaries.

It is important to note that in 2020 approximately 1,500 people will become Chico residents as a result of the Chapman Mulberry annexation.

## DISADVANTAGED UNINCORPORATED COMMUNITIES

The purpose of Senate Bill 244 (Wolk, 2011) is to begin to address the complex legal, financial, and political barriers that contribute to regional inequity and infrastructure deficits within disadvantaged unincorporated communities (DUCs). Identifying and

including these communities in the long range planning of a city or special district is required by SB 244.

SB 244 requires cities to identify and plan for these communities on or before the next adoption of its housing element. Government Code (GC) §65302.10(a) requires that each city review and update the land use element of its general plan, based on available data, including, but not limited to, the data and analysis developed pursuant to GC §56430 (CKH Act, Service Reviews). Legislative requirements designated to cities per SB 244 are independent from requirements designated to LAFCos through its governing legislation (Cortese-Knox-Hertzberg Act of 2000).

The Cortese-Knox-Hertzberg Local Government Reorganization Act (CKH) requires LAFCo to make determinations regarding DUCs when considering a change of organization, reorganization, sphere of influence expansion, and when conducting municipal service reviews. For any updates to an SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, LAFCo shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any disadvantaged unincorporated community within or contiguous to the SOI of a city or special district.<sup>8</sup>

Government Code §56033.5 defines a DUC as 1) all or a portion of a “disadvantaged community” as defined by §79505.5 of the Water Code, and as 2) “inhabited territory” (12 or more registered voters), as defined by §56046, or as determined by commission policy. According to Butte LAFCo policy, a DUC constitutes all or a portion of a “disadvantaged community,” which is defined in the State Water Code (§79505.5) to be “a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income.”

CKH prohibits LAFCo from approving an annexation to a city of any territory greater than 10 acres if a DUC is contiguous to the proposed annexation, unless an application to annex the DUC has been filed with Butte LAFCo. An application to annex a contiguous DUC shall not be required if a prior application for annexation of the same DUC has been made in the preceding five years or if the Commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.<sup>9</sup> Butte LAFCo adopted a more restrictive policy, which prohibits the Commission from approving an annexation to a city of territory greater than 0.5 acres that is contiguous to a disadvantaged unincorporated community unless an application to annex the disadvantaged unincorporated community has also been filed.

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities (US Census Places, Tracts and Block Groups) meet the disadvantaged communities median household income definition. DWR is not bound by the same law as LAFCo to define communities with a minimum threshold of 12 or more registered voters. Because income information is not available for this level of

<sup>8</sup> Government Codes §56425(e)5, Present and Probable need; disadvantaged unincorporated communities

<sup>9</sup> Government Codes section 56375 (a) (8) (A)- Annexations Greater than 10 acres; Contiguous to a DUC

analysis, disadvantaged unincorporated communities with smaller populations that meet LAFCo's definition cannot be identified at this time.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers—Census Place, Census Tract, and Census Block Group. The specific dataset used in the tool is the US Census American Community Survey Five-Year Data: 2010 - 2014. Only those census geographies that meet the disadvantaged community definition are shown on the map (i.e., only those with an annual median household income (MHI) that is less than 80 percent of the Statewide annual MHI). The statewide MHI published by the US Census ACS for 2010-2014 is \$61,489, and hence the calculated threshold of \$49,191 defines whether a community was identified as disadvantaged. Communities with less than 60 percent of the State's median household income are classified as severely disadvantaged. The disadvantaged unincorporated communities within the City's proposed SOI are shown on the map in Figure 6-7.

Based on the map shown in Figure 6-5, there are 12 DUCs (portions of nine Census Block Groups and three Census Tracts) within Chico SOI as listed in Figure 6-6.<sup>10</sup> Two of these DUCs (Mulberry and Chapman) are to be annexed by the City in 2020.

**Figure 6-6: Disadvantaged Communities In and Around the City of Chico<sup>11</sup>**

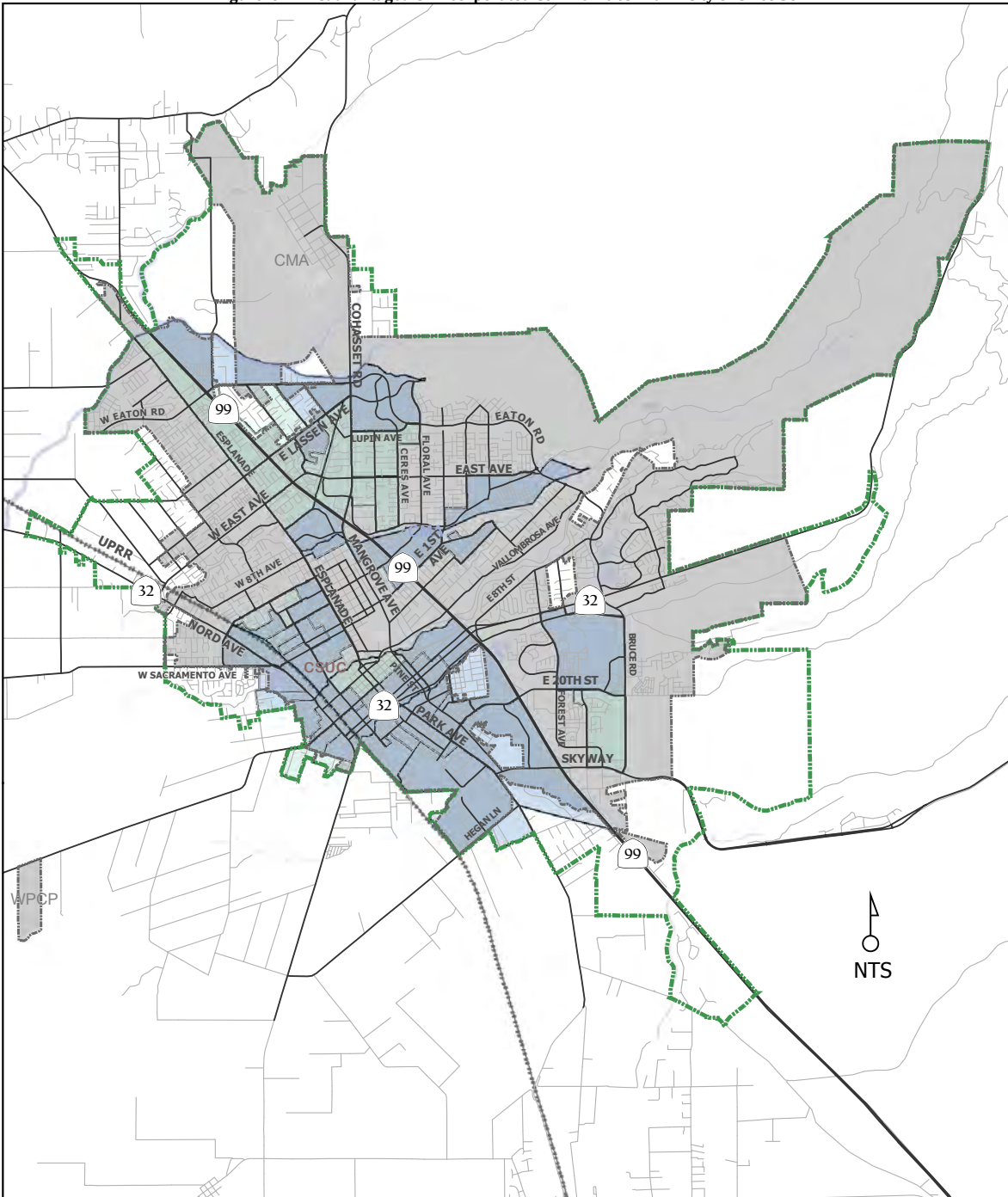
Disadvantaged Community	Population	Households	Median Household Income	Severity	Witin City Boundaries	Within SOI	Adjacent Directly to Boundaries	Adjacent to SOI
Block Group #060070002012	956	430	\$ 33,125	Severily Disadvantaged	✓	✓	✓	
Block Group #060070002011	976	436	\$ 27,000	Severily Disadvantaged	✓	✓	✓	
Block Group #060070002014	1,686	756	\$ 40,938	Disadvantaged	✓	✓	✓	
Block Group #060070011004	779	121	\$ 16,719	Severily Disadvantaged	✓	✓	✓	✓
Block Group #060070011002	1,468	591	\$ 48,798	Disadvantaged	✓	✓		✓
Block Group #060070013001	1,259	408	\$ 21,897	Severily Disadvantaged	✓	✓	✓	
Block Group #060070012003	694	306	\$ 36,250	Severily Disadvantaged	✓	✓	✓	✓
Block Group #060070013003	1,246	309	\$ 27,218	Severily Disadvantaged	✓	✓	✓	
Block Group #060070009034	1,622	879	\$ 33,098	Severily Disadvantaged	✓	✓		
Tract #06007000201	4,456	1,865	\$ 41,432	Disadvantaged	✓	✓	✓	✓
Tract #06007000502	3,965	1,572	\$ 18,278	Severily Disadvantaged	✓	✓		
Tract #06007002200	4,434	2,176	\$ 44,860	Disadvantaged		✓		✓

<sup>10</sup> None of the six areas of the proposed SOI expansion (discussed in the *Overview* chapter and the *City of Chico SOI Plan*) contain or are adjacent to disadvantaged unincorporated communities.

<sup>11</sup> Disadvantaged Community Tracts that are completely overlapped by Block Groups are not included in Figure 6-5, to avoid redundancy.



Figure 6-7: Disadvantaged Unincorporated Communities within City of Chico SOI



### Disadvantaged Unincorporated Communities

Outside of City Limits, Inside City's Proposed Sphere of Influence

**Community Block Groups\***

- Disadvantaged
- Severely Disadvantaged

Proposed City of Chico Sphere of Influence

City/County Boundary

City Incorporated Area

\*Source: Disadvantage Communities Mapping Tool, CA Department of Water Resources



**Determination 6-8: Disadvantaged Unincorporated Communities**

There are 12 DUCs within the proposed Chico SOI. Two of these DUCs (Mulberry and Chapman) are to be annexed by the City in 2020.

**DEVELOPMENT**

Similar to other parts of the State and the country, Chico's development activity has significantly slowed during and following the most recent economic recession, as is clear from Figure 6-8. The past few years, however, show signs of economic recovery and population growth.

**Figure 6-8: City of Chico Building Permits, 2000-2017**

Permits	Single-Family		Two-Family		Three and Four Family		Five or More Family		Total	
	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units	Buildings	Units
2017	276	276	4	8	0	0	16	355	296	639
2016	445	445	0	0	10	39	17	213	472	697
2015	256	256	7	14	9	36	17	215	289	521
2014	201	201	3	6	2	6	20	183	226	396
2013	227	227	8	16	5	19	14	128	254	390
2012	126	126	0	0	1	3	6	55	133	184
2011	88	88	0	0	0	0	3	38	91	126
2010	67	67	0	0	15	58	27	297	109	422
2009	127	127	1	2	1	4	4	48	133	181
2008	169	169	2	4	8	29	4	25	183	227
2007	261	261	0	0	10	31	5	76	276	368
2006	437	437	6	12	8	31	1	50	452	530
2005	430	430	42	84	23	88	0	0	495	602
2004	491	491	7	14	11	39	22	293	531	837
2003	624	624	0	0	20	62	25	260	669	946
2002	474	474	2	4	7	26	0	0	483	504
2001	464	464	7	14	4	13	3	23	478	514
2000	339	339	0	0	0	0	22	169	361	508

Source: United States Census Bureau, Building Permits Survey

Prior to the economic downturn, the City entitled a significant amount of acreage with approved residential lots. A good amount of those lots remain undeveloped. According to the 2017 Five-Year General Plan Review, there are approximately 12,000 approved subdivision lots or allowed units covered under certified Environmental Impact Reports for larger master planned areas like Oak Valley and Meriam Park.

The City has observed a trend of increased development activity. Because of the large inventory of entitled undeveloped lots, new subdivision activity has been minimal. Entitlements have been largely confined to multi-family projects, small parcel maps and subdivisions, and redesigns of previously entitled projects to "recalibrate" to changed conditions in the housing market. There is an ongoing stream of smaller infill and redevelopment projects that are successfully being integrated into the community.

**Determination 6-9: Recent Growth Trends**

Similar to other areas in the State, the City experienced a significant slowdown in new residential development following the recession. Prior to the economic downturn, the City entitled a significant amount of acreage with approved residential lots. A good amount of those lots remain undeveloped. There are approximately 12,000 approved subdivision lots or allowed units covered under certified Environmental Impact Reports for larger master planned areas like Oak Valley and Meriam Park. Residential demands have transitioned since the recession from new green field single family residences to higher density multi-family units and smaller infill and redevelopment projects.

In 2014, entitlements were approved for approximately 35,000 square feet of new commercial and industrial space by the Zoning Administrator and Architectural Review and Historic Preservation Board. During the same year building permits were issued for construction of 169,512 square feet of new commercial space with construction costs valued at over 13 million dollars. This activity is up considerably from 2013's 34,344 square feet of new commercial space with construction costs valued at over \$4 million.

In addition to residential, commercial, and industrial project approvals, a number of existing wireless telecommunication facilities received approvals for 4G and LTE upgrades to enhance wireless service throughout the City.

Figure 6-9 contains a list of planned and proposed developments within the City of Chico, last updated in 2018.

Overall, Chico is still suffering from low residential vacancy rates – 3.9 percent for homes and 1.2 percent for apartments, compared to the standard across the housing industry of five to seven percent for a healthy market. The supply of properties for rent or purchase is not keeping up with the high demand, increasing the price of housing. This issue is reflective of a statewide housing crisis and lack of lower-priced homes and apartments.

**Determination 6-10: Future Development Potential**

The City's recovering demand for residential, commercial, and industrial development projects demonstrates a potential for greater growth in the future than what has been experienced over the last seven years.

**Determination 6-11: Vacancy Rates**

The supply of properties in the City of Chico for rent or purchase is not keeping up with the high demand. This issue is reflective of a statewide housing crisis and lack of lower-priced homes and apartments.

**Figure 6-9: City of Chico Development Activity**

<b>Proposed and Approved Single-Family Development</b>					
<b>Name</b>	<b>Address or Location</b>	<b>Developer</b>	<b>Lots</b>	<b>Acres</b>	<b>Remaining Lots</b>
<b>Proposed</b>					
Drake Estates	2211 Floral Ave	Avila	17	2.9	17
Farris	1876 Hooker Oak	Nikki Farris	2	0.5	2
Morseman Estates	007-200-115	George Boeger, Jr.	16	2.8	16
Jensen	1576 Oleander	Hobie Jensen	2	0.4	2
Marigold Heights	Marigold Avenue (end of)	MK West Investments	24	5.0	24
Magnolia Gardens	1367 East Ave	Don Marshall	14	3.1	14
Plottel	443, 521, 525 W 11th Ave	Zach Plottel	21	3.1	21
Ruthie	1564 East Avenue	Chuck Tatreau	5	1.5	5
Stonegate	Bruce Rd/20th St/Skyway	Epick Homes	469	100.0	469
<b>Subtotal, Proposed</b>			<b>570</b>	<b>119</b>	<b>570</b>
<b>Name</b>	<b>Address or Location</b>	<b>Developer</b>	<b>Lots</b>	<b>Acres</b>	<b>Remaining Lots</b>
<b>Approved</b>					
AA Land and Cattle	392 E 8th Ave	Avila	3	0.4	2
Amber Lynn	Eaton Rd./Burnap	Avila	118	19.3	118
Avila Estates	216 Centennial Ave	Avila	20	7.2	20
Belvedere Heights 2	E 20th St / Dawncrest Dr	Ridgecrest Group LLC	92	21.8	92
Bentz	979 Myrtle Avene	Avila	3	0.7	2
Burnap Subdivision	3000 Burnap Ave Ave	M & T Construction	24	3.5	23
Carlene Place	2890 Carlene Place	Domicile Capital	17	2.9	17
Crossroads	2821 Cactus Ave	SCA Development	13	3.7	13
Domicile Subdivision	2434 Floral Ave	Ridge Capital Investors	8	1.4	8
Engelbert	1699 Easte Avenue	Phil Engelbert	4	0.9	4
Faithful Estates	Cactus Ave	Kite Group	10	2.2	10
Hideaway Park	334 W 12th Ave	Surminsky	4	0.6	4
Hopeful Heights	2265 Floral Ave	LDI Land & Home Inc	21	2.9	21
Innsbrook Subdivision 2	Innsbrook Way	B Webb Construction	38	5.2	38
Las Palomas	E Lassen Ave, E of Mayfair Dr	Air-Vol Trust	14	1.8	14
Lassen Village	2960 Burnap Ave	Lassen Village LLC	29	3.0	25
Lipton Manor	1051 4 Acres Ct	Serrao	3	1.4	2
Mariposa Manor	Mariposa Ave / Lucy Way	Bidwell Property Investors	34	4.6	34
Mission Vista Ranch 2	Humboldt Rd/Morning Rose Wy	Ronco LLC	17	2.4	17
Montecito Place	DeGarmo Dr	Forecast Land LLC	105	14.5	105
Sierra Garden Townhouses	Sierra Sunrise Terr / Idyllwild Cir	Sierra Gardens LLC	79	5.7	72
Tannelli Subdivision	2211 Floral Ave	Kidd Revocable Trust	12	2.9	12
Twin Creeks	Canyon Oaks Pcl 8	Riley Ventures LLC	16	67.4	16
Westside Place 2	Nord Ave	Westside Stories LLC	60	7.5	60
Canyon Oaks	Remaining Undeveloped Parcels	n.a.	n.a.	n.a.	61
Oak Valley	Humboldt Rd	Rosellini Trust Etal	1,324	296.8	1,100
Meriam Park	E 20th St / Bruce Rd	Flatfoot LLC	n.a.	n.a.	400
<b>Subtotal, Approved</b>			<b>2,068</b>	<b>481</b>	<b>2,290</b>

Proposed and Planned Single-Family Development					
Name	Address or Location	Developer	Lots	Acres	Remaining Lots
<b>Recorded</b>					
Wildwood Estates	Eaton Rd / Cactus Ave	Guillon Inc	112	8.2	12
Westside Place 1	Nord Ave / Purcell Ln	Westside Stories LLC	109	11.5	40
Schill Subdivision	SW corner Esplanade/Nord Hwy	Webb Homes	154	25.3	47
Foothill Park East 7	St Lawrence Ave	Drake Homes	68	23.8	39
Siena @ Canyon Oaks	Canyon Oaks Pcls 4 & 5	Galli Designs Inc	64	43.9	16
Mountain Vista	Floral Ave / Eaton Rd	Greenline Preservation	406	10.1	81
Creekside Landing 2	W Eaton Rd / Rogue River Dr	Discovery Builders	423	8.2	130
Harmony Park Circle	3166 Cactus Ave	Davenport Etal	19	4.0	18
Lassen Subdivision	216 W Lassen Ave	Chico & the Man LLC	14	2.7	6
<b>Subtotal, Recorded</b>			<b>1,369</b>	<b>137.7</b>	<b>389</b>
<b>Total, All Projects</b>			<b>4,007</b>	<b>738</b>	<b>3,249</b>

## GROWTH STRATEGIES

As was already mentioned, the City's central planning document is its General Plan, with the current planning horizon of 2030. Chico's 2030 vision outlined in the General Plan calls for conserving viable agricultural resources and other rural lands surrounding the City, which is anticipated to be achieved by creating a denser and more compact urban form, establishing urban growth limits (e.g., the Greenline), and providing appropriate buffers and transitions between urban and agricultural uses. Since the City is not proposing new urban growth into agricultural areas (except for the Bell- Muir area, where a transition to residential use is already underway), there are few locations where a buffer or edge treatment will need to be applied. Large undeveloped areas adjacent to the Greenline, such as the South Entler Special Planning Area, are subject to master planning requirements identified in the General Plan. Where buffers are needed, the Land Use element encourages their coincident use for trails, gardens, or other appropriate open space uses.

To establish a sustainable development trend for the community into the year 2030 and beyond, the General Plan addresses three distinct areas of the City, including areas of stability, areas of potential change, and areas for new growth.

- ❖ **Areas of Stability:** Areas of stability are not anticipated to change substantially in character, land use, or development intensity. These areas are outside of the Opportunity Sites and Special Planning Areas, and include most existing residential neighborhoods, environmentally sensitive lands, open spaces, and designated parks. The City's policy is to retain stability in these areas.
- ❖ **Areas of Potential Change:** The General Plan identifies 15 Opportunity Sites that have the highest infill and redevelopment potential in the City. These strategic areas include underutilized transportation corridors, regional retail centers, areas in the City's core, and other residential, light industrial, and mixed-use areas that can accommodate growth. Opportunity Sites provide for a mix of land uses supported by policies intended to ensure gradual and thoughtful transformation over the next 20+ years. Increased density and intensity, as well as mixed-use development at these locations is desired,

directed, and supported with incentives. The General Plan assumes that 13 to 15 percent of the land within the 15 Opportunity Sites will redevelop over the life of the Plan.

- ❖ **New Growth Areas:** The General Plan identifies five new growth areas to help meet the City's future housing and job needs. These areas are designated as Special Planning Areas with conceptual land use plans, assumed development capacities, and policies guiding their detailed master planning. The Special Planning Areas are to be developed as connected and complete neighborhoods with a mix of housing types, services, employment and shopping opportunities, parks, and open space.

The City's General Plan encourages compact urban development, infill and redevelopment, and complete neighborhoods.

- ❖ Compact urban development is the efficient use of land with a strong integration of uses. A compact urban form reduces the rate of farmland and habitat conversion. It makes efficient use of existing infrastructure and public services, increases the viability of transit by adding higher densities and intensities of development, puts more people near existing shops, restaurants and other amenities, thereby reducing vehicle miles travelled and air pollution, and increases the liveliness of the community. A well-planned, quality built compact urban form is the intent of the Chico General Plan.
- ❖ The goal of accommodating future housing and job needs within a compact urban form requires successful infill and redevelopment. The City focuses infill and redevelopment in the Downtown, along transit corridors, and at other key locations in the City. In other areas of the community, infill and redevelopment needs to be more closely scrutinized to ensure compatibility with existing neighborhoods. It is reasonable to assume some infill development will not yield the desired densities or land uses based on neighborhood opposition. There are policies throughout the General Plan to provide incentives to encourage infill and redevelopment. Successful infill can present challenges as it often occurs on smaller and more irregularly shaped parcels at densities higher than the adjacent development, and can require infrastructure upgrades. These changes from existing conditions can often result in neighborhood opposition. The two primary issues associated with infill development are compatible density and design. Policies to encourage infill development and address neighborhood compatibility have been in place since 1994, but these policies have not always yielded desired results. The Land Use element focuses on the issue of infill compatibility from both a density and design perspective, and the issue is further addressed by policies in the Community Design element.
- ❖ Complete neighborhoods promote livability and safety for residents of varied ages, incomes, and cultural backgrounds. Chico supports the creation of new complete neighborhoods and the enhancement of existing neighborhoods in keeping with the complete neighborhoods concept. A neighborhood is not a single street or several blocks with similar housing types. A neighborhood is a district or area with distinctive characteristics, such as housing types and prices,

services and facilities, employment opportunities, interconnected streets, manner of development, and landscaping. Neighborhoods in Chico play a significant role in community identity and quality of life. A key issue for creating complete neighborhoods is reconciling the desire for local neighborhood shopping and services with the ability for such businesses to succeed. The General Plan supports continued neighborhood planning and provides policies to guide compatible infill development.

The General Plan directs that new development and redevelopment must include a range of housing types and densities within neighborhoods to expand the range of housing choices. The policy framework for most designated Special Planning Areas (new growth areas) requires the integration of single and multi-family residences. The City does not have any growth controls or caps on the number of units that can be built over a designated period of time.

The aforementioned growth strategies are reflected in policy goals identified in the Land Use Element of the General Plan.

**GOAL LU-1** Reinforce the City’s compact urban form, establish urban growth limits, and manage where and how growth and conservation will occur.

**GOAL LU-2** Maintain a land use plan that provides a mix and distribution of uses that meet the identified needs of the community.

**GOAL LU-3** Enhance existing neighborhoods and create new neighborhoods with walkable access to recreation, places to gather, jobs, daily shopping needs, and other community services.

**GOAL LU-4** Promote compatible infill development.

**GOAL LU-5** Support the transformation of designated Opportunity Sites with a mix of uses.

**GOAL LU-6** Comprehensively plan the Special Planning Areas to meet the City’s housing and jobs needs.

**GOAL LU-7** Protect the Chico Municipal and Ranchoero Airports, and promote development in the Airport Industrial Park.

The City provides a range of incentives to encourage desired development. These incentives include priority project processing, support for infrastructure upgrades in targeted areas, deferral of development impact or permit fees, flexibility in development standards, and density bonuses. The City works with businesses, landowners, and developers to determine which incentives are appropriate for individual projects.

In addition, the General Plan directs adoption of a tiered development fee program that varies fees by development type, such as infill and newly annexed areas, recognizing that different types of development have different impacts on City services and infrastructure needs. A tiered fee program represents an effort by the City to offer incentives for the desired development pattern of infill and redevelopment. Fee deferrals are available for units constructed for low- or moderate-income households.

#### **Determination 6-12: Growth Strategies**

The City's General Plan encourages 1) compact urban development to limit farmland and habitat conversion, make efficient use of available infrastructure and public services, and reduce air pollution, 2) infill and redevelopment, and 3) complete neighborhoods to promote livability and safety. The City has put into practice measures to encourage desired development.

### Annexation Policies

As the City's annexation program slowed down in 2006 a number of unincorporated developed pockets remained. These islands are still served by the County, while city services are being provided in the areas immediately surrounding these islands.

The issue is a complex mix of the need to create logical jurisdictional boundaries, provide greater efficiencies in service delivery, and integrate urban populations into the City's social and political fabric. One of the several complex issues is groundwater nitrate contamination caused by a high density of residences on septic tanks in the Chico area. As a result of this contamination a Nitrate Action Plan was developed in 1985. Subsequently, the Chico Urban Area Nitrate Compliance Plan (NCP) was developed to encourage consistency between City and County land use and utility infrastructure policies, as well as to outline a plan to expedite the connection of septic tank users to the city sewer system.

In support of the NCP, 135 annexations have occurred involving approximately 42 islands of unincorporated territory, which has allowed affected parcels in these areas to connect to the municipal sewer system.<sup>12</sup>

With a \$38 million loan from the State Water Resources Control Board and project planning costs funded through County Service Area No. 114 (Chico Nitrate), the City sewer system is being extended in phases through various neighborhoods and communities lacking this infrastructure. In 2012, extension of the sewer system was completed in the Chapman/Mulberry neighborhood within the City's SOI making it physically possible for parcels in these communities to connect to the City's sanitary sewer system.

Butte LAFCo is charged with formation of logical boundaries and encouraging annexation of unincorporated islands within city limits, such as the Chapman and Mulberry neighborhoods, thus promoting greater efficiencies in the delivery of governmental services and addressing environmental justice concerns for DUCs. In an attempt to achieve these mandated goals, Butte LAFCo expressed a concern that if connections to the sewer system were permitted without a commitment by these areas to annex into the City, these neighborhoods would remain unincorporated islands long-term thus creating inefficiencies and illogical boundaries. LAFCo's policies strongly favor annexation of areas located within the City's SOI over extending services to them by contract or agreement. The Commission may approve contracts for extension of services in anticipation of a later change of organization.

One of the City's General Plan action items supporting its growth plan is to require that applications for sphere of influence changes and annexations are consistent with LAFCo

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<sup>12</sup> Ralph Andersen & Associates, Chapman, Mulberry and Stewart Avenue Annexation Study for Butte County/City of Chico, 2013, Prepared for Butte County.



requirements and include a conceptual plan for the affected territory, including pre-zoning and a plan for infrastructure financing and phasing.

For several years, the City and LAFCo were challenged to resolve a number of issues related to the extension of city sewer to unincorporated properties as part of the Nitrate Compliance Program, and to the development of a mutually agreeable program for annexing remaining County islands.

In May 2011, the City of Chico submitted an application to Butte LAFCo for an extension of sewer services to 2,991 unincorporated developed parcels outside its jurisdictional boundaries, but within its SOI. This was an application for a Master Agreement for Extension of Services within Chico's SOI for all eligible properties. The Commission supported authorizing these services contingent upon: 1) individual landowners signing a binding covenant in support of annexation, 2) the City agreeing to an annexation plan that would ensure all unincorporated parcels receiving sewer service being annexed to the City in a logical and timely manner, and 3) the City utilizing the island annexation provisions of state law whenever possible. LAFCo agreed to a six-month authorization to allow a maximum of 100 sewer connections contingent upon the execution of a landowner consent to annexation and the pursuit of a Master Sewer Service Extension and Annexation Agreement within six months. There were time extensions of this authorization, but only 15 connections were finally authorized by LAFCo. Butte LAFCo sought the establishment of a certain annexation program determined by the then "sitting" City Council rather than delaying such a decision to a later date based on changed circumstances.<sup>13</sup>

For several more years, the City and LAFCo were unsuccessful in resolving a number of issues relating to the extension of city sewer to county properties (to support the Nitrate Compliance Program) and to the development of a mutually agreeable program for annexing County islands. To improve relations, a subcommittee made up of Council members and City staff met regularly with a subcommittee from LAFCo to identify mutual goals and seek resolution. In 2015, the Sewer Service Extension and Annexation Agreement was signed by Butte LAFCo and the City Council. It resolved many longstanding points of contention and included the following key highlights: 1) the City agreed to initiate annexation of the Chapman and Mulberry islands (with the final annexation being recorded five years after LAFCo approval), and 2) the City agreed to make application for after-the-fact approval of 62 unauthorized sewer connections. The Agreement also directs the City and LAFCo to work cooperatively towards an annexation plan for the remaining County islands.

Residents in unincorporated areas benefit from the Agreement by receiving access to City sewer services through an expedited LAFCo process. It also allows property owners an opportunity to abandon septic systems and make limited improvements to existing structures. In most cases sewer connections in the areas covered by the Agreement are approved with an Annexation Consent and Covenant Agreement being executed by the landowner. In instances where parcels are contiguous to City boundaries, LAFCo may require an annexation application.

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<sup>13</sup> Butte County/City of Chico, Final Report Chapman, Mulberry and Stewart Avenue Annexation Study, 2013, p. 5.

**Determination 6-13: Annexation Plan**

The City and LAFCo have made great efforts to cooperatively come to an agreement to address a number of issues relating to the extension of city sewer to unincorporated properties and the annexation of long-standing islands. The cooperative effort must continue in order to complete the annexation of remaining unincorporated pockets.

# 7. FINANCING

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## OVERVIEW

The Finance Division of the Chico Administrative Services Department maintains financial records of the City, conducts fiscal functions involved in the receipt, custody and disbursement of City funds, and provides support services to other city departments. Financial services include accounting, payroll, accounts receivable/payable, operations and capital budgeting, financial reporting and auditing.

The budget serves as the foundation for financial planning and control for the City of Chico. Budgetary control is maintained to ensure compliance with legal provisions of the annual appropriated budget as approved and modified by the City Council. The City Charter requires the City Manager to present a proposed budget to the City Council by June 1<sup>st</sup> of each year, with the Council adopting the comprehensive operating and capital budgets no later than its first regular meeting in July.

The Charter of the City of Chico also requires an annual audit to be conducted by an independent auditor approved by the City Council. The audit report is to be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and submitted to the City Council on or before the first regular City Council meeting in February.

The accounts of the City are organized on the basis of fund accounting. All of the funds of the City are divisible into three categories, including governmental funds (general fund, special revenue fund, and capital projects fund), proprietary funds (enterprise funds and internal service funds), and fiduciary funds.

The general fund supports the City's basic services, such as police and fire operations, parks, street maintenance, legislative and administrative services. The general fund is supported by a number of revenue sources, including sales tax, property tax, utility users tax, property tax in lieu of vehicle license fees (VLF), transient occupancy tax, and other (fees for business and dog licenses, various permit fees, court and parking fines, franchise fees, and reimbursements). Sales tax, property tax and utility users tax make up more than 85 percent of the general fund revenue sources.

Proprietary funds are generally used to account for activities for which the City charges a fee to either its external or internal customers. The enterprise funds include sewer operations, Water Pollution Control Plant (WPCP) capital reserve, parking revenue, parking revenue reserve, Chico Municipal Airport, and private development. Internal service funds are used to report activities that provide goods and services for certain city programs and activities. The City uses internal service funds to account for its self-insurance, central garage, municipal building maintenance and information services functions.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and include one private purpose trust fund that consists of the activity of the successor agency to the Chico Redevelopment Agency and one agency fund that accounts for the assets held by the City as an agency for bonded assessment districts.

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## Financial Adequacy and Economic Outlook

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### *Financial Adequacy*

The City of Chico has gradually recovered from the financial challenges resulting from the most recent economic recession. The City has eliminated a general fund deficit of \$7,665,659 it had as of June 30, 2013 to create a positive fund balance on June 30, 2017 of \$8,976,764 including committed reserves totaling \$2,461,140 for emergencies and compensated absences.

The City has implemented numerous measures to address the prior fiscal distress and promote recovery. The following measures have improved the City's financial position:

- ❖ The City Council employed new City management and provided direction to establish and follow financially prudent policies and create applicable procedures to comply with these policies. Policies are reviewed on an annual basis and modified according to City Council direction.
- ❖ Monthly budget monitoring reports are prepared and provided to the City Council and the public to ensure transparency and track financial progress.
- ❖ The City has adopted a general philosophy to "live within its means," so that budgeted expenditures do not exceed projected revenues. A greater emphasis has been placed on conservative revenue budgeting projections and expenditure analysis.
- ❖ To cut costs, the City underwent two rounds of staff layoffs in 2012-2013. Chico was forced to decentralize activities such as purchasing, document management, contract oversight, and decision-making. Staffing restructuring also included utilizing contract services for City Attorney, building inspector, and capital project management.
- ❖ The City negotiated with employee groups to provide cost-neutral solutions; many bargaining units agreed to contribute full employee cost for Medicare and CalPERS employee retirement contributions. Employees have also agreed to contribute towards the employer share of CalPERS retirement contributions.
- ❖ To further cut costs the City had to make service reductions. For example, cost reductions were made in annual road maintenance.
- ❖ Annual transfers to emergency reserves have been budgeted and funded under a long-term plan to restore adequate reserves.
- ❖ Cost allocation plans are updated every two to three years.
- ❖ All City departments have embraced new technology to optimize time and staffing efficiencies. New software programs include financial and human resource software, Citizenserve online business license registration, Executime electronic timesheets, Safety Computer Aided Dispatch and Records Management Systems (CAD/RMS) and Building and Planning permit software.
- ❖ The overall economy improved resulting in increases in sales tax revenues and property tax revenues over budgeted revenues.

### Financial Challenges

Although the City has made significant financial improvements and is working towards restoring prudent financial reserves, there continue to be financial challenges, which include:

- ❖ Although the Police Department has been able to increase its staffing back to pre-recession levels, other departments have not been able to implement staffing increases. This creates a challenge to departments as they work to provide quality service to the public.
- ❖ The City has contracted with CalPERS to provide retirement benefits to employees and retirees. CalPERS has changed its funding requirements, which will result in major annual retirement contribution increases beginning in FY 18-19.
- ❖ Due to errors in calculations by the Butte County Auditor-Controllers' office, the City was overpaid property taxes in lieu of VLF for FYs 15-16 and 16-17, which results in a future repayment of \$1,995,000 to be made over five fiscal years starting in FY 17-18. In addition to the repayment, future annual allocations of the property taxes in lieu of VLF will be reduced by approximately \$250,000.
- ❖ The target amount for general fund operational and emergency reserves is \$14,151,573. The projected amount set aside for these reserves is budgeted to be \$5,419,307 on June 30, 2018, which is only 38 percent of the target amount.
- ❖ Public Works operations and maintenance costs, including streets and road annual maintenance costs, are underfunded annually by approximately \$9,600,000. Although there are additional revenues scheduled to come to the City of about \$1,500,000 per year as a result of SB 1,<sup>14</sup> supplementary resources are needed to sufficiently cover required annual maintenance costs.

### Economic Development

Chico's local economy continues to improve as evidenced by the increase in sales tax revenue generated by the City. The City receives a rate of 0.95 percent on every dollar of applicable taxable sales in the City. Total sales tax revenue for the year ending June 30, 2012 was \$16,630,197. To compare, sales tax revenue for the year ending June 30, 2017 was \$21,133,637. This represented growth of 27 percent in sales tax revenues from FY 2012 to FY 2017.

In addition, other key economic factors are demonstrating steady growth for the City. For example, according to the Bureau of Labor Statistics the unemployment rate in Butte County has decreased from 12.7 percent in June 2012 to 5.9 percent in February 2018. The City also has seen a continued increase in local construction as evidenced by an increase in

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<sup>14</sup> SB 1 increased several taxes and fees to raise over \$5 billion annually in new transportation revenues. SB 1 prioritizes funding towards maintenance and rehabilitation and safety improvements on state highways, local streets and roads, and bridges and to improve the state's trade corridors, transit, and active transportation facilities. Once fully implemented, approximately \$1.5 billion per year in new revenue is earmarked for local street and road maintenance and rehabilitation and other eligible uses, including complete streets projects, traffic signals, and drainage improvements. California's counties will share about \$750 million annually, and the same amount will be allocated to cities.

building permits issued, planning fees, and an increase in the sales of new and existing homes. Despite the increase in construction, however there is still a lack of affordable housing in the City of Chico, which is reflective of the statewide housing crisis. As was discussed earlier in the *Development* section of this report, a shortage of houses and apartments for rent or sale is increasing the price of housing in the City.

#### **Determination 7-1: Economic Recovery**

Chico's local economy is showing signs of economic recovery, as evidenced by the increases in locally-generated revenues over the last five fiscal years, including sales taxes, property taxes, and transient occupancy taxes. In addition, other key economic factors are showing slow but steady growth for the City, such as a decline in the unemployment rate and increased local construction. Despite the increase in construction, however, there is still a lack of affordable housing in the City of Chico, which is reflective of the statewide housing crisis.

#### **Determination 7-2: Fiscal Health**

The City has recovered to a baseline of acceptable service levels, but has not returned to pre-recession service levels. Chico must address increasing capital maintenance needs and future unfunded liabilities. The City has implemented administrative and organizational measures to ensure that protections are in place to prevent future fund deficits and weather future economic fluctuations.

#### *California Municipal Financial Health Diagnostic*

As a result of having observed many California cities struggle financially following the most recent economic recession, the California League of Cities has developed a financial diagnostic tool to aid local governments in identifying signs of financial distress. The tool includes a 14-point report card that grades the near-term financial health of a city's General Fund and other operations. Each indicator receives either a green light (healthy), yellow light (caution), or red light (warning). The California Municipal Financial Health Diagnostic is primarily concerned with the ability of the city to meet its current and future financial commitments now and into the future (cash, budgetary, and long-run solvency). Completing the tool helps a city identify areas of fiscal concern that should be addressed to avert fiscal crisis.

The City of Chico Finance Division completed the diagnostic tool in April 2018, the results of which can be seen in Figure 7-1. As is seen from the Financial Distress Indicators – Summary Checklist in Figure 7-1, Chico's two main areas of fiscal concern are fixed costs and labor costs, and balancing the budget with temporary funds. Fixed costs and labor costs create a red flag because of the CalPERS increased retirement contribution costs projected in future years. Balancing the budget with temporary funds constitutes a concern because the City has not provided full funding to cover deferred maintenance costs. The results of the assessment also show that the City of Chico should be cautious regarding the following four indicators:

- 1) Net Operating Deficit/Surplus. Although conservative budget strategies have resulted in net operating surpluses over the last four years, this area must be

closely monitored to ensure that future General Fund operating deficits do not occur.

- 2) Fund Balance. General Fund reserves are currently not adequate. The City continues on a funding path that should result in full reserves in six years.
- 3) Capital Asset Condition. The City continues to partially fund its capital replacement funds, but additional long-term resources are likely to be needed to fully fund all the necessary replacements.
- 4) Service Level Solvency. Public service levels are currently below the standards needed in the City of Chico. The City is working to adequately fund future service levels. For instance, SB 1 funds will aid the City to fund road improvements in the forthcoming years.

Eight out of 14 financial indicators were concluded to be healthy, which is a slight improvement over the prior evaluation conducted in 2016.

Figure 7-1: California Municipal Financial Health Diagnostic Financial Distress Indicators, Summary Checklist for the City of Chico General Fund, April 2018

The California Municipal Financial Health Diagnostic			
Financial Health Indicators - Summary Checklist			
	Indicator	Rating	
Measures	1. Net Operating deficit / surplus. There are no recurring general fund operating deficits. General revenues are sufficient to meet the net general revenue demand of programs.	Yellow	Caution
	2. Fund balance. Reserves are sufficient over multiple consecutive years and in compliance with adopted policy.	Yellow	Caution
	3. Capital Asset Condition. The city is keeping pace with the aging of its capital assets.	Yellow	Caution
	4. Liquidity. Cash and short-term investments are sufficient to cover current liabilities (including short-term debt and accounts payable within 60 days).	Green	Healthy
	5. Fixed costs & labor costs. Fixed costs (including debt service and other contractual obligations), salaries and benefits are stable or decreasing over multiple years relative to reasonably expected revenue growth.	Red	Warning
	6. General fund subsidies of other funds. Any general fund subsidies other enterprises or special funds are sustainable and in compliance with adopted policy.	Green	Healthy
Practices and Conditions	7. Constraints on budgetary discretion. The city council's authority to make budget changes is not excessively constrained by charter, contract, or law.	Green	Healthy
	8. Balancing the budget with temporary funds. The use of reserves, selling assets, deferring asset maintenance to balance the general fund has been limited, prudent and in compliance with adopted policy.	Red	Warning
	9. Balancing the budget with borrowing. The use of short-term borrowing, internal borrowing or transfers from special funds to balance the general fund has been limited, prudent and in compliance with adopted policy.	Green	Healthy
	10. Balancing the budget by deferring employee compensation costs. Pension liabilities and other non-salary benefits have been determined, disclosed and actuarially funded in compliance with adopted policy.	Green	Healthy
	11. Balancing the budget with backloaded debt service payments. Debt service payments have not been "backloaded" into future years.	Green	Healthy
	12. Funding operating costs with non-recurring revenues. Ongoing operating costs are being funded with ongoing rather than temporary revenues (e.g., from development, etc.)	Green	Healthy
	13. Timeliness and accuracy of financial reports. Financial Reports are being filed on time. (CAFR, Annual Audit, State Controller's Financial Transactions Report)	Green	Healthy
	14. Service level solvency. Public service levels meet the standards and needs in this community.	Yellow	Caution



**Determination 7-3: Financial Distress Indicators**

Chico's two main areas of fiscal concern, as determined by the California League of Cities diagnostic tool, are fixed costs and labor costs due to the projected increase in the CalPERS retirement costs, and balancing the budget with temporary funds due to the lack of full funding to cover deferred maintenance costs. The City should additionally be vigilant of net operating deficits, ensuring that adequate funds are set aside to meet the desired reserve level, finding adequate funds to fully fund necessary capital improvements, and continue to seek funding levels to ensure service level solvency.

## REVENUES AND EXPENDITURES

**Figure 7-2: Revenues and Expenditures (All City Funds), FY 12-13 to FY 16-17**

City of Chico					
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<b>Revenues</b>					
Program Revenues:					
Charges for Services	\$ 23,064,812	\$ 25,693,485	\$ 30,730,011	\$ 30,275,592	\$ 35,226,602
Operating Contributions and Grants	\$ 9,615,268	\$ 11,177,207	\$ 11,854,959	\$ 11,022,627	\$ 13,227,259
Capital Grants and Contributions	\$ 11,974,589	\$ 6,770,535	\$ 11,916,955	\$ 2,886,782	\$ 2,870,275
General Revenues:					
Taxes	\$ 38,966,429	\$ 41,498,668	\$ 44,796,919	\$ 45,861,426	\$ 48,397,611
Grants and Contributions not restricted to specific programs	\$ 2,482,622	\$ 8,575,839	\$ 8,836,928	\$ 5,854,525	\$ 8,759,752
Unrestricted Investment Earnings	\$ 168,671	\$ 135,858	\$ 230,893	\$ 319,662	\$ 257,897
Miscellaneous	\$ 158,655	\$ 920,813	\$ 155,446	\$ 82,723	\$ 181,581
Loans from private-purpose trust fund	\$ 6,361,278	\$ 6,467,305	\$ -	\$ -	\$ -
Bond proceeds from private-purpose trust fund	\$ -	\$ 4,100,000	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<b>\$ 92,792,324</b>	<b>\$ 105,339,710</b>	<b>\$ 108,522,111</b>	<b>\$ 96,303,337</b>	<b>\$ 108,920,977</b>
<b>Expenditures</b>					
General Government	\$ 2,667,199	\$ 2,636,371	\$ 3,218,093	\$ 3,972,163	\$ 4,577,443
Public Safety	\$ 37,797,170	\$ 34,598,793	\$ 36,708,587	\$ 39,323,746	\$ 41,972,342
Public Works	\$ 19,555,272	\$ 16,823,136	\$ 18,953,863	\$ 18,529,780	\$ 18,588,764
Parks and Recreation	\$ 3,530,540	\$ 3,360,413	\$ 3,581,670	\$ 3,388,015	\$ 3,536,661
Community Development	\$ 2,575,065	\$ 2,654,173	\$ 2,296,165	\$ 2,588,283	\$ 3,359,829
Community Agencies	\$ 323,301	\$ 162,171	\$ 52,625	\$ 99,306	\$ 100,000
Interest on Long-Term Debt	\$ 3,471	\$ 3,347	\$ 3,218	\$ 84,625	\$ 79,535
Loss on disposition of capital assets	\$ 666,851	\$ 118,071	\$ 544,634	\$ -	\$ -
Sewer	\$ 12,160,847	\$ 12,234,742	\$ 11,428,722	\$ 10,985,387	\$ 11,450,912
Parking	\$ 1,016,952	\$ 824,767	\$ 713,671	\$ 839,364	\$ 849,259
Private Development	\$ 1,992,846	\$ 2,478,604	\$ 2,746,462	\$ 3,001,022	\$ 3,488,378
Airport	\$ 2,001,192	\$ 2,262,677	\$ 2,035,531	\$ 1,926,804	\$ 1,902,099
<b>Total Expenditures</b>	<b>\$ 84,290,706</b>	<b>\$ 78,157,265</b>	<b>\$ 82,283,241</b>	<b>\$ 84,738,495</b>	<b>\$ 89,905,222</b>
<i>Net Amount</i>	<i>\$ 8,501,618</i>	<i>\$ 27,182,445</i>	<i>\$ 26,238,870</i>	<i>\$ 11,564,842</i>	<i>\$ 19,015,755</i>
Prior Period Adjustment			\$ (107,015,416)	\$ 1,280,555	
<b>End of Year Fund Balance</b>	<b>\$ 456,559,736</b>	<b>\$ 483,742,181</b>	<b>\$ 402,965,635</b>	<b>\$ 415,811,032</b>	<b>\$ 434,826,787</b>
<b>City of Chico Summary</b>					
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
Total Revenues	\$ 92,792,324	\$ 105,339,710	\$ 108,522,111	\$ 96,303,337	\$ 108,920,977
Total Expenditures	\$ 84,290,706	\$ 78,157,265	\$ 82,283,241	\$ 84,738,495	\$ 89,905,222
<b>Revenue less Expenditures</b>	<b>\$ 8,501,618</b>	<b>\$ 27,182,445</b>	<b>\$ 26,238,870</b>	<b>\$ 11,564,842</b>	<b>\$ 19,015,755</b>

Source: City of Chico Comprehensive Annual Financial Reports, Statement of Activities.

Figure 7-3: Statement of Activities, FYs 15-16 and 16-17

Statement of Activities Fys 15-16 and 16-17						
	Governmental Activities		Business type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Program Revenues:</b>						
Charges for Services	\$ 11,143,602	\$ 14,839,565	\$ 19,131,990	\$ 20,387,037	\$ 30,275,592	\$ 35,226,602
Operating grants and contributions	\$ 10,752,285	\$ 9,975,752	\$ 270,342	\$ 3,251,507	\$ 11,022,627	\$ 13,227,259
Capital grants and contributions	\$ 2,074,891	\$ 928,580	\$ 811,891	\$ 1,941,695	\$ 2,886,782	\$ 2,870,275
<b>General revenues:</b>						
Taxes	\$ 45,861,426	\$ 48,397,611	\$ -	\$ -	\$ 45,861,426	\$ 48,397,611
Grants and contributions not restricted to specific programs	\$ 5,854,525	\$ 8,759,752	\$ -	\$ -	\$ 5,854,525	\$ 8,759,752
Unrestricted investment earnings	\$ 249,988	\$ 108,793	\$ 69,674	\$ 149,104	\$ 319,662	\$ 257,897
Miscellaneous	\$ 82,723	\$ 181,581	\$ -	\$ -	\$ 82,723	\$ 181,581
<b>Total Revenues</b>	<b>\$ 76,019,440</b>	<b>\$ 83,191,634</b>	<b>\$ 20,283,897</b>	<b>\$ 25,729,343</b>	<b>\$ 96,303,337</b>	<b>\$ 108,920,977</b>
<b>Expenses:</b>						
General government	\$ 3,972,163	\$ 4,577,443	\$ -	\$ -	\$ 3,972,163	\$ 4,577,443
Public safety	\$ 39,323,746	\$ 41,972,342	\$ -	\$ -	\$ 39,323,746	\$ 41,972,342
Public works	\$ 18,529,780	\$ 18,588,764	\$ -	\$ -	\$ 18,529,780	\$ 18,588,764
Parks and recreation	\$ 3,388,015	\$ 3,536,661	\$ -	\$ -	\$ 3,388,015	\$ 3,536,661
Community development	\$ 2,588,283	\$ 3,359,829	\$ -	\$ -	\$ 2,588,283	\$ 3,359,829
Community agencies	\$ 99,306	\$ 100,000	\$ -	\$ -	\$ 99,306	\$ 100,000
Interest on long-term debt	\$ 84,625	\$ 79,535	\$ -	\$ -	\$ 84,625	\$ 79,535
Sewer	\$ -	\$ -	\$ 10,985,387	\$ 11,450,912	\$ 10,985,387	\$ 11,450,912
Parking	\$ -	\$ -	\$ 839,364	\$ 849,259	\$ 839,364	\$ 849,259
Private development	\$ -	\$ -	\$ 3,001,022	\$ 3,488,378	\$ 3,001,022	\$ 3,488,378
Airport	\$ -	\$ -	\$ 1,926,804	\$ 1,902,099	\$ 1,926,804	\$ 1,902,099
<b>Total Expenses</b>	<b>\$ 67,985,918</b>	<b>\$ 72,214,574</b>	<b>\$ 16,752,577</b>	<b>\$ 17,690,648</b>	<b>\$ 84,738,495</b>	<b>\$ 89,905,222</b>
<b>Transfers</b>	<b>\$ (601,115)</b>	<b>\$ (369,977)</b>	<b>\$ 601,115</b>	<b>\$ 369,977</b>	<b>\$ -</b>	<b>\$ -</b>
Change in net position	\$ 7,432,407	\$ 10,607,083	\$ 4,132,435	\$ 8,408,672	\$ 11,564,842	\$ 19,015,755
<b>Net position, end of year</b>	<b>\$ 317,933,133</b>	<b>\$ 328,540,216</b>	<b>\$ 97,877,899</b>	<b>\$ 106,286,571</b>	<b>\$ 415,811,032</b>	<b>\$ 434,826,787</b>

Source: City of Chico Comprehensive Annual Financial Reports

**Figure 7-4: General Fund Revenues and Expenditures, FY 12-13 to FY 16-17**

City of Chico General Fund						
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	
<b>Revenues</b>						
Property Taxes	\$ 11,588,809	\$ 12,310,719	\$ 13,649,176	\$ 14,564,004	\$ 15,169,017	
Sales and Use Taxes	\$ 17,043,519	\$ 18,542,467	\$ 19,408,739	\$ 19,908,528	\$ 21,133,637	
Other Taxes	\$ 10,198,218	\$ 10,509,212	\$ 11,739,004	\$ 11,388,894	\$ 12,094,956	
Licenses and Permits	\$ 136,146	\$ 133,346	\$ 130,551	\$ 108,260	\$ 91,227	
Intergovernmental	\$ 866,039	\$ 1,054,614	\$ 1,181,020	\$ 1,683,666	\$ 1,018,438	
Charges for Services	\$ 189,043	\$ 192,217	\$ 166,092	\$ 232,343	\$ 211,073	
Fines, Forfeitures, and Penalties	\$ 642,997	\$ 593,474	\$ 722,181	\$ 600,760	\$ 782,083	
Use of Money and Property	\$ 208,227	\$ 175,250	\$ 252,047	\$ 377,433	\$ 236,340	
Miscellaneous	\$ 116,654	\$ 912,171	\$ 180,914	\$ 173,794	\$ 226,678	
<b>General Fund Revenues</b>	<b>\$ 40,989,652</b>	<b>\$ 44,423,470</b>	<b>\$ 47,429,724</b>	<b>\$ 49,037,682</b>	<b>\$ 50,963,449</b>	
<b>Expenditures</b>						
<b>Current:</b>						
General Government	\$ 1,826,763	\$ 1,676,406	\$ 1,805,800	\$ 3,283,880	\$ 3,363,792	
Public Safety	\$ 34,389,152	\$ 31,793,721	\$ 31,162,875	\$ 34,460,397	\$ 36,290,165	
Public Works	\$ 3,271,564	\$ 3,251,145	\$ 3,483,340	\$ 4,059,790	\$ 4,804,555	
Parks and Recreation	\$ 2,974,453	\$ 2,868,314	\$ 2,961,105	\$ 3,063,118	\$ 3,152,509	
Community Development	\$ 748,708	\$ 762,550	\$ 868,854	\$ 888,436	\$ 984,881	
Community Agencies	\$ 323,301	\$ 162,171	\$ 52,625	\$ 99,306	\$ 100,000	
Capital Outlay	\$ 5,073	\$ -	\$ 73,629	\$ 2,011,370	\$ 659,010	
<b>Debt Service:</b>						
Principal Retirement	\$ -	\$ -	\$ -	\$ 109,407	\$ 109,594	
Interest and Fiscal Charges	\$ -	\$ -	\$ -	\$ 27,460	\$ 27,274	
<b>General Fund Expenditures</b>	<b>\$ 43,539,014</b>	<b>\$ 40,514,307</b>	<b>\$ 40,408,228</b>	<b>\$ 48,003,164</b>	<b>\$ 49,491,780</b>	
<b>Net Amount</b>	<b>\$ (2,549,362)</b>	<b>\$ 3,909,163</b>	<b>\$ 7,021,496</b>	<b>\$ 1,034,518</b>	<b>\$ 1,471,669</b>	
<b>Other Financing Sources (Uses)</b>						
Transfers in	\$ 2,916,952	\$ 2,383,961	\$ 2,897,862	\$ 3,069,418	\$ 2,948,221	
Transfers out	\$ (13,383,568)	\$ (1,433,889)	\$ (2,908,528)	\$ (2,920,204)	\$ (2,031,623)	
Capital Leases	\$ -	\$ -	\$ -	\$ 1,200,359	\$ -	
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (10,466,616)</b>	<b>\$ 950,072</b>	<b>\$ (10,666)</b>	<b>\$ 1,349,573</b>	<b>\$ 916,598</b>	
Change in Net Position	\$ (13,015,978)	\$ 4,859,235	\$ 7,010,830	\$ 2,384,091	\$ 2,388,267	
<b>End of Year Fund Balance</b>	<b>\$ (7,665,659)</b>	<b>\$ (2,806,424)</b>	<b>\$ 4,204,406</b>	<b>\$ 6,588,497</b>	<b>\$ 8,976,764</b>	

Source: City of Chico Comprehensive Annual Financial Reports, Statement of Revenues, Expenditures, and Changes Fund Balances, Governmental Funds.

**Figure 7-5: Sewer Enterprise Fund Revenues and Expenditures, FY 12-13 to FY 16-17**

City of Chico Sewer Fund					
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<b>Revenues</b>					
Operating Revenues:					
Charges for Services	\$ 14,774,441	\$ 14,871,384	\$ 16,296,261	\$ 14,297,690	\$ 14,676,859
Rental Charges	\$ 68,287	\$ 67,787	\$ 54,456	\$ 53,281	\$ 59,743
Non-Operating Revenues:					
Investment Earnings	\$ -	\$ -	\$ -	\$ 63,231	\$ 135,808
Miscellaneous	\$ 14,297	\$ 3,190	\$ 114,510	\$ -	\$ -
<b>Sewer Revenues</b>	<b>\$ 14,857,025</b>	<b>\$ 14,942,361</b>	<b>\$ 16,465,227</b>	<b>\$ 14,414,202</b>	<b>\$ 14,872,410</b>
<b>Expenditures</b>					
Operating Expenses:					
Salaries and Benefits	\$ 2,470,429	\$ 2,334,515	\$ 2,269,656	\$ 1,886,926	\$ 1,920,585
Materials and Supplies	\$ 1,118,196	\$ 1,200,143	\$ 570,238	\$ 704,367	\$ 749,433
Purchased Services	\$ 444,609	\$ 557,619	\$ 671,957	\$ 575,547	\$ 850,111
Other Expenses	\$ 2,620,970	\$ 2,279,979	\$ 2,259,895	\$ 2,179,517	\$ 2,368,674
Depreciation	\$ 4,261,164	\$ 4,414,696	\$ 4,476,574	\$ 4,551,648	\$ 4,578,718
Non-Operating Expenses:					
Interest	\$ 1,245,479	\$ 1,447,790	\$ 1,180,402	\$ 1,087,382	\$ 983,391
Miscellaneous				\$ 17,770	\$ -
<b>Sewer Expenditures</b>	<b>\$ 12,160,847</b>	<b>\$ 12,234,742</b>	<b>\$ 11,428,722</b>	<b>\$ 11,003,157</b>	<b>\$ 11,450,912</b>
<i>Net Amount</i>	<i>\$ 2,696,178</i>	<i>\$ 2,707,619</i>	<i>\$ 5,036,505</i>	<i>\$ 3,411,045</i>	<i>\$ 3,421,498</i>
<b>Contributions and Transfers</b>					
Capital Contributions	\$ 8,702,526	\$ 4,535,267	\$ 5,237,932	\$ 811,891	\$ 1,941,695
Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	\$ (112,101)	\$ (119,486)	\$ (101,462)	\$ (107,016)	\$ (114,140)
<b>Total Contributions and Transfers</b>	<b>\$ 8,590,425</b>	<b>\$ 4,415,781</b>	<b>\$ 5,136,470</b>	<b>\$ 704,875</b>	<b>\$ 1,827,555</b>
Change in Net Position	\$ 11,286,603	\$ 7,123,400	\$ 10,172,975	\$ 4,115,920	\$ 5,249,053
Net pension liability adjustment, plus contributions subsequent to measurement date <sup>1</sup>	\$ -	\$ (8,631,375)	\$ -	\$ -	\$ -
<b>End of Year Fund Balance</b>	<b>\$ 73,496,784</b>	<b>\$ 71,988,809</b>	<b>\$ 82,161,784</b>	<b>\$ 86,277,704</b>	<b>\$ 91,526,757</b>

<sup>1</sup> A prior period adjustment was made to decrease the beginning net position of the applicable governmental and business-type activities. The adjustment was made to reflect the prior period adjustment related to the implementation of GASB No. 68 and 71.

Source: City of Chico Comprehensive Annual Financial Reports, Statement of Revenues, Expenditures, and Changes in Net Position, Proprietary Funds.

**Figure 7-6: Airport Enterprise Fund Revenues and Expenditures, FY 12-13 to FY 16-17**

City of Chico Airport Enterprise Fund					
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<b>Revenues</b>					
Operating Revenues:					
Charges for Services	\$ 131,614	\$ 127,119	\$ 74,083	\$ 52,579	\$ 52,095
Rental Charges	\$ 321,639	\$ 390,199	\$ 329,676	\$ 490,437	\$ 485,865
Non-Operating Revenues:					
Intergovernmental	\$ 317,786	\$ 302,747	\$ 2,113,734	\$ 270,342	\$ 3,251,507
Miscellaneous	\$ 72,137	\$ 4,944	\$ 6,465	\$ 5,431	\$ 24,345
<b>Airport Revenues</b>	<b>\$ 843,176</b>	<b>\$ 825,009</b>	<b>\$ 2,523,958</b>	<b>\$ 818,789</b>	<b>\$ 3,813,812</b>
<b>Expenditures</b>					
Operating Expenses:					
Salaries and Benefits	\$ 241,239	\$ 83,878	\$ 106,351	\$ 113,384	\$ 237,703
Materials and Supplies	\$ 94,489	\$ 90,857	\$ 13,492	\$ 7,812	\$ 30,830
Purchased Services	\$ 62,028	\$ 64,353	\$ 152,740	\$ 201,614	\$ 106,942
Other Expenses	\$ 501,341	\$ 922,380	\$ 668,066	\$ 467,384	\$ 432,905
Depreciation	\$ 1,102,095	\$ 1,101,209	\$ 1,094,882	\$ 1,136,610	\$ 1,093,719
Non-Operating Expenses:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Airport Expenditures</b>	<b>\$ 2,001,192</b>	<b>\$ 2,262,677</b>	<b>\$ 2,035,531</b>	<b>\$ 1,926,804</b>	<b>\$ 1,902,099</b>
<i>Net Amount</i>	<i>\$ (1,158,016)</i>	<i>\$ (1,437,668)</i>	<i>\$ 488,427</i>	<i>\$ (1,108,015)</i>	<i>\$ 1,911,713</i>
<b>Contributions and Transfers</b>					
Capital Contributions	\$ 10,489	\$ -	\$ -	\$ -	\$ -
Transfers In	\$ -	\$ 431,945	\$ 850,340	\$ 950,976	\$ 731,292
Transfers out	\$ (66,197)	\$ (74,537)	\$ (72,244)	\$ (75,130)	\$ (75,130)
<b>Total Contributions and Transfers</b>	<b>\$ (55,708)</b>	<b>\$ 357,408</b>	<b>\$ 778,096</b>	<b>\$ 875,846</b>	<b>\$ 656,162</b>
Change in Net Position	\$ (1,213,724)	\$ (1,080,260)	\$ 1,266,523	\$ (232,169)	\$ 2,567,875
Net pension liability adjustment, plus contributions subsequent to measurement date <sup>1</sup>	\$ -	\$ (360,345)	\$ -	\$ -	\$ -
<b>End of Year Fund Balance</b>	<b>\$ 14,880,183</b>	<b>\$ 13,439,578</b>	<b>\$ 14,706,101</b>	<b>\$ 14,473,932</b>	<b>\$ 17,041,807</b>
1 A prior period adjustment was made to decrease the beginning net position of the applicable governmental and business-type activities. The adjustment was made to reflect the prior period adjustment related to the implementation of GASB No. 68 and 71.					
Source: City of Chico Comprehensive Annual Financial Reports, Statement of Revenues, Expenditures, and Changes in Net Position, Proprietary Funds.					

Chico governmental activities rely on several main sources of revenue to finance ongoing operations, including taxes, intergovernmental revenue, charges for services, licenses and permits, fines and penalties and use of money and property.

As can be seen in Figure 7-3, revenues for governmental activities in FY 16-17 totaled \$83,191,634, an increase of nine percent from the prior year, and expenditures for governmental funds totaled \$72,214,574, an increase of \$4,228,654 or six percent compared to the prior year. Revenue increases are attributed primarily to the increase in service charges, taxes and grants and contributions. Taxes increased due primarily to increases in sales tax revenue and property tax revenue as the economy and housing market are moving in a moderately positive direction. Charges for services increased primarily because of the increased services for new construction in the City.

Business-type activities increased the City's net position by \$8,408,672 from FY 16 to FY 17. The Sewer Fund received an additional \$1,941,695 in capital contributions. Charges for service revenues combined with expense reductions also increased net position.

The General Fund is the City's primary operating fund. As a result of years of overspending, the City's General Fund recognized a deficit fund balance of (\$7,665,659) at the end of FY 12-13, which has improved to a positive balance of \$8,976,764 as of June 30, 2017, as shown in Figure 7-4. The \$16,642,423 net change in the General Fund balance over that time period is a result of a gradual increase in revenue sources including sales tax, property tax and utilities user's tax, fiscal restraint utilized by the City management to contain costs and the budgetary policy implemented by the City Council to ensure a "balanced budget" is approved and monitored every year.

The General Fund's primary revenue sources in FY 16-17 included sales and use taxes, property taxes, and other taxes, as can be seen in Figure 7-7. The vast majority of the General Fund's expenditures that year constituted public safety services as shown in Figure 7-8. Public safety expenditures have been gradually increasing over the last three fiscal years as is clear from Figure 7-4. Other significant expenditures in FY 16-17 included public works, general government and parks and recreation.

Figure 7-7: General Fund Revenues, FY 16-17

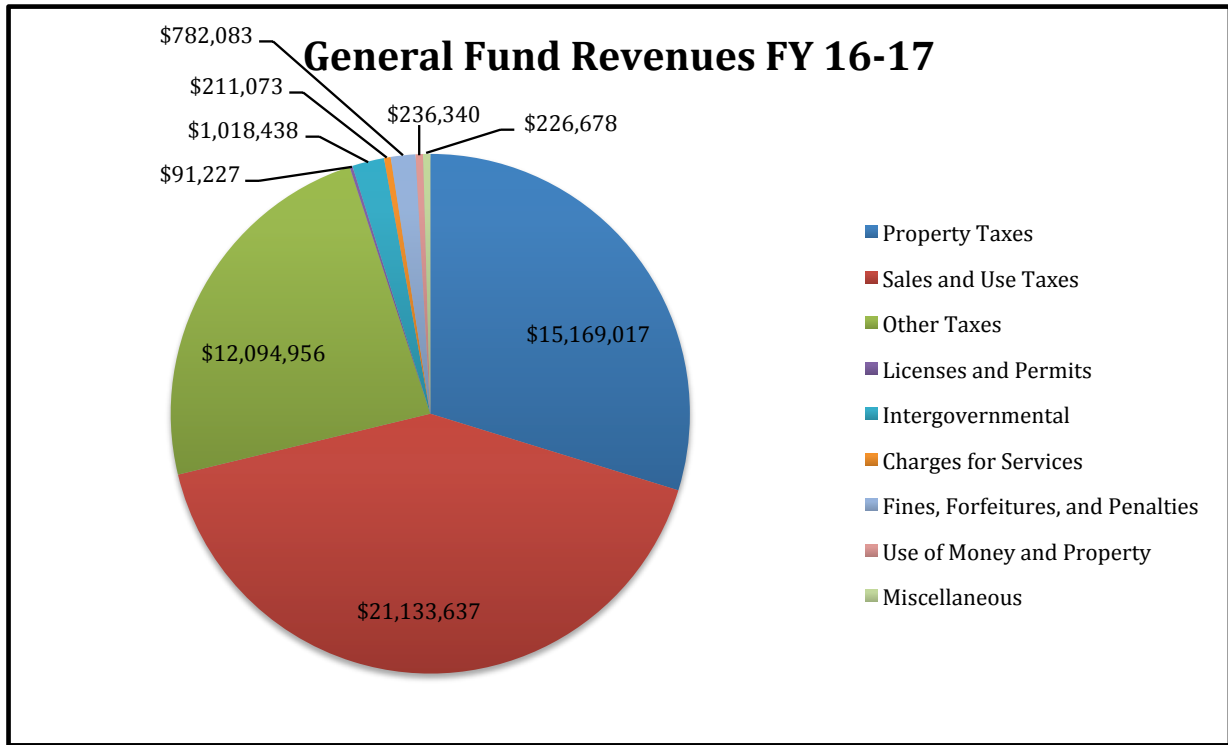
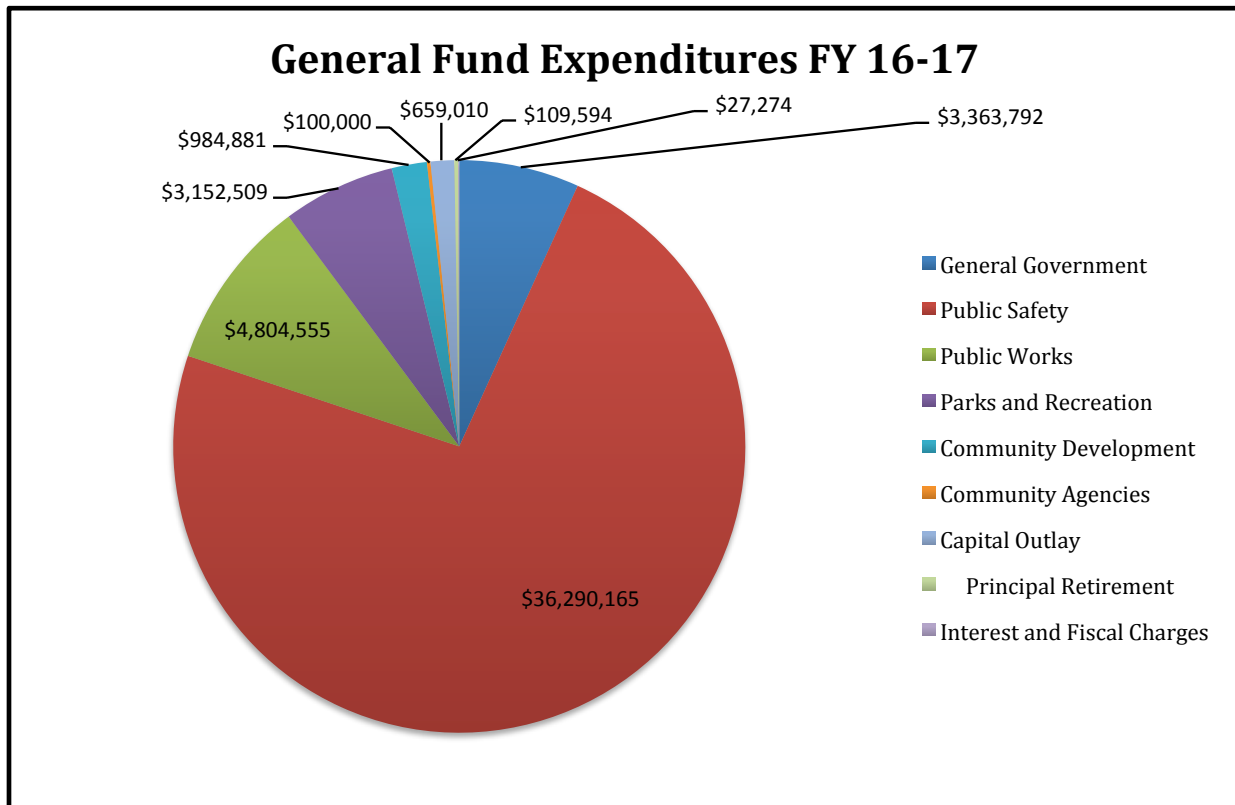


Figure 7-8: General Fund Expenditures, FY 16-17





The City has four business-type activities consisting of sewer, parking, private development and airport. Sewer and airport services are reviewed as part of this MSR.

Sewer Fund revenues increased from FY 15-16 to FY 16-17 modestly by \$458,208. Expenses in FY 16-17 were within five percent of expense totals for the previous year.

Airport Fund operating revenues increased \$5,056 primarily due to additional rental charges for airport related facilities. Transfers from the General Fund totaled \$396,316 to help cover annual operating costs of the airport. The City has employed a new airport manager who is working to revitalize the airport and its industrial park.

As can be seen from Figure 7-2, the overall financial situation of the City of Chico has improved over the course of the last fiscal year based on the 13 percent increase in total revenues, 64 percent increase in the surplus of revenues over expenditures, and five percent increase in the total end-of-year fund balance. The City has been slowly building up its overall fund balance, which has steadily grown over the past three fiscal years.

#### **Determination 7-4: Financial Position in FY 16-17**

The financial standing of the City of Chico has improved over the last fiscal year due to an increase in revenue, in particular tax revenue, charges for services, and grants and contributions. The General Fund balance increased from a deficit balance of (\$7,665,659) to a positive balance of \$8,976,764 over the last five fiscal years as a result of an increase in revenue, cost containment efforts, and new budgetary policies. The City's overall fund balance has also been steadily growing over the past three fiscal years.

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### Service Charges and Fees

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The City of Chico charges its constituents fees for various services that it provides. Depending on the type of fee, the fee schedule is updated annually or at other intervals as directed by City Council. The schedule includes license and permit fees, fines, various administrative fees, facility use fees, solid waste collection and recycling fees, solid waste collector permit fees, franchise application fees, sewer service/storm drainage and annexation/agreement fees, household hazardous waste management fees, yard debris container collection and compost site drop-off fees, parking fees and rates, planning and building fees, animal shelter fees, police department fees, fire department fees, transportation facility fees, storm drainage facility fees, park facility and park division fees, building and equipment fees, sewer fees and sewer lift stations capacity fees, engineering fees, subdivision fees, and airport fees. Airport fees consists of hangar rental, landing fees, remain overnight fees, charges for sales, leases and rentals of City-owned land, buildings and other improvements, security gate access fees, and aircraft storage and tie-down rates.

Sewer service fees are charged on a monthly basis and are shown in Figure 7-9. The City's sewer operations are almost entirely financed through sewer charges.

Figure 7-9: City of Chico Sewer Service Fees

<b>Premises located within the incorporated territory of the City</b>		
<b>Type of Premises</b>	<b>Monthly Flat Rate</b>	<b>Consumption Charge/ccf</b>
<b>Residential</b>		
	\$22.98/unit	None
<b>Non-residential</b>		
Breweries	\$22.98	+\$8.72
Restaurants	\$22.98	+\$5.87
Markets & Bakeries	\$22.98	+\$5.87
Car Washes	\$22.98	+\$2.94
All other	\$22.98	+\$2.71
<b>Premises located outside of the incorporated territory of the City</b>		
<b>Type of Premises</b>	<b>Monthly Flat Rate</b>	<b>Consumption Charge/ccf</b>
<b>Residential</b>		
	\$23.67/unit	None
<b>Non-residential</b>		
Breweries	\$23.67	+\$8.72
Restaurants	\$23.67	+\$5.87
Markets & Bakeries	\$23.67	+\$5.87
Car Washes	\$23.67	+\$2.94
All other	\$23.67	+\$2.71

The City additionally collects development impact fees (DIF), which are imposed as a condition of new development within the City of Chico. Development impact fees are levied for the purpose of funding public improvements that are necessary as a result of new development occurring on residential and non-residential property located within the City. DIF funds are used for bikeway improvement, street facility improvement, storm drainage facility capacity, sewer trunk line capacity, sewer water pollution control plant capacity, sewer lift stations, community parks, Bidwell park land acquisition, linear parks and greenway, street maintenance equipment, administrative buildings, fire protection building and equipment, police protection building and equipment, and neighborhood park zones. The adopted fees are based on a nexus study performed in 2013. The City is in the process of conducting a new study and preparing an updated Development Impact Fee report for presentation to the City Council in 2018.

#### **Determination 7-5: Charges for Services/Development Impact Fees**

The City charges fees for various services that it provides. The City appropriately charges development impact fees (DIFs) as a condition of new development. Chico is in the process of updating its DIF report due for presentation to the City Council in 2018.

## **RESERVES**

Currently, the City's level of reserve funds is lower than the desired levels for its general fund. Therefore, the City remains vulnerable to economic downturns, legislative or legal challenges to City funding streams, or other unforeseen occurrences (e.g., natural disasters) that could significantly impact the City's sources and uses of funding.

The City Council has adopted a number of fiscal policies designed to preserve the fiscal integrity of the City's resources, some of which aim to rebuild the General Fund's operating and emergency reserves. The operating reserve is targeted at 7.5 percent of the General Fund operating expenditures. The emergency reserve was established to help buffer the City from issues such as fluctuation in sales tax, changes in state laws that impact City finances, and other catastrophic events. The desired level of the emergency reserve is 20 percent of the General Fund operating expenditures. The City will contribute \$1,200,000 into the emergency reserve in FY 17-18, with gradual increases reaching \$1,500,000 in FY 21-22 and each year after that until the reserve target is met in FY 23-24.

A compensated absence reserve has been established to accumulate funds for the City's estimated liability of \$4,000,000 for compensated employee absences. Compensated absences are defined as paid time off, such as vacation, sick leave, and compensatory time off, which becomes a city liability when the employee earns his or her right to the paid time off. The reserve is intended to accumulate funds to cover the City's liability with the intended target of reaching and maintaining a funding level of 50 percent of the citywide liability. When the reserve achieves a sufficient balance, it may be used for leave payouts when employees separate with the intent of minimizing the time necessary for city departments to replace vacant positions that occur without funds budgeted for these payouts. The balance in the compensated absence reserve as of June 30, 2017 was \$908,155 and was included in the General Fund's committed fund balance with a target reserve of \$2,000,000.

On June 30, 2017, the City established a reserve to pay future unfunded CalPERS liabilities totaling \$541,455. This fund was established to fund each year's subsequent annual CalPERS unfunded liability payments with a targeted reserve of 10 percent of the annual unfunded liability expenditure. The targeted amount of the reserve for FY 2017-18 is \$1,196,222.

Figure 7-10 shows the City's governmental fund balances, including restricted, committed, assigned and unassigned at the end of each of the last five fiscal years.

#### **Determination 7-6: Reserve Practices**

In order to build reserves, the City has developed fiscal policies to ensure that City funds do not fall into a deficit position and that new revenue sources, one-time revenue sources, and annual cost savings are prioritized to reduce current deficits and build reserves.

#### **Determination 7-7: Reserve Levels**

Currently, the City's level of reserve funds is lower than the desired levels for its general fund. Therefore, the City remains vulnerable to economic downturns, legislative or legal challenges to City funding streams, or other unforeseen occurrences (e.g., natural disasters) that could significantly impact the City's sources and uses of funding. The City is planning to gradually increase its emergency reserve until the reserve target (20 percent of the General Fund operating expenditures) is met in FY 23-24. The operating reserve is targeted at 7.5 percent of the General Fund operating expenditures and is also currently under the targeted level.

**Figure 7-10: Schedule of Governmental Fund balances FY 12-13 through FY 16-17**

City of Chico Fund Balances					
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<b>Nonspendable:</b>					
Long-Term Receivables	\$ 524,602	\$ 390,615	\$ 181,027	\$ 179,227	\$ 176,800
Deposits with Others	\$ -	\$ -	\$ -	\$ -	\$ 6,887
Prepaid items	\$ 53,980	\$ 51,943	\$ 58,556	\$ 65,375	\$ 48,458
Advances to Other Funds	\$ 2,983,095	\$ 1,450,000	\$ 752,993	\$ 52,719	\$ 32,843
<b>Total Nonspendable Fund Balance</b>	<b>\$ 3,561,677</b>	<b>\$ 1,892,558</b>	<b>\$ 992,576</b>	<b>\$ 297,321</b>	<b>\$ 264,988</b>
<b>Restricted for:</b>					
Housing	\$ 59,963,687	\$ 63,834,177	\$ 63,691,434	\$ 16,330,869	\$ 63,668,179
Transportation Related Projects	\$ 121,913	\$ 2,073,560	\$ 2,452,173	\$ 2,758,319	\$ 3,909,088
Capital Projects	\$ 6,400,245	\$ 12,494,960	\$ 13,190,862	\$ 63,457,735	\$ 20,019,334
Maintenance Districts	\$ 2,459,124	\$ 2,696,138	\$ 3,191,691	\$ 3,430,841	\$ 3,629,913
Other Purposes	\$ 1,075,035	\$ 1,298,661	\$ 1,507,742	\$ 1,453,224	\$ 1,163,609
<b>Total Restricted Fund Balance</b>	<b>\$ 70,020,004</b>	<b>\$ 82,397,496</b>	<b>\$ 84,033,902</b>	<b>\$ 87,430,988</b>	<b>\$ 92,390,123</b>
<b>Committed:</b>					
Compensated Absences	\$ -	\$ -	\$ 901,016	\$ 903,500	\$ 908,155
Donations	\$ -	\$ -	\$ 86,840	\$ 121,725	\$ 95,764
Emergency Contingencies	\$ -	\$ -	\$ -	\$ 367,357	\$ 1,457,221
<b>Total Committed Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 987,856</b>	<b>\$ 1,392,582</b>	<b>\$ 2,461,140</b>
<b>Assigned to:</b>					
Equipment Replacement	\$ 848,456	\$ 1,313,852	\$ 2,189,720	\$ 3,119,187	\$ 3,275,567
Capital Projects	\$ -	\$ 1,557,313	\$ 2,073,350	\$ 3,434,705	\$ 4,314,273
Subsequent Year Budget	\$ -	\$ -	\$ 2,980,632	\$ 677,947	\$ 632,317
Unfunded CalPERS Liability					\$ 541,455
<b>Total Assigned Fund Balance</b>	<b>\$ 848,456</b>	<b>\$ 2,871,165</b>	<b>\$ 7,243,702</b>	<b>\$ 7,231,839</b>	<b>\$ 8,763,612</b>
<b>Unassigned:</b>					
General Fund	\$ (8,219,639)	\$ (2,858,367)	\$ -	\$ 2,150,419	\$ 2,453,998
Special Revenue Funds	\$ (455,878)	\$ -	\$ -	\$ -	\$ 73,383
Capital Projects Funds	\$ (7,415,519)	\$ (4,985,404)	\$ (4,413,037)	\$ (3,527,013)	\$ (6,633,388)
<b>Total Unassigned Fund Balance</b>	<b>\$(16,091,036)</b>	<b>\$(7,843,771)</b>	<b>\$(4,413,037)</b>	<b>\$(1,376,594)</b>	<b>\$(4,106,007)</b>
<b>TOTAL FUND BALANCE</b>	<b>\$ 58,339,101</b>	<b>\$ 79,317,448</b>	<b>\$ 88,844,999</b>	<b>\$ 94,976,136</b>	<b>\$ 99,773,856</b>

Source: City of Chico Comprehensive Annual Financial Reports, Note II.I

## **LONG-TERM DEBT**

As of June 30, 2017, the City had total long-term liabilities outstanding of \$56,002,396, which was comprised of \$40,062,541 of sewer related loans payable, \$4,119,957 of compensated absences, \$8,879,174 of claims and settlement liability and \$2,940,724 in capital lease obligations. A total of \$7,196,940 was payable within one year of the total \$56,002,396.

The City's debt for sewer related loans consists of three loans payable:

- ❖ In 2000, the City received a loan in the amount of \$33,613,142 through the State Revolving Fund Loan Program for the upgrade of the Water Pollution Control Plant. The loan, with an interest of 2.6 percent, is due in annual installments and is expected to be paid off in 2020. The balance at the end of FY 16-17 was \$8,544,195.
- ❖ In 2008, the City of Chico received a loan in the amount of \$40,624,861 through the State Revolving Fund Loan Program for the upgrade and expansion of the Water Pollution Control Plant. Interest on the loan is 2.4 percent with the entire amount including interest payable by the end of 2029. The balance at the end of FY 16-17 was \$29,208,488.
- ❖ Through the same State Revolving Fund Program in 2009, the City received a loan in the amount of \$3,422,120 for the replacement of the existing outfall and diffuser at the Water Pollution Control Plant. The loan is to be paid off by 2030 and has an interest of one percent. The balance at the end of FY 16-17 was \$2,309,858.

## **CAPITAL IMPROVEMENTS**

The three divisions of the Public Works Department—the Capital Project Services Division, Fleet Services Division, and Building and Facilities Division—are generally responsible for infrastructure and facility maintenance, as well as capital improvement projects.

The Capital Project Services Division administers and implements the City's Capital Improvement Program and is responsible for the design, construction and management of capital projects in the City's right-of-way, parks, and other City infrastructure. This division provides extensive civil engineering services in support of this program, including securing specialized funding, public outreach, environmental review, permitting, construction and project management, and right-of-way and private development inspections. The division is also responsible for coordinating the public services provisions of the Americans with Disabilities Act (ADA).

The Fleet Services Division provides asset management for the City's fleet of 329 vehicles and equipment. Along with preventative maintenance and repairs, the Fleet Services Division is responsible for citywide fuel distribution, vehicle procurement, vehicle re-marketing, regulatory services, and environmental initiatives. All costs of operating the central garage are allocated to city departments based on actual vehicle charges.

The Building and Facilities Division is responsible for operating and maintaining all municipal buildings and facilities including the municipal center building, old municipal building, the City Council chamber building, fire stations, fire training center, municipal

services center, police facilities, animal shelter, historic Chico Depot and Stansbury House. This division also provides for the maintenance of the Chico Municipal Airport (CMA) facilities and is responsible for all facility-related capital projects.

The City has developed a Capital Improvement Program (CIP), which is included in the annual city budgets. The CIP is a 10-year expenditure plan for the purchase or construction of capital improvements or equipment and city programs. The program is updated each year as part of the annual budget process. Capital improvement projects are typically funded by a variety of development impact fees, State and federal grant funds, and the State's gasoline tax.

The City continues to struggle with replacement of its capital improvement funding lost largely because of the elimination of redevelopment agencies. Despite limited staffing the Public Works Department pursues outside funding and grants, such as the Active Transportation Program (ATP), to keep the City's infrastructure in adequate shape. Also, with the approval of SB 1, additional revenue of approximately \$1,550,000 will be annually available for road projects beginning in FY 18-19.

Within the last two years, capital improvements that the City has undertaken include the esplanade corridor improvement study, nitrate compliance program, SR 32 widening, SR 99 corridor bikeway project, East 20<sup>th</sup> Street corridor analysis, Southgate Avenue interchange, First Street/Second Street couplet and Cohasset Road reconstruction phase three. According to the City's CIP, Chico will have spent about \$51 million in capital improvement projects by the end of FY 17-18.

#### **Determination 7-8: Capital Improvement Planning**

The City plans well ahead to ensure high priority capital projects are planned for and funded. Chico has adopted a 10-year capital improvement plan included in City budgets and updated annually. However, it continues to struggle with deferred maintenance as a result of budget cutbacks necessitating delayed improvements, which could bring about the need for costlier capital improvements in the future. The City is also challenged with replacement of its capital improvement funding lost due to the elimination of redevelopment agencies. A significant future capital improvement liability will likely be presented by the annually underfunded Public Works services such as roadway maintenance.

## **FINANCING EFFICIENCIES AND OPPORTUNITIES**

As was already discussed earlier, as a result of the consequences of the most recent economic recession, the City has been implementing numerous measures to cut its costs where possible, find inventive ways to increase its efficiency, and develop new financing sources. The City's workforce has been reduced from 407 full-time equivalents (FTEs) during FY 11-12 to 348 FTEs in FY 16-17, which is a reduction of 14 percent. Additionally, the City was able to renegotiate many union contracts, which now require employees to pay for the employee portion of the CalPERS retirement plans in addition to a part of the employer's share of the retirement contributions.

The City continues to invest in information technology (IT) infrastructure and programs that provide efficiencies and better service to the community. Many of the efficiencies

reduce staff time, which will allow the City to maximize existing staff resources. For example, the City has implemented Citizenserve, which allows residents to obtain business and animal licenses online, thereby reducing staff time to process each license. The City is continuously looking for opportunities to increase its efficiency.

The City of Chico's departments are currently looking at, or are already engaging in, reorganizations to focus limited resources on key priorities. The City is moving aggressively in the area of public safety to strengthen boots on the ground to preserve Chico's quality of life and improve the community-oriented nature of law enforcement. Fire services are being reorganized to focus on community risk reduction and protection activities, thus reshaping the traditional service model to increase service levels. Additionally, the Public Works and Community Development departments are evaluating how to provide faster and better service through the plan check process to ensure the City's direct control of its economic development. The City continues to conduct external outreach, engage its residents, and form beneficial partnerships with private and public sector agencies.

#### **Determination 7-9: Service Efficiencies and Cost-Cutting Measures**

As a result of reduced revenues, the City has been working within a constrained budget, which necessitated implementing numerous measures to cut costs where possible, finding inventive ways to increase efficiency, and identifying new financing sources. Cost cutting measures have included elimination of 59 full-time equivalents or 14 percent of the workforce from FY 11-12 to FY 16-17. Efficiencies have been gained through several IT improvements, such as an online license program, an electronic staff time keeping system, and a new operating platform to promote connectivity.

## 8. AIRPORT SERVICES

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### SERVICE OVERVIEW

The City of Chico owns and operates the Chico Municipal Airport (CMA) located on the northern edge of the City.

The CMA is a modern integrated air facility capable of accommodating commercial air carriers as well as air taxis, military, and general aviation aircraft. The airport also serves as a primary regional base for fire-suppression aircraft. The airport's fixed base operator<sup>15</sup> Northgate Aviation Chico Jet Center provides fuel, maintenance, flight training, and charter flights. Other significant operators at the airport include CAL FIRE Chico Air Attack Base, Air Spray Aviation Services USA, and Sel-Tech Custom Aerospace Manufacturing.

CMA used to be served by United Airlines - United Express flights operated by Sky West Airlines with nonstop service to San Francisco. Commercial passenger flights, however, were discontinued by Sky West on December 2, 2014 due to low passenger numbers and increasing costs, which resulted in the route becoming unprofitable. The City is actively seeking to restore commercial air service at the airport.

The City charges various fees including hangar ground lease fees, landing fees, overnight fees, leases of city-owned land, buildings, hangars, and other improvements fees, and security gate access fees. The fixed-base operator charges aircraft storage and tie-down fees. The Airport Commission reviews the fee schedule annually and recommends fee adjustments to the City Council for approval.

### STAFFING

The City Manager's Office has primary responsibility for the day to day operation of the Chico Municipal Airport, provides support to the Airport Commission and ensures compliance with applicable federal, state, and local regulations. City Management supports airport operations and maintenance efforts conducted by the Public Works Department and manages airport safety and security measures, revenue generation, leases, grants, air service development, and the promotion of economic development and tourism through airport services and accessibility.<sup>16</sup>

The Chico Airport Commission, which is a Charter Commission, recommends policy direction and guidance to the City Council to ensure the vitality, growth, and operation of the airport for the benefit of the community, to reach regional needs, and to carry out the Commission's responsibilities in accordance with the Charter.

The City recently hired a dedicated airport manager. The airport manager reports to the public works director and City Manager and manages, plans, and directs airport operations,

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<sup>15</sup> A fixed-base operator (FBO) is a commercial business granted the right by an airport to operate on the airport and provide aeronautical services, such as fueling, hangaring, tie-down and parking, aircraft rental, aircraft maintenance, and flight instruction among others.

<sup>16</sup> City of Chico Budget FY 15-16.



maintenance, construction, economic development, marketing, and long term planning activities, implement policies and procedures, ensure compliance, and develop programs and strategies to maximize the potential of the Chico Municipal Airport as a municipal enterprise. Currently there is one field supervisor who is assigned directly to the airport operations with management and administrative duties provided by the City Manager's Office.

## **FACILITIES AND CAPACITY**

The City of Chico built a small airport on 160 acres of municipal land five miles north of the City in the late 1930s and leased the facility to a fixed-base operator. The airport was expanded in 1941 when the City executed a lease with the U.S. Army Corps of Engineers for the use of 1,045 acres of municipal land at \$1 per year with an option to buy. Between four and five million dollars were allocated for construction of all needed facilities. Eventually 140 buildings as well as runways, aprons, and service roads were built. Chico Army Air Field was deactivated on December 31, 1945. The improvements were transferred by the U.S. Army to the General Services Administration (GSA) for disposal. The lease on 1,045.3 acres was terminated on June 8, 1948. The lease termination agreement included the transfer of all U.S. Government constructed improvements to the City of Chico.

The airport covers 1,475 acres and has two runways (the primary is 6,724 by 150 feet and secondary is 3,000 by 60 feet) and one helipad (64 by 64 feet). There are 68 privately-owned individual T-hangars, a privately-owned 28-hangar facility, eight custom private hangars, and six large airport owned commercial hangars with an additional estimated 40 transient tie-down spaces on the aircraft parking apron.

The air traffic control (ATC) tower is open from 7:00 a.m. until 7:00 p.m. seven days a week. The tower and all other navigational aids are maintained and operated by the Federal Aviation Administration (FAA). FAA contracts with Serco Inc. to provide air traffic control personnel. The Common Traffic Advisory Frequency (CTAF) is used for communication with the tower. UNICOM is used for general communications and is monitored by the Fixed Base Operator.

In 2016 there were 115 aircraft based at CMA, including 93 single-engine, 21 multi-engine, and one helicopter. Aircraft operations for 2017 totaled 37,933, which included 29,860 itinerant (8,571 air taxi, 20,882 general aviation, and 407 military) and 8,073 local (7,282 civil and 791 military).

## **INFRASTRUCTURE NEEDS**

The most recent significant capital improvement projects completed or underway at the airport include completing the reconstruction of the taxiway hotel and the holding apron as well as reconstruction of the south central portion of the aircraft parking apron. The next phase of the apron reconstruction project is scheduled to occur in 2016, pending receipt of FAA Airport Improvement Program (AIP) grant funding. Future projects on the Airport Capital Improvement Program (ACIP) include reconstruction of taxiway alpha and reconstruction of runway 13L-31R.

<b>Determination 8-1: Airport Infrastructure Needs</b>
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Infrastructure needs at the airport consist of reconstruction of the taxiway hotel, holding apron, a portion of the aircraft parking apron, taxiway alpha, and one of the runways. These projects are dependent on grant funding for completion.

## CHALLENGES

The primary challenge for the Chico Municipal Airport is financial constraints. The airport's expenses outpace revenues, and the CMA is struggling with a financial deficit that is being subsidized by the General Fund. The financial troubles were further exacerbated by the loss of rental revenue from a longtime airport tenant (Aero Union) that had leased a majority of the City-owned hangars and discontinued commercial Sky West operations. The City Council and Airport Commission are working together to determine how to bring back fiscal stability to the airport and restore commercial air service.

If an airline commences services at the CMA with larger commercial aircraft, the size and condition of the terminal may become an issue. The terminal building will likely need to be expanded to accommodate more advanced TSA screening equipment, a larger screened passenger waiting area, and an automated baggage claim system. Additionally, the airport will likely be required to move from a TSA Supporting Security Program to a Full Security Program, which will require additional security upgrades to all airport facilities as well as additional staffing.

### Determination 8-2: Airport Present and Planned Capacity

Demand at the Chico Municipal Airport averages about 137 aircraft operations each day. The airport appears to have excess capacity to handle a commercial air craft carrier, as the airport was until recently handling the demand of United/Sky West commercial flights. However, if an airline commences services at the airport with larger commercial aircraft, the terminal may require expansion to accommodate passengers and security. There are no funded plans for expansion of the airport at this time.

### Determination 8-3: Airport Financial Solvency

The airport's expenses outpace revenues, and CMA is struggling with a financial deficit that is being subsidized by the General Fund. The City Council and Airport Commission are working together to determine how to bring back fiscal stability to the airport. The City is also actively seeking to restore commercial air service at CMA.

## SERVICE ADEQUACY

This section reviews indicators of service adequacy, including facility condition and aircraft accidents that occurred due to airport staff error, airport infrastructure malfunction or airport hazards.

According to Federal Aviation Administration information last updated on February 4, 2016, surface and markings on the primary runway are in good condition. The surface of the helipad is similarly in good condition, while the surface of the secondary runway was determined to be in fair condition. Markings on the secondary runway are in good condition.

The one and only accident that occurred at the CMA took place on May 18, 2006. The airplane collided with terrain during a forced landing following a loss of engine power in the takeoff initial climb. The National Transportation Safety Administration determined that the probable cause was the pilot's inadequate preflight inspection and failure to verify the amount of fuel onboard. There was one serious injury, one minor injury, and no fatalities. The accident was not a result of airport staff error or airport infrastructure malfunction.<sup>17</sup>

**Determination 8-4: Airport Service Adequacy**

Services at Chico Municipal Airport are adequate based on Federal Aviation Administration standards of infrastructure condition and safety history. Chico Municipal Airport has been maintained in generally good condition with no accidents having occurred as a result of airport staff error or airport infrastructure malfunction.

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<sup>17</sup> National Transportation Safety Board, *Accident Database*.

## ***9. FIRE PROTECTION SERVICES***

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### **SERVICE OVERVIEW**

Chico Fire and Rescue Department (CFRD), formed in 1873, is a full-service fire department. CFRD serves an estimated 92,464 permanent city residents and, with the influx of students attending California State University at Chico and Butte Community College, a seasonal population of over 105,000. Chico is made up of urban, suburban, and rural areas.

The mission of the CFRD is to provide the highest quality fire, rescue, and emergency medical response services to the Chico community in a caring and professional manner. The vision of the Department is to continue protecting Chico's citizens from fire and disaster by focusing on community risk reduction, deploying highly trained, mission tasked rapid response teams, and ensuring the community is prepared when disaster strikes.

CFRD provides fire suppression, emergency medical, rescue, hazardous materials response, public assistance, fire prevention, and life safety services in the City of Chico. The Department also responds to emergencies in the surrounding unincorporated area through the Chico Urban Area Fire and Rescue Agreement (CUAFRA) with Butte County Fire Department. The Agreement provides for closest engine response to all emergencies, regardless of jurisdiction, within the designated service area that spreads outside of the city boundaries and SOI. During major incidents, when the City requires additional resources, Chico requests aid under the California Master Mutual Aid Agreement. The City has a mutual aid agreement with the California Department of Forestry and Fire Protection (CAL FIRE) in mutual threat zones (MTZs), which is a geographical area on both sides of the political boundaries between the City and State Responsibility Area (SRA), recognized as an area where a wildland fire would threaten both jurisdictions. Chico has the potential for both urban structural fires and wildland fires. Upper Bidwell Park and the foothills on the eastern edge of the community are particularly prone to wildland fires.

In addition to responding to service calls, the Department maintains a Fire Prevention and Life Safety Bureau led by a Fire Prevention Officer (designated as the Fire Marshall), one full-time and one part-time Fire Inspectors, and one full-time and two part-time/hourly Fire Prevention Specialists. The Department has moved the Fire Prevention and Life Safety Bureau directly under the Fire Chief and expanded its role to include most elements of risk reduction to include code enforcement, plan reviews, arson investigation and cost recovery, pre-planning, and education. University interns and fire prevention volunteers sometimes support the Bureau.

In FY 14-15, emerging from staffing reductions and budget cuts caused by the economic recession, the Department reorganized to meet the emergency response needs of the community today. Notable changes to the service delivery models were made, including the addition of the two-person fast response squad to Chico's downtown. The squad's primary assignment is responding to medical emergencies thus increasing the availability of the Department's only ladder truck to fires and complex rescues. The addition of the squad to the Department's response model was made possible through a two-year Federal

Emergency Management Agency (FEMA) grant of \$5.289 million, which was used to replace firefighter positions eliminated during the recession.

With regard to long term strategic planning, the City retained Fitch and Associates to complete a comprehensive analysis of the Department's fire services and incorporated the findings and recommendations into a Standards of Response Coverage, which was completed and delivered to the City in December 2016. With the hiring of a new fire chief on January 24, 2018, along with other changes in the command staff, the process of evaluating all aspects of the organization to include identifying excess and duplication in existing service delivery is underway and will continue through the remainder of 2018. The goals and objectives related to these changes will be captured in a three to five year strategic plan that will be adopted at the end of 2018. The plan will determine the most effective means of allocating or reallocating resources to address the identified emergency service and response gaps.

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## Collaboration

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In addition to participating in automatic and mutual aid agreements described above, the Department fields specialized teams for fire investigation, technical rescues, drowning accidents, and hazardous materials response. CFRD paramedics support these teams and serve on the Police SWAT Team.

- ❖ The Fire Investigation Team is comprised of 12 trained members who specialize in determining the origin and cause of significant fires. The City experienced over 345 fires in 2017. Of those, 128 were determined to be "intentional," which accounted for approximately 35.6 percent of all fire incidents. To compare, the National Fire Protection Association (NFPA) reports that the nationwide rate is approximately 4.2 percent. The Department's Fire Prevention and Life Safety Bureau has taken a proactive response to arson investigation in cooperation and collaboration with Chico Police Department.
- ❖ The Hazardous Materials (Hazmat) Joint Powers Agreement (JPA) was initiated in December 1990 by the County of Butte and the five cities within it, including Biggs, Chico, Gridley, Oroville, and the Town of Paradise. The JPA is governed by the fire chiefs of the six signatory agencies. CFRD provides 11 of the 40 authorized state certified specialist positions on the team. The nearest specialists are dispatched to any hazardous materials emergency, regardless of jurisdiction.
- ❖ CFRD has a 14-person Technical Rescue Team, members of which are trained to the specialist level in the areas of technical rescue, including urban search and rescue, confined space rescue, swift water rescue, static water rescue (dive), high and low angle rope rescue, trench rescue, helicopter rescue, and large animal rescue.
- ❖ The Butte Interagency Rescue Group (BIRG) was established in 1996 as a cooperative organization under the authority of the Butte County Fire Chief's Association and the Butte County Sheriff's Office. BIRG provides a systematic approach to achieve and coordinate a program that maintains a cadre of certified rescue personnel and the necessary equipment immediately available to provide technical rescue capabilities throughout Butte County for over-the-edge, confined space, collapsed structure, and water rescues, including dive rescues.

- ❖ Due to budget constraints, the SWAT Medic Team was suspended until the City can fund the program. Prior to halting the program, three special team members of CFRD were assigned to the Police Department’s Special Weapons and Tactics (SWAT) Team to provide tactical emergency medical support. Advanced medical care was provided to victims, team members, or perpetrators. The Fire Department members also provided expertise regarding fire, rescue, and hazardous materials considerations.
- ❖ The Department provides mutual aid support to the State of California and federal government through the California Master Mutual Aid Agreement as needed and gets reimbursed for these services.

According to the 2017 Standards of Response Coverage report, CFRD does not have significant and timely automatic aid capacity as similarly situated municipalities may enjoy in a metropolitan area. The fact that considerable risk is present within the City, and particularly unprotected risk in the downtown corridor, the City has to carry the full burden of providing an effective firefighting force.

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## Demand

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Based on the 2017 fire statistics it appears that the Department experiences the highest service demand on Saturdays; while the months of September, October, and January are the busiest for CFRD. In 2017, the Department responded to a total of 12,846 calls for service, the breakdown of which is shown in Figure 9-1. The vast majority of the calls were for rescue and emergency medical services, similar to other fire service providers in the State.

**Figure 9-1: 2017 Incidents by Type**

Major Incident Type	# Of Incidents	% Of Total
Fires	345	2.69%
Overpressure rupture, explosion, over heat (no fire)	42	0.33%
Rescue and Emergency Medical Services	9,604	74.76%
Hazardous Condition (no fire)	339	2.64%
Service Call <sup>18</sup>	1,026	7.99%
Good Intent Call	763	5.94%
False Alarm and False Call	706	5.50%
Severe Weather & Nature Disaster	4	0.03%
Special Incident Type	17	0.13%
<b>Total</b>	<b>12,846</b>	<b>100%</b>

The total number of calls has slightly increased over the last three years. From 2014 to 2017, the Department’s call volume rose by 3.8 percent.

<sup>18</sup> For example, “persons in distress,” including lockouts.

The Fire Chief and his Command Staff are evaluating all options for enhancing and altering fire-based EMS services to include integrating advanced life support (ALS) service as a core service, which may include one or more dedicated ALS transport units.

#### **Determination 9-1: CFRD Demand for Service**

The vast majority of the Chico Fire and Rescue Department's service calls (approximately 75 percent) are for rescue and emergency medical services. Calls for fire service constitute about two to four percent of the Department's total call volume.

#### **Determination 9-2: Fire Incidents**

The City's share of "intentional" fire incidents is significantly higher than the nationwide average. In 2017, "intentional" incidents in the City of Chico accounted for over 35 percent of all the fire incidents, compared to about four percent nationwide. The Department's Fire Prevention and Life Safety Bureau is addressing the problem in collaboration with Chico Police Department.

#### **Determination 9-3: CFRD Mutual Aid**

CFRD does not have significant and timely automatic aid capacity as similarly situated municipalities may enjoy in a metropolitan area. The fact that considerable risk is present within the City, and particularly unprotected risk in the downtown corridor, the City has to carry the full burden of providing an effective firefighting force.

## **STAFFING**

CFRD, under the command of the Fire Chief, has 59.5 full-time personnel, 57 of whom are uniformed, which is a significant decrease from the 108 full-time personnel in 2006 recorded in the last MSR when the City population was 83,268. It is also a decrease from 2016 when the Department had 75 FTEs. The City was forced to terminate 12 firefighters as a result of the non-renewal of the SAFER grant. The Department's staff currently consists of one fire chief, three division chiefs, two support staff, one fire prevention officer (fire marshal), one fire inspector, one fire prevention specialist, 15 company officers, 18 fire apparatus engineers, and 17 firefighters. Additionally, there are currently seven active volunteer firefighters in the Department.

While the National Fire Protection Association (NFPA) does not have established standards for a minimum staffing rate for a career fire department, NFPA periodically conducts a survey that includes staffing statistics nationwide. All fire departments in the United States protecting between 50,000 and 99,999 people and having a 52-60 hour work week had approximately 1.6 career firefighters per 1,000 persons, while the median rate in the western United States was about 0.99 firefighters per 1,000 persons. To compare, CFRD's staffing rate is 0.6 uniformed personnel per 1,000 persons.<sup>19</sup>

<sup>19</sup> Hylton J.G. Haynes, Gary P. Stein, *NFPA Research, U.S. Fire Department Profile – 2015*, April 2017.

The City has had volunteer firefighters continuously since its inception who perform incident support activities. They are automatically radio dispatched to larger scale emergencies, such as confirmed structure fires, aircraft crashes or train wrecks, and major rescues. They may be requested for other emergencies at any time.

The Department is broken down into the Office of the Fire Chief and three divisions—the Division of Operations, Division of Administrative Services, and Division of Training. The Office of the Fire Chief is responsible for operating procedures, policies and standard guidelines, payroll, budgeting, records, grant administration, community relations and education, and strategic planning.

All firefighters are comprehensively and vigorously trained. Certification is achieved through universities, the California State Board of Fire Services, NorCal Emergency Medical Services, Inc., the California Specialized Training Institute, the National Fire Academy, Federal Aviation Administration, and others.

Volunteer firefighters become members through a process managed by the City Human Resources Office. Testing typically consists of a pass/fail physical agility test similar to that of the full-time personnel, and an oral interview. A waitlist is then established to get onto the Department's all-volunteer Company One, due to high interest. Company One drills are held twice monthly on the first and third Tuesday evenings of each month. Special drills, including live fire burns, are often held on weekends. Personnel are trained to state certification standards including Firefighter I, Firefighter II, First Responder EMS, CPR, Hazardous Materials Awareness, Confined Space Awareness, and Swiftwater Rescue Awareness. Many Company One members are certified at higher levels. Company One members are allowed to participate in any drills that permanent employees attend and are required to ride along on an engine at least 24 hours annually.

Volunteer firefighters receive \$75.00 per month, while the Lieutenants get \$100 per month, to cover out-of-pocket expenses and a \$21.00 stipend for drills or special assignments. A deduction of \$10.00 is made if no calls are responded to in a month or for not attending a drill during the month. Volunteer firefighters are enrolled in the PERS Volunteer Length of Service Award program, which provides a small monthly award at retirement in recognition of their service.<sup>20</sup>

Full-time uniformed department members are state certified at the Emergency Medical Technician (EMT) I level with automatic external defibrillator endorsements. EMT-I certification requires approximately 130 hours of initial training and testing, 24 hours of continuing professional education annually, and re-testing bi-annually.

Because the Department's resources are more broadly distributed around the City than transporting ambulances, a fire engine is dispatched to every medical emergency requiring a Code 3 (red light and siren) response of an ambulance. Firefighters arrive at these emergencies ahead of the ambulance over 90 percent of the time. One of the Department's future goals is to upgrade the dispatch service to include Emergency Medical Dispatching and Fire Priority Dispatching. Ways to coordinate ambulance locations within fire stations

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<sup>20</sup> [http://www.chico.ca.us/Fire/Company\\_1.asp](http://www.chico.ca.us/Fire/Company_1.asp)



will be evaluated as part of the more encompassing analysis of EMS services that the Department provides.

Four of the Department's personnel are state licensed paramedics, which requires over 1,000 hours of training, clinical practice, and testing. The primary role of CFRD's paramedics is to support the activities of the specialty teams, such as technical rescue, hazardous material response, and police SWAT. However, the Department does not maintain equipment or pharmaceuticals that a private transport agency, such as Butte County EMS, carries for ALS service. Currently, CFRD helps the four paramedics maintain their ALS certifications by providing limited training outside of the Department-wide basic emergency medical training. This includes Pediatric Advance Life Support (PALS), and, when funds are available, Advanced Cardiac Life Support (ACLS) training.

Due to budget limitations that preclude purchasing specialized medical equipment and transport apparatus and maintaining ongoing state and federal training requirements, the four paramedics are not used in an ALS capacity. Moreover, to integrate paramedics into the CFRD system, a commensurate pay structure will need to be developed, which will add to the Department's operational and training cost. This expense will syphon monies from other core priorities such as achieving a 17 minimum per day staffing level that was recommended in the 2017 Standard of Response Coverage document produced by Fitch and Company.

#### **Determination 9-4: CFRD Staffing Levels**

The Department experienced a reduction of over 40 percent in its full-time workforce since 2006 when the last MSR was adopted.

#### **Determination 9-5: CFRD Response to Medical Emergencies**

Firefighters arrive at medical emergencies ahead of the ambulance over 90 percent of the time. One of the Department's future goals is to upgrade dispatch service to include Emergency Medical Dispatching and Fire Priority Dispatching. Ways to coordinate ambulance locations within fire stations will be evaluated as part of the more encompassing analysis of EMS services that the Department provides.

## **FACILITIES AND CAPACITY**

CFRD operates five fire stations strategically located throughout the City and staffs four fire companies. Station 6 is not currently staffed and will not be re-opened because of the loss of personnel due to the non-renewal of the SAFER grant. Because of the staffing reduction, the lease for Station 6 will not be renewed in 2018. The Department also owns and operates a fire training center.

CFRD utilizes computer modeling to analyze station locations, staffing, and company placement. In some cases, modeling allows the Department to maintain and enhance response times and response reliability by simply adding resources to an existing facility, thus avoiding the costs associated with constructing and maintaining additional facilities. Modeling analysis is ongoing to determine the optimum placement of facilities, resources, and staffing. Figure 9-2 provides details on each of the Department's fire facilities.

**Figure 9-2: City of Chico Fire Facilities**

	Station #1	Station #2	Station #3
Property owner	City of Chico	City of Chico	City of Chico
Address	842 Salem Street	182 East 5 <sup>th</sup> Avenue	145 Boeing Avenue
Square Footage	11,300	6,500	5,500
Purpose	Fire Station	Fire Station	Fire Station
Additional uses	Department Administrative Offices		Meeting Room
Current facility sharing practices	None Reported	None Reported	None Reported
Opportunities for future facility sharing	None Reported	None Reported	None Reported
Hours station is staffed	24	24	24
Date acquired or built	1962	1962	1973
Condition of facility <sup>21</sup>	Poor/Fair	Poor/Fair	Good
Infrastructure Deficiencies	Not enough space for current staff and to accommodate growth.	Small but has had some remodeling in the early 1990s. Narrow apparatus bay and small parking lot.	
Infrastructure Needs	Over \$1 million in improvements and renovations needed (plumbing, electrical, HVAC, radio system, exhaust collection system,, hose tower, greater privacy for mixed gender crews and information system updates). No storage space for records or education materials. Needs to be expanded or moved, including admin offices.	Needs to be moved and replaced within next 10 years, made much larger (8500 sq. ft.) If movement is not possible, same needs as Station 1 other than administrative and storage.	Vehicle exhaust collection, apparatus bay improvements.

<sup>21</sup> Facility condition definitions: **Excellent**—relatively new (less than 10 years old) and requires minimal maintenance. **Good**—provides reliable operation in accordance with design parameters and requires only routine maintenance. **Fair**—operating at or near design levels; however, non-routine renovation, upgrading and repairs are needed to ensure continued reliable operation. **Poor**—cannot be operated within design parameters; major renovations are required to restore the facility and ensure reliable operation.

	Station #1	Station #2	Station #3
Cost of needed upgrades	>\$1,000,000	Not yet estimated	Not yet estimated
Sources of financing for needed upgrades	Unknown	Unknown	Unknown
Timeline for needed upgrades	Unknown	Unknown	Unknown
Number and type of vehicles at facility	3 Ladder Trucks, 1 Fast Attack Squad,, 1 Support Vehicle,1 Breathing Support Trailer, 1 Fire Safe House Trailer	2 Fire Engines, 1 Heavy Rescue Unit, 1 Support Vehicle, 1 Heavy Rescue Trailer	1 Fire Engine, 2 Crash Rescues (in support of airport it services), 1 Support Vehicle
Number and classification of paid staff staffing facility	1 Fire Captain 1-2 Fire Engineers 1-2 Firefighters	1 Fire Captain 1-2 Fire Engineers 1 Firefighter	1 Fire Captain
Number and classification of another agency's paid staff staffing the facility	None	None	None
Number of volunteers available at facility	None	None	None

	Station #4	Station #5	Training Center
Property owner	City of Chico	City of Chico	City of Chico
Address	2405 Notre Dame Boulevard	1777 Manzanita Avenue	1466 Humboldt Road
Acreage	4,000	9,800	8,500
Purpose	Fire Station	Fire Station	In-service training Multi-agency training and drill
Additional uses	None	None	-Police training; -City Emergency Operations Center -Facility for Butte Community College and a state certified Rescue Systems I Training site -Offices for Department's Training and Prevention Division Chief and Police Department Training Coordinator
Current facility sharing practices	None reported	None reported	Shared with Chico Police Department and other City

			departments
Opportunities for future facility sharing	None reported	None reported	None identified
Hours station is staffed	24	24	Varies
Date acquired or built	1986	1999	1996
Condition of facility <sup>22</sup>	Fair/Good	Good	Good/Fair
Infrastructure Deficiencies	Too small to house a ladder truck, which may be required in the future as development increases	None reported	Improvements to pump test pit and EOC.
Infrastructure Needs	Will need expansion as the City grows	None reported	Plans to add an open rescue props area with concrete pad, a small burn building, improvement to the pump test pit, and EOC upgrades.
Cost of needed upgrades	Unknown	Unknown	\$200,000
Sources of financing for needed upgrades	Unknown	Unknown	Not identified
Timeline for needed upgrades	Unknown	Unknown	Not identified
Number and type of vehicles at facility	2 Fire Engines, 1 Support Vehicle, 1 Foam Trailer	2 Fire Engines, 1 Hazardous Materials Unit, 1 Support Vehicle, 1 Steam Trailer	Not specified
Number and classification of paid staff staffing facility	1 Fire Captain 1 Fire Engineer 1 Firefighter	1 Fire Captain 1 Fire Engineer 1 Firefighter	Not specified
Number and classification of another agency's paid staff staffing the facility	None	None	None
Number of volunteers available	None	None	0

<sup>22</sup> Facility condition definitions: **Excellent**—relatively new (less than 10 years old) and requires minimal maintenance. **Good**—provides reliable operation in accordance with design parameters and requires only routine maintenance. **Fair**—operating at or near design levels; however, non-routine renovation, upgrading and repairs are needed to ensure continued reliable operation. **Poor**—cannot be operated within design parameters; major renovations are required to restore the facility and ensure reliable operation.

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Two of the City's fire stations do not meet present standards for Essential Services Buildings<sup>23</sup>. Stations 1 and 2 were built in 1962 and have not been upgraded or significantly remodeled since that time. Acquisition and/or construction of fire facilities or improvements to existing facilities to serve new developments will be funded by development impact fees. Currently the fees are based on a nexus study performed in 2013. As was mentioned earlier, the City is in the process of conducting a new study.

CFRD operates a total of 38 pieces of a modern, well-equipped and well-maintained fleet of fire engines and specialized fire apparatus, as presented in Figure 9-3.

**Figure 9-3: CFRD Engines and Fire Apparatus**

Type of Apparatus	Count	Type of Apparatus	Count
Fire Engine	13	Breathing Support Trailer	1
Aerial Ladder Truck	2	Rescue Support Trailer	1
Heavy Rescue Unit	1	Prevention Support Trailer	1
OES Rescue Trailer	1	Fire Safe House Trailer	1
Aircraft Rescue Firefighting Unit	2	Arson Task Force Trailer	1
Brush Patrol	1	Command Vehicle	5
Hazardous Materials Response Unit	1	Support Vehicle	7
Foam Trailer	1	Antique Fire Apparatus	3

## Dispatch

Fire dispatching is provided through a combined police and fire communications center serving the entire City.

Fire dispatchers are thoroughly trained in department procedures, communications systems, Computer Assisted Dispatch (CAD), 911 answering, and caller interrogation. The typical new public safety dispatcher undergoes approximately 28 weeks of training before being allowed to dispatch independently. There are currently 13 dispatchers and four supervisors used to staff the center 24 hours per day.

<sup>23</sup> In 1986, The California Legislature determined that buildings providing essential services should be capable of providing those services to the public after a disaster, which was defined in legislation known as the Essential Services Buildings Seismic Safety Act of 1986 and includes requirements that such buildings shall be: "designed and constructed to minimize fire hazards and to resist...the forces generated by earthquakes, gravity, and winds." (Health and Safety Code, Division 12.5, Chapter 2.)

The level of response for every type of emergency is pre-established. A Standard Response Plan is built into the CAD system. The system tracks the availability of resources and makes recommendations to the dispatcher regarding the closest resources of the proper type. The intent is that the first alarm resources will mitigate the particular type of emergency at least 98 percent of the time.

All dispatch and communications systems have multiple layers of redundancy to help assure that emergency dispatching of fire stations or mobile resources are not interrupted. The Department's primary radio system operates in the 400 mhz UHF band. There are two dispatch frequencies and four tactical frequencies. All mutual aid communication is in VHF high band. The Department has full dispatch, and mobile and portable radio capabilities in this band.

Typically, modern fire service communication centers utilize fire priority dispatch<sup>24</sup> and emergency medical priority dispatch<sup>25</sup> systems. These systems allow for resource allocation based upon types of incidents, tracking of response patterns and trends, and selection of an appropriate level and type of response. Lacking this highly efficient dispatching system, Chico fire apparatus along with several police officers are routinely sent with lights and sirens to non-emergency calls for service. This practice, in part, has resulted in a duplication in services by fire and police units, a 62 percent increase in calls for service between the years of 2004 and 2014, an increase in apparatus fuel and maintenance costs, and a reduction in response reliability of fire response units.

When funding permits, CFRD will hire an outside emergency communications consultant to analyze all facets of emergency communications, including implementing a priority dispatching system.

## **INFRASTRUCTURE NEEDS**

The anticipated increase in population served and service area size will result in the need for new facilities, as projected in a Public Facilities Finance Plan prepared as part of the General Plan Update process.

The criteria used to determine station locations and expansions as the ability to achieve and maintain a five minute 30 second response time 90 percent of the time. Based on the projected maximum demand potential at buildout (to occur at an unspecified time) within the proposed SOI, the Department anticipates several additions to its fire facilities and equipment:

- ❖ Building a new 12,000-square foot Station 7 that would house one ladder truck, one new engine, one reserve engine, and one utility vehicle.

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<sup>24</sup> Fire Priority Dispatch System (FPDS) utilizes trained and certified emergency fire dispatcher to accomplish the tasks of information gathering, call prioritization, determining initial response, and providing caller instructions. Dispatchers use standardized, scripted questions to categorize calls by Chief Complaint and assign a priority level and descriptive code to each fire-related 911 event.

<sup>25</sup> Medical Priority Dispatch System (MPDS) is a unified system used to dispatch appropriate aid to medical emergencies including systematized caller interrogation and pre-arrival instructions. Standardized, scripted questions allow dispatchers to categorize the call by chief complaint and set a determinant level ranging from A (minor) to E (immediately life-threatening) relating to severity of patient's condition.

- ❖ Renovations and expansion of Station 1 with the ultimate size of 20,000 square feet and re-staffing of one engine.
- ❖ Relocation and expansion of Station 2 to 8,500 square feet.
- ❖ Expansion of Station 6 to 8,500 square feet.<sup>26</sup>
- ❖ Renovation, expansion, or relocation of Station 4 with the addition of one ladder truck.

In 2009, it was estimated that additional station space would cost about \$16,034,400, while the cost of additional apparatus and personal equipment would be approximately \$7 million. Improvements will be implemented as needed in accordance with actual development and population growth. The cost estimates will require updating to reflect current building and equipment costs.

The recently completed 2017 Standards of Response Coverage analysis evaluates efficiency and effectiveness of the current fire department deployment model and makes recommendations on the number and location of fire stations. The assessment recommends reducing the number of stations to four by closing or not staffing Stations 3 and 4. A new station would need to be constructed in the vicinity of the County Station 42, which was closed in 2017. Resources would be re-allocated to the four stations to increase the concentration of personnel to handle both the higher demands for service and the potential occupancy risk in those areas. The Standards of Response Coverage suggests that this option would maintain current fire performance, reduce capital liabilities through efficiencies and provide for a greater concentration of resources in the areas with the most risk and demand.

While NFPA has not established standards for fire station rates, it periodically conducts surveys among nationwide fire departments that include fire infrastructure statistics. According to the most recent survey, the average station rate per 1,000 population in communities with 50,000 to 99,999 people is 0.083.<sup>27</sup> To compare, CFRD's current rate is 0.055 stations per 1,000 persons. If the number of stations is reduced to four, the Department's station rate would be 0.043 stations per 1,000 people.

CFRD continuously performs infrastructure upgrades when possible and applies for grants to finance them. For instance, in FY 14-15, CFRD received a \$25,000 Assistance to Firefighters Grant (AFG) and issued all firefighters new wildland and personal protective equipment. Additionally, during the same fiscal year, the Department purchased three new state-of-the-art fire engines and a quint tiller ladder truck on a 10-year lease program, as well as remediated the mold and replaced the roof at Station 5.

#### **Determination 9-6: CFRD Infrastructure Needs**

The City's Public Facilities Finance Plan based on the General Plan projections and goals outlines numerous future infrastructure needs particularly with regard to Stations 1, 2 and 7 that would be dependent on actual development and population growth. The 2017

<sup>26</sup> Station 6 has recently been closed.

<sup>27</sup> Hylton J.G. Haynes, Gary P. Stein, *NFPA Research, U.S. Fire Department Profile – 2015*, April 2017.

Standards of Response Coverage assessment recommends reducing the number of stations to four by closing Stations 3 and 4, and constructing a new station near now-closed County Station 42.

#### **Determination 9-7: CFRD Dispatch Needs**

Due to funding constraints CFRD lacks an efficient dispatching system, which results in inefficiencies, duplication of services by fire and police units, an increase in costs, and a decrease in service reliability. When funding permits, the City will hire a communications consultant to analyze all possible solutions.

## **CHALLENGES**

Two of the most significant challenges to achieving adequate productivity and performance objectives are the infrastructure needs related to station upgrades and reorganization, as well as the dispatching issues discussed in the *Facilities and Capacity* section.

Furthermore, the Department was challenged with the termination of the Staffing for Adequate Fire and Emergency Response (SAFER) grant funding in 2017 that had previously accounted for nearly \$2 million per year of the Fire Department's budget. As a result, the Department was forced to reduce its staffing to 59.5 FTEs, 57 of whom are uniformed. According to the 2017 Standard of Response Coverage, the most efficient utilization and allocation of human resources for the Department to maintain a 56-hour workweek and provide for a minimum of 17 personnel on each shift would require a total of 60 FTEs. Maintaining sufficient staffing levels to provide for a minimum of 17 personnel on shift to sustain adequate service performance of maximum six-minute travel time continues to be a challenge for CFRD due to funding constraints.

The 2017 Standards of Response Coverage report has not included reorganization of fire services as one of the alternatives for the future service delivery model. However, the City is considering evaluating other service models, including creating a special purpose district that either overlaps the City boundaries, is a regional department, or encompasses the entire County. This analysis, however, will be tempered with several conditions including the fiscal benefit to Chico residents, improvement of overall service to the City, and the capacity of staff to evaluate these alternatives.

## **SERVICE ADEQUACY**

While there are several benchmarks that may define the level of fire service provided by an agency, indicators of service adequacy discussed here include ISO ratings, response times, and stations per 1,000 population served.

Fire services are classified by the Insurance Service Office (ISO), a private advisory and rating organization for the property/casualty insurance industry to provide statistical and actuarial services, to develop insurance programs, and to assist insurance companies in meeting state regulatory requirements. This classification indicates the general adequacy of coverage, with classes ranking from 1 to 10. Communities with the best fire department facilities, systems for water distribution, fire alarms and communications, and equipment



and personnel receive a rating of 1. In 2016, the CFRD ISO rating dropped from a 2 to a 3. The primary reason for the ISO rating drop was the inability of the Department to conduct hydrant flow testing due to decreased daily staffing and increased call volume.

The National Fire Protection Association (NFPA) has issued response time performance standards depending on the service structure of the agency. The response time is measured from the completion of the dispatch notification to the arrival time of the first responder at the scene. Though not a legal mandate, these standards provide a useful benchmark against which to measure fire department performance. For agencies with paid staff, such as the City of Chico, NFPA 1710 identifies the response time guideline of six minutes at least 90 percent of the time. The City has adopted a policy in its 2030 General Plan of encouraging the Department to maintain a response time of five minutes 30 seconds at least 90 percent of the time. The Department's 90<sup>th</sup> percentile response time in 2015 was 7.3 minutes, which does not meet either the NFPA guidelines or General Plan goals. The 2017 Standards of Response Coverage assessment has made recommendations regarding how the Department would be able to meet the response time standards through the fire station reorganization described in the *Infrastructure Needs* section and the staffing model discussed in the *Challenges* section.

The local emergency medical services agency (LEMSA) for Butte County is Sierra-Sacramento Valley Emergency Medical Services Agency (S-SVEMS).<sup>28</sup> Emergency ground ambulance service for the entire county is provided by Butte County EMS under an Exclusive Operating Agreement (EOA) with S-SVEMS. Emergency response time standards in Butte County vary by call priority level. The ambulance provider is required to respond within 10 minutes at least 90 percent of the time to priority 1 calls, within 15 minutes at least 90 percent of the time to priority 2 calls, and within 30 minutes at least 90 percent of the time to priority 3 calls.

Although the City of Chico is not an ambulance service provider, the response standard required for Butte County EMS indicates what may be considered appropriate response times for medical emergencies for the City Fire Department. In 2015, CFRD's 90<sup>th</sup> percentile response time to medical emergencies was 7.2 minutes.

In July 2017, Butte County Fire Department (BCFD) closed Station 42, which had a detrimental effect on the automatic aid responses in the City. This impact can be seen in the dramatic increase in calls for service from BCFD into the City as well as the City responding to incidents into the County.

With the annexation of the Chapman-Mulberry neighborhood in 2020, there will likely be no discernible difference in responses to this area, as it will pull the closest unit irrespective of agency. However, if BCFD closes Station 44, the total call volume will increase for calls into the neighborhood.

An increase in the number of calls may negatively affect response times without the appropriate increase in staffing and infrastructure.

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<sup>28</sup> S-SVEMS is responsible for planning, development and implementation of all EMS components, including regional trauma system planning, qualification, accreditation, authorization of all prehospital care personnel, EMS system design, and compliance with local and state regulations.

Stations per 1,000 capita is one of the statistical indicators collected and reviewed by NFPA, as well as benchmarked between fire departments nationally. The association emphasizes that rates are higher for departments protecting smaller communities (under 2,500 people). This is because it takes a minimum number of stations to operate a fire department regardless of the number of people protected. For communities with a population of 50,000 to 99,999 the ratio is 0.083 stations per 1,000 people.<sup>29</sup> To compare, CFRD's current rate is 0.055 stations per 1,000 persons. To achieve a rate of 0.083 stations per 1,000 people, the City would need to operate eight stations.

Overall, the 2017 Standards of Response Coverage assessment states that the Department is well performing within the current system. It is said that the community enjoys high quality services from a professional and well-trained Department. Predominantly, the Department's distribution and concentration delivery models are appropriately aligned with the Department's unique risks. The assessment, however, outlines areas where the Department has to make incremental system adjustment to improve its performance. These suggested changes include the already discussed station reorganization and staffing model adjustment. Additionally, the study recommends the consideration of discontinuing EMS response to all lower-acuity medical incidents that are less time-sensitive and focusing the Department's efforts on responding to higher-acuity or life-threatening emergencies. The adoption of this alternative would create considerable capacity in the future as the fastest growing call type is for EMS incidents and help maintain a high degree of readiness and concentration of resources for fire prevention, community risk reduction, and fire suppression activities. Understanding that typically only 30 percent or less of the EMS incidents would fall into the higher-acuity or resource intensive call types, the Department could reintroduce 70 percent of the EMS capacity back into the system. The Standards of Response Coverage assessment also recommends that the City implement a commercial and residential sprinkler program. Many occupancies in the downtown corridor and off-campus multi-room occupancies are unprotected by sprinkler systems. Sprinkler and smoke alarm programs have proven to be the most effective method in reducing the loss of life and property due to the incident of fire and will serve to reduce and/or control the growth of the community's fire related resources.

#### **Determination 9-8: CFRD Service Adequacy**

Because of the increase in the call volume and continuing funding constraints that resulted in reduced staffing and station closure, the Department has suffered a reduction in its levels of service reflected by the increase in the ISO rating, response times that exceed the NFPA standards and the General Plan goals, station closure, and deferred maintenance.

#### **Determination 9-9: CFRD Existing Capacity**

CFRD has limited capacity to address current service demand, further exacerbated by the closure of County Station 42, due to limited financing resulting in a reduction in staffing

<sup>29</sup> National Fire Protection Association, Hylton J. G. Haynes, Gary P. Stein, U.S. Fire Department Profile – 2015.

and station closure. Reduced capacity to provide services is reflected in the decrease in service adequacy.

**Determination 9-10: CFRD Planned Capacity**

As Chico grows, the City will require additional station space/station reorganization, an additional fire station, and a significant investment in apparatus and equipment. Future needs for additional facilities and equipment are informed by the Public Facilities Finance Plan and the recently completed Standards of Response Coverage assessment. The timeline for the necessary improvements will be adjusted as needed and in accordance with actual future development and population growth necessitating these improvements.

**Determination 9-11: CFRD Standards of Response Coverage Assessment**

The 2017 Standards of Response Coverage assessment states that overall the Department is well performing within the current system; the community enjoys high quality services from a professional and well-trained Department. The suggested adjustments to improve service adequacy and increase capacity include fire station reorganization, staffing model modification, discontinuing EMS response to lower-acuity medical incidents, and implementing a commercial and residential sprinkler program.

# 10. **PARKS AND RECREATION SERVICES**

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## **SERVICE OVERVIEW**

Parks, recreation, and open space resources, facilities, and services in the City of Chico were historically provided by both the City and the Chico Area Recreation and Park District (CARD) with the City having primary responsibility for Bidwell Park and neighborhood parks and CARD having primary responsibility for recreation programming and community parks.

Over time, the two agencies recognized opportunities to consolidate and realign service delivery responsibilities. As a result, the City retained ownership, management, and maintenance responsibility for Bidwell Park, creekside greenways, urban parks (e.g., Downtown Plaza), and City-owned preserves. CARD has primary responsibility for operations of the various other developed parks and recreation systems in the City, such as neighborhood and community parks, and recreational programming. As shown in Figure 10-1, the City still owns and maintains some neighborhood and community parks.

While schools are not direct recreation providers, school facilities are generally available for public use with some restrictions. Both the City and CARD maintain a relationship with Chico Unified School District (CUSD) and work cooperatively when possible to enhance the recreational opportunities at school site locations. There are, however, issues of maintenance costs and core purposes of each agency as the CUSD is not in the business of providing recreation or park services. More attention could be placed on sharing all open space and recreation facilities as they all are funded by the community at large and could be better integrated, this is especially true of indoor recreation space that often sits idle due to funding maintenance concerns.

The City of Chico anticipates working collaboratively with Chico State University (CSU) as part of the Urban and Community Forestry Green House Gas Reduction Fund initiative towards the end of 2018. The initiative includes public outreach efforts in the development of an Urban Forest Master Plan as well as renewed efforts to plant trees in over 4,000 vacant tree planting sites in the public right-of-way.

In addition, there have been preliminary conversations regarding increased use of the Children's Playground neighborhood park by Chico State students and faculty through the provision of amenities and facilities, such as beach volleyball or pickle ball courts.

### **Determination 10-1: Parks Facility Sharing and Collaboration**

The City works with CARD to coordinate provision of the parks and recreation services throughout the Chico area. Both agencies work with Chico Unified School District to enhance availability of park areas and recreational opportunities to the public. The City also collaborates with Chico State University on the Urban and Community Forestry Green House Gas Reduction Fund Initiative and to increase the use of the Children's Playground neighborhood park by students and faculty. All four public agencies should maximize

public open space and indoor/outdoor recreation facilities as they all are funded by the community at large and could be better integrated.

As shown in Figure 10-1, in the City of Chico, there are over 350 acres of developed community and neighborhood parks, while Bidwell Park totals approximately 3,440 acres in regional open space acres. In 2008, the City Council adopted the Bidwell Park Master Management Plan (BPMMP), which sets forth the City's vision for the park and establishes policies and practices for its operation and management.

The Parks Division of the Public Works Department is responsible for maintaining and operating City parks, open space, and recreational areas. It is organized into various programs, including administrative and visitor services, maintenance and infrastructure, natural resources management (planning, monitoring trails, and vegetation management), outreach and education, rangers and lifeguards, and volunteer efforts and donations.

Administrative functions of the Parks Division include park reservations and permits, support and analysis for Bidwell Park and Playground Commission<sup>30</sup> meetings, development and management of budgets, vendor payments and contracts, and customer and visitor services. The Parks Division maintenance staff is responsible for the care and maintenance of Bidwell Park and its infrastructure and maintenance of other assigned parks and greenways.

Natural resource tasks have also been an important part of the Parks Division work. Trails, invasive plant control, plantings, tree work, and managing park users' behavior are all essential management efforts.

The City conducts community outreach education to encourage appropriate use and appreciation of parks and resources. Rangers and all park staff are responsible for providing information to park users. Rangers also protect park resources, patrol city parks and greenways, enforce rules and laws, provide emergency response, assist visitors, report damage and safety concerns, coordinate events, document and notice illegal encampments, conduct educational and interpretive programs, assist with natural resource management tasks, open and close park gates and facilities, and assist with prescribed burns and vegetation management projects. Maintenance and enhancement of Bidwell Park has been reduced by financial constraints over the past decade and has resulted in degradation of resources and the presence of unauthorized uses that go unabated, such as camping and nighttime use. Aside from maintenance concerns, there are also community concerns over public safety in the parks.

The Parks Division's volunteer program enlists the help of the local community in managing park and greenway resources. Volunteers currently assist with invasive plant removal, trail maintenance, trash and graffiti cleanup, infrastructure repairs, and serving as park ambassadors. The value of volunteer time is significant. Using the current rate for the State of California of \$24.75 per hour, the Park's total volunteer hours for 2015 of 24,663 translates to over \$610,409 in value to the City. Additionally, the donation program that

<sup>30</sup> Bidwell Park and Playground Commission consists of representatives of the citizens of Chico and endeavors to preserve and enhance the natural and recreational resources of Bidwell Park, community and neighborhood parks, greenways and open space throughout the community.

raised over \$27,000 during 2015, provides support for interns, habitat restoration work and materials, invasive plant removal, and benches. The donation program has and will provide critical funds for the Caper Acres renovation. The City is currently in the process of redefining and expanding its donation program.

In 2013, the Parks Division absorbed the Street Trees and Public Planting Division (Street Trees). Street Trees cares for and manages approximately 40,000 city street trees (trees planted within the City right-of-way and public planting areas) and many of the maintenance districts and public landscape areas within Chico. The program consists of field staff, including an arborist, tree workers, landscape inspector, and contractors who perform landscape, tree work, and stump grinding. In 2017 the City filled the position of the Urban Forest Manager, which had been unfilled since 2013.

A landscape maintenance services contract is the City's largest service contract with two private landscape contractors maintaining over 225 sites. The City spends over \$742,000 annually on these contract services funded mainly by over 160 Chico Maintenance Districts (CMDs).<sup>31</sup> Emergency tree service is also provided by a contractor, since the City's tree crew was eliminated in 2014 due to budgetary shortfalls.

The operating budget for both, the Parks Division and Street Trees, comes from General Fund sources specifically allocated by the City Council for these purposes. Park funds are supplemented by reservation fees, donations and volunteer support. Lessees also help maintain certain park facilities. For Example, CARD leases and maintains Hooker Oak Park and the Nature Center, while the Chico Rod & Gun Club, Chico Equestrian Association, and the Chico Community Observatory help maintain facilities in Bidwell Park.

#### **Determination 10-2: Park and Recreation Maintenance Capacity**

Maintenance and enhancement of Bidwell Park has been reduced by financial constraints over the past decade and has resulted in degradation of resources and the presence of unauthorized uses that go unabated, such as camping and nighttime use. Aside from maintenance concerns, there are also community concerns over public safety in the parks.

## **STAFFING**

Staffing cuts in response to significant city budget constraints initiated in 2013 resulted in reduced service levels. The combined staffing levels for both the Parks Division and Street Trees are at approximately half of what they were in 2009.

The Parks Division and Street Trees are currently staffed by 12 FTEs—nine in Park Division and three in Street Trees. Parks maintenance staff consist of three maintenance workers, one senior maintenance worker, and a field supervisor. This team provides service seven days a week, 365 days a year. The remainder of the staff is comprised of a park services coordinator, senior park ranger, and two rangers. The Street Tree Division consists of a maintenance worker aide, one senior maintenance worker, and a field supervisor. The Park and Natural Resources Manager, the Urban Forest Manager, the Park

<sup>31</sup> Maintenance districts in California are used by local government to finance the costs of maintaining open spaces, parks, playgrounds, and other public areas.

Services Coordinator, and one administrative assistant provide managerial and administrative support for both divisions.

Reduced staff capacity has meant a backlog in maintenance activity and reduced park hours. For example, the number of service requests related to street trees climbed from less than 200 in 2013 to nearly 1,000 at the end of 2015. The reductions have also meant a loss of capacity. For instance, the one full-time tree maintenance worker can prune only from the ground levels. This is due to Occupational Safety and Health Administration (OSHA) requirements for at least a second employee to be present to render immediate assistance for the employee operating a tree boom truck or climbing.

Parks Division and Street Trees Division are currently in the process of hiring a senior tree trimmer and a maintenance worker. The Parks Division's plans for FY 18-19 include submitting a request to the City Council to increase staffing, including adding a seasonal maintenance worker and maintenance aide for the Parks Division, and two additional maintenance aides on a seasonal basis for the Trees Division. These staffing additions will allow for the return of regular facility hours, to perform minimal maintenance and safety, and support basic park projects and volunteer efforts, as well as minimum staffing for using the boom truck and safely work off of the ground and quicker response to emergencies.

## **FACILITIES AND CAPACITY**

Figure 10-1 lists all the park sites located in the City of Chico and identifies the owner of each. While CARD's service delivery area<sup>32</sup> extends well beyond the boundaries of the City, the majority of CARD's service area population (over 80 percent) is located in the City. Of the 48 existing neighborhood park acres within the City, about 13 acres remain undeveloped. Similarly, of the 355 existing community park acres within the City boundaries, 26 acres are presently undeveloped.

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<sup>32</sup> CARD boundary area consists of 208 square miles or 133,156 acres.

**Figure 10-1: City of Chico and CARD Ownership and Maintenance**

Park Name	Owner	Total Acreage	Developed/ Natural
<b>Neighborhood Parks</b>			
Oakway Park	CARD	7.90	7.90
Peterson Park	CARD	4.10	4.10
Baroni Park	CARD	7.30	5.20
Hancock Park	CARD	3.80	3.80
Rotary Park (Mini Park)	CARD	0.30	0.30
Alamo/Henshaw Site	CARD	5.50	-
Ceres Avenue	CARD	5.00	-
Emerson Park	City	1.44	1.44
Nob Hill/Husa Ranch Park	City	2.90	2.90
Depot Park	City	1.00	1.00
Caper Acres ( within Bidwell Park)	City	3.50	3.50
Children's Park	City	3.70	3.70
Humboldt Road Site	City	-	-
City Plaza Park	City	1.50	1.50
<b>Total Neighborhood Parks</b>		<b>47.94</b>	<b>35.34</b>
<b>Community Parks</b>			
Community Park	CARD	40.00	40.00
DeGarmo Community Park	CARD	36.00	11.00
Humboldt Skatepark/Lower Humboldt	CARD	3.80	3.80
Dorothy F. Johnson Center/Cahpman Park	CARD	3.00	3.00
Pleasant Valley Recreation Center and Pool	CARD	1.10	-
Shapiro Pool	CUSD	0.44	0.44
Westside Little League Park	City	9.88	9.88
Wildwood BMX Track/Freestyle Park	City	3.00	3.00
Wildwood Park	City	30.30	30.30
Chico Creek Nature Center (within Bidwell Park)	City	3.60	3.60
Peregrine Disc Golf Course (within Bidwell Park)	City	20.09	20.09
Hooker Oak Park (within Bidwell Park) (1)	City	35.00	35.00
1-Mile Recreation Area (within Bidwell Park)	City	23.00	23.00
Community Center (within Lower Bidwell Park)	City	3.00	3.00
5-Mile Dam Recreation Area (within Bidwell Park)	City	6.00	6.00
Horse Arena (within Bidwell Park)	City	15.00	15.00
Golf Course (within Bidwell Park)	City	122.00	122.00
<b>Total Community Parks</b>		<b>355.21</b>	<b>329.11</b>
(1) Hooker Oak Park is maintained by CARD under a lease contract.			



**Figure 10-1: City of Chico and CARD Ownership and Maintenance (Cont.)**

Park Name	Owner	Total Acreage	Developed Park Acreage
<b>Greenways</b>			
North Chico Bike Path	City	10.00	10.00
Lindo Channel	City	150.00	150.00
Little Chico Creek	City	22.50	22.50
Mud/Sycamore Creek	City	6.00	6.00
Comanche Creek Greenway	City	22.06	22.06
Verbena Fields	City	16.00	16.00
Teichert Ponds	City	38.76	38.76
<b>Total Greenways</b>		<b>265.32</b>	<b>265.32</b>
<b>Regional Open Space</b>			
Lower Bidwell Park	City	299.60	-
Upper Bidwell Park	City	3,371.60	-
Adjustment for Newly Designated Community and Neighborhood Park Acres	City	(231.19)	
<b>Total Regional Open Space</b>		<b>3,440.01</b>	
Source: New Economics and Advisory, Memorandum to the City of Chico, Park Impact Fee Update Analysis, 2017.			

Due to difficult economic conditions for both the City and CARD, the transfer of neighborhood parks to CARD has been suspended. The City and CARD are in the process of updating the 2009 Memorandum of Understanding (MOU) to work towards transferring the Husa Ranch/Nob Hill and Emerson neighborhood parks to CARD. The transfer of Depot Park and possibly Humboldt Road Park is also being explored.

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## Capacity

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As was previously mentioned, staffing cuts greatly affected the Divisions' capacity to provide services, which in turn has created deferred maintenance and reduced access to the community's parks. In its 2015 annual report, the Parks and Street Trees divisions identified some areas of infrastructure as "crumbling" and "degraded."

The Parks Division is focused on developing creative solutions to handle workload and redefine staff responsibilities. Through new contracts and partnerships, such as with the Butte County Alternative Custody Program (ACS), Cal Fire work crews, Alliance for Work Force Development (AFWD), Downtown Chico Business Association (DCBA), and many community service groups and volunteers, the Division is building greater capacity. Butte Environmental Council intends to assist in the tree planting and outreach effort to enhance the urban forest canopy. AFWD will assist in maintenance of the urban forest. As mentioned previously, Chico State University will also be involved in delivering a revived urban forestry program.

Additionally, the Division doubled its fundraising efforts and was able to secure additional funding. By August/September of 2018 the Tree Division is anticipating to hear whether its \$425,000 grant submission for urban forestry enhancements was successful.

**Figure 10-2: Parks and Street Trees Division Budgetary and Staffing Trends**

Category	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
<b>Operating Budget</b>							
Park Division	\$1,848,137	\$1,817,833	\$1,905,734	\$1,632,784	\$1,642,001	\$1,759,821	\$1,759,723
Street Trees Division	\$971,276	\$1,019,987	\$1,024,171	\$761,066	\$854,195	\$917,011	\$1,022,261
Sub-Total	\$2,819,413	\$2,837,820	\$2,929,905	\$2,393,850	\$2,496,196	\$2,676,832	\$2,781,984
% of General Fund	6.4%	6.6%	6.7%	5.9%	6.1%	5.6%	5.6%
<b>Staffing</b>							
Park Division	13.38	13.38	13.5	9.75	10.75**	11	11
Street Trees Division*	8	8	8	2	3	3	3
Total	21.38	21.38	21.5	11.75	13.75	14	14
*Includes Landscape Inspector							
**Admin Assistant working for Parks moved from PW Admin allocation directly to Parks							
Notes:							
In FY 09-10, there were 24.1 positions allocated to the Park (13.5) and Street Tree (10.6) divisions							
Urban Forest Manager Position was budgeted for, but vacant from July 2013-April 2017							

Figure 10-2 shows that operating budgets for both the Parks and Street Trees divisions generally peaked in FY 12-13 and dipped in the following fiscal year. It has been steadily growing from FY 13-14 to FY 16-17. Staffing in both divisions experienced a downward trend from FY 07-08 to FY 13-14, with the largest cut to the Street Trees Division that lost about 70 percent of its personnel in seven years. Staffing has been on a slow recovery trend since FY 13-14.

**Determination 10-3: Parks and Street Trees Present Capacity**

Staffing constraints due to a lack of funding are the primary capacity constraint for the Parks and Street Trees Divisions. Staffing cuts greatly affected the Divisions’ capacity to provide services, which in turn has created deferred maintenance and reduced access to the community’s parks.

**Determination 10-4: Parks and Street Trees Planned Capacity**

Parks Division and Street Trees Division are currently in the process of hiring a senior tree trimmer and a maintenance worker. Both divisions are planning to request funding from the City Council for additional positions to allow for the return of regular facility hours, to perform minimal maintenance and safety, and support basic park projects and volunteer efforts, as well as minimum staffing for using the boom truck and safely work off of the ground and quicker response to emergencies.

**INFRASTRUCTURE NEEDS**

Growth within the City and the surrounding unincorporated areas has increased the use of existing parks and recreation facilities and has created a demand for new recreation services and amenities. New growth within the northern portions of the City has resulted in the need for additional facilities to provide the desired level of service.

Because a large share of responsibility for park facilities and recreational programs in the City is vested in CARD, and because a majority of CARD’s constituents are City residents, the City relies on studies conducted by CARD for its facility needs and

deficiencies. In 2008, CARD adopted a Park and Recreation Master Plan (PRMP), which provides a comprehensive evaluation of existing parks and recreation resources, identifies and describes resource types and facilities, identifies current system deficiencies and projected system demands, and establishes new standards for developed parks and community use facilities. Existing park deficiencies are primarily for neighborhood parks in existing neighborhoods.

The City's General Plan directs the use of CARD's PRMP parkland standards for future neighborhood (1.5 acres of parkland per 1,000 residents) and community (2.5 acres of parkland per 1,000 residents) parks. In addition, the City retained a standard of 2.5 acres of greenways per 1,000 residents. Through these standards, it is the intent of the City and CARD that most residents would be within a convenient walking distance of a neighborhood or community park and have access to open space and greenways.

**Figure 10-3: Development Impact Fees per Residential Unit**

	Persons Per Unit	Fee Per Person	DIF per Unit
<b>Single Family</b>			
Neighborhood Park	2.6	\$332	\$864
Community Park	2.6	\$691	\$1,797
Linear/Greenway	2.6	\$97	\$251
<b>Total Single Family</b>		<b>\$1,120</b>	<b>\$2,913</b>
<b>Multiple Family</b>			
Neighborhood Park	2.2	\$332	\$731
Community Park	2.2	\$691	\$1,521
Linear/Greenway	2.2	97%	\$212
<b>Total Multiple Family</b>		<b>\$1,120</b>	<b>\$2,465</b>

Source: 2008-2009 Nexus Study Report

The City of Chico is currently undertaking a comprehensive update to its development impact fee program, or Nexus Study. Fees will be utilized by the City and CARD to acquire parkland and greenways at current market rates and construct an average level of facilities consistently found in other communities. The current development impact fees are shown in Figure 10-3.

Within the City's 10-year CIP (through FY 2025), plans for park and street trees improvements include corridor tree improvements each year for the 10-year period, Upper Park Road rehabilitation, Bidwell Bowl rehabilitation, annual park maintenance, and annual park facility improvements, which already resulted in new concrete picnic tables and BBQs at the One Mile, Cedar Grove and Five Mile picnic areas installed in 2017.

## CHALLENGES

As was already discussed, staffing and resource cuts initiated in 2013 resulted in an impact to services in 2014 and 2015. With personnel cutbacks, the Parks Division focused on providing basic and emergency services. While progress has been made in many areas, additional plans were delayed as new creative solutions to handle workload and redefined staff responsibilities were developed. In 2015, vandalism, unauthorized uses such as camping and infrastructure deterioration presented additional challenges. Degraded infrastructure is quite apparent at certain City facilities, from the decomposing deck on the Ceres Street bicycle bridge to the holes and cracks on the paved bike paths along South Park and Petersen Drives. An increase in unauthorized uses has also impacted public spaces, especially Bidwell Park and the creekside greenways. Litter and other debris, vegetation destruction, human defecation, and other hazardous materials from transient encampment have resulted in community concerns regarding safety and access. This is a serious problem with considerable public comment and concern.

Further, the Street Trees Division's most recent staff levels and operating budget reductions have resulted in a lower level of service than in past years. Some capacity has been added with the addition of contracted services, but it is inadequate to keep up with routine maintenance and citizens' requests.

Due to the Street Trees Division's reduced capacity to perform regular street tree maintenance, the City is allowing property owners to hire qualified tree service contractors to perform maintenance through a permit process.

**Figure 10-4: Maintenance Permits**

As shown in Figure 10-4, the number of such permits generally increased overtime, which has resulted in the need for additional administrative staff hours to process applications and follow up with final inspections. As the City's financial condition continues to improve, the Street Trees Division has identified safety and routine pruning by an outside contractor as key priorities.

Year	Number of permits
2013	28
2014	66
2015	122
2016	106
2017	91

Priority tree removals and routine pruning are done by both the in-house tree crew and by contracting with local tree companies. Permit requests are typically non-safety related service requests that the adjacent homeowner pays for. The permit system is designed for utilization by homeowners that do not wish to wait for the heavily impacted in-house tree crew to get to their call. The in-house tree crew typically prioritizes workload according to risk assessment and public safety. Currently, tree safety calls of a reactionary nature take most of the tree crew bandwidth. Very little proactive routine pruning is being done. It is anticipated that this will improve as the Tree crew staffing level expands.

The Parks Division remains challenged with a backlog of maintenance for aging parks infrastructure, trails, and the need for vegetation management. In FY 15-16, staff resources were dedicated to facility improvements, including rehabilitation, repair, and installation of new facilities in City parks, greenways, and other City properties. For example, staff completed repairs to the Sycamore Pool, improved well-used trails, and fixed play structures at Caper Acres.

**Determination 10-5: Parks and Street Trees Deferred Maintenance and Public Safety**

As a result of staffing reductions, the City has been challenged with deferred maintenance and infrastructure deterioration. An increase in unauthorized uses has also impacted public spaces, especially Bidwell Park and the creekside greenways with litter and other debris, vegetation destruction, human defecation, and other hazardous materials from transient encampment. This problem concerning park safety and access attracted considerable public comment and concern.

**Determination 10-6: Parks and Street Trees Infrastructure Needs**

Chico park infrastructure standards and needs are outlined in the Chico Area Recreation and Park District (CARD) Park and Recreation Master Plan. These needs are to be further detailed in the City's Nexus Study that is underway. The City's CIP plans for annual improvements and maintenance of park facilities and street trees through 2025. It is unclear if the amount the City has dedicated to improvements and maintenance over the next 10 years will be sufficient to address the maintenance backlog.

**SERVICE ADEQUACY**

This section reviews indicators of service adequacy of park services, specifically parkland per 1,000 residents, operating expenditures per acre, staff per 10,000 residents, and awards and accreditations.

The City's 2030 General Plan highlights the following parkland and greenway goals:

- ❖ 1.5 acres of neighborhood parkland per 1,000 residents;
- ❖ 2.5 acres of community parkland per 1,000 residents; and
- ❖ 2.5 acres of greenways per 1,000 residents.

Figure 10-5 illustrates current parkland dedication within the City of Chico.<sup>33</sup> Based on the total population of the City in 2010 of 86,187,<sup>34</sup> there is a surplus of community parks (both developed and undeveloped) and a deficit of neighborhood parks (both developed and undeveloped) within the City. When combined, the standards for community and neighborhood parks form one LOS (level of service) standard for a total acreage of neighborhood and community parks of 4.0 acres per 1,000 persons. Based on this combined standard, the community and neighborhood park dedication goal outlined in the 2030 General Plan is currently met. It has been estimated that additional population growth will necessitate acquisition of 59.07 acres of neighborhood parkland and 98.45 acres of community parkland by 2040, which will be financed by development impact fees. It is important to note that while the acreage of parks may be met, ongoing operations and maintenance are frequently not.

<sup>33</sup> For parkland acreage totals see Figure 10-1.

<sup>34</sup> The Quimby Act requires that LOS analysis be based on the most recent federal census.

The City has a surplus of accessible greenway land, excluding Bidwell Park, which alone constitutes about 40 acres per 1,000 people.

**Figure 10-5: Developed Parkland and Greenway Dedication**

Facility Type	City of Chico
Total Neighborhood Parkland	0.6 acres/1,000 residents
Developed Neighborhood Parkland	0.4 acres/1,000 residents
Total Community Parkland	4.1 acres/1,000 residents
Developed Community Parkland	3.8 acres/1,000 residents
Total Greenway (excluding Bidwell Park)	2.9 acres/1,000 residents
Publicly Accessible (developed) Greenway (excluding Bidwell Park)	2.9 acres/1,000 residents

The Parks Division, in its select annual reports, utilizes service adequacy indicators to benchmark its own performance against other cities in the country for which the data is retrieved from the Trust for Public Land reports and collected facts. Two such service adequacy indicators used are operating expenditures per capita and staff per 10,000 residents.

In FY 14-15, the City spent about \$17.89<sup>35</sup> per capita in operating expenditures on parks and recreation, while in FY 13-14 it spent \$18.40. Among some of the cities evaluated by the Trust for Public Land, the City of Bakersfield in FY 14-15 spent about \$66, Sacramento \$103, Fresno \$24, Santa Ana \$42, and Detroit \$17 in operating expenditures per resident.<sup>36</sup>

Although the City's analysis in its annual reports includes only city data to calculate ratios, taking into account CARD's service figures may give a broader and more accurate perspective of park service levels in the City since city residents are served by both providers. To compare, in FY 14-15, the combined operating expenditures of the City of Chico and CARD for parks and recreation were about \$81.80 per capita.<sup>37</sup> It is however, unknown if the ratios in other cities reflect the same separation or combination of parks funding. Also unknown is the share of the budget that CARD spends within the City versus in the rest of its service area, although about 80 percent of the District's population is within the City of Chico.

In FY 14-15, the Parks Division had 0.9 staff per 10,000 residents, similar to the previous fiscal year. To contrast with other cities, in FY 13-14 Washington D.C. was on the higher end of the spectrum with 21.8 personnel per 10,000 residents, and Detroit on the other end with 0.6. The median city evaluated by the Trust for Public Land had 4.9 employees per 10,000 residents.<sup>38</sup> To compare, in FY 14-15, the City's and CARD's

<sup>35</sup> Based on the City's total actual operating expenditures in FY 14-15 of \$1,642,001 and the City's Department of Finance estimated population as of January 1<sup>st</sup>, 2015 of 91,795.

<sup>36</sup> The Trust for Public Land, 2016 City Park Facts, [http://www.tpl.org/sites/default/files/2016%20City%20Park%20Facts\\_0.pdf](http://www.tpl.org/sites/default/files/2016%20City%20Park%20Facts_0.pdf)

<sup>37</sup> Based on the City's total actual operating expenditures in FY 14-15 of \$1,642,001 and the CARD's total actual operating expenditures in FY 14-15 of \$7,264,200. Population in the CARD boundary area is estimated to be 109,000 according to the District's FY 16-17 Budget.

<sup>38</sup> The Trust for Public Land, 2015 City Park Facts, [https://www.tpl.org/sites/default/files/files\\_upload/2015-City-Park-Facts-Report.pdf](https://www.tpl.org/sites/default/files/files_upload/2015-City-Park-Facts-Report.pdf)

combined park and recreation personnel per 10,000 ratio was 3.8. Similar to the park funding statistics discussed above, staffing structure of other cities is unknown therefore benchmarking analysis is only approximate albeit gives a general perspective of the level of service within the City compared to other jurisdictions nationwide.

The City of Chico has been designated a Tree City USA<sup>39</sup> since 1984. This designation requires a City to have a tree ordinance, a tree board or Commission, a budget of at least \$2.00 per capita spending on tree care, and an annual Arbor Day celebration. The City complies with these requirements annually to keep its designation, including spending about \$10 per capita every year on tree care. In 2017 The City of Chico was awarded the Tree City designation for the 34<sup>th</sup> year in a row. In 2018 it is anticipated that the City will receive a Tree City Growth award in recognition of its expanded urban forestry program.

**Determination 10-7: Parks and Street Trees Service Adequacy**

There is a deficit of developed and undeveloped neighborhood parkland in the City, but a surplus of community parks and accessible greenways. When combined, the standard of 4.0 acres of total community and neighborhood parkland per 1,000 persons is currently met. New parkland acquisition necessitated by new development will be financed by development impact fees.

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<sup>39</sup> Tree City USA is a national recognition program that began in 1976 and is sponsored by the Arbor Day Foundation in partnership with the U.S. Forest Service and National Association of State Foresters. By meeting four fundamental standards, an incorporated municipality of any size can qualify.

# ***11. LAW ENFORCEMENT SERVICES***

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## **SERVICE OVERVIEW**

The City of Chico Police Department (CPD) serves a population of over 90,000, and with the unincorporated area immediately adjacent to the City, the total Chico Urban Area population is in excess of 107,000.

The CPD is broken down into several divisions, including Administration, Patrol, Detective Bureau, Inter-Agency Narcotics Task Force, Professional Standards Unit, TARGET Team, Traffic, Dispatch, Records, Property and Evidence, Animal Services, Volunteers in Police Services, Chaplains, and Explorers. Collateral assignments include SWAT and Hostage Negotiation, Crime Scene Investigator, Major Accident Investigation Team, and K-9 unit.

The Office of the Chief of Police provides leadership and general direction for all law enforcement efforts of the City. Patrol is the primary function of CPD. Patrol officers are the first responders to both emergency and non-emergency calls for service. Most of the City's resources are allocated to patrol.

In 2015, the Department underwent a significant reorganization, allowing for a more community focused policing model. CPD increased its recruitment, hiring, and training efforts, allowing for a significant and accelerated replenishing of police staff. Additionally, CPD adopted a new mission and values statement, which is to create a safer Chico and improve quality of life by partnering with its community and providing dedicated service.

In 2010, the City created the TARGET Team to address quality of life issues, such as trespassing, vandalism, theft, and offenses against public property; however, the team was disbanded in 2012 due to budget cuts and historically low police and city department staffing levels. A new TARGET Team was officially announced in 2015. The mission of the team is based on identifying and problem solving complex community crime and safety issues beyond the scope of routine police patrol.

In 2018, the Traffic Unit was re-established, the first dedicated traffic unit in approximately a decade. The unit is led by a motor sergeant, and two additional motor units.

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## **Collaboration**

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In January 2016, CPD completed a new Memorandum of Understanding (MOU) with the Chico State University Police Department (University PD), which will better coordinate the departments' collective response to crime in the campus areas. CPD started collaborating with the University PD over a year ago to leverage both agencies' resources to police areas surrounding the school. According to the agreement, University PD officers have the authority to enforce city laws, such as the City's noise, camping, and social host ordinances, in the same manner as CPD officers within an area extending one mile from the University campus, including the University Farm on Hegan Lane. The agreement came as a result of concern for student safety and as a way to reduce the burden on CPD resources.



The City of Chico also has an MOU with other law enforcement agencies in Butte County according to which agencies collaborate in the Holiday Driving Under the Influence Campaign. In addition, major events in Butte County are managed in a collaborative manner, with multi-agency participation. A narcotics task force is comprised of multiple Butte County officers and Butte County law enforcement leaders who meet monthly to enhance community safety throughout the region. A countywide collaboration with Butte County Department of Behavioral Health and law enforcement has enhanced CPD's response to the critically mentally ill. The Behavioral Health Department has also committed to assigning a case worker to the City's TARGET Team to better direct resources and responses to mentally ill individuals in Chico community.

In addition, the Chico Police Department partnered again with the Butte County Department of Behavioral Health and established a Mobile Crisis Unit (MCU). The MCU provides seven day a week in-field response to persons with a mental health crisis or those who would benefit from immediate, professional psychiatric contact.

For FY 2018-2019, efforts are under way to enter into an agreement with the Chico Unified School District to return School Resource Officers to Chico Schools.

Long-standing collaboration with the Butte County Sheriff's Office (BCSO), District Attorney's Office, Butte County Probation Department, and California Highway Patrol are realized almost daily in the City of Chico. Law enforcement agencies in the Chico area assist each other in a multitude of enforcement efforts particularly in the patrol functions. BCSO serves the unincorporated islands within the City and unincorporated areas surrounding the City, as such it also occasionally responds within the City limits when necessary.

#### **Determination 11-1: Law Enforcement Facility Sharing and Collaboration**

Chico Police Department (CPD) collaborates closely with Chico State University Police Department through a Memorandum of Understanding to coordinate response in and around the campus areas. CPD also works closely with several agencies in Butte County as part of an MOU to campaign against driving under the influence, the county narcotics task force, and in cooperation with Butte County Department of Behavioral Health. Long-standing collaboration with the Butte County Sheriff's Office (BCSO), District Attorney's Office, Butte County Probation Department, and California Highway Patrol are realized almost daily in the City of Chico.

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### Demand for Services

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As reported by the Chico Police Department (CPD), the overall demand for its services has increased since 2011. The number of Priority I crimes<sup>40</sup> went up by 22 percent from 2011 to 2014. The effects of Proposition 47 and Assembly Bill (AB) 109 are considered potentially significant factors in these increases, especially in regard to crimes against property. The City also believes that a combination of other factors such as gangs, substance abuse, staffing, mental health challenges, socio-economic issues, and a growth in the presence of criminal behavior among some in the homeless population has contributed

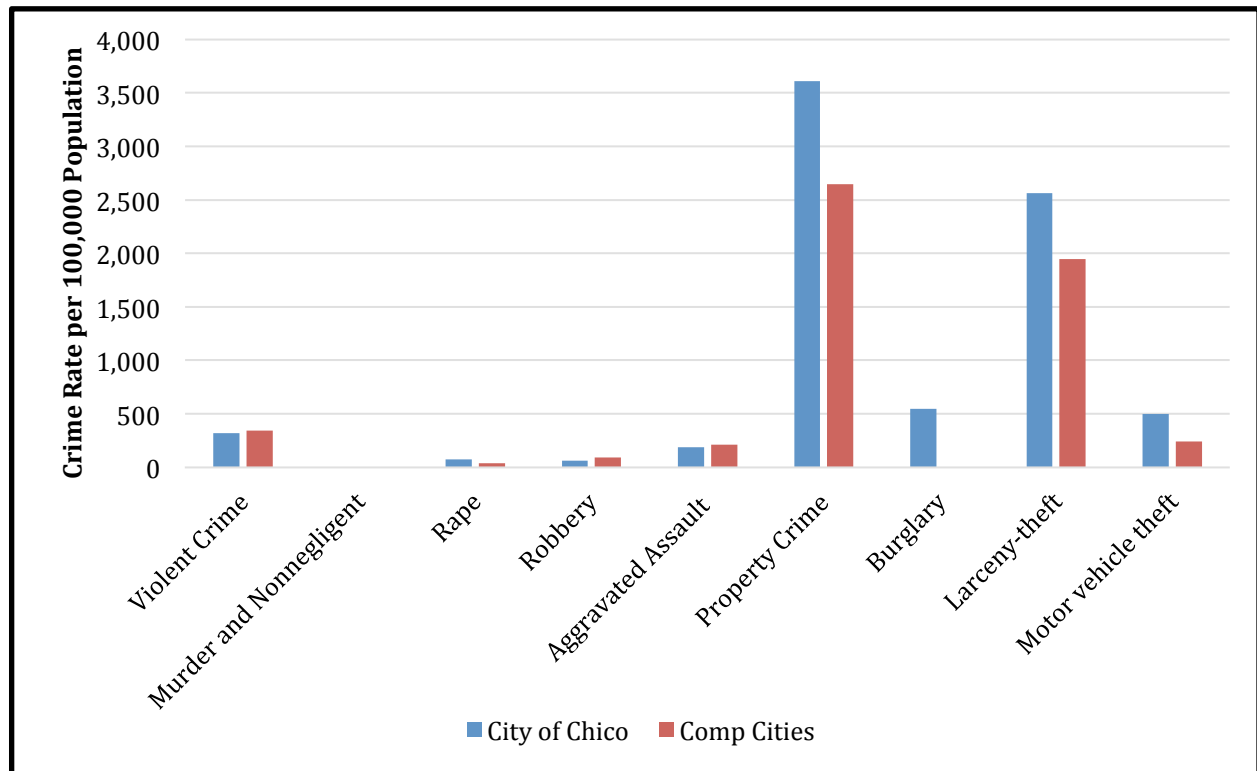
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<sup>40</sup> Priority I crimes include homicide, force rape, robbery, assault, burglary, larceny, and motor vehicle theft.

to the rise in crime. However, the increase in service demand is partially attributable to a significant change in crime reporting protocol in Chico. In response to the growing number of calls for service, CPD implemented in 2014 an online reporting system, CopLogic that made reporting more streamlined. Another significant factor is an overall decrease in staffing at the CPD. Since the early 1980s, when the City began tracking its staffing levels, the Department's sworn personnel level in 2014 was near its record low when examined on a per capita basis. Due to numerous vacant positions, the staffing ratio was 0.85 sworn personnel per 1,000 population.<sup>41</sup>

The City reports its crimes annually to the FBI for use in the Uniform Crime Report (UCR). Based on the UCR, in 2016, the City experienced 293 violent crimes consisting of 66 rapes, 57 robberies, and 170 aggravated assaults. In the same year, the City had 3,290 property crimes, which were comprised of 499 burglaries, 2,336 cases of larceny-theft, and 455 motor vehicle thefts. The FBI collects this data for other law enforcement agencies throughout the country. The crime rates (number of crimes per 100,000 population) in 480 cities of similar size to Chico (cities ranging in population from 50,000 to 100,000) have been aggregated for comparison purposes. As shown in Figure 11-1, generally the City has a lower violent crime rate than cities of a similar size, with the exception of rape, where the City has a slightly higher rate. Conversely, the City has a higher rate of property crimes than the comparison cities.

**Figure 11-1: Chico Crime Rate per 100,000**



<sup>41</sup> City of Chico, 2014 Crime Analysis Report, Chief's Memo.

Since 2014, as was already mentioned, the Department hired a significant number of new personnel that brought the ratio up to 1.03 sworn personnel per 1,000 population.<sup>42</sup> Staffing improvements and new collaborative efforts, however, are likely to make a noticeable difference over time and not in the short term. From 2014 to 2015, Part I crimes increased again by four percent. The most significant increase occurred in the burglary category, while robbery cases saw a large decrease. Sexual assault and motor vehicle theft crimes increased over the course of that period.<sup>43</sup> In 2016, there was an overall decrease in Part 1 Crime, while 2017 saw a significant spike, particularly in violent crime. Whether this is a true trend or simply a spike is yet to be determined. Crime rates in Chico have traditionally been erratic when looking at 10-year averages.

The staffing ratio has been rapidly improving, as hiring has been improving due to support from the City Council and City Manager. The Chief of Police, in three years, by FY 18-19 will personally have hired 30 police officers. The true value on crime rate reduction of that significant hiring increase will not be realized until the lengthy training process has been completed and officers fully deployed.

Regarding Calls For Service (CFS), Chico Police Officers responded to over 77,000 incidents with an officer on scene. That translates to over 200 CFS a day the Department addresses on average. Those numbers have been averaging an approximate 5,000 increase annually.

In 2017, the Communications Center answered 53,864 “911” calls for the City of Chico (a decrease of 2.1 percent since 2016). In addition to 911 calls, the dispatchers answered another 169,277 calls on the nonemergency seven digit and administrative lines (a decrease of 0.5 percent since the previous year).

Geographically, most crimes cluster in the areas with high student population. These cluster areas are informally known as south campus (including the downtown area) and north campus areas. Most crime types show a relatively higher density in these areas compared to the remaining areas of Chico. Efforts are under way to maximize the CSU Police/Chico Police MOU. During a recent operation, CSU Police Officers and Chico Police Officers were paired to better facilitate this working relationship.

## **STAFFING**

The CPD is comprised of over 140 full-time employees, with an additional 100 police volunteers, including Volunteers in Police Service (VIPS), explorers, chaplains and interns. Volunteers contributed thousands of hours in 2017.

Currently, the CPD is authorized for 142 employees, 95 of which are sworn police officers. CPD recently adopted a new command structure to better serve the needs of the community. The CPD now has a deputy chief, five commanders and two civilian/administrative managers, all under the office of the Chief of Police. Of the five commanders, three are assigned as watch commanders, one has administrative duties, and

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<sup>42</sup> Based on the 2015 estimate of 88,634 people.

<sup>43</sup> City of Chico Police Department 2015 Annual Report.

one manages the detective bureau. Each commander provides critical interaction with the community from all levels.

CPD started the recruitment process to fill its remaining vacant sworn positions. In 2015, the CPD hired 16 sworn officers, two records technicians, one community services officer, three animal services associates, and one office assistant. In 2016, CPD hired three public safety dispatchers and two sworn officers. The CPD currently has two sworn officers in the Field Training Program and four trainees set to graduate from the Butte College Law Enforcement Academy and start field training. In 2017, there continued to be strong hiring numbers, which sustained in 2018. This is expected to enhance service provision to the community, once staffing numbers are fully realized.

The Department has developed a staffing plan and identified resources required to implement the plan, and the City Council made it one of Chico's priorities in previous fiscal years. Due to downsizing of the CPD through attrition and the freezing of vacant positions in past years, the City has been forced to vacate several of its specialty teams and return those officers to the patrol section to make up for officers who have left city employment. Those teams are being re-implemented as hiring allows. As previously stated, most recently the traffic and TARGET teams have been restored, and the school resource officers are anticipated to be restored this year.

## FACILITIES AND CAPACITY

Chico Police Department operates out of one police station located on Humboldt Road, an investigation unit housed next to the main building, a downtown substation, and a crime lab described in detail in Figure 11-2.

**Figure 11-2: Chico Police Department Facilities**

	Main Station	Downtown Substation	Detective Annex	Crime Lab
Address	1460 Humboldt Rd, Chico, CA 95928	441 Main Street, Chico, CA	1500 Humboldt Road, Chico, CA	901 Fir Street, Chico, CA
Size	23,000 sq. ft.	2,000 sq. ft.	6,893 sq. ft.	2,460 sq. ft.
Purpose	Houses most of police department personnel.	Provides computers, workspace, materials, and restroom facilities in the Downtown area.	Houses the investigation unit, Gang Detectives, and Animal Control officers.	Located next to the main police building. Facility contains crimes scene processing equipment and secure evidence storage while the evidence is being processed.
Additional uses or other entities using the facility	None	None	None	None

	Main Station	Downtown Substation	Detective Annex	Crime Lab
Facility sharing practices	None	None	None	None
Date acquired or built	1984	Historical building	2001	1987
Condition of facility <sup>44</sup>	Fair	Good	Good	Good
Sworn Staff	76	0	19	0
Non-Sworn Staff	53.75	0	1	0
Infrastructure Needs	If staffing plan is instituted the current facility will be inadequate to house the operations.	None	None	None

The Department engages in limited resource and infrastructure sharing practices. For instance, the City’s Police Department uses the City Corporate Yard to park and store its vehicles along with the Chico Fire Department and other City departments.

**Determination 11-2: Law Enforcement Present Capacity**

CPD’s facilities are generally in good condition and do not present capacity constraint for the operations of the Department. Similar to other city departments, the primary constraint to services is limited staffing levels that have resulted in program cuts. At present, CPD does not have sufficient manpower to provide all services at historical service levels. The reduction in law enforcement resources has limited Chico’s ability to be responsive to more chronic crime issues such as vagrancy, vehicle burglaries, vandalism and bike theft. As the City’s financial position improves and additional funding becomes available, the Department is recruiting to mitigate this constraint.

**INFRASTRUCTURE NEEDS**

The Department has identified several infrastructure needs. A second radio channel is currently high on CPD’s priority list. Whether involving a special event or a critical incident, having a reliable, repeated second channel is an important need for the Department. Having a fully functional redundant option, when the City’s primary channel is inoperative, also necessitates the second channel. The project is very close to completion, and is

<sup>44</sup> Facility condition definitions: **Excellent**—relatively new (less than 10 years old) and requires minimal maintenance. **Good**—provides reliable operation in accordance with design parameters and requires only routine maintenance. **Fair**—operating at or near design levels; however, non-routine renovation, upgrading and repairs are needed to ensure continued reliable operation. **Poor**—cannot be operated within design parameters; major renovations are required to restore the facility and ensure reliable operation.

awaiting the final installment of key equipment. While this will assist with a level of operational redundancy, a need exists to upgrade the entire radio system to current technological capacities. A citywide system evaluation is currently underway to determine all aspects of what is required.

In April of 2017, CPD implemented its new Computer Aided Dispatch/Record Management System (CAD/RMS). This new system, the first upgrade since 1992, has greatly enhanced the Department's capabilities in the management, collection and distribution of its data and the ability for crime analysis. Implementation of such an all-encompassing system was taxing to all aspects of the Department, but is expected to pay off moving forward.

In 2010, the City completed a Facility Needs Assessment, which identified future space needs based upon projected community growth and staffing through buildout. The assessment recommends constructing an approximately 85,400 square foot facility in two phases at the Municipal Services Center site on Fir Street. It also identifies a need for 290 square feet per employee, as opposed to the current 162 square feet per employee ratio. The proposed facility's floor area of 85,400 square feet will be able to accommodate all 294 PD employees projected at full buildout of the proposed SOI, at a ratio of 290 square feet per employee. For communities the size of Chico, the average per capita staffing levels are 1.3 sworn police officers per 1000 population, and 0.6 non-sworn employees per 1000 population. Based on the 1.3 and 0.6 staffing ratios, a fully staffed police force to support the projected population at General Plan buildout would include 196 sworn officers and 98 non-sworn for a total of 294 personnel.

The estimated cost of additional facilities, police vehicles, and equipment to serve the General Plan buildout population (estimated to occur well after 2030, which is later than originally expected at the time of the General Plan adoption, due to slower than anticipated population growth) is about \$25.4 million as calculated in 2009, out of which an additional facility is estimated to cost \$22.4 million. The estimate will require updating to reflect current building costs as well as a consideration of a combined police and fire facility and build-to-lease options. The adjacent California Highway Patrol (CHP) property has been purchased. The timeline for the required capital improvements and capacity upgrades will be adjusted over time to meet the needs necessitated by actual population growth.

The City has been working on a nexus study to be presented to the City Council in 2018 to update development impact fees and address facility and infrastructure needs as a result of new growth. The purpose of the police facilities fee is to assist in funding expansion of additional police facilities and equipment required to maintain police protection services for new growth. Facility and equipment costs were apportioned using incident calls for service by land use type for October 2016 through October 2017. The updated police facilities fee in the draft nexus study is significantly lower than the previous DIF. For example the fee levied on a single-family residence declined from \$812.50 per unit to \$393.46 per unit. The portion of the new or expanded facility to be funded by new development is based on the additional staffing needs for anticipated new development through buildout and related facility and equipment needs for that additional staffing.

<b>Determination 11-3: Law Enforcement Infrastructure Needs</b>
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The most pressing infrastructure need for CPD has been a second radio channel. The project is very close to completion, and is awaiting the final installment of key equipment. To address increased demand associated with future development, the Department will likely need a new larger headquarters to house all staff, which will be partially paid for by collection of development impact fees.

#### **Determination 11-4: Law Enforcement Facility Sharing Opportunities**

There is the potential for CPD and Chico Fire Department to share the new larger headquarters facility; however, the costs for a joint facility have not yet been calculated.

## **CHALLENGES**

For the last several years, CPD has been struggling due to the economic recession, increased demand for services, decreased staffing, and insufficient resources, which led to a decreased level of service.

Staffing has been a major challenge. In recent years, budget reductions resulted in lower numbers of police officers serving the community. There was also a sharp increase in police officer retirements (medical and service years), in addition to officers leaving for lateral employment at other agencies. The Department continues to use overtime while working through its staffing difficulties. While there is a sufficient number of police officers to provide a minimal level of service, it is not suitable for the long-term health of the City. According to city analysis, the reduction in law enforcement resources has limited Chico's ability to be responsive to more chronic crime issues. The Department's staffing plan is a step in the right direction, and CPD is reportedly starting to see a difference in service levels and response to crime.

To overcome these challenges, the Department is forming strategic partnerships, as in the case with the University and Butte County, to reduce calls for service and increase efficiency, has shaped a coordinated vision for the future, and come up with a staffing strategy to pair with its Community Policing philosophy. At the core of the City's identified policing approach are two elements: 1) rebuilding adequate response to patrol and investigative units and 2) reestablishing proactive units to engage with the community in jointly prioritized activities.

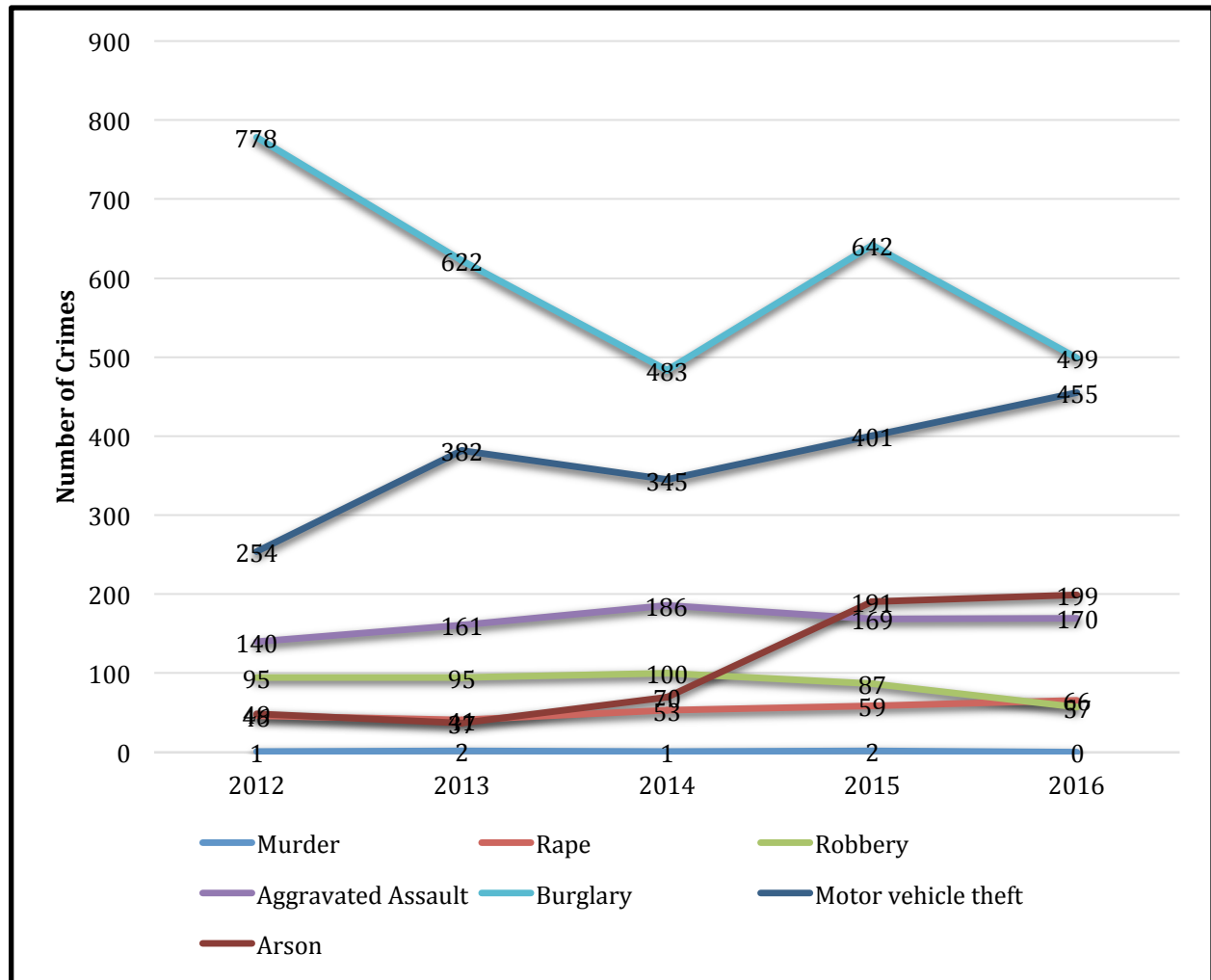
## **SERVICE ADEQUACY**

Service adequacy can be gauged by a variety of factors, such as crime rates, response times, staffing ratios, observable changes in the community and constituent complaints.

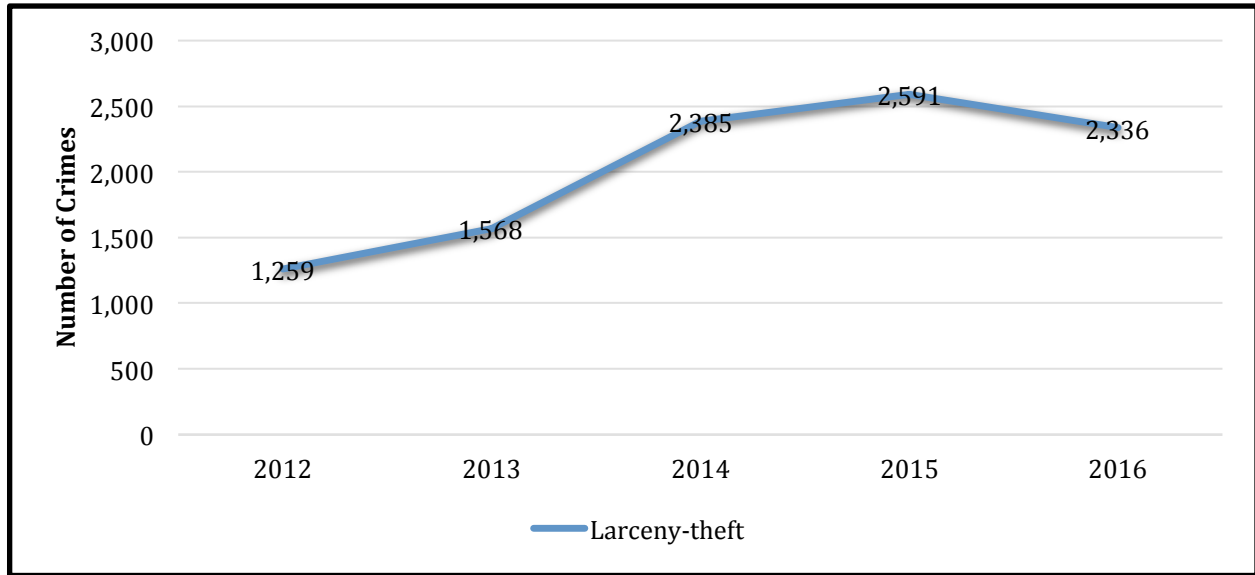
The rate of crimes as reported by the FBI Uniform Crime Report indicates the trends over time of various types of crimes. Violent crimes are categorized as murder, rape, robbery, and aggravated assault. Property crimes are categorized as burglary, motor vehicle theft, larceny-theft, and arson. As shown in Figure 11-3, violent crimes peaked in 2014 and have declined since that time, with the exception of rape, which peaked in 2016 at 66 reported offenses. Property crimes peaked in 2015 and declined in 2016 by nine percent. However, both motor vehicle theft and arson peaked in 2016. Arson in particular

has shown particular growth going from 49 offenses in 2012 to 199 offenses in 2016, which equates to an increase of over 300 percent.

**Figure 11-3: Chico Criminal Offenses, 2012-2016**





**Figure 11-4: Chico Larceny-Theft Offenses, 2012-2016**

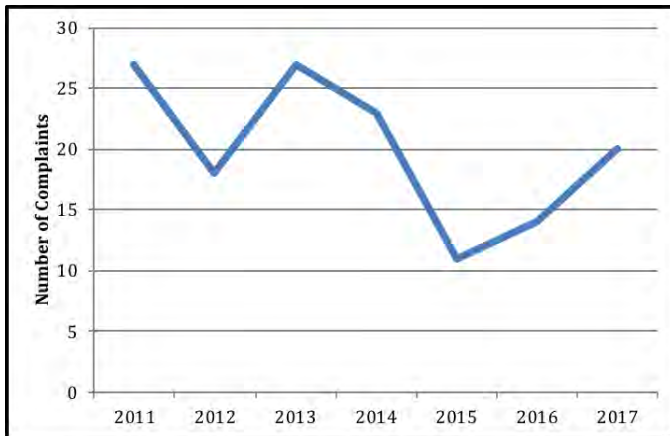
Although police response times for serious crimes in progress are an important indicator of service adequacy, there are no clear standards as to what that response time should be. Police response times were traditionally used to measure effectiveness. The modern approach to response time—differential response—is to ensure quick response to serious crimes (Priority I) in progress, when there are opportunities to save a victim and/or to apprehend the criminal, and to inform lower-priority callers (Priority II through VI) that response time may be lengthy. Response times are dependent on the agency’s staffing level and size of the jurisdiction served. In 2015, Chico PD on average responded to Priority I incidents within four minutes and 15 seconds. Comparable response statistics for other similar service providers were not available. The Department did not report whether this response time had changed over time.

Chico PD responded to over 77,000 Calls For Service (CFS) in 2017, averaging over 200 during any given 24 hour period, an increase of almost 10,000 CFS from 2015. These significant numbers are seen by the City as a reflection of active and engaged law enforcement department. Most of the 77,000 calls for service involved “low level quality of life criminal activity”. The Chico Police Department is constantly evaluating the deployment strategies utilized to impact this type of criminal activity. Some of the key factors moving forward are collaboration with government and the community, as well as internal deployment creativity by command staff.

The number of sworn officers per capita is a traditional indicator of service level. There are no universally recognized staffing standards for law enforcement. However, for comparison purposes, the Federal Bureau of Investigations Uniform Crime Report annually compares per capita staffing levels in law enforcement agencies throughout the nation based upon geographic region and population served. For communities the size of Chico, in this part of the country, the average per capita staffing levels are 1.3 sworn police officers per 1,000 population and 0.6 non-sworn employees per 1,000 population. The Department’s current staffing ratio is 1.03 sworn personnel per 1,000 population, which is an improvement from 0.85 sworn officers per 1,000 people in 2014. To compare, the 2006

City of Chico MSR indicated that the City's ratio in FY 03-04 was 1.18 sworn personnel per 1,000 population.

**Figure 11-5: External Personnel Complaints per Year (2011-2015)**



Another indicator of service adequacy can be public satisfaction with services provided measured by number of complaints received. As is shown in Figure 11-5, the number of external personnel complaints reduced over time, and experienced a significant drop in 2015 and 2016, and then an increase in 2017. This overall decline in complaints may be indicative of an increase in customer satisfaction. In addition, the ratio of use of force to

community interaction remains at 0.08 percent, which further reflects the Department's engagement with the community.

#### **Determination 11-5: Law Enforcement Service Challenges**

For the last several years, CPD has been struggling due to the economic recession, increased demand for services, decreased staffing, and insufficient resources, which led to a decreased level of service. To overcome these challenges, the Department is forming strategic partnerships, as in the case with the University and Butte County, to reduce calls for service and increase efficiency, has shaped a coordinated vision for the future, and come up with a staffing strategy to pair with its Community Policing philosophy. At the core of the City's identified policing approach are two elements: 1) rebuilding adequate response to patrol and investigative units and 2) reestablishing proactive units to engage with the community in jointly prioritized activities.

#### **Determination 11-6: Law Enforcement Service Adequacy**

CPD has faced a staffing challenge that has lowered the level of services it had historically been able to provide. However, the Department has worked hard to ensure that the safety of the public is protected by focusing on Priority 1 calls and maintaining a reasonably adequate response time to those calls. The Department's response to a high number of calls for service in 2017 and 2018 is a further indication of active and engaged law enforcement department. Majority of these calls were for lower priority crimes, which reflects the CPD's increase in resources dedicated to this type of crime. Additional staffing is necessary in order to reinitiate and strengthen several of the services that were cut or diminished in the last few years. Additional staffing will also be necessary to reach staffing levels that are comparable to other similar service providers and to address population increases.

#### **Determination 11-7: Law Enforcement Service Adequacy**

During the period of extreme fiscal constraint, cutbacks forced CPD to focus on the Priority 1 calls for violent crimes in action, while low-level quality of life crimes became of a lower importance. CPD keeps working to improve the level of service offered by enhancing staffing levels and reinstating task forces that focus on the less prioritized crimes. Offense rates show that property crimes (low level quality of life crimes) in general have declined in recent years, which may be the result of the City's attempts to reinstitute these programs. In particular, the City needs to address the increasing levels of rape, motor vehicle theft, and arson.

## **12. SOLID WASTE SERVICES**

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### **SERVICE OVERVIEW**

In July 2017, the City adopted a new ordinance altering the structure of its solid waste municipal services to a citywide solid waste, recycling and organics collection services franchise system. In October 2017, the City initiated franchise agreements with two private companies that provide solid waste services and curbside recycling for City residents—North Valley Waste Management and Recology.

The term of the agreements is 12 years from the agreement initiation date. The City receives a 10 percent franchise fee of gross revenue collected each calendar quarter by the two haulers.

The franchise system establishes three separate exclusive agreements for solid waste, recyclables and organics. All single-family dwellings (SFD) of one to four units are managed under a single citywide exclusive SFD collection service agreement with Waste Management. Commercial and multi-family dwellings will be split into two zones, with one zone being serviced by Waste Management and the other by Recology. Separate exclusive commercial collection service agreements are in effect with Waste Management and Recology. There is open competition by both providers for temporary collection services as well as construction and demolition debris collection as defined in the agreements.

In addition to regular solid waste collection, the franchisees will provide two single-family dwelling bulky waste collections per year and one multi-family dwelling bulky waste collection per year as part of the bundled rates.

The City directly provides street sweeping and leaf collection services. Public city streets are swept every two weeks except on holidays and during leaf collection. The city removes over 5,000 cubic yards of material from the roadway per year. The City provides collection of leaves placed in the streets by city residents from mid-October to mid-January each year with an estimated annual total of between 40,000 and 45,000 cubic yards of leaves.

According to the new ordinance all rates are to be uniform and set citywide by the City. The residential customer rates are bundled to include solid waste, recycling and organics. Commercial and multi-family rates will be bundled to include solid waste and recycling for service up to 96-gallon carts. An additional cost will apply to recycling service over 96-gallons. Organics will be available to commercial and multi-family dwellings for an additional cost. Annual rate adjustments are to be made in accordance with the Consumer Price Index All Urban Consumers U.S. Cities Average. All rate adjustment requests shall be submitted to and reviewed by the City and under no circumstances will an adjustment to maximum service rates exceed five percent per year.

As part of the franchise agreements, haulers are required to submit monthly, quarterly, and annual reports to include:

- ❖ Tonnage collected, processed, marketed and disposed;
- ❖ Public education and information activities;

- ❖ Customer service data;
- ❖ Operational problems and actions taken;
- ❖ Historical and proposed activities;
- ❖ Summary of payments to City; and
- ❖ Equipment inventory.

The City owns the City of Chico Compost Facility, which is located on Cohasset Road, north of Eaton Road. Per the City of Chico Contractual Services Agreement (Composting Agreement), Waste Management provides all work and furnishes all labor and materials necessary to operate the composting facility. The Composting Agreement is renewed annually and the City compensates Waste Management for its services.

## **STAFFING**

The solid waste and recycling franchise system is administered by the Administration Division of the City's Public Works Department.

## **FACILITIES AND CAPACITY**

Solid waste generated in the City is disposed of at the Neal Road Landfill, which is owned and operated by Butte County. The landfill is located approximately seven miles southeast of Chico. The Neal Road Landfill has a total permitted capacity of approximately 25 million cubic yards of solid waste and has a tentative closure date of 2035. Recycled materials collected by the two companies are taken to the Neal Road Recycling and Waste Facility.

The landfill is permitted to accept 1,500 tons per day, but peak usage rarely exceeds 1,200 tons. Average daily tonnage is approximately 500 tons.

Because the landfill sits on top of the Tuscan Aquifer, various procedures are utilized in order to prevent contamination of groundwater. The landfill is lined with a double layer of compacted clay and geomembrane. The groundwater is tested regularly through a series of monitoring wells that line the perimeter of the landfill. They have a methane gas collection system in place, which channels the gas to a 2.2-megawatt generator that is on site. The electricity that is produced is enough to power approximately 1,400 households.

Green yard waste is hauled to the City's Compost Facility near the Chico Municipal Airport or the four other privately operated green waste collection locations. The City of Chico Compost Facility has been operated by North Valley Waste Management since 1996. The State of California permits it as a green waste composting facility. The main contributor of the facility's feedstock comes from the City's curbside yard waste program. Landscapers, property management companies, and homeowners also bring materials to the facility.

Local residents are able to recycle and properly dispose of household hazardous waste at the Butte Regional Household Hazardous Waste Collection Facility, which is located near the Chico Municipal Airport.

## **INFRASTRUCTURE NEEDS**

It was estimated that the City of Chico would require an expansion of its compost facility to address growth in the proposed SOI, which may not be possible at the current location. As of August 2018, the City reported the compost facility had reached capacity and was temporarily closed to commercial customers (landscapers). The City is working closely with Waste Management to reduce/relocate the quantity of green waste to mitigate the concern, and expects the composting facility to reopen to public in November 2018. This situation underscores the City's need to address capacity issues at the compost facility as discussed further below. Additionally, the Federal Aviation Administration (FAA) has found that the facility violates standard clearances for visual and electronic signal interruption of its Ground Based Navigational Aid System (NAVAIDS). As a result, the City is considering various options including: 1) moving the airport's NAVAIDS facilities in cooperation with FAA, 2) constructing a transfer station at the current site and transporting the green waste to the Norcal Waste transfer station in Oroville, 3) relocating the compost facility to a new site either owned or leased by the City, or 4) relocating to a new compost facility built by a third party. The cost of relocating the facility is estimated to be approximately \$1 million. The City is still considering options and has not decided on a potential future facility as of the drafting of this report.

### **Determination 12-1: Solid Waste Present and Planned Capacity**

The two private haulers are responsible for ensuring adequate hauling capacity to serve the City. Similarly, capacity at the Butte County landfill is not under the jurisdiction of the City of Chico. The City's Compost Facility appears to have sufficient capacity at present to continue services in the short term; however, as the City grows, expansion or relocation of the compost facility will be necessary.

### **Determination 12-2: Solid Waste Infrastructure Needs**

Federal Aviation Administration (FAA) has found that the green waste facility violates standard clearances for visual and electronic signal interruption of its Ground Based Navigational Aid System (NAVAIDS). The City is assessing options to address violations of standard clearances for visual and electronic signal interruption of the navigational system at the Chico Municipal Airport by the compost facility.

## **CHALLENGES**

The City's primary challenge with regard to solid waste services is addressing the aforementioned issues with the compost facility, including lack of space for expansion to address growth and clearance violations related to the NAVAIDS. The City has not yet determined what means it will use to address these issues.

## **SERVICE ADEQUACY**

This section reviews indicators of service adequacy, including regulatory compliance and diversion rates.

Landfill and composting facilities are regulated by the Environmental Protection Agency (EPA), California Department of Resources Recycling and Recovery (CalRecycle) and a designated Local Enforcement Agency (LEA), the role of which in Butte County is played by the Butte County Department of Public Health, Division of Environmental Health.

The Chico Composting Facility was inspected four times in 2017 by the LEA as part of regular periodic inspections. No violations or areas of concern were reported. Following the completion of the last MSR in 2006, the composting facility was issued multiple violations and areas of concern in 2007 and 2008. Violations were related to sampling requirements, temperature monitoring, and excess in pathogen levels.<sup>45</sup>

Neal Road Recycling and Waste Facility was last inspected in May 2018 with no areas of concern or violations identified. In January 2017, the facility was issued a violation related to gas monitoring and control.<sup>46</sup>

The diversion rate is the amount of waste that is recycled or composted as opposed to ending up in a landfill with other non-recyclables. Diversion conserves limited landfill space, keeps toxic chemicals and materials from contaminating landfills, and enhances the reuse of materials. The Integrated Waste Management Act (IWMA) requires a diversion rate of 50 percent.<sup>47</sup>

Consistent with State law, the City has developed a Source Reduction and Recycling Element (SRRE) and a Household Hazardous Waste Element (HHWE) as parts of the Butte County Integrated Waste Management Plan. The City is achieving its 50 percent diversion goal in accordance with State requirements.

Additionally, the franchise agreements with each of the hauler sets diversion requirements to achieve the state mandates established in AB 341 and AB 1826 to be phased in over three to five years. The haulers agree to meet diversion rates as follow:

- ❖ 30 percent diversion by January 1, 2021;
- ❖ 32 percent diversion by January 1, 2024; and
- ❖ 35 percent diversion by January 1, 2027.

### **Determination 12-3: Solid Waste Service Adequacy**

The City's solid waste services are adequate based on a lack of recent violations at the compost facility and achieving the state mandated diversion rate.

<sup>45</sup> CalRecycle.

<sup>46</sup> Ibid.

<sup>47</sup> The Integrated Waste Management Act (IWMA), also known as A.B. 939, required each jurisdiction in the State to submit detailed solid waste planning documents for approval by the California Integrated Waste Management Board (CIWMB), and to set requirements that agencies divert 50 percent of solid waste from landfills by 2000. The Board is authorized to extend agency compliance deadlines based on good-faith and special circumstances.

# **13. STREET SERVICES**

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## **SERVICE OVERVIEW**

The Transportation and Traffic Safety Division of the Public Works Department is responsible for transportation and traffic safety planning and maintenance, and bicycle and pedestrian related projects. Transportation activities include reviewing capital and development projects for traffic safety, bicycle, and pedestrian impacts, preparing grant applications, conducting traffic modeling studies, and other transportation-related projects. Traffic safety activities include managing and maintaining the City's traffic signals, street lights, street signs, roadway and pavement markings, parking meters and facilities, and the graffiti program.

The Right-of-Way and Street Cleaning Maintenance Divisions of the Public Works Department are responsible for maintaining City streets, alleys, shoulders, storm drains, curbs and gutters, and temporary sidewalk repairs. The Street Cleaning Division is responsible for street sweeping, annual leaf collection, removing roadway hazards and debris, abating weeds in the City public right of way, maintaining bicycle paths, and maintaining the stormwater collection system. The City performs its street sweeping through sweeping routes that have been developed based upon factors such as current staff and equipment levels, curb and street mileage, dumping location, travel times, traffic patterns, trash hauling and others. The City strives to perform a complete sweep of all improved streets every two weeks to keep debris from entering the storm drain system and eventually waterways. Each year, City crews sweep more than 27,000 linear curb miles, collecting nearly 5,000 cubic yards of material from the city streets.

Chico repairs pavement failures prior to resurfacing or replacement, repairs potholes, eliminates hazardous sidewalk conditions with temporary repairs, and responds to emergency street conditions as needed. Larger resurfacing or replacement projects are performed by contractors.

The City of Chico is considered to be a bicycle friendly city. The Chico Urban Area Bicycle Plan (CUABP), a comprehensive bicycle system plan for the City, was originally created in 1991, and is updated regularly. The plan is currently undergoing a comprehensive update. In 2017, the City of Chico was recognized as a Gold Status Bike Friendly City by the League of American Bicyclists, a step up from the previous Silver status.

Public transportation services in Chico are provided by the regional B-Line system, managed and operated by the Butte County Association of Governments (BCAG). The B-Line provides a range of services from commuter routes throughout the County to local service routes in and around the Chico community.

## **STAFFING**

There are 11 full-time equivalent (FTE) staff that are shared between the Right-of-Way (ROW) Division and the Street Cleaning Division. They are formally split as six FTE in the



ROW Division and five FTE dedicated to street cleaning. The Traffic Safety Division has 4.35 FTE.

## FACILITIES AND CAPACITY

The City of Chico is served by a roadway system that consists of freeways (e.g. SR 99), expressways, arterials (e.g. Esplanade, East Avenue), collectors (e.g. Humboldt Road, Idyllwild Cir), and local streets (e.g. Colonial Drive, Downing Avenue). State Route (SR) 99 and SR 32 provide regional connectivity as well as local traffic circulation. The regional through traffic is a function of the state highway system and is the responsibility of Caltrans with input from the City. However, where local traffic has impacted the State's infrastructure through growth, the City has some responsibility in mitigating those impacts through its Development Impact Fee program. The local traffic component is the responsibility of the City. The City of Chico maintains about 100 traffic signals and 4,500 streetlights.

There are about 295 miles of paved streets in the City of Chico (excluding State Routes). Shown in Figure 13-1 is the breakdown of Chico's street pavement mileage grouped by functional class. The pavement condition index (PCI) is discussed in detail in the *Service Adequacy* section.

**Figure 13-1: Street Mileage by Functional Class**

Classification	Total Center Miles	2015 PCI (100-point scale)
Arterials	9.07	61
Minor Arterials	1.63	47
Collector	85.19	59
Local	3.33	77
Residential/Local	190.88	62
Combined	5.29	-
Totals	295.29	61

Source: Pavement Management Program Update, 2015.

The City of Chico has an extensive bikeway system, although, nearly one-fourth of the total bikeway mileage is located within Bidwell Park along Peterson Memorial Way and South Park Drive. There are a total of 80.9 miles of existing bike paths in the City of Chico. The City is proposing 134.4 additional miles to meet the anticipated increase in demand.<sup>48</sup>

Pedestrian facilities in the City are comprised primarily of pathways, sidewalks, trails, bridges, and pedestrian crossings. Most areas of the City have pathways or sidewalks, except for older areas, which were developed under Butte County's jurisdiction.

## INFRASTRUCTURE NEEDS

Overall, the City's roadway condition has been increasingly deteriorating. Chico is struggling with accumulating deferred maintenance. Maintenance needs are further exacerbated by the condition of roads within areas that have been annexed by Chico over time. Historically, Butte County constructed roadways to more rural standards, utilizing a

<sup>48</sup> Chico Urban Area Bicycle Plan, 2012.

thinner asphalt section, drainage ditches on the shoulders and no sidewalks. As annexations occur and these areas become a part of the City, it is difficult for the City to then manage and maintain these streets to more urban standards, as well as state and federal accessibility requirements. Chico standards include a full roadway structural section, a curb, a gutter, a parkway strip, and a sidewalk. This allows storm water runoff and long-term maintenance to be performed in a manner more suitable for urban settings. Given the current funding and resource limitations, required standards adds to the burden of maintaining City infrastructure.

Due to the deteriorating condition of its roadways, the City is prioritizing roadway maintenance and advance preventative measures such as crack sealing and overlays. The recently updated Pavement Management Plan (PMP) will be incorporated into the roadway maintenance improvement program to prioritize asphalt issues and projects effectively. Based on the PMP, the total amount of deferred maintenance is currently about \$65 million.<sup>49</sup>

The PMP budget needs analysis projected that the total budget required to bring the City's pavement system to a condition where most pavement sections require only minor preventive maintenance (PCI<sup>50</sup> above 70) was about \$125 million for the years of 2016 through 2020, which equated to an average of \$25 million per year. Due to the fact that Chico's road condition has further deteriorated from 2015 to 2018, the required budget to achieve a PCI over 70 would be much larger.

The PMP also recommended that the City raise its annual budget to a minimum of \$8 million, which would begin an increasing trend in overall pavement condition while slowing the growth of the deferred maintenance backlog.

As was previously mentioned in the *Financing* section of this report, Public Works operations and maintenance costs, including streets and road annual maintenance costs, are underfunded annually by approximately \$9,600,000. Although there are additional revenues scheduled to come to the City of about \$1,500,000 per year as a result of SB 1,<sup>51</sup> supplementary resources are needed to sufficiently cover required annual maintenance costs.

The City of Chico Capital Improvement Program (CIP) and Street Facility Improvement Development Impact Fee (DIF)<sup>52</sup> Program each contain extensive lists of street

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<sup>49</sup> Deferred maintenance consists of pavement maintenance that is needed, but cannot be performed due to lack of funding.

<sup>50</sup> The PCI is an overall measure of the condition of the road surface based on a scale of zero (failed) to one hundred (excellent): 0-24 (very poor/failed), 25-49 (poor), 50-69 (good), 70-89 (very good), 90-100 (excellent).

<sup>51</sup> SB 1 increased several taxes and fees to raise over \$5 billion annually in new transportation revenues. SB 1 prioritizes funding towards maintenance and rehabilitation and safety improvements on state highways, local streets and roads, and bridges and to improve the state's trade corridors, transit, and active transportation facilities. Once fully implemented, approximately \$1.5 billion per year in new revenue is earmarked for local street and road maintenance and rehabilitation and other eligible uses, including complete streets projects, traffic signals, and drainage improvements. California's counties will share about \$750 million annually, and the same amount will be allocated to cities.

<sup>52</sup> Development impact fees are levied upon new development for their proportionate share of costs for mitigating their impacts in accordance with California Government Code Section 66000. Development is not responsible for existing deficiencies, which is the main source of the City's currently aging infrastructure.

improvement projects, some of which involve widening and other improvements to existing local streets and state highways.

In FY 14-15, the City performed a number of street improvement projects, including installation of push-button traffic signals, replacement of existing street lights with LED energy efficient lights, phasing in retro-reflective signage, roadway marking projects, graffiti abatement, street widening projects, and planning for additional streets, bike paths and pedestrian routes. The City continued paving, pothole and roadway repair, and street cleaning, completed annual leaf collection, mitigated flooding hazards, cleaned 73 storm water interceptors and 282 drain inlets, and assisted with illegal encampment cleanups.

In FY 15-16, the Public Works Department completed installation of smart parking meters, installed traffic signals, continued the LED street light conversion, continued the SR 32 widening project, began engineering design on three bridges, continued sidewalk repairs, and, with the help of the hourly personnel, excavated and cleared multiple drainage ditches.

## **CHALLENGES**

The biggest challenge for the City is posed by the ageing and wear and tear of its transportation infrastructure, especially with reduced resources available to maintain them. Roads are rapidly deteriorating and, in some cases, are beyond normal life expectancies. The City prioritizes maintenance activities to help minimize and mitigate safety hazards and concerns for the traveling public. With limited financial resources, the City struggles to keep up with the increased work requests and demands as the City continues to grow.

### **Determination 13-1: Streets Infrastructure Needs**

Due to the rapidly deteriorating condition of its roadways, the City is prioritizing roadway maintenance and advance preventative measures such as crack sealing and overlays.

### **Determination 13-2: Streets Infrastructure Needs**

To reach the appropriate level of pavement condition where most pavement sections require only minor preventive maintenance every five years, the budget needs analysis determined a need of approximately \$25 million per year between 2016 and 2020. Due to the fact that Chico's road condition has further deteriorated from 2015 to 2018, the required budget to achieve a PCI over 70 would be much larger than previously calculated. Given that financing for this amount is not currently available, the Pavement Management Plan recommends a stop gap measure of at least \$8 million per year to start mitigation measures. Roadway annual maintenance costs, however, have been annually underfunded and are currently not meeting the recommended amount.

## **SERVICE ADEQUACY**

This section reviews indicators of street maintenance service adequacy, including deferred maintenance, congestion, street sweeping, and street service response time.

The condition of street pavement is typically evaluated by local agencies using a Pavement Management System (PMS), which regularly evaluates pavement condition and establishes a cost-effective maintenance strategy. Each segment of pavement is rated for distress (i.e., cracks and potholes) and the extent and severity of distress. Having an up-to-date PMS allows the local agency to quickly and efficiently gauge road maintenance needs and efficiently allocate resources. The City updated its Pavement Management Program (PMP) in 2015. The Pavement Condition Index (PCI) is an overall measure of the condition of the road surface based on a scale of zero (failed) to one hundred (excellent). Figure 13-2 relates PCI range to general pavement condition definitions.

**Figure 13-2: PCI Breakdown Descriptions**

PCI Range	Condition	Description
90-100	Excellent	Little or no distress
70-89	Very Good	Little or no distress, with the exception of utility patches in good condition, or minor to moderate hairline cracks; typically lightly weathered.
50-69	Good	Light to moderate weathering, light load-related base failure, moderate to heavy linear cracking.
25-49	Poor	Moderate to severe weathering, moderate levels of base failure, moderate to heavy linear cracking.
0-24	Very Poor	Extensive weathering, moderate to heavy base failure, failed patches, extensive network of moderate to heavy linear cracking.

The City's current (2018) average PCI is 57 (a decrease from 61 in 2015) on a 100-point scale, with 100 being a new street. The overall condition of Chico's streets is considered to be fair. According to the Metropolitan Transportation Commission (MTC), approximately 75 percent of a pavement's serviceable life has been expended by the time its PCI rating falls to 60.

About 23 miles of the City's streets are in the excellent category (eight percent), 134 miles in the very good category (46 percent), 48 miles are in good condition (16 percent), 53 miles in poor condition (18 percent), and 37 miles in very poor condition (12 percent). Overall, about 70 percent of the City's streets are considered to be in good to excellent condition, which is similar to the results of evaluation performed during the last MSR; however, that does not accurately reflect the lack of funding needed to maintain the roadways. Since the last PMP update in 2006, many subdivisions have been completed and accepted by the City in a 'new' condition. This inaccurately skews the total PCI because these roadways are rated much higher and weight the average PCI towards a higher rating than actual existing conditions. On the other hand, many roadways inherited through annexation are significantly deteriorated, many without curbs, sidewalks or drainage improvements, which lowers the average. Further, the new development additional lane miles add a significant area of roadway that will need maintenance, while roadway maintenance funds continue to decline.

In 2016, the State of California average PCI for cities was 65, which is a reflection of a statewide road maintenance problem. With continued deferred maintenance and existing funding climate similar to the City of Chico, there is a downward trend projected in California for the next 10 years. The ideal PCI in order to keep up with preventative maintenance standards is a minimum of 80. According to the City's PMP analysis, if from 2016 to 2020 the City spent no money on street maintenance, the PCI would decrease from 61 to 50. Spending about \$1 million per year would result in a decrease from 61 to 51. A budget of \$7.5 million would maintain a PCI of 61. Expending \$10.5 million annually would increase the PCI from 61 to 66, and \$25 million annual spending would produce a PCI increase from 61 to 83. The City of Chico has been spending between \$2 million and \$2.5 million annually in its transportation fund.

The life cycle of pavement in good condition can be extended through preventative maintenance by applying a thin layer of asphalt mixture, better known as slurry sealing or seal-coating. When pavement is in fair condition—with moderate potholes and cracks—it can be treated with one- to two-inch thick overlays. Pavement with minor structural distress—with significant cracks—often requires rehabilitation, involving grinding of portions of the existing street and application of a thick overlay. Pavement with major structural distress—with extensive cracks—often requires reconstruction involving removal and replacement of the street segment.

Pavement management studies have shown that it is more cost effective to maintain pavement in good condition over its useful life than to let it deteriorate to the point that it requires a major overlay or reconstruction. Deferring maintenance can increase long-term maintenance costs as much as four times greater than a consistent preventative maintenance strategy, according to the Transportation Research Board. Street reconstruction is typically needed once asphalt is 20-35 years old, with the asphalt lifespan depending on the use of preventative maintenance efforts. The City currently uses the MTC's Pavement Management System StreetSaver online version to help make cost-effective decisions related to the road network, maximizing the City's return on investment from available maintenance and rehabilitation funds, generating a prioritized plan, and identifying specific areas in need of maintenance and rehabilitation.

Traditionally, traffic congestion is measured based on the daily number of vehicle hours of delay due to congestion. Historically, Level of Service (LOS) analysis has relied upon a conventional perspective of the primary use of public streets by motor vehicles rather than considering all modes of travel, including public transportation, bicycling and walking. The LOS on streets and highways is rated on a scale of A-F, where "A" is the best rating and "F" the worst. LOS "E" means significant delays, unstable traffic flow, and rapidly fluctuating speeds and flow rates; LOS "F" means considerable delay with forced traffic flow and speeds dropping to zero.

The primary limitation with the LOS approach is that it does not account for the level of service experienced by people using other modes of travel (bicyclists, pedestrians, and transit riders). The City of Chico takes into consideration additional levels of service for four primary modes of travel:

- ❖ Vehicles: Length of delay, number of stops per mile, average speed, vehicle demand, capacity, posted speed limit, number of lanes, signal timing, signal coordination, and interference from other modes.
- ❖ Transit: Frequency and speed of service, passenger load, reliability, accessibility, and bus stop amenities.
- ❖ Bicycles: Quality of bicycle facilities, bicycle traffic volumes, vehicle traffic and speeds, lateral separation from vehicles (barriers, buffers), percent of traffic as trucks, pavement quality, connectivity, and driveway conflicts.
- ❖ Pedestrians: Quality of pedestrian facilities, vehicle traffic and speeds, percent of traffic as trucks, lateral separation between vehicles and pedestrians, crossing difficulty (at intersections, mid-block), and pedestrian density.

The City of Chico reportedly responds to graffiti service calls within 24 hours. The City's goal is to remove 90 percent of graffiti within 24 working hours of receiving a report of observation.

#### **Determination 13-3: Streets Service Adequacy**

Based on the PMP, the City's current average Pavement Condition Index (PCI) is 57 on a 100-point scale where streets with 90-100 points are in excellent condition, with 70-89 points in very good condition, with 50-69 in good condition, with 25 to 40 in poor condition, and with 0-24 points in very poor condition. The ideal PCI in order to keep up with preventative maintenance standards is a minimum of 80. Extensive deferred maintenance, limited staff capacity to address demands, and continuing funding constraints reduce the City's ability to address needs as desired and achieve the ideal PCI in the foreseeable future.

#### **Determination 13-4: Streets Service Present Capacity**

Due to ongoing budget constraints, the City struggles with keeping up with the increased work requests and demands as the City continues to grow and the streets age and deteriorate. Deferred maintenance has accumulated and aggregate street condition has further deteriorated from 2015 to 2018 based on the decrease in PCI from 61 to 57. Funding required for a PCI increase is currently not being budgeted by the City.

#### **Determination 13-5: Streets Service Planned Capacity**

The City has a prioritized list of street projects to be completed over the next 10 years; however, capital outlays on the street system will likely be limited to the highest priority projects and most necessary maintenance given budget constraints.

# **14. STORMWATER SERVICES**

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## **SERVICE OVERVIEW**

Storm drainage management within the City and the urban area is provided by a system of developed and undeveloped collection systems operated and maintained by the City and Butte County. The City is not constrained by any formally designated service areas, but has established storm drainage basins for the purpose of planning for infrastructure. New development is required to install storm drainage infrastructure when necessary. Storm drainage facilities in unincorporated areas surrounded by the City and in areas immediately adjacent to the City are maintained through several County Service Areas (CSAs). In areas of the City that do not have developed storm drainage collection, unpaved shoulders, roadside swales and naturally occurring drainages help to control runoff. This has resulted in significant drainage issues related to entire neighborhood blocks that do not drain for extended periods following storm events.

The City maintains a stormwater drainage conveyance system that provides an opportunity for pollutants to reach waterways, because motor oil, paint products, pet wastes, and chemicals used in homes and gardens are washed into street gutters and storm drains via rainwater. Streets typically contain vehicle exhaust products, brake and tire materials, oil and grease, litter and other materials that can get flushed through the storm drainage system. This mix of rain and other water is called urban runoff. If not managed, urban runoff and all its pollutants flow untreated through the storm drainage system into local creeks and flood control channels where it can harm wildlife, pollute fisheries, and negatively impact overall water quality.

To prevent harmful pollutants from being washed or dumped into local water bodies through drainage, the City is regulated by Water Quality Order No. 2003-0005-DWQ for the State of California's National Pollutant Discharge Elimination System (NPDES) General Permit No. CAS000004 for Storm Water Discharges from Small MS4s. The permit requires the City to create and maintain a stormwater program in an effort to maintain the integrity of its local creeks and rivers by sharply reducing stormwater runoff related to pollution. The City has developed a Stormwater Management Program to address stormwater drainage in Chico, which is a requirement established by the federal government's Clean Water Act (CWA) that is dedicated to implementing broad-based watershed strategies to reduce water pollution. These strategies include, but are not limited to, maintaining and improving the public storm drain system, enforcing stormwater and erosion standards related to construction activities, preventing illegal dumping in the storm drain system, and educating the public about stormwater issues.

The City has established a storm drainage facility fee on new development to pay for constructing drainage channel improvements within the City's eight drainage basins. A per acre fee rate is established for each basin based on the cost of specific improvements and land uses within the basin.

## STAFFING

The Street Cleaning Maintenance Division of the Public Works Department maintains the stormwater collection system, including maintenance and repair of the storm drainage, catch basins, and pipes in the Chico Maintenance Districts,<sup>53</sup> and cleans storm drains and gutters. As reported by the City, with decreased staffing caused by prior and existing fiscal constraints, the Street Cleaning Maintenance Division lacks adequate resources to fully inspect and maintain the entirety of the system.

The Sewer and Storm Drain Engineering Division is responsible for coordinating and implementing the City's Stormwater Management Program and engineering the stormwater collection systems. Engineering staff has also experienced reductions resulting in challenges in monitoring and reporting of the Stormwater Management Program and MS4 permit requirements.

The Engineering Division of stormwater operations consists of one full-time equivalent (FTE) staff. Maintenance staff from the Right-of-Way Division are utilized seasonally to perform storm drain maintenance and repair.

### **Determination 14-1: Stormwater Staffing Capacity**

With decreased staffing caused by prior and existing fiscal constraints, the Street Cleaning Maintenance Division lacks adequate resources to fully inspect and maintain the entirety of the system.

## FACILITIES AND CAPACITY

The developed storm drainage system consists primarily of drop inlets located along the street system that connect to an underground pipe network system. Water in the system is transported to outfall locations along the major creeks including Sycamore, Mud, Comanche, Big Chico, and Little Chico Creeks and Lindo Channel. All of the channels that traverse the City are tributary to the Sacramento River, a source of drinking and agricultural water. Other city stormwater infrastructure includes gutters, swells, ditches, culverts, catch basins, storm drainage pipes, and detention facilities. The detention basins have water quality features incorporated into them. All drainage systems operate by gravity.

For the most part infrastructure has sufficient capacity. In some instances, such as the Basin Drainage (BD) Ditch, a conveyance and collection system of storm drain runoff in the southern part of Chico, there is insufficient capacity to handle its tributary area. This has caused flooding in some areas including flooding of businesses. Areas of the City with deficient storm drainage infrastructure include mainly older neighborhoods, such as "the Avenues," and North and South Campus areas.

<sup>53</sup> A Maintenance Assessment District (MAD) is a legal mechanism by which property owners can vote to assess themselves to pay and receive services above-and-beyond what the City of Chico normally provides. This above-and-beyond service level is called a "special benefit." What the City normally provides is called the "general benefit."



The Federal Emergency Management Agency (FEMA) has acknowledged that the City of Chico has localized flooding concerns to the extent that the Agency is looking to fund potential projects in Chico to mitigate this concern. Overall, engineering work is performed on new basins to ensure that facilities are built with adequate capacity.

The City's flood hazards generally consist of shallow sheet flooding from surface water runoff in large rainstorms. Any storm event exceeding the design criteria for the facility results in street flooding, which in areas without drainage improvements is frequent. The Chico Municipal Code<sup>54</sup> indicates acceptable levels of street flooding for design storms. The Public Works department mitigates this impact by maintaining 252 miles of storm drainage lines. Portions of Comanche Creek and Little Chico Creek have been determined to lack sufficient capacity for a 100-year storm event based on FEMA mapping.

#### **Determination 14-2: Stormwater Present Capacity – Manpower**

Limited staffing levels pose a constraint on providing stormwater services, as the City strives to keep up with increased work requests and demands while the City continues to grow. The City lacks adequate staffing resources to fully inspect and maintain the entirety of the system and faces challenges in monitoring and reporting the Stormwater Management Program and MS4 permit requirements. Despite the reported challenges to maintain and track the Stormwater Program on a daily basis, the City continues to make improvements.

#### **Determination 14-3: Stormwater Present Capacity – Peak Flows**

The stormwater infrastructure is a work in progress. The City experiences localized flooding during major storm events as a result of inadequate storm drain networks to handle peak storm flows. Installation of additional storm drain inlets and piping is a priority for the City so that urban runoff can be properly captured and discharged into local waterways. In many instances inlets have gravel bases to only handle percolation of stormwater into the ground.

#### **Determination 14-4: Stormwater Present Capacity - Infrastructure**

For the most part, infrastructure has sufficient capacity, with some exceptions in the older neighborhoods where portions of the collection system lack capacity to handle flow, which has led to shallow sheet flooding. Additionally, there is the potential for flooding for portions of Comanche Creek and Little Chico Creek under a 100-year storm event.

#### **Determination 14-5: Stormwater Infrastructure Needs**

In many areas annexed to the City, there are minimal or ineffective drainage improvements that result in frequent street flooding, which causes hazards to bicyclists and pedestrians,

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<sup>54</sup> CMC 18R.08.050.C.2

impedes access to homes, and affecting street side parking. The City does not have a reliable source of funding to address this issue in a comprehensive way.

## **INFRASTRUCTURE NEEDS**

To assess its stormwater infrastructure needs and address the identified deficiencies, the City prepared a Storm Drain Master Plan (SDMP), which was adopted in 1987 and later updated in 2000. The SDMP identifies additional storm drain infrastructure necessary to meet capacity requirements due to increased development and system deficiencies.

The 1987 SDMP focused on the major pipes and improved channels of the urban area storm drain system and their ability to adequately convey storm runoff. An approximate high-water surface elevation was estimated in the major waterways at the outfall discharge points and 11 subareas were identified as requiring storm drain pumping stations. Many areas of the City were identified as needing installation of pipelines.

The 2000 SDMP update included projects to address concerns regarding 1) peak flow in Comanche Creek and Little Chico Creek, 2) channel stabilization in all waterways passing through the urban area, 3) best management practices throughout the urban area, and 4) design and data collection projects that are necessary precursors to the aforementioned projects, the future Stormwater Management Program, and water quality monitoring. The \$90,855,271 (2000 dollars) cost of the storm drainage collection system projects established by the 1987 SDMP was increased by about 63 percent to \$145,088,496 (2000 dollars) by the incorporation of the additional projects into the 2000 SDMP update.

In the 2000 SDMP update, the City also included a Peak Attenuation Facility Plan that addresses flooding associated with 100-year storm events. Any development and urbanization in these sub-basins will increase runoff and require adequate storm drainage detention facilities and improvements. All future development in the City must incorporate stormwater quantity mitigation into their design.

### **Determination 14-6: Stormwater Infrastructure Needs**

The City has outlined infrastructure needs related to its stormwater and drainage services in its 2000 Storm Drain Master Plan. The Plan recommends \$236 million of projects for the storm drain system. Although some of the improvements proposed by the original SDMP and the 2000 update have been completed, a majority of the identified needs remain current.

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## **Collaboration**

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The City currently works with many local groups with regard to implementing its MS4 Permit and stormwater related grants. For instance, the City currently has a Proposition 84 Storm Water Grant that will construct various Low Impact Development (LID) projects throughout the City. Chico has contracted with the nonprofit, California Urban Stream Alliance, for the Prop 84 grant project administration and to conduct the public outreach and education and storm water sampling portions of the grant.

The City is also partnering with the Altacal Audubon Society of Chico that is developing a program to encourage residents to install and retrofit landscapes to create natural habitats and conserve water.

There are three county service areas within and adjacent to the City that provide financing for drainage related services. CSA 23 (Pleasant Valley Drainage District) is located on the southwest edge of the City of Chico. The CSA is located entirely within the City's boundaries. CSA 24 (Chico Mud Creek Drainage District) encompasses most of the Chico urban area and surrounding rural areas north of SR 32 to the Chico Municipal Airport. Approximately 85 percent of the parcels within CSA 24 are within the jurisdictional boundaries of the City of Chico. CSA 25 (Shasta Union Drainage District) is located in the northwest Chico area. Approximately 82 percent of the parcels within CSA 25 are within the jurisdictional boundaries of the City of Chico. Within these three CSAs, generally, the City of Chico maintains the piped systems inside the City jurisdictional boundaries while the Butte County Public Works Department maintains all open ditches and levees. CSA funds are used to reimburse the County for its maintenance efforts. With a substantial portion of the CSAs within the jurisdictional boundaries of the City, it would be logical for the City of Chico to assume full responsibility for maintenance of the stormwater drainage infrastructure within CSAs 23, 24 and 25, in which case they would be subsequently dissolved. The City of Chico, Butte County, and Butte LAFCo staff have met to discuss this issue and additional meetings are expected to occur.

## **CHALLENGES**

It is challenging for staff to ensure full compliance with the State mandated requirements relating to stormwater management. Although the City applies for grants to augment financing for stormwater programs, it does not bring sufficient funding to fully cover the needed costs to fully comply with the mandates. Despite the reported challenges to maintain and track the Stormwater Program on a daily basis, the City continues to make improvements.

The City experiences homeless population inhabiting areas along the creek channels, which lead to waterway pollutant concerns.

## **SERVICE ADEQUACY**

This section reviews indicators of stormwater service adequacy including compliance with NPDES permit requirements and regular infrastructure inspection and maintenance.

The federally mandated National Pollutant Discharge Elimination System (NPDES) Phase II Stormwater Program is an effort to preserve, protect, and improve the nation's water resources from polluted runoff. The City of Chico is required to hold and implement the provisions of a State issued stormwater permit with the intent of protecting water quality. The required components of the federal NPDES Phase II Stormwater permit are:

- ❖ Program Management,
- ❖ Education and Outreach,
- ❖ Public Involvement and Participation,
- ❖ Illicit Discharge Detection and Elimination,
- ❖ Construction Side Runoff Controls,
- ❖ Pollution Prevention and Good Housekeeping,

- ❖ Post Construction Stormwater Management,
- ❖ Water Quality Monitoring, and
- ❖ Program Effectiveness Assessment and Improvement.

The City of Chico received its initial NPDES permit<sup>55</sup> for the discharge of stormwater from the State of California in July 2003. The permit was renewed on July 1, 2013. The City's MS4 permit is segmented into five-year increments with each year having specific tasks to be completed within the prescribed year. At the beginning of the third year of the permit, the City had been unable to meet all of the requirements of the permit. The City, however, reported that it continued to organize the program in a manner that allowed the staff to prioritize the most critical items, which is achieved through creating checklists and outreach efforts with the community so that as projects or issues arise there is consistent and clear communication on how to implement best management practices related to stormwater issues.

Despite reduced staffing, stormwater infrastructure inspection and maintenance is achieved through prioritizing critical components of the storm drain network. General maintenance consists of seasonal cleaning of pipeline areas that have been identified or have a history of needed cleaning. Catch basins in areas with a high impact of organic debris are also cleaned seasonally and prior to predicted storm events. City crews focus on cleaning and maintaining stormwater infrastructure in areas where Maintenance Districts exist,<sup>56</sup> leaving the remaining areas of the City to be inspected and maintained based on citizen contact with city staff (i.e., service requests). Albeit not ideal, this template has been successful in cleaning of storm drain piping as well as desilting of existing open earthen channels.

In 2015, the State Water Resources Control Board (State Water Board) adopted statewide Trash Amendments. These Trash Amendments established a statewide water quality objective prohibiting trash discharge to surface waters of the State. To meet this objective, the State is requiring that trash entering the City's storm drains be captured before entering the receiving water (creeks). To comply with the Order, the City has developed a Trash Management Plan and has until 2030 to implement the Trash Amendments. The Trash Management Plan presentation will address the process of how the City will comply with the Amendments. The expected 12-year fiscal impact is estimated to be \$5,392,000. Once all the capture devices are installed, the operations and maintenance cost for the devices is projected to be \$120,800 per year. These costs are not budgeted, but are anticipated to be presented to the City Council on an annual basis under the Public Works Capital Projects and the Public Works Operations and Maintenance budgets. This new mandate further exacerbates the City's current stormwater management concerns related to reduced staffing/maintenance and infrastructure funding of underserved areas of the City.

#### **Determination 14-7: Stormwater Service Adequacy**

<sup>55</sup> NCS000435

<sup>56</sup> Staffing to provide services in Chico Maintenance Districts (CMDs) is funded by annual CMD assessments.

The City's MS4 permit is segmented into five-year increments with each year having specific tasks to be completed within the prescribed year. At the beginning of the third year of the permit, the City had been unable to meet all of the requirements of the permit, due to staffing and funding constraints. Improvements to stormwater service levels could be made with additional financial and staff capacity. In lieu of additional staff, the City attempts to organize the program in a manner that allows staff to prioritize efforts on the most critical items.

# **15. WASTEWATER SERVICES**

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## **SERVICE OVERVIEW**

The City provides wastewater collection service to residents, businesses, and other institutions within and outside Chico's city limits. The City's current sewer service area consists of approximately 14,390 acres (includes developed and undeveloped land) or 22.5 square miles.

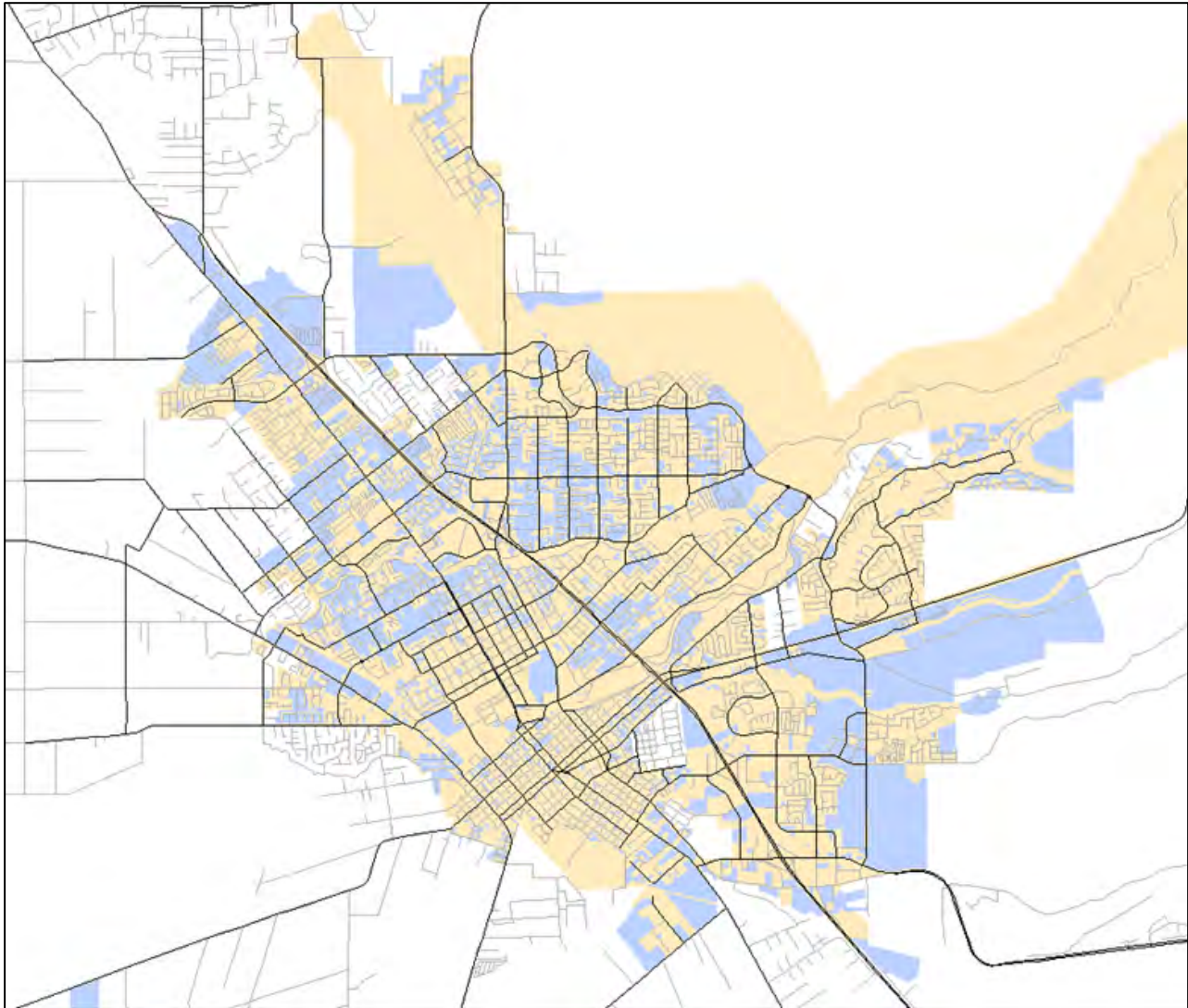
The largest land use category is residential, which accounts for approximately 44 percent of the total current sewer service area. Commercial and industrial land uses (neighborhood commercial, commercial mixed use, commercial services, office mixed use, industrial/office mixed use, and manufacturing and warehousing) make up approximately 16 percent of the total. Other land uses such as public facilities and services, primary and secondary open space, streets, and other miscellaneous land uses account for approximately 40 percent of the total service area. Non-residential land uses contribute 22 percent or 1.6 million gallons per day (mgd) of an average dry weather flow at the plant of 7.5 mgd.

There are areas within the city boundaries where wastewater services are not provided by the City. There are approximately 6,634 lots<sup>57</sup> that rely on private septic systems within the City's boundaries. These areas that are served by private septic tanks were developed in the County and later annexed by the City. Figure 15-1 shows a map of the City sewer mains, as well as areas outside of the city boundaries where Chico provides wastewater services, such as territory to the southwest of the Chico bounds and within some of the City islands. In order to serve areas outside of the City boundaries, Chico is required to obtain approval from LAFCo. According to an agreement between the City and LAFCo signed in 2015, the City applied for after-the-fact approval of 62 previously unauthorized sewer connections and agreed to initiate annexation of the Chapman and Mulberry islands. New sewer connections in the areas outside of the City boundaries covered by the aforementioned agreement are approved by LAFCo with an Annexation Consent and Covenant Agreement executed by the landowner that provides advance consent to a future annexation. In instances where parcels are contiguous to the City's boundaries, LAFCo may require an annexation application as part of approval of the extension of sewer service.

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<sup>57</sup> The number of unconnected parcels was estimated using the City of Chico GIS.

**Figure 15-1: City of Chico Sewer Connections**



**LEGEND:**

Beige: Connected parcels within City boundaries, plus open space, parks, ROW, etc.

Blue: Unconnected parcels within City boundaries

## STAFFING

The Wastewater Treatment and Collection Maintenance Division of the Public Works Department is responsible for maintaining and operating the City's Water Pollution Control Plant (WPCP), for the engineering and maintenance of the sanitary sewer collection system and lift pump stations, and for administering the Industrial Waste Pretreatment Program, which is supported by sewer service fees.

There are a total of 21 full time equivalent (FTE) employees involved in wastewater services, including 14 in the WPCP and seven in wastewater collection. Staff is certified in California Water Environment Association (CWEA) Environmental Compliance Grade II and Grade I, CWEA and State Water Resources Control Board (SWRCB) Laboratory Analyst Grade I and Grade II, SWRCB Operators (one Grade I, five Grade III, and one Grade IV), CWEA Electrical Technicians, and CWEA Collections Systems I and II.

Staff operating the WPCP are two electrical technicians, six wastewater treatment plant (WWTP) operators, administrative analyst, WWTP manager, a laboratory technician, a senior laboratory tech, industrial waste inspector, and senior industrial waste inspector.

## FACILITIES AND CAPACITY

The City's collection system consists of sewer mains, trunk sewers, 13 lift stations, and flow diversions that collect and convey wastewater to the City's WPCP, which is located west of the City on Chico River Road. The City's existing sanitary sewer collection system is comprised of roughly 266 miles of gravity collection system pipes up to 66 inches in diameter. About 70 percent of the system is eight inches in diameter and smaller, with a large portion of the system (about 47.2 percent) being eight inches in diameter. The oldest part of the City's collection system was constructed around 1903. The major trunks along Chico River Road and extending to different parts of the City were constructed in the 1920s.<sup>58</sup>

The City of Chico WPCP is a regional-serving, gravity-fed facility that provides treatment of the City's wastewater and discharges treated effluent to the Sacramento River. The facility is a secondary treatment facility with a current treatment capacity of 12 million gallons per day (mgd). The WPCP is a leader in the generation and use of alternative power, including a photovoltaic solar array installation, which provides approximately 35 percent of the facility's total power demand. A significant additional portion of the facility's power demand is provided by the WPCP's cogeneration facility.<sup>59</sup>

In addition to the City's wastewater flow, the WPCP accepts Butte County Landfill supernatant (the liquid that drains or leaches from a landfill) discharged to a manhole through a Biosolids Exchange Agreement. This program accounts for approximately four million gallons annually or 0.09 percent of treatment capacity at the plant.

### Determination 15-1: Wastewater Facility Sharing

<sup>58</sup> City of Chico, Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, August 2012.

<sup>59</sup> City of Chico 2030 General Plan Update.



The City of Chico's Water Pollution Control Plant accepts supernatant from the Butte County Landfill through an agreement, which accounts for 0.09 percent of capacity.

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## Capacity

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The City of Chico's collection system is unique because it has a high number of cross-connections that provide overflow protection through the interconnection of the sewer collection basins. Although this arrangement allows excess capacity to prevent overflows, it creates challenges for conducting planning-level impact analyses due to changes in land use densities. As wastewater flows increase in an area targeted for infill, that wastewater may flow through a cross-connection into an adjacent area that is less built out. As a result, there may be available capacity in the system to convey wastewater to the WPCP. Conversely, if infill development occurs within an area of a basin that is already approaching maximum buildout and few cross-connections support the efficient use of pipe space in adjacent basins, the result will be a system that is undersized relative to the new demand and a surcharge (overflow or near overflow) condition is possible.<sup>60</sup> The City's annual number of sewer system overflows is discussed in the Service Adequacy section of this chapter.

In general, the City's collection system has sufficient capacity to convey current peak wet weather flows (PWWFs) without exceeding the established flow criterion within the pipelines. However, there are a few areas where capacity restrictions lead to flows that exceed allowable levels within the mains. Improvement projects and alternatives were identified by the City in order to mitigate existing system pipeline capacity deficiencies.<sup>61</sup>

At projected maximum demand buildout (of an unknown time period) of the proposed SOI, assuming all properties including those currently served by septic systems connect to the City system, the City's wastewater flows are expected to double. As such, there are some areas of the existing collection system that will not be able to convey the buildout PWWF without flows backing up above allowable design levels within the pipelines. This does not necessarily mean that a sewer system overflow occurs, but the City has planned necessary improvements that will be conducted in four phases as development progresses, discussed later in the *Infrastructure Needs* section.<sup>62</sup> Improvements will be implemented as needed based on actual development and population growth.

The majority of the City's lift stations are adequately sized to convey the existing model simulated peak wet weather flows.<sup>63</sup> However, one of the seven modeled lift stations was flagged as deficient under existing PWWF. The City plans to install City-owned flow meters in the area of Chico Municipal Airport Lift Station and collect flow data during rainy seasons. Chico will also conduct a smoke testing study to further refine and isolate the major sources of inflow contributed by storm drains directly connected to the sewer

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<sup>60</sup> City of Chico 2030 General Plan Update Public Facilities Assessment and Fiscal Impact Analysis.

<sup>61</sup> City of Chico, Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, August 2012.

<sup>62</sup> City of Chico, Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, August 2012.

<sup>63</sup> Peak wet weather flow (PWWF) is the highest observed hourly flow that occurs following the design storm event.

system. Elimination of direct connections could potentially reduce or eliminate the existing capacity deficiency at Chico Municipal Airport Lift Station.

As Chico builds out, the City has plans to construct the Eaton Road Trunk Sewer, the 11th Avenue Sewer, the Silverbell Road Sewer, and the Northwest Trunk Sewer. Construction of these trunk improvement projects will allow the City to abandon the Chico Municipal Airport Lift Station, the Northwest Chico Lift Station, the Lassen Avenue Lift Station, and the Holly Lift Station.

The 2030 General Plan forecasts a total of 21,495 new residential dwelling units at buildout. The buildout of the City's proposed SOI, however, is likely to occur well beyond 2030, due to slower than expected population growth, and the timeline and the cost for all anticipated upgrades will be adjusted as needed based on the speed of new development and current costs. The net capacity required at the WPCP at buildout is estimated to be 15.4 mgd.<sup>64</sup> The planning and design process to add a modular expansion of the WPCP from 12 mgd to 15 mgd was originally scheduled to begin in 2020, with construction anticipated to commence in 2022. The start time for this project is flexible in response to future growth demands and is likely to occur at a later date than originally planned. Total cost of expansion to 15 mgd was estimated in 2009 to be \$26,381,200. This estimate will require updating to reflect current building costs as well as unanticipated circumstances likely to occur given the long planning timeline.

The City's average dry weather flow (ADWF)<sup>65</sup> is projected to roughly double from 7.5 mgd to 13.9 mgd by buildout (whenever it is to occur), whereas the PWWF is projected to increase from 20.5 mgd to about 35.3 mgd by buildout (an increase of approximately 72 percent). Therefore, the City's PWWF to ADWF peaking factor<sup>66</sup> is projected to decrease from about 3.0 to 2.5, which is typical for sanitary sewer collection systems. Peak flows often exceed a treatment facility's permitted capacity, which is often defined by average or dry weather conditions. Additionally, peak flows can be diverted while flows decline sufficiently at the treatment facility. Newer sewers tend to have less infiltration and inflow (I/I) response than older areas of the system, primarily due to better construction methods. The City's I/I rate is discussed further in the Service Adequacy Section of this chapter. Furthermore, flow attenuation also tends to dampen out flow peaks as collection systems expand.<sup>67</sup>

### **Determination 15-2: Wastewater Collection Present Capacity**

In general, the City's sewer collection system has sufficient capacity to convey current peak wet weather flows (PWWFs) without exceeding the established flow criterion with certain exceptions. There are a few areas that exceed allowable flow at times and the Chico

<sup>64</sup> City of Chico 2030 General Plan Update Public Facilities Assessment and Fiscal Impact Analysis.

<sup>65</sup> The average dry weather flow (ADWF) is the average flow that occurs on a daily basis during the dry weather season. The ADWF includes the base wastewater flow (BWF) generated by the City's users, plus dry weather groundwater infiltration (GWI).

<sup>66</sup> Peaking factor is defined as the peak measured flow divided by the average dry weather flow (ADWF). A peaking factor threshold value of 3.0 is commonly used for sanitary sewer design.

<sup>67</sup> City of Chico, Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, August 2012.

Municipal Airport Lift Station has inadequate capacity at peak wet weather flows. The City has identified mitigation measures to address these issues.

#### **Determination 15-3: Wastewater Treatment Present Capacity**

At present, the City makes use of approximately 63 percent of its average dry weather capacity at the treatment plant, which indicates substantial existing treatment capacity. While the City's peak wet weather flows greatly exceed the plant's permitted flows, it does not indicate a capacity concern, as wet weather flows can be diverted or stored until there is sufficient capacity at the plant.

#### **Determination 15-4: Wastewater Planned Capacity**

As the City continues to grow, wastewater flows will also increase. As such, there are some areas of the existing collection system that cannot convey the peak wet weather flow. The City has planned necessary improvements that will be conducted in four phases. Similarly, the City has plans for expansion of the treatment plant to increase capacity to handle increased flow associated with future development. The timing will be dependent on speed of new development.

## **INFRASTRUCTURE NEEDS**

In 1985, the City of Chico and Butte County adopted the Nitrate Action Plan to address high levels of nitrates in portions of the groundwater under the City that resulted from the widespread use of septic tanks within the urban area that were permitted when those portions of the City were under County jurisdiction. Subsequently, the Chico Urban Area Nitrate Compliance Plan (NCP) was developed to provide consistency between City and County land use and utility infrastructure policies, as well as to outline a plan to expedite the connection of septic tank users in moderate to high density neighborhoods to the city sewer system. Implementation of the NCP is underway. Full implementation of the Nitrate Action Plan will utilize 1.1 mgd of the available capacity in the WPCP serving all 6,634 units that are presently estimated to be on septic tanks.

The majority of infrastructure needs identified in the City's Sanitary Sewer Master Plan adopted in 2013 are driven by future development, which consist of new sewers that serve future growth or improvements to existing facilities that are needed to serve future growth. When fully implemented, the capital projects will allow the conveyance of PWWFs to the WPCP during buildout conditions. Improvements to existing facilities will provide sufficient capacity to mitigate existing issues and to convey increased flows resulting from future growth.

The projects were phased based on the best available information for how the City will develop moving forward. The actual implementation of the improvements serving future users ultimately depends on the rate of growth.

- ❖ **Phase 1 Projects (2013-2015):** During this time frame the City was planning to replace the Chico River Road Trunk Sewer and other capacity deficient sewers. As of the drafting of this report, the project has not yet been completed.
- ❖ **Phase 2 Projects (2016-2020):** The second phase targets lower priority existing system improvements, as well as additional growth related improvements, which could potentially be required in the relatively near term. Eaton Road Trunk Sewer and Cohasset Road Sewer are targeted for construction in Phase 2. Targeting this project in Phase 2 would allow the City time to perform additional flow monitoring and I/I mitigation measures upstream of the Chico Municipal Airport Lift Station to better isolate and potentially reduce or eliminate the major sources of I/I that represent the need for this project.
- ❖ **Phase 3 and 4 Projects (2021-2025 and 2026-2030):** West 11th Avenue Sewer and Silverbell Road Sewer are recommended in order to abandon two existing lift stations (the Holly Lift Station and the Lassen Avenue Lift Station). These projects are targeted for Phase 3 because they do not specifically address a capacity deficiency, and are therefore assigned a lower priority than the buildout system improvements targeted in Phase 2. For the purposes of prioritization, the Phase 3 and 4 growth projects are viewed as longer-term projects driven by development at the outer edges of the planning area, and will be grouped together.

The total cost of wastewater facility improvements and upgrades to serve buildout is estimated at \$79,849,800. Final costs of a project will depend on actual labor and material costs, competitive market conditions, final project scope, implementation schedule, and other variable factors such as preliminary alignment generation, investigation of alternative routings, and detailed utility and topography surveys.

In FY 14-15, the City implemented the Solids Retention Time (SRT) Software Program, cleaned 1,260,449 linear feet and video inspected 177,649 linear feet of the sewer collections system lines, and completed large repair packages.

The infrastructure improvement priorities for FY 15-16 included working on the lift pump station (LPS) alarm telemetry upgrade project, replacing two WPCP stormwater pump old magnetic induction drive units with new efficient ones, awarding a contract to replace 3.5 miles of the old existing 24-inch diameter sewer trunk line along Chico River Road, upgrading the SCADA system, purchasing a new camera and deployment system to increase productivity, continuing with the sewer line and manhole aggressive repair schedule to mitigate further infrastructure damage, and continuing the root-zone treatment program.

While it is speculative at this time, the City is considering receiving wastewater flow from the Town of Paradise. The Chico City Council has authorized staff to cooperate with the Town of Paradise while they conduct studies regarding the feasibility of the City accepting wastewater from Paradise's commercial core. However, the City of Chico has drawn no conclusions nor made any decisions regarding accepting sewage from Paradise.

<b>Determination 15-5: Wastewater Infrastructure Needs</b>
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The majority of infrastructure needs identified for the wastewater system are driven by future development, which consist of new sewers that serve future growth or improvements to existing facilities that are needed to serve future growth. When fully implemented, the capital projects will allow the conveyance of PWWFs to the WPCP during buildout conditions, including connection by all properties currently operating with private septic systems within the City.

## **CHALLENGES**

The Department is experiencing some delays in regular maintenance. One of Chico's priorities is replacing vacancies in staffing to ensure that cleaning schedules are adhered to and updated.

The City has adopted Sanitary Sewer and Treatment System mission and vision statements with the goal of examining and improving its wastewater services. The City's objective is to deliver reliable, sustainable, and cost effective services to its constituents.

## **SERVICE ADEQUACY**

This section reviews indicators of service adequacy, including regular maintenance, regulatory compliance, treatment effectiveness, sewer overflows, and collection system integrity.

The City's WPCP uses a software-based project management program and performs weekly, monthly, semi-annual, and annual maintenance on all the equipment. Repairs are performed and logged into maintenance history.

Since the completion of the last MSR, between January 1, 2007 and February 29, 2016, the City has been issued 20 violations for its WPCP and one violation for the collection system. Nineteen of the WPCP violations were received in 2013 (October 25 through October 27), all of which were effluent violations for exceeding chlorine limitations, while one violation was received in 2012 for exceeding the total coliform daily maximum limit.<sup>68</sup>

There were 16 enforcement actions against the City's WPCP during the same time period, including three oral communications, five administrative civil liabilities, five notices of violation, two staff enforcement letters, and one letter. The most recent action occurred in 2014.

Wastewater agencies are required to report sewer system overflows (SSOs) to the State Water Resources Control Board (SWRCB). Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of collection piping per year. Since the completion of the last MSR the City had one SSO that occurred in 2015 when pump station failure caused 4,000 gallons of sewage to spill from a manhole. The City's average sewer overflow rate for the last nine years is approximately 0.04.

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<sup>68</sup> State Water Resources Control Board, California Integrated Water Quality System.

Inflow and infiltration (I/I) is water that enters the sewer system through breaks, gaps, and joints during rain, flood, and high water table conditions. Infiltration typically creates long-term annual volumetric problems. The major impact is the cost of pumping and treating the additional volume of water, and of paying for treatment. The City measured I/I flows and analyzed the results from a storm event that occurred during March 27 through April 1, 2012. The peaking factor of a wastewater system is determined by the ratio of the peak day wet weather flow over average dry weather flow, which in essence indicates how much additional flow has entered the system during a severe rain event. The City's overall peaking factor was 1.17; however, it differed by basin ranging from 0.59 to 4.18.<sup>69</sup> Generally, a peaking factor of under 3 is considered within the industry standard. It appears, based on the peaking factor, that I/I is not a significant issue for the City; however, it is dependent on the basin.

Another metric typically used to quantify the severity of the system's I/I is the R-value. The R-value is defined as the percentage of rainfall volume that makes it into the collection system as I/I. The R-values vary from 0.2 percent to 9.4 percent. The City's overall R-value is roughly 2.4 percent. In general, an R-Value of five percent or more is usually considered indicative of an I/I response.<sup>70</sup>

Some areas in the City are within very close proximity to the rivers, creeks, and California Park Lake. According to the City, the groundwater table in these areas can be within three to ten feet of the ground surface. Therefore, groundwater infiltration can be a significant source of flow into the collection system in these areas.

The age and condition of the collection system facilities will impact the quantity of inflow and infiltration allowed to enter the system. Typically, older sewer pipes have a greater potential of allowing significant infiltration and inflow into the collection system. Older pipelines should be a priority when considering pipelines for rehabilitation.

Wastewater treatment providers are required to comply with effluent quality standards under the waste discharge requirements determined by a Regional Water Quality Control Board (RWQCB). The City reported that in 2015, it was out of compliance with effluent quality requirements for a total of zero days.

#### **Determination 15-6: Wastewater Service Adequacy**

Based on the City's sewer system overflow rate, infiltration and inflow peaking factor, and compliance with effluent standards, wastewater services appear to be adequate. However, the City struggled to comply with regulatory requirements in 2013, which resulted in several enforcement actions. The City has made efforts to comply with chlorine level limitations since then.

<sup>69</sup> The peaking I/I flow rate of 3 is considered to be normal. Lower I/I flow rate indicates less infiltration and inflow. Source of data is the City of Chico Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, Flow Monitoring and I/I Report, August 2012.

<sup>70</sup> City of Chico Sanitary Sewer Flow Monitoring and Inflow/Infiltration Study, Flow Monitoring and I/I Report, August 2012.

**Determination 15-7: Wastewater Nitrate Compliance Plan Effectiveness**

The City, in cooperation with Butte County should evaluate the effectiveness of the Chico Nitrate Plan based on actual connections made rather than by the availability of sewer. Approximately 6,634 homes have access, but have not connected, which indicates many homeowners either find the cost too great to afford, or have no particular incentive to connect and begin paying monthly sewer fees. The current system of sewer vouchers may be replaced with a first-come first-served approach, which is likely to increase the connection rates.

## 16. GOVERNANCE STRUCTURE OPTIONS

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Several governance structure options have been identified for the City of Chico in the process of this Municipal Service Review. Most of the options are related to municipal service restructuring. The following options are an aid to the City of Chico in its analysis of prospective changes of organization as it evaluates potential solutions to the identified problems and challenges and ways of enhancing efficiency of service provision. Any of the governance structure options considered would require further in-depth studies to assess costs and benefits.

**1. Airport Privatization.** To attract financing for the airport's operations and expansion, the City may consider privatization, which usually takes one of the four forms:

- ❖ Service Contracts. Frequently outsourced operations include cleaning and janitorial services, airport landscaping, shuttle bus operations, and concessions in airport terminals. This is probably the most common type of privatization among U.S. airports.
- ❖ Management Contracts. Some airports contract out specific facilities or responsibilities, such as parking, terminal concessions, terminal operations, airfield signage, fuel farms, and aircraft fueling. In some cases, a management company is awarded a contract to manage an entire airport for a specified term.
- ❖ Developer Financing/Operation. This option is used to involve the private sector in providing financing, development, operation, and maintenance services, also known as the Design-Build-Finance-Operate-Maintain (DBFOM) model. Examples include passenger terminals, parking garages, and rental car facilities.
- ❖ Long-Term Lease or Sale. Full privatization involves the sale or long-term lease of an airport to private owner or operator. Under a long-term lease or concession agreement, the airport owner grants full management and development control to the private operator in exchange for capital improvements and other obligations such as an upfront payment and/or profit-sharing arrangements. Under a full-sale, ownership and full responsibility for operation, capital improvements, and maintenance would be transferred to a private buyer. There have been no sales of commercial service airports in the United States thus far.

The federal Airport Privatization Pilot Program (APPP) encourages privatization by granting certain exemptions to public-sector owners with regard to revenue diversion and other obligations.<sup>71</sup>

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<sup>71</sup> Congressional Research Service, Rachel Y. Tang, Airport Privatization: Issues and Options for Congress, February 3, 2016.



**Determination 16-1: Chico Airport Governance Structure Options**

There is the option of privatizing a portion or all of airport services, likely through service or management contracts. Feasible options will be dependent on further cost/benefit analysis.

**2. Collaborative Opportunities for the Chico Fire Department**

- ❖ **Governance Restructuring.** The City is considering evaluating other service models, including creating a special purpose district that either overlaps the City boundaries, is a regional department, or encompasses the entire County. This analysis, however, will be tempered with several conditions, including the fiscal benefit to Chico residents, improvement of overall service to the City, and the capacity of staff to evaluate these alternatives.
- ❖ **Contract for Dispatch.** Similar to the cooperative agreements described above, the Fire Department may be able to enter into a contract for a specific support service, such as dispatch, which is currently described by the Chico FD as lacking the essential dispatching system that is vital for a fire agency. Due to financial difficulties that the City is facing, it may be a challenge for Chico to contribute to upgrades of the Sheriff's communication center that currently mainly caters to law enforcement services. A solution may be for the Fire Department to contract with the CAL FIRE Emergency Communications Center in Oroville that provides dispatch services to Butte County CAL FIRE and Butte County Fire Department. Currently, all City of Chico fire personnel carry two radios to maintain interoperability with County Fire and CAL FIRE.
- ❖ **Resource Sharing.** In the face of the City Fire Department's financing and staffing challenges, exacerbated by the expiration of the SAFER grant as was previously discussed in the *Fire Protection Services* chapter, resource sharing agreements of the Department's management and administrative staff with another agency may be an option. If considered, the City should thoroughly analyze the alternatives of entering into a shared management agreement or a contract with a neighboring agency.

Cooperative service agreements have the potential of improving the overall efficiency and effectiveness of emergency services, which can be achieved by a more efficient use of scarce resources, in this case staffing resources. This option may be used as a temporary or permanent solution. Should the City determine that a formalized agreement is not beneficial, then continued and enhanced collaborative efforts are appropriate.

**Determination 16-2: Chico Fire Department Governance Structure Options**

The City is considering evaluating other service models, including creating a special purpose district that either overlaps the City boundaries, is a regional department, or encompasses the entire County.

**Determination 16-3: Chico Fire Department Facility Sharing Opportunity**

The City may also consider the option of contracting with CAL FIRE for fire dispatch services.

#### **Determination 16-4: Chico Fire Department Resource Sharing Options**

Given the staffing constraints faced by Chico Fire Department, the City may consider cooperative service agreements of certain operational, management or administrative functions, which has the potential of improving the overall efficiency and effectiveness of emergency services through efficient use of scarce resources. Moving forward with any of these options would be dependent upon the assessment of the City to determine what would be the most beneficial structure.

**3. Law Enforcement Service Reorganization.** As was previously discussed in this report, the City's Police Department has been experiencing staffing challenges in the face of an increase in demand. The combination of a decrease in resources, the economic recession, and an upsurge in criminal activity has led to a decreased level of service. Although, the Department has undergone reorganization and hired additional staff in recent years, which resulted in some improvement to service levels, greater enhancements to service levels may be achieved through additional reorganization efforts. Further, there is an opportunity to explore closer collaboration between the Chico Police Department and the University Police Department. The City Police Department may be able to temporarily take advantage of some of the University's staffing resources, create one or more joint divisions, and/or have the territory protected by the University Police Department expanded out of campus beyond the one-mile mark. Another option may be closer collaboration with the Butte County Sheriff's Department.

#### **Determination 16-5: Chico Law Enforcement Governance Structure Options**

A service structure option to address staffing constraints at the Chico Police Department may be partially alleviated by closer collaboration with the University Police Department in the form of joint divisions or greater support to areas around the campus. Another option may be closer collaboration with the Butte County Sheriff's Department.

**4. Park Ownership Transfer to Chico Area Recreation and Park District (CARD).** As is acknowledged in multiple documents dedicated to the City of Chico park and recreation services, the City has historically been focused on operation and maintenance of Bidwell Park and various greenways and open space. In the 1990s, the City started acquiring and developing neighborhood parks, mostly in new growth areas financed by development impact fees. The City's main focus and interest, however, remained in operating Bidwell Park and greenways and open space. While there are understandably attachments to Bidwell Park based on its creation by Annie Bidwell, the Park should be considered objectively and portions of it be managed by the entity with the appropriate resources to both maintain it as a natural resource and manage it as a recreational resource that is fundamental to Chico's growing population.

Over time, in some cases, the City developed parks funded by new residential development and then transferred the ownership to CARD. In 2009, in an attempt to increase efficiency and economies of scale and maximize utilization of all available resources, the City entered into a Memorandum of Intergovernmental Cooperation, Coordination, and Understanding

(MOU) with CARD. Besides agreeing on cooperative and joint planning efforts, the two agencies decided on the ownership transfer of certain (mainly neighborhood) parks from the City to the District. To date, the ownership of Baroni Neighborhood Park, Henshaw Avenue Neighborhood Park, Ceres Neighborhood Park, and Humboldt Skate Park has been transferred from Chico to CARD. As part of the transfer for most of the parks the City makes available to CARD funding sources for the park development and maintenance from existing and future City maintenance and landscape and lighting districts. Due to difficult economic conditions for both the City and CARD, however, the transfer of neighborhood parks to CARD has been suspended. The City and CARD are in the process of updating the 2009 Memorandum of Understanding (MOU) to work towards transferring the Husa Ranch/Nob Hill and Emerson neighborhood parks to CARD. The transfer of Depot Park and possibly Humboldt Road Park is also being explored. One of the governance structure alternatives put forth by the City of Chico is the ownership transfer of the rest of the City-owned neighborhood and community parks to CARD over time. The transfer plan may be developed in a similar manner to the aforementioned MOU.

**Determination 16-6: Chico Park Governance Structure Options**

Transferring ownership of the remaining City-owned parks to CARD over time is an option. The transfer plan may be developed in a similar manner to the existing Memorandum of Understanding between the two agencies.

**5. Annexation Plan.** As is shown in Figure 3-1, the City boundary area contains a number of “islands” or small unincorporated areas. Thus, in order to promote logical boundaries and efficient service delivery, a government structure option for the City is to annex all of its unincorporated islands, prioritizing islands where the City has extended sewer service. According to the Sewer Service Extension and Annexation Agreement between the City and Butte LAFCo, the City of Chico agreed to work cooperatively with LAFCo to annex the rest of the county islands, which it has not been able to annex due to fiscal issues. The City is encouraged to work towards developing an annexation program (that would include an estimated timeline for annexation) for remaining islands within its SOI, as well as other unincorporated areas within the City’s SOI, prioritizing those that are expected to connect to the City sewer system in the coming years.

**Determination 16-7: Chico Annexation Planning**

The City is encouraged to work cooperatively with Butte LAFCo on an annexation program (that would include an estimated timeline for annexation) for remaining islands within its SOI, as well as other unincorporated areas within the City’s SOI prioritizing those that are expected to connect to the City sewer system in the coming years.

**6. Stormwater Service Transfer from CSAs 23, 24, 25.** Given that CSAs 23, 24 and 25 provide financing for drainage related services within the City of Chico and reimburse Butte County for the maintenance of all open ditches and levees within the City’s boundaries while the City maintains the piped systems, the City may consider a restructuring alternative where all the aforementioned stormwater services are provided by a single agency. Since a substantial portion of the CSAs are located within the City’s jurisdictional boundaries, it would be logical for the City of Chico to assume full responsibility for maintenance of the stormwater drainage infrastructure provided by the

CSAs. Both the City and Butte County are considering this alternative and conducting joint meetings with Butte County LAFCo.

**Determination 16-8: Stormwater Restructuring Options**

With a substantial portion of the three County Service Areas (CSAs) within the jurisdictional boundaries of the City, it would be logical for the City of Chico to assume full responsibility for maintenance of the stormwater drainage infrastructure within CSAs 23, 24 and 25, in which case they would be subsequently dissolved. This option is contingent upon the parties reaching a reasonable financing solution.

**7. Wastewater Flows from the Town of Paradise.** The City of Chico is considering receiving wastewater flow from the Town of Paradise. The Chico City Council has authorized staff to cooperate with the Town of Paradise while they conduct studies regarding the feasibility of the City accepting wastewater from Paradise's commercial core. City of Chico, however, has drawn no conclusions nor made any decisions regarding accepting sewage from Paradise at this time. The City would have to consider the effects of additional flows on its Wastewater Pollution Control Plant treatment capacity.

**Determination 16-9: Wastewater Restructuring Option**

The City of Chico is considering receiving wastewater flow from the Town of Paradise commercial core to be treated at the City's Wastewater Pollution Control Plant. Feasibility studies are currently being conducted by Paradise.

**8. Library Funding.** One of the options to consider is for the City to resume providing funding to the Butte County Library. Due to decreased funding, the Chico Branch of the County Library reduced its hours of operation. Due to decreased revenue, the City reduced financial support for the Library in FY 15-16. The availability of a full-service public library is fundamental to a community for many reasons ranging from general education, early childhood reading programs, providing a community meeting space, and access to the internet for job training and availability. As the City's financial situation improves, Chico may be able to resume its support of the library that is an integral part of the community.

**Determination 16-10: Library Facility Sharing Opportunity**

As the City's financial situation improves, Chico should reconsider financial support for the Chico Branch of the County Library.

# 17. MUNICIPAL SERVICE REVIEW DETERMINATIONS

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## GROWTH AND POPULATION PROJECTIONS

### Determination 6-1: Projected Growth

The City's General Plan assumes that its historical (prior to 2010) two percent annual population growth will continue through the planning period of the General Plan, which equates to 139,713 city residents by 2030. Given that Chico has experienced a lower growth rate than assumed for the General Plan, the City's population in 2030 will be very likely be significantly less than projected.

### Determination 6-2: Vacant Land Inventory

Within the City's proposed SOI and boundaries there is 4,607 acres or 16 percent of vacant land available for new development. The "readiness" of the land for immediate development, as well as the availability of larger parcels, however, remains a concern.

### Determination 6-3: Vacant Land Capacity

The City has demonstrated that the residential capacity of the territory within the proposed SOI and current city limits is estimated to be absorbed within the next 15 years based on an assumed two percent annual growth rate. . Using Chico's 1.2 percent annual growth rate experienced over the past five years and expected for the foreseeable future, the residential capacity would be absorbed over approximately 26 years. The capacity of vacant commercial, industrial, governmental, and parks lands is also considered to be adequate for the planning period identified in the 2030 City's General Plan.

### Determination 6-4: Vacant Land Development

One key factor that may affect vacant land development is that much of the capacity lies in the special planning areas, which require comprehensive planning that may delay their immediate availability for development. While the General Plan identifies land for future development, it does not direct the timing of development. This may affect the estimated residential absorption rate and cause the City to consider other growth areas to meet its housing goals.

### Determination 6-5: Current Population

According to the California Department of Finance, as of January 1, 2016, the estimated population for the City of Chico was 92,464.

### Determination 6-6: Historical and Projected Growth Rates

The City assumes a two percent population growth rate in its General Plan; however, this may be an overly optimistic projection considering that between 2010 and 2016 annual population growth for the City ranged from 0.75 to 1.5 percent per year and Butte County Association of Governments conservatively projects growth for the City of Chico to be between 1.2 and 1.6 percent annually through 2040 with a corresponding population increase of approximately 27,222 to 40,179 persons since 2016.

**Determination 6-7: Population Characteristics**

Students from the California State University at Chico constitute a large portion of the City's population, which lowers the median age within the city, influences municipal services such as law enforcement and creates demands on the housing market as the students are generally younger, renters, and with lower incomes. The City has dedicated a substantial area to medium-high residential uses and mixed use to accommodate resident needs.

**Determination 6-9: Recent Growth Trends**

Similar to other areas in the State, the City experienced a significant slowdown in new residential development following the recession. Prior to the economic downturn, the City entitled a significant amount of acreage with approved residential lots. A good amount of those lots remain undeveloped. There are approximately 12,000 approved subdivision lots or allowed units covered under certified Environmental Impact Reports for larger master planned areas like Oak Valley and Meriam Park. Residential demands have transitioned since the recession from new green field single family residences to higher density multi-family units and smaller infill and redevelopment projects.

**Determination 6-10: Future Development Potential**

The City's recovering demand for residential, commercial, and industrial development projects demonstrates a potential for greater growth in the future than what has been experienced over the last seven years.

**Determination 6-11: Vacancy Rates**

The supply of properties in the City of Chico for rent or purchase is not keeping up with the high demand. This issue is reflective of a statewide housing crisis and lack of lower-priced homes and apartments.

**Determination 6-12: Growth Strategies**

The City's General Plan encourages 1) compact urban development to limit farmland and habitat conversion, make efficient use of available infrastructure and public services, and reduce air pollution, 2) infill and redevelopment, and 3) complete neighborhoods to promote livability and safety. The City has put into practice measures to encourage desired development.

## **LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE**

**Determination 6-8: Disadvantaged Unincorporated Communities**

There are 12 DUCs within the proposed Chico SOI. Two of these DUCs (Mulberry and Chapman) are to be annexed by the City in 2020.

## **PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

### **Determination 5-1: Management Practices**

The City implements best management practices including evaluating employees annually, tracking staff and city productivity on time sheets and in annual reports, reviewing city performance during the budget process, preparation of budgets and audits as required, master planning for future service needs, and maintaining a multi-year capital improvement plan.

### **Determination 8-1: Airport Infrastructure Needs**

Infrastructure needs at the airport consist of reconstruction of the taxiway hotel, holding apron, a portion of the aircraft parking apron, taxiway alpha, and one of the runways. These projects are dependent on grant funding for completion.

### **Determination 8-2: Airport Present and Planned Capacity**

Demand at the Chico Municipal Airport averages about 137 aircraft operations each day. The airport appears to have excess capacity to handle a commercial air craft carrier, as the airport was until recently handling the demand of United/Sky West commercial flights. However, if an airline commences services at the airport with larger commercial aircraft, the terminal may require expansion to accommodate passengers and security. There are no funded plans for expansion of the airport at this time.

### **Determination 8-3: Airport Financial Solvency**

The airport's expenses outpace revenues, and CMA is struggling with a financial deficit that is being subsidized by the General Fund. The City Council and Airport Commission are working together to determine how to bring back fiscal stability to the airport. The City is also actively seeking to restore commercial air service at CMA.

### **Determination 8-4: Airport Service Adequacy**

Services at Chico Municipal Airport are adequate based on Federal Aviation Administration standards of infrastructure condition and safety history. Chico Municipal Airport has been maintained in generally good condition with no accidents having occurred as a result of airport staff error or airport infrastructure malfunction.

### **Determination 9-1: CFRD Demand for Service**

The vast majority of the Chico Fire and Rescue Department's service calls (approximately 75 percent) are for rescue and emergency medical services. Calls for fire service constitute about two to four percent of the Department's total call volume.

### **Determination 9-2: Fire Incidents**

The City's share of "intentional" fire incidents is significantly higher than the nationwide average. In 2017, "intentional" incidents in the City of Chico accounted for over 35 percent of all the fire incidents, compared to about four percent nationwide. The Department's Fire

Prevention and Life Safety Bureau is addressing the problem in collaboration with Chico Police Department.

### **Determination 9-3: CFRD Mutual Aid**

CFRD does not have significant and timely automatic aid capacity as similarly situated municipalities may enjoy in a metropolitan area. The fact that considerable risk is present within the City, and particularly unprotected risk in the downtown corridor, the City has to carry the full burden of providing an effective firefighting force.

### **Determination 9-4: CFRD Staffing Levels**

The Department experienced a reduction of over 40 percent in its full-time workforce since 2006 when the last MSR was adopted.

### **Determination 9-5: CFRD Response to Medical Emergencies**

Firefighters arrive at medical emergencies ahead of the ambulance over 90 percent of the time. One of the Department's future goals is to upgrade dispatch service to include Emergency Medical Dispatching and Fire Priority Dispatching. Ways to coordinate ambulance locations within fire stations will be evaluated as part of the more encompassing analysis of EMS services that the Department provides.

### **Determination 9-6: CFRD Infrastructure Needs**

The City's Public Facilities Finance Plan based on the General Plan projections and goals outlines numerous future infrastructure needs particularly with regard to Stations 1, 2 and 7 that would be dependent on actual development and population growth. The 2017 Standards of Response Coverage assessment recommends reducing the number of stations to four by closing Stations 3 and 4, and constructing a new station near now-closed County Station 42.

### **Determination 9-7: CFRD Dispatch Needs**

Due to funding constraints CFRD lacks an efficient dispatching system, which results in inefficiencies, duplication of services by fire and police units, an increase in costs, and a decrease in service reliability. When funding permits, the City will hire a communications consultant to analyze all possible solutions.

### **Determination 9-8: CFRD Service Adequacy**

Because of the increase in the call volume and continuing funding constraints that resulted in reduced staffing and station closure, the Department has suffered a reduction in its levels of service reflected by the increase in the ISO rating, response times that exceed the NFPA standards and the General Plan goals, station closure, and deferred maintenance.

### **Determination 9-9: CFRD Existing Capacity**

CFRD has limited capacity to address current service demand, further exacerbated by the closure of County Station 42, due to limited financing resulting in a reduction in staffing and station closure. Reduced capacity to provide services is reflected in the decrease in service adequacy.

### **Determination 9-10: CFRD Planned Capacity**



As Chico grows, the City will require additional station space/station reorganization, an additional fire station, and a significant investment in apparatus and equipment. Future needs for additional facilities and equipment are informed by the Public Facilities Finance Plan and the recently completed Standards of Response Coverage assessment. The timeline for the necessary improvements will be adjusted as needed and in accordance with actual future development and population growth necessitating these improvements.

#### **Determination 9-11: CFRD Standards of Response Coverage Assessment**

The 2017 Standards of Response Coverage assessment states that overall the Department is well performing within the current system; the community enjoys high quality services from a professional and well-trained Department. The suggested adjustments to improve service adequacy and increase capacity include fire station reorganization, staffing model modification, discontinuing EMS response to lower-acuity medical incidents, and implementing a commercial and residential sprinkler program.

#### **Determination 10-2: Park and Recreation Maintenance Capacity**

Maintenance and enhancement of Bidwell Park has been reduced by financial constraints over the past decade and has resulted in degradation of resources and the presence of unauthorized uses that go unabated, such as camping and nighttime use. Aside from maintenance concerns, there are also community concerns over public safety in the parks.

#### **Determination 10-3: Parks and Street Trees Present Capacity**

Staffing constraints due to a lack of funding are the primary capacity constraint for the Parks and Street Trees Divisions. Staffing cuts greatly affected the Divisions' capacity to provide services, which in turn has created deferred maintenance and reduced access to the community's parks.

#### **Determination 10-4: Parks and Street Trees Planned Capacity**

Parks Division and Street Trees Division are currently in the process of hiring a senior tree trimmer and a maintenance worker. Both divisions are planning to request funding from the City Council for additional positions to allow for the return of regular facility hours, to perform minimal maintenance and safety, and support basic park projects and volunteer efforts, as well as minimum staffing for using the boom truck and safely work off of the ground and quicker response to emergencies.

#### **Determination 10-5: Parks and Street Trees Deferred Maintenance and Public Safety**

As a result of staffing reductions, the City has been challenged with deferred maintenance and infrastructure deterioration. An increase in unauthorized uses has also impacted public spaces, especially Bidwell Park and the creekside greenways with litter and other debris, vegetation destruction, human defecation, and other hazardous materials from transient encampment. This problem concerning park safety and access attracted considerable public comment and concern.

#### **Determination 10-6: Parks and Street Trees Infrastructure Needs**

Chico park infrastructure standards and needs are outlined in the Chico Area Recreation and Park District (CARD) Park and Recreation Master Plan. These needs are to be further detailed in the City's Nexus Study that is underway. The City's CIP plans for annual

improvements and maintenance of park facilities and street trees through 2025. It is unclear if the amount the City has dedicated to improvements and maintenance over the next 10 years will be sufficient to address the maintenance backlog.

#### **Determination 10-7: Parks and Street Trees Service Adequacy**

There is a deficit of developed and undeveloped neighborhood parkland in the City, but a surplus of community parks and accessible greenways. When combined, the standard of 4.0 acres of total community and neighborhood parkland per 1,000 persons is currently met. New parkland acquisition necessitated by new development will be financed by development impact fees.

#### **Determination 11-2: Law Enforcement Present Capacity**

CPD's facilities are generally in good condition and do not present capacity constraint for the operations of the Department. Similar to other city departments, the primary constraint to services is limited staffing levels that have resulted in program cuts. At present, CPD does not have sufficient manpower to provide all services at historical service levels. The reduction in law enforcement resources has limited Chico's ability to be responsive to more chronic crime issues such as vagrancy, vehicle burglaries, vandalism and bike theft. As the City's financial position improves and additional funding becomes available, the Department is recruiting to mitigate this constraint.

#### **Determination 11-3: Law Enforcement Infrastructure Needs**

The most pressing infrastructure need for CPD has been a second radio channel. The project is very close to completion, and is awaiting the final installment of key equipment. To address increased demand associated with future development, the Department will likely need a new larger headquarters to house all staff, which will be partially paid for by collection of development impact fees.

#### **Determination 11-5: Law Enforcement Service Challenges**

For the last several years, CPD has been struggling due to the economic recession, increased demand for services, decreased staffing, and insufficient resources, which led to a decreased level of service. To overcome these challenges, the Department is forming strategic partnerships, as in the case with the University and Butte County, to reduce calls for service and increase efficiency, has shaped a coordinated vision for the future, and come up with a staffing strategy to pair with its Community Policing philosophy. At the core of the City's identified policing approach are two elements: 1) rebuilding adequate response to patrol and investigative units and 2) reestablishing proactive units to engage with the community in jointly prioritized activities.

#### **Determination 11-6: Law Enforcement Service Adequacy**

CPD has faced a staffing challenge that has lowered the level of services it had historically been able to provide. However, the Department has worked hard to ensure that the safety of the public is protected by focusing on Priority 1 calls and maintaining a reasonably adequate response time to those calls. The Department's response to a high number of calls for service in 2017 and 2018 is a further indication of active and engaged law enforcement department. Majority of these calls were for lower priority crimes, which reflects the CPD's increase in resources dedicated to this type of crime. Additional staffing is necessary in

order to reinitiate and strengthen several of the services that were cut or diminished in the last few years. Additional staffing will also be necessary to reach staffing levels that are comparable to other similar service providers and to address population increases.

#### **Determination 11-7: Law Enforcement Service Adequacy**

During the period of extreme fiscal constraint, cutbacks forced CPD to focus on the Priority 1 calls for violent crimes in action, while low-level quality of life crimes became of a lower importance. CPD keeps working to improve the level of service offered by enhancing staffing levels and reinstating task forces that focus on the less prioritized crimes. Offense rates show that property crimes (low level quality of life crimes) in general have declined in recent years, which may be the result of the City's attempts to reinstitute these programs. In particular, the City needs to address the increasing levels of rape, motor vehicle theft, and arson.

#### **Determination 12-1: Solid Waste Present and Planned Capacity**

The two private haulers are responsible for ensuring adequate hauling capacity to serve the City. Similarly, capacity at the Butte County landfill is not under the jurisdiction of the City of Chico. The City's Compost Facility appears to have sufficient capacity at present to continue services in the short term; however, as the City grows, expansion or relocation of the compost facility will be necessary.

#### **Determination 12-2: Solid Waste Infrastructure Needs**

Federal Aviation Administration (FAA) has found that the green waste facility violates standard clearances for visual and electronic signal interruption of its Ground Based Navigational Aid System (NAVAIDS). The City is assessing options to address violations of standard clearances for visual and electronic signal interruption of the navigational system at the Chico Municipal Airport by the compost facility.

#### **Determination 12-3: Solid Waste Service Adequacy**

The City's solid waste services are adequate based on a lack of recent violations at the compost facility and achieving the state mandated diversion rate.

#### **Determination 13-1: Streets Infrastructure Needs**

Due to the rapidly deteriorating condition of its roadways, the City is prioritizing roadway maintenance and advance preventative measures such as crack sealing and overlays.

#### **Determination 13-2: Streets Infrastructure Needs**

To reach the appropriate level of pavement condition where most pavement sections require only minor preventive maintenance every five years, the budget needs analysis determined a need of approximately \$25 million per year between 2016 and 2020. Due to the fact that Chico's road condition has further deteriorated from 2015 to 2018, the required budget to achieve a PCI over 70 would be much larger than previously calculated. Given that financing for this amount is not currently available, the Pavement Management Plan recommends a stop gap measure of at least \$8 million per year to start mitigation measures. Roadway annual maintenance costs, however, have been annually underfunded and are currently not meeting the recommended amount.

#### **Determination 13-3: Streets Service Adequacy**

Based on the PMP, the City's current average Pavement Condition Index (PCI) is 57 on a 100-point scale where streets with 90-100 points are in excellent condition, with 70-89 points in very good condition, with 50-69 in good condition, with 25 to 40 in poor condition, and with 0-24 points in very poor condition. The ideal PCI in order to keep up with preventative maintenance standards is a minimum of 80. Extensive deferred maintenance, limited staff capacity to address demands, and continuing funding constraints reduce the City's ability to address needs as desired and achieve the ideal PCI in the foreseeable future.

#### **Determination 13-4: Streets Service Present Capacity**

Due to ongoing budget constraints, the City struggles with keeping up with the increased work requests and demands as the City continues to grow and the streets age and deteriorate. Deferred maintenance has accumulated and aggregate street condition has further deteriorated from 2015 to 2018 based on the decrease in PCI from 61 to 57. Funding required for a PCI increase is currently not being budgeted by the City.

#### **Determination 13-5: Streets Service Planned Capacity**

The City has a prioritized list of street projects to be completed over the next 10 years; however, capital outlays on the street system will likely be limited to the highest priority projects and most necessary maintenance given budget constraints.

#### **Determination 14-1: Stormwater Staffing Capacity**

With decreased staffing caused by prior and existing fiscal constraints, the Street Cleaning Maintenance Division lacks adequate resources to fully inspect and maintain the entirety of the system.

#### **Determination 14-2: Stormwater Present Capacity – Manpower**

Limited staffing levels pose a constraint on providing stormwater services, as the City strives to keep up with increased work requests and demands while the City continues to grow. The City lacks adequate staffing resources to fully inspect and maintain the entirety of the system and faces challenges in monitoring and reporting the Stormwater Management Program and MS4 permit requirements. Despite the reported challenges to maintain and track the Stormwater Program on a daily basis, the City continues to make improvements.

#### **Determination 14-3: Stormwater Present Capacity – Peak Flows**

The stormwater infrastructure is a work in progress. The City experiences localized flooding during major storm events as a result of inadequate storm drain networks to handle peak storm flows. Installation of additional storm drain inlets and piping is a priority for the City so that urban runoff can be properly captured and discharged into local waterways. In many instances inlets have gravel bases to only handle percolation of stormwater into the ground.

#### **Determination 14-4: Stormwater Present Capacity - Infrastructure**

For the most part, infrastructure has sufficient capacity, with some exceptions in the older neighborhoods where portions of the collection system lack capacity to handle flow, which

has led to shallow sheet flooding. Additionally, there is the potential for flooding for portions of Comanche Creek and Little Chico Creek under a 100-year storm event.

#### **Determination 14-5: Stormwater Infrastructure Needs**

In many areas annexed to the City, there are minimal or ineffective drainage improvements that result in frequent street flooding, which causes hazards to bicyclists and pedestrians, impedes access to homes, and affecting street side parking. The City does not have a reliable source of funding to address this issue in a comprehensive way.

#### **Determination 14-6: Stormwater Infrastructure Needs**

The City has outlined infrastructure needs related to its stormwater and drainage services in its 2000 Storm Drain Master Plan. The Plan recommends \$236 million of projects for the storm drain system. Although some of the improvements proposed by the original SDMP and the 2000 update have been completed, a majority of the identified needs remain current.

#### **Determination 14-7: Stormwater Service Adequacy**

The City's MS4 permit is segmented into five-year increments with each year having specific tasks to be completed within the prescribed year. At the beginning of the third year of the permit, the City had been unable to meet all of the requirements of the permit, due to staffing and funding constraints. Improvements to stormwater service levels could be made with additional financial and staff capacity. In lieu of additional staff, the City attempts to organize the program in a manner that allows staff to prioritize efforts on the most critical items.

#### **Determination 15-2: Wastewater Collection Present Capacity**

In general, the City's sewer collection system has sufficient capacity to convey current peak wet weather flows (PWWFs) without exceeding the established flow criterion with certain exceptions. There are a few areas that exceed allowable flow at times and the Chico Municipal Airport Lift Station has inadequate capacity at peak wet weather flows. The City has identified mitigation measures to address these issues.

#### **Determination 15-3: Wastewater Treatment Present Capacity**

At present, the City makes use of approximately 63 percent of its average dry weather capacity at the treatment plant, which indicates substantial existing treatment capacity. While the City's peak wet weather flows greatly exceed the plant's permitted flows, it does not indicate a capacity concern, as wet weather flows can be diverted or stored until there is sufficient capacity at the plant.

#### **Determination 15-4: Wastewater Planned Capacity**

As the City continues to grow, wastewater flows will also increase. As such, there are some areas of the existing collection system that cannot convey the peak wet weather flow. The City has planned necessary improvements that will be conducted in four phases. Similarly, the City has plans for expansion of the treatment plant to increase capacity to handle increased flow associated with future development. The timing will be dependent on speed of new development.

#### **Determination 15-5: Wastewater Infrastructure Needs**

The majority of infrastructure needs identified for the wastewater system are driven by future development, which consist of new sewers that serve future growth or improvements to existing facilities that are needed to serve future growth. When fully implemented, the capital projects will allow the conveyance of PWWFs to the WPCP during buildout conditions, including connection by all properties currently operating with private septic systems within the City.

#### **Determination 15-6: Wastewater Service Adequacy**

Based on the City's sewer system overflow rate, infiltration and inflow peaking factor, and compliance with effluent standards, wastewater services appear to be adequate. However, the City struggled to comply with regulatory requirements in 2013, which resulted in several enforcement actions. The City has made efforts to comply with chlorine level limitations since then.

#### **Determination 15-7: Wastewater Nitrate Compliance Plan Effectiveness**

The City, in cooperation with Butte County should evaluate the effectiveness of the Chico Nitrate Plan based on actual connections made rather than by the availability of sewer. Approximately 6,634 homes have access, but have not connected, which indicates many homeowners either find the cost too great to afford, or have no particular incentive to connect and begin paying monthly sewer fees. The current system of sewer vouchers may be replaced with a first-come first-served approach, which is likely to increase the connection rates.

## **FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES**

#### **Determination 7-1: Economic Recovery**

Chico's local economy is showing signs of economic recovery, as evidenced by the increases in locally-generated revenues over the last five fiscal years, including sales taxes, property taxes, and transient occupancy taxes. In addition, other key economic factors are showing slow but steady growth for the City, such as a decline in the unemployment rate and increased local construction. Despite the increase in construction, however, there is still a lack of affordable housing in the City of Chico, which is reflective of the statewide housing crisis.

#### **Determination 7-2: Fiscal Health**

The City has recovered to a baseline of acceptable service levels, but has not returned to pre-recession service levels. Chico must address increasing capital maintenance needs and future unfunded liabilities. The City has implemented administrative and organizational measures to ensure that protections are in place to prevent future fund deficits and weather future economic fluctuations.

#### **Determination 7-3: Financial Distress Indicators**

Chico's two main areas of fiscal concern, as determined by the California League of Cities diagnostic tool, are fixed costs and labor costs due to the projected increase in the CalPERS retirement costs, and balancing the budget with temporary funds due to the lack of full funding to cover deferred maintenance costs. The City should additionally be vigilant of net

operating deficits, ensuring that adequate funds are set aside to meet the desired reserve level, finding adequate funds to fully fund necessary capital improvements, and continue to seek funding levels to ensure service level solvency.

#### **Determination 7-4: Financial Position in FY 16-17**

The financial standing of the City of Chico has improved over the last fiscal year due to an increase in revenue, in particular tax revenue, charges for services, and grants and contributions. The General Fund balance increased from a deficit balance of (\$7,665,659) to a positive balance of \$8,976,764 over the last five fiscal years as a result of an increase in revenue, cost containment efforts, and new budgetary policies. The City's overall fund balance has also been steadily growing over the past three fiscal years.

#### **Determination 7-5: Charges for Services/Development Impact Fees**

The City charges fees for various services that it provides. The City appropriately charges development impact fees (DIFs) as a condition of new development. Chico is in the process of updating its DIF report due for presentation to the City Council in 2018.

#### **Determination 7-6: Reserve Practices**

In order to build reserves, the City has developed fiscal policies to ensure that City funds do not fall into a deficit position and that new revenue sources, one-time revenue sources, and annual cost savings are prioritized to reduce current deficits and build reserves.

#### **Determination 7-7: Reserve Levels**

Currently, the City's level of reserve funds is lower than the desired levels for its general fund. Therefore, the City remains vulnerable to economic downturns, legislative or legal challenges to City funding streams, or other unforeseen occurrences (e.g., natural disasters) that could significantly impact the City's sources and uses of funding. The City is planning to gradually increase its emergency reserve until the reserve target (20 percent of the General Fund operating expenditures) is met in FY 23-24. The operating reserve is targeted at 7.5 percent of the General Fund operating expenditures and is also currently under the targeted level.

#### **Determination 7-8: Capital Improvement Planning**

The City plans well ahead to ensure high priority capital projects are planned for and funded. Chico has adopted a 10-year capital improvement plan included in City budgets and updated annually. However, it continues to struggle with deferred maintenance as a result of budget cutbacks necessitating delayed improvements, which could bring about the need for costlier capital improvements in the future. The City is also challenged with replacement of its capital improvement funding lost due to the elimination of redevelopment agencies. A significant future capital improvement liability will likely be presented by the annually underfunded Public Works services such as roadway maintenance.

#### **Determination 7-9: Service Efficiencies and Cost-Cutting Measures**

As a result of reduced revenues, the City has been working within a constrained budget, which necessitated implementing numerous measures to cut costs where possible, finding inventive ways to increase efficiency, and identifying new financing sources. Cost cutting

measures have included elimination of 59 full-time equivalents or 14 percent of the workforce from FY 11-12 to FY 16-17. Efficiencies have been gained through several IT improvements, such as an online license program, an electronic staff time keeping system, and a new operating platform to promote connectivity.

## **STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

### **Determination 10-1: Parks Facility Sharing and Collaboration**

The City works with CARD to coordinate provision of the parks and recreation services throughout the Chico area. Both agencies work with Chico Unified School District to enhance availability of park areas and recreational opportunities to the public. The City also collaborates with Chico State University on the Urban and Community Forestry Green House Gas Reduction Fund Initiative and to increase the use of the Children's Playground neighborhood park by students and faculty. All four public agencies should maximize public open space and indoor/outdoor recreation facilities as they all are funded by the community at large and could be better integrated.

### **Determination 11-1: Law Enforcement Facility Sharing and Collaboration**

Chico Police Department (CPD) collaborates closely with Chico State University Police Department through a Memorandum of Understanding to coordinate response in and around the campus areas. CPD also works closely with several agencies in Butte County as part of an MOU to campaign against driving under the influence, the county narcotics task force, and in cooperation with Butte County Department of Behavioral Health. Long-standing collaboration with the Butte County Sheriff's Office (BCSO), District Attorney's Office, Butte County Probation Department, and California Highway Patrol are realized almost daily in the City of Chico.

### **Determination 11-4: Law Enforcement Facility Sharing Opportunities**

There is the potential for CPD and Chico Fire Department to share the new larger headquarters facility; however, the costs for a joint facility have not yet been calculated.

### **Determination 15-1: Wastewater Facility Sharing**

The City of Chico's Water Pollution Control Plant accepts supernatant from the Butte County Landfill through an agreement, which accounts for 0.09 percent of capacity.

### **Determination 16-3: Chico Fire Department Facility Sharing Opportunity**

The City may also consider the option of contracting with CAL FIRE for fire dispatch services.

### **Determination 16-10: Library Facility Sharing Opportunity**

As the City's financial situation improves, Chico should reconsider financial support for the Chico Branch of the County Library

### **Determination 16-4: Chico Fire Department Resource Sharing Options**

Given the staffing constraints faced by Chico Fire Department, the City may consider cooperative service agreements of certain operational, management or administrative functions, which has the potential of improving the overall efficiency and effectiveness of emergency services through efficient use of scarce resources. Moving forward with any of



these options would be dependent upon the assessment of the City to determine what would be the most beneficial structure.

## **ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

### **Determination 4-1: Accountability**

The City of Chico demonstrated accountability and transparency in its various aspects of operations. The governing body updates constituents, solicits constituent input, posts public documents on its website, and appropriately responds to requests for information. The City also demonstrates accountability to its constituents through complying with the Brown Act, i.e. conducting open meetings for boards and commissions and public noticing.

### **Determination 4-2: Compliance with Legal Requirements**

Councilmembers comply with ethics training and economic interest disclosure requirements. The City has adopted a policy for expense reimbursements and a conflict of interest code.

### **Determination 4-3: Transparency**

The City demonstrated transparency by readily cooperating during the MSR process. The City provided requested information and provided input throughout the review process.

### **Determination 4-4: Elections**

Seven City Council members are elected at-large to staggered four-year terms. There has been a proposition from a community group to elect each council member by district instead of at-large but no action towards the implementation of this proposition has been taken to date.

### **Determination 6-11: Annexation Plan**

The City and LAFCo have made great efforts to cooperatively come to an agreement to address a number of issues relating to the extension of city sewer to county properties (to support the Nitrate Compliance Program). The City and LAFCo are encouraged to continue these efforts to develop an annexation plan as outlined in the Sewer Service Extension and Annexation Agreement.

### **Determination 16-1: Chico Airport Governance Structure Options**

There is the option of privatizing a portion or all of airport services, likely through service or management contracts. Feasible options will be dependent on further cost/benefit analysis.

### **Determination 16-2: Chico Fire Department Governance Structure Options**

The City is considering evaluating other service models, including creating a special purpose district that either overlaps the City boundaries, is a regional department, or encompasses the entire County.

### **Determination 16-4: Chico Fire Department Resource Sharing Options**

Given the staffing constraints faced by Chico Fire Department, the City may consider cooperative service agreements of certain operational, management or administrative functions, which has the potential of improving the overall efficiency and effectiveness of emergency services through efficient use of scarce resources. Moving forward with any of these options would be dependent upon the assessment of the City to determine what would be the most beneficial structure.

#### **Determination 16-5: Chico Law Enforcement Governance Structure Options**

A service structure option to address staffing constraints at the Chico Police Department may be partially alleviated by closer collaboration with the University Police Department in the form of joint divisions or greater support to areas around the campus. Another option may be closer collaboration with the Butte County Sheriff's Department.

#### **Determination 16-6: Chico Park Governance Structure Options**

Transferring ownership of the remaining City-owned parks to CARD over time is an option. The transfer plan may be developed in a similar manner to the existing Memorandum of Understanding between the two agencies.

#### **Determination 16-7: Chico Annexation Planning**

The City is encouraged to work cooperatively with Butte LAFCo on an annexation program (that would include an estimated timeline for annexation) for remaining islands within its SOI, as well as other unincorporated areas within the City's SOI prioritizing those that are expected to connect to the City sewer system in the coming years.

#### **Determination 16-8: Stormwater Restructuring Options**

With a substantial portion of the three County Service Areas (CSAs) within the jurisdictional boundaries of the City, it would be logical for the City of Chico to assume full responsibility for maintenance of the stormwater drainage infrastructure within CSAs 23, 24 and 25, in which case they would be subsequently dissolved. This option is contingent upon the parties reaching a reasonable financing solution.

#### **Determination 16-9: Wastewater Restructuring Option**

The City of Chico is considering receiving wastewater flow from the Town of Paradise commercial core to be treated at the City's Wastewater Pollution Control Plant. Feasibility studies are currently being conducted by Paradise.

#### **Determination 16-10: Library Facility Sharing Opportunity**

As the City's financial situation improves, Chico should reconsider financial support for the Chico Branch of the County Library.

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**Section II:**  
**Sphere of Influence Plan**

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# 1. INTRODUCTION

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Prepared for the Butte Local Agency Formation Commission (LAFCo), this report is a sphere of influence (SOI) update plan for the City of Chico. It has been prepared to review the City's existing SOI, perform SOI analysis, identify SOI options, and propose an SOI recommendation to either confirm the current SOI or consider possible amendments. The report draws on information collected and analyzed in the accompanying 2016 Municipal Service Review Update, the City of Chico 2030 General Plan, and the Environmental Impact Report prepared by the City of Chico for the 2030 General Plan.

This report is prepared pursuant to legislation enacted in 2000 that requires LAFCo to conduct a comprehensive review of municipal service delivery and update the spheres of influence (SOIs) of all agencies under LAFCo's jurisdiction.

## LAFCo OVERVIEW

Established in 1963, Local Agency Formation Commissions (LAFCos) are responsible for administering California Government Code Section 56000 et. seq., which is known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH charges LAFCos with encouraging the orderly formation and development of all local governmental agencies in their respective counties in a manner that preserves agricultural and open space lands, promotes the efficient extension of municipal services, and prevents urban sprawl. There is a LAFCo located in each of the 58 counties in California.

LAFCo regulates, through approval, denial, conditions and modification, boundary changes proposed by public agencies or individuals. It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCo is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, establishment of subsidiary districts, and any reorganization including such actions. Otherwise, LAFCo actions must originate as petitions or resolutions from affected voters, landowners, cities, or districts.

Butte LAFCo consists of seven regular Commissioners—two members from the Butte County Board of Supervisors (selected by the entire Board), two members from the city councils (selected by the mayors of all five incorporated cities), two members who represent special districts (selected by a majority vote of independent special districts), and one public member (selected by the other six LAFCo members). There are also alternate city, county, special district, and public members who vote whenever a regular member is absent or disqualified from participation on an item. Regular and alternate members serve four-year terms.

## BUTTE LAFCo POLICIES

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 (SOI) is defined by the 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 SOIs every five years as necessary.

According to the Butte LAFCo Operations Manual Policies and Procedures, last revised on May 6, 2010, the Sphere of Influence Plans for all government agencies within LAFCo’s jurisdiction must contain the following:

1. A map defining the probable 20-year boundary of its service area delineated by near-term (<10 years) and long-term (>10 years) increments and coordinated with the Municipal Service Review.
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 near- and long-term spheres of the agency.
7. A Municipal Service Review.

## **MUNICIPAL SERVICES REVIEW**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCo to review municipal services before updating SOIs. The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California’s anticipated growth. The service review provides LAFCo with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Effective January 1, 2008, Government Code §56430 requires LAFCo to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determination with respect to each of the following topics:

- ❖ Growth and population projections for the affected area;
- ❖ The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the SOI (effective July 1, 2012);
- ❖ Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in

any disadvantaged, unincorporated communities within or contiguous to the sphere of influence);

- ❖ Financial ability of agencies to provide services;
- ❖ Status of, and opportunities for shared facilities;
- ❖ Accountability for community service needs, including governmental structure and operational efficiencies; and
- ❖ Any other matter related to effective or efficient service delivery, as required by commission policy.

An MSR for the City of Chico will be adopted by the Commission as a part of this Municipal Service Review/SOI update process.

## **SPHERE OF INFLUENCE UPDATES**

An SOI is a LAFCo-approved plan that designates an agency's probable future boundary and service area. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCo to a city or a district unless it is within that agency's sphere of influence.

The purposes of the SOI include the following: to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCo cannot regulate land use, dictate internal operations or administration of any local agency, or set rates. LAFCo is empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCo promotes logical and orderly development of communities as it considers and decides individual proposals. LAFCo has a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

The Cortese-Knox-Hertzberg (CKH) Act requires LAFCos to develop and determine the SOI of each local governmental agency. They may do so with or without an application and any interested person may submit an application proposing an SOI amendment. LAFCo may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations.

In adopting or amending an SOI, LAFCo must make the following determinations:

- ❖ Present and planned land uses in the area, including agricultural and open-space lands;
- ❖ Present and probable need for public facilities and services in the area;
- ❖ Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;
- ❖ Existence of any social or economic communities of interest in the area if the Commission determines these are relevant to the agency; and

- ❖ For an update of an SOI 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 1st, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

By statute, LAFCo must notify affected agencies 21 days before holding the public hearing to consider the SOI and may not update the SOI until after that hearing. The LAFCo Executive Officer must issue a report including recommendations on the SOI amendments and updates under consideration at least five days before the public hearing.

## **SOI ALTERNATIVES**

Butte LAFCo Policy 3.1.11 allows the Commission to consider and establish one or more of the following types of SOIs:

1. The Commission may adopt a traditional “growth” SOI, which contains territory beyond the jurisdictional boundary of the local agency and is an indication that the need for public services in the area has been established and the agency has the ability to effectively and efficiently extend the full spectrum of services provided by the agency.

2. The Commission may adopt a “coterminous” SOI, which coincides with the jurisdictional boundary of the local agency and is an indication that there is no anticipated need for the agency’s services outside of its existing boundaries, or the agency lacks the capacity or ability to serve additional territory or there is insufficient information to make such a determination.

3. The Commission may adopt a “zero” SOI (encompassing no territory) for an agency when the Commission has determined that one or more of the public service functions of the agency are either non-existent, inadequate, no longer needed, or should be reallocated to some other agency of government. Adoption of a “zero” sphere indicates the agency should ultimately be reorganized or dissolved. The Commission may initiate dissolution of an agency when it deems such appropriate.

4. The Commission may adopt a “minus” SOI when it has determined that some territory within the agency’s jurisdictional boundaries is not in need of all or some of the agency’s services, or when the agency has no feasible plans to provide efficient and adequate service to the territory in question.

5. The Commission may adopt a “limited or service specific” sphere designation for territory outside the agency’s jurisdiction that may require some-but not all of the services that the agency is authorized to provide. Assigning a service specific sphere allows LAFCo to retain review authority over the provision of important governmental services in order to promote the timely and orderly expansion of services.

The existing and the proposed SOI for the City of Chico is a traditional growth sphere in that it is anticipated the City will grow into the boundary, not only to accommodate expected growth, but to create opportunities to attract desired growth.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Sphere of Influence Studies are subject to environmental review under the California Environmental Quality Act (CEQA). To comply with CEQA, a program-level Environmental Impact Report (EIR) was prepared by the City of Chico for the City's 2030 General Plan, which incorporated an analysis of the City's Planning Area that includes the territory within the proposed SOI, as well as an extensive area outside of the SOI. The City of Chico adopted a Final EIR for the 2030 General Plan, which included changes to the Draft EIR, comments received on the Draft EIR, and responses to comments. For this SOI Update, Butte LAFCo will review and adopt the City's environmental documents for the 2030 General Plan.

The MSR Update is categorically exempt from the preparation of environmental documentation under a classification related to information gathering (Class 6 - Regulation §15306), which states: "Class 6 consists of basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded." The MSR collects data for the purpose of evaluating municipal services provided by the agency. There is no land use change or environmental impact created by such a study.

## ***2. CITY OF CHICO DATASHEET***

<b>City of Chico Datasheet</b>			
<b>Contact Information</b>			
<i>Contact:</i>	Brendan Vieg, Principal Planner		
<i>Address:</i>	411 Main Street, Chico, CA 95928	<i>Website:</i>	<a href="http://www.chico.ca.us">www.chico.ca.us</a>
<i>Phone:</i>	530-879-6806	<i>Fax:</i>	530-95-4825
<b>Formation Information</b>			
<i>Date of Incorporation:</i>	February 5, 1872		
<b>Governing Body</b>			
<i>Governing Body:</i>	City Council	<i>Members:</i>	7
<i>Manner of Selection:</i>	Elections at Large	<i>Length of Term:</i>	4 years
<i>Meetings Location:</i>	City Council Chambers; 421 Main Street, Chico, CA	<i>Meeting Date:</i>	First and third Tuesday of the month at 6:30 p.m.
<b>Mapping</b>			
<i>GIS Date:</i>	March, 2016		
<b>Purpose</b>			
<i>Enabling Legislation:</i>	Charter City	<i>Empowered Services:</i>	All municipal services
<i>Municipal Services Provided (directly or by contract)</i>	Airport, fire protection and emergency medical, parks and recreation (including street trees), law enforcement, solid waste, street services and transportation (including road repair and cleaning, street lighting, and traffic safety activities), stormwater, and wastewater services.		
<b>Area Served</b>			
<i>Supervisorial Districts:</i>	2, 3, 4, 5	<i>Population:</i>	92,464 (January 1, 2016)
<i>Size:</i>	33 square miles	<i>Location:</i>	Northwestern Butte County
<i>Current SOI:</i>	39.5 square miles	<i>Proposed SOI:</i>	43.9 square miles
<b>Financial Information</b>			
<i>FY 16-17 Total Expenditures:</i>	\$89,905,222	<i>FY 16-17 Total Revenues:</i>	\$108,920,977
<i>Main Sources of Revenue:</i>	Taxes (sales, property, utility users, property in lieu of VLF, transient occupancy, and others), assessments, grants and contributions, investment earnings, loans, bond proceeds, charges for services, fees (i.e. development impact fees)		

### **3. SPHERE OF INFLUENCE ANALYSIS**

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#### **EXISTING SPHERE OF INFLUENCE BOUNDARY**

The City’s current sphere of influence (SOI) is an annexable SOI, which means that it is larger than the City’s existing city boundary. The current SOI is approximately 39.5 square miles in size compared to the 33 square mile incorporated city limits. The City’s current boundaries and SOI are shown in Figure 3-1.

#### **PROPOSED SPHERE OF INFLUENCE BOUNDARY**

The City’s SOI expansion was first proposed in the City of Chico 2030 General Plan. An SOI update with LAFCo was not initiated at the time of General Plan adoption, however, as the City’s existing SOI and city limits had sufficient land available to meet the City’s near-term and mid-term development needs. Although the SOI update has not yet been approved by LAFCo and will be considered during the current MSR/SOI Update cycle, the City’s 2030 General Plan is based on the city-proposed updated SOI. All of the growth projections, estimates, and strategies adopted in the 2030 General Plan are based on the proposed SOI.

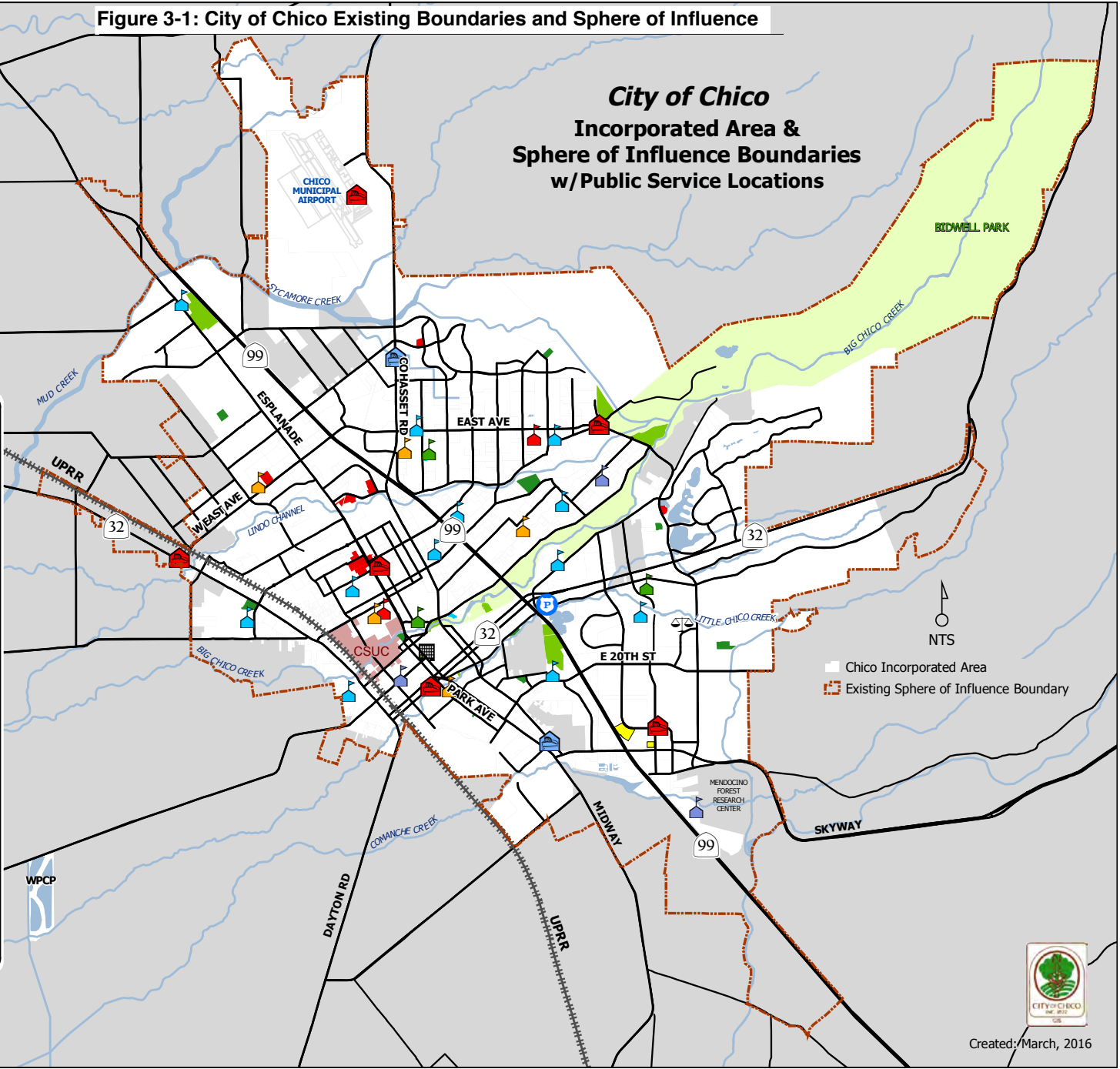
In 2016, the City initiated an MSR/SOI update with Butte LAFCo consistent with the proposed SOI outlined in the General Plan. Chico is proposing to expand its SOI by 4.4 square miles to 43.9 square miles. The City proposes to add six areas, three of which are Special Planning Areas, or SPAs, and the remainder of which are added to ‘clean up’ the SOI boundary and make it more logical to avoid split communities. These six areas shown in Figure 3-2 include the following:

<b>Special Planning Areas</b>	<b>Other Areas</b>
1. North Chico	4. SR 99/Our Way
2. Bell/Muir	5. Thorntree Drive/Allison Meadow Road
3. Doe Mill/Honey Run	6. Oak Park Avenue

Figure 3-1: City of Chico Existing Boundaries and Sphere of Influence

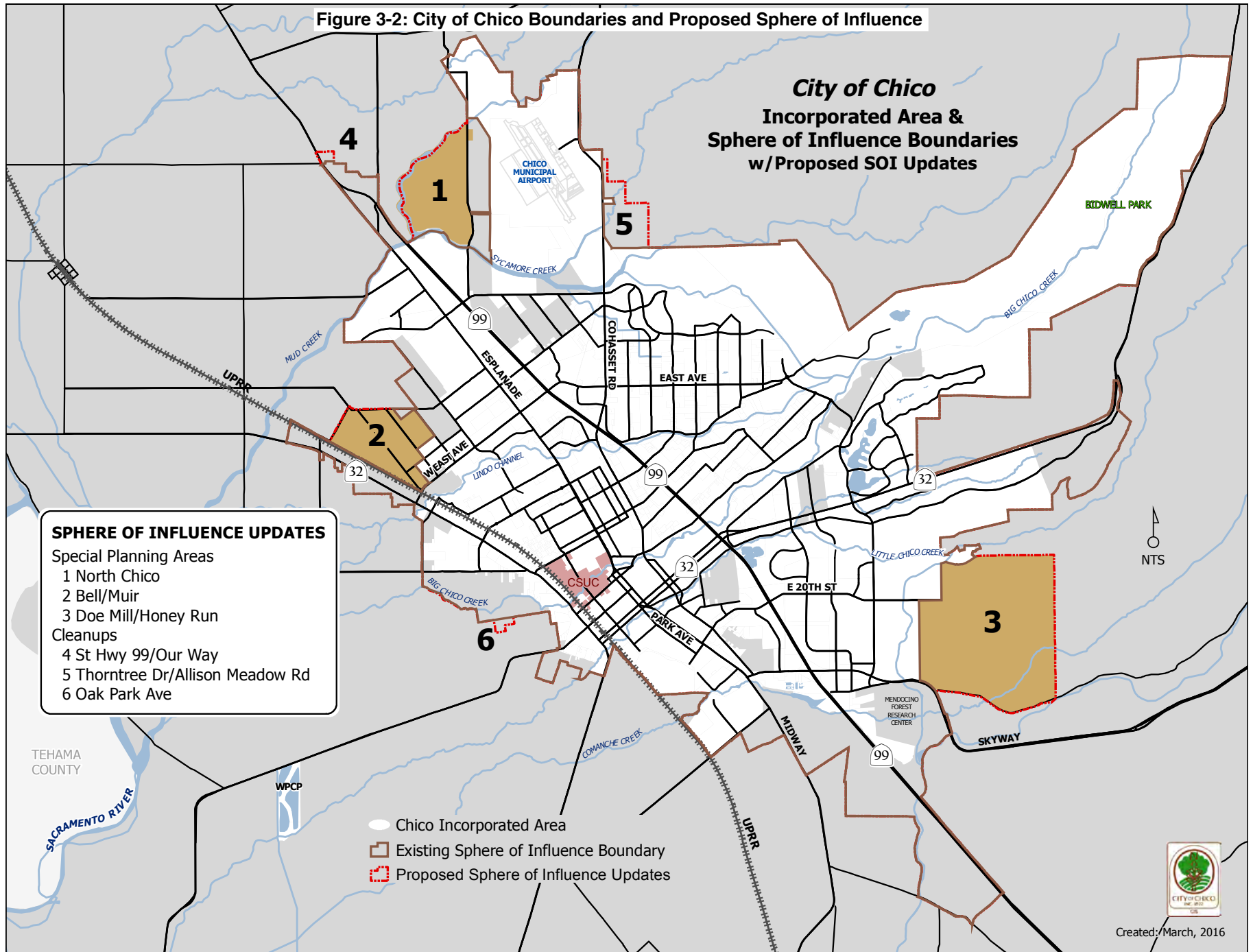
**City of Chico  
Incorporated Area &  
Sphere of Influence Boundaries  
w/Public Service Locations**

- PUBLIC SERVICES**
- City Fire Station
  - CDF Station
  - City Police Station
  - Municipal Center
  - County Courthouse
  - Enloe Hospital w/offsite facilities
- EDUCATION**
- CUSD High School
  - CUSD Junior High School
  - CUSD Elementary School
  - Charter School
  - Private Elementary School
  - CSUC Campus
  - Butte College - Chico Centers
- CARD/CITY RECREATION**
- Regional Park
  - Community Park
  - Neighborhood Park
  - Community Center



Created: March, 2016

Figure 3-2: City of Chico Boundaries and Proposed Sphere of Influence





## PROPOSED SPHERE OF INFLUENCE DETERMINATIONS

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### Present and Planned Land Use

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In order to assess the growth and development potential in the City of Chico, it is essential to consider several factors, including: 1) land use designations, 2) special land use limitations, including Williamson Act and designated open spaces, and 3) improved and vacant land.

State law requires every city and county in California to adopt and maintain a comprehensive and long-term General Plan that is to serve as a “blueprint” for land use and development. The City of Chico’s current General Plan has a planning horizon of 2030, and was adopted by the City Council in April 2011. Land use and development for parcels located within the City’s SOI, but outside of the City’s jurisdictional boundaries, is guided by Butte County’s General Plan, which was adopted by the Butte County Board of Supervisors on October 26, 2010. Butte County, however, encourages cities to establish future land use designations within their respective SOIs. During their respective general plan updates, the City and County coordinated and sought to create consistency in land use designations for parcels within the two jurisdictions shared planning areas. Chico’s 2030 General Plan includes land use designations for the parcels within its SOI but outside of its boundaries, as shown in Figure 3-3.

The purpose of this section is to evaluate growth using population projections for the City of Chico in order to anticipate the future service needs of the City. In the City’s 2030 General Plan, a variety of new land use designations were established to promote more mixed land uses. As shown on the City’s Land Use Diagram in Figure 3-3, the City has 19 land use designations that help guide development, including six residential, four commercial, three office and industrial, three public and open space, and three overlay or special designations.<sup>1</sup> The breakdown of acreage by land use type is presented in Figure 3-4.

#### **Determination 3-1: Land Use Designations**

The City of Chico and its proposed SOI include 19 land use designations, including six residential, four commercial, three office and industrial, three public and open space, and three overlay or special designations. The predominant land use type is residential.

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<sup>1</sup> City of Chico 2030 General Plan, pp. 3-12 – 3-14.

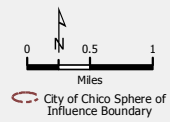
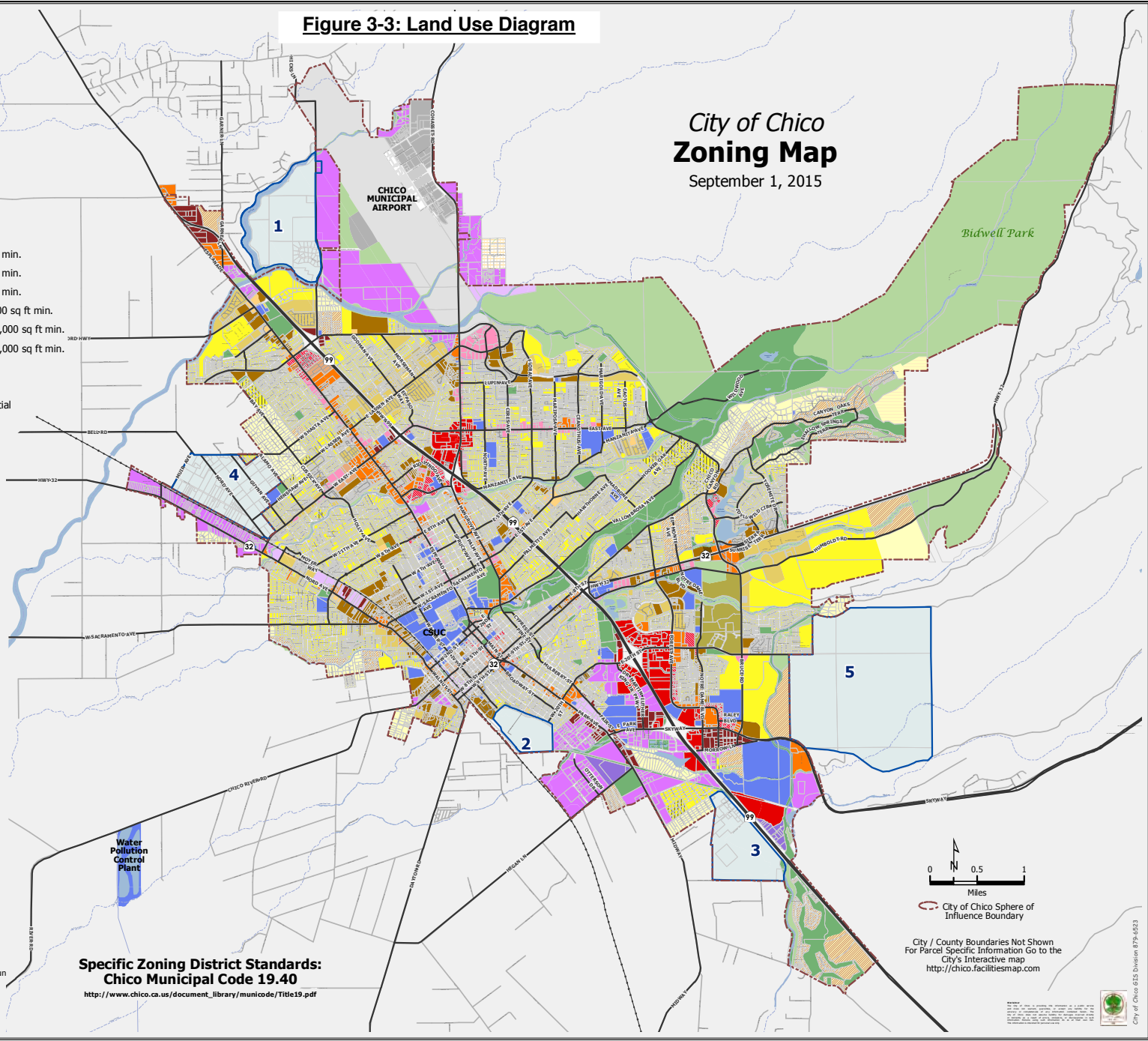
**Figure 3-3: Land Use Diagram**

**City of Chico**  
**Zoning Map**  
 September 1, 2015

- City Zoning Districts**
- Residential Districts**
- RS-3 Suburban Residential 3 acre min.
  - RS-2 Suburban Residential 2 acre min.
  - RS-1 Suburban Residential 1 acre min.
  - RS-20 Suburban Residential 20,000 sq ft min.
  - R1-15 Low Density Residential 15,000 sq ft min.
  - R1-10 Low Density Residential 10,000 sq ft min.
  - R1 Low Density Residential
  - R2 Medium Density Residential
  - R3 Medium-High Density Residential
  - R4 High Density Residential
  - RMU Residential Mixed Use
- Commercial/Office Districts**
- OR Office Residential
  - OC Office Commercial
  - CN Neighborhood Commercial
  - CC Community Commercial
  - DS Downtown South
  - DN Downtown North
  - CS Services Commercial
  - CR Regional Commercial
- Manufacturing/Industrial Districts**
- ML Light Manufacturing
  - MG General Manufacturing
  - IOMU Industrial Office Mixed-Use
- Airport Districts**
- A Airport
  - AP Airport Public Facilities
  - AC Airport Commercial
  - AM Airport Manufacturing
- Special Purpose Districts**
- TND Traditional Mixed Use
  - SPA Special Planning Area
  - PQ Public/Quasi Public Facilities
  - OS2 Secondary Open Space
  - OS1 Primary Open Space
- Zoning Overlays are not Shown**
- Special Planning Areas**
- SPA-1 North Chico
  - SPA-4 Bell / Muir
  - SPA-2 Diamond Match
  - SPA-5 Doe Mill / Honey Run
  - SPA-3 South Enter

**Specific Zoning District Standards:**  
**Chico Municipal Code 19.40**

[http://www.chico.ca.us/document\\_library/municode/Title19.pdf](http://www.chico.ca.us/document_library/municode/Title19.pdf)



City / County Boundaries Not Shown  
 For Parcel Specific Information Go to the  
 City's Interactive map  
<http://chico.facilitiesmap.com>

Figure 3-4: Existing Land Uses within the proposed SOI

Land Use Designation	Acreage		Vacant (excluding SPAs)		Vacant Acreage in SPAs*	
	Total Acres	% of Total	Acres	% of Total Vacant	Acres	% of total SPAs
Very Low Density Residential	1,546	7.4%	466	19.9%	132	5.8%
Low Density Residential	5,035	24.2%	579	24.7%	571	25.2%
Medium Density Residential	1,097	5.3%	244	10.4%	264	11.6%
Medium High Density Residential	773	3.7%	133	5.7%	81	3.6%
High Density Residential	11	0.1%	4	0.2%	37	1.6%
Residential Mixed Use	76	0.4%	14	0.6%	15	0.7%
Neighborhood Commercial	96	0.5%	36	1.5%	19	0.8%
Commercial Service	204	1.0%	23	1.0%	0	0.0%
Commercial Mixed Use	617	3.0%	80	3.4%	32	1.4%
Regional Commercial	410	2.0%	83	3.5%	42	1.9%
Office Mixed Use	390	1.9%	49	2.1%	5	0.2%
Industrial Office Mixed Use	127	0.6%	58	2.5%	120	5.3%
Manufacturing & Warehousing	1,304	6.3%	387	16.5%	34	1.5%
Public Facilities and Services	2,052	9.8%	N/A		28	1.2%
Primary Open Space	5,206	25.0%	N/A		329	14.5%
Secondary Open Space	1,704	8.2%	N/A		556	24.6%
Special Mixed Use (Meriam Park)	197	0.9%	186	7.9%	0	0.0%
<b>TOTALS</b>	<b>20,845</b>	<b>100%</b>	<b>2,342</b>	<b>100.0%</b>	<b>2,265</b>	<b>100%</b>

Source: Chico 2030 General Plan, Annual Progress Report, May 2015

\*SPA= Special Planning Area

Vacant Land and Development Capacity

The acreage of vacant lands by General Plan land use category within the proposed SOI boundary is presented in Figure 3-4.

For the 2030 General Plan update process, an assumption was made that the City’s historic average annual growth rate of two percent would continue through 2030. Based on this assumption, it was projected that the City would need to accommodate 40,262 new residents (in approximately 16,300 new dwelling units) and 20,852 new jobs by the year 2030. The General Plan was prepared to enable the City to service a 2030 population of 139,713. The full development potential of the 2030 General Plan is projected to support over 150,000 people and accommodate over 25,000 new jobs at buildout, which is anticipated to occur well after 2030.

Given the reduction in development activity following the economic recession, the resulting low population growth rate since the General Plan was adopted, and the amount of available land, it is anticipated that ample and diverse housing and employment opportunities exist for the community throughout and beyond the life of the Plan.

Residential Capacity

The City of Chico performs an annual assessment of residential capacity, which is defined as the total population that can be absorbed through the buildout of vacant residentially-designated land, including approved undeveloped lots, within the City’s proposed SOI. The capacity of these undeveloped areas is summarized in Figure 3-5.

**Figure 3-5: Capacity of Vacant Residential Land**

Land Use Designation	Vacant Acreage	Assumed DUs/Acre	Total Units	Assumed Persons/Unit	Population	
Very Low Density Residential	236	1	236	3	708	
Low Density Residential	227	4.5	1,022	2.4	2,452	
Medium Density Residential	94	8	752	2.4	1,805	
Medium-High Density Residential	109	17	1,853	2.5	4,447	
High Density Residential	4	25	109	1.8	191	
Residential Mixed Use	14	16	224	2.4	538	
Special Planning Areas (Units Assumed General Plan)	1,100	Varies	6,683	2.4	16,039	
<b>SUBTOTALS</b>	<b>1,784</b>	<b>N/A</b>	<b>10,879</b>	<b>Average 2.4</b>	<b>26,180</b>	
After 15% Reduction for Land Vacancy					22,662	
<b>Total Capacity on Approved Lots</b>			5,276	X 2.4=	12,662	
					Subtotal	34,915
					Less 3%	-1,047
					<b>Total</b>	<b>33,867</b>

Source: Chico 2030 General Plan, Annual Progress Report, May 2015

According to the City’s Five-Year General Plan Review, Chico’s total residential capacity is estimated to be 33,076 persons. Utilizing the General Plan’s assumed annual growth rate of two percent from the January 1, 2016 population estimate of 92,464, the residential capacity would be absorbed over approximately 15 years. Using Chico’s 1.2 percent annual growth rate experienced over the past five years (and expected for the foreseeable future), the residential capacity would be absorbed over approximately 26 years.

In all cases, the residential capacity estimate is conservative because it does not include any assumptions for redevelopment or new units in mixed-use designations, even though the General Plan policy framework is supportive and expectant of redevelopment and mixed-use. As an example, over the past five years, there were 86 multi-family units approved on parcels with a “non-residential” land use designation. Also, no units were estimated for land with the Resource Constraint Overlay (RCO) to account for the presence of highly sensitive habitat and species. The General Plan Land Use Diagram, therefore, has the potential to support a greater number of dwelling units and population than the residential capacity estimate.

Utilizing the General Plan’s assumed annual growth rate of two percent, the residential capacity of approved undeveloped subdivision lots, is approximately six years. At a 1.5 percent growth rate, the capacity extends to eight years, while a one percent growth rate would result in a nearly 12.5 year build out. A majority of this capacity is in larger projects like Meriam Park, Mountain Vista/Sycamore Glen, Oak Valley, and the western portion of the Northwest Chico Specific Plan. These “ready-to-go” properties provide a variety of housing types for the community.

The General Plan’s existing residential capacity will meet the community’s future housing demand beyond the General Plan’s 20-year planning horizon. One key factor that may affect this conclusion is that much of the capacity lies in the SPAs, which require comprehensive planning that may delay their immediate, but not long-term, availability for development. Importantly, while the General Plan identifies land for future development, it does not direct the timing of development. Some areas may not develop for many years, and others may never develop. The City’s role in accommodating growth is to identify a land supply and create an environment where development can take place. It is then left to the private sector, where development is driven by market conditions and willing landowners.

#### Commercial/Office/Industrial Land Capacity

It has also been estimated by the City that 319 acres of land designated for various types of commercial uses remains vacant, while land designated for Office or Industrial-Office Mixed Use has 230 acres remaining vacant, and 414 acres of industrial land remain vacant. This capacity is considered to be adequate for the current and projected future need. Since 2011, 33 of the 992 acres of vacant land designated for commercial, office, or industrial use have been developed. This indicates an absorption rate of approximately 6.6 acres of non-residential land per year. Approximately 959 acres, or 97 percent, of the vacant land with these designations remain vacant today. Specifically, vacant industrial land has decreased by 25 acres, or less than five percent, vacant commercial land has decreased by eight acres, or two percent, and vacant land for office use has remained generally unchanged.

This commercial, office and industrial capacity does not include the significant amount of existing, built commercial, office, and industrial space that is available for lease or purchase throughout the community, or the predominantly undeveloped Meriam Park site with a Development Agreement that allows for up to 287,000 square feet of retail and 900,000 square feet of commercial space. As with residential capacity, RCO-overlain land and potential redevelopment sites are not included in the vacant land totals.

### Public and Semi-Public Land Capacity

The City concludes that at this time, sufficient land remains available for public facilities and parks. The new North Butte County Courthouse has been completed at the Meriam Park site in southeast Chico, and CUSD has a number of projects underway and planned throughout the community, such as new parking lots, solar shade structures and drop off areas, new buildings within Chapman Elementary School, office building at Hooker Oak Elementary, additional kindergarten facilities at Little Chico Creek Elementary, new classroom building and multi purpose building at Marigold Elementary, new kindergarten at Rosedale Elementary, new classroom buildings at Shasta Elementary and Sierra View Elementary Schools, new science building at Chico Junior High School, and classroom building at Marsh Junior High. No other significant new public structures or parks are under construction. Further, public facilities, parks, and open space will be integrated into new growth areas consistent with the policy direction for the Special Planning Areas found in the General Plan.

#### **Determination 3-2: Absorption Capacity**

The City has demonstrated that the residential capacity of the territory within the proposed SOI and current city limits is estimated to be absorbed within the next 15 years based on an assumed two percent annual growth rate. Using Chico's 1.2 percent annual growth rate experienced over the past five years and expected for the foreseeable future, the residential capacity would be absorbed over approximately 26 years. The capacity of vacant commercial, industrial, governmental, and parks lands is also considered to be adequate for the planning period identified in the City's General Plan.

## Agricultural Lands

Agriculture has helped to shape the City and surrounding area, and continues to be a major component of the local and regional economy. The City has respected a firm boundary between urban and rural uses on the community's western edge, known as the Greenline,<sup>3</sup> for over thirty years. Land to the west of the City and the Greenline are almost exclusively agricultural, while much of the land to the north and east of the City is used for grazing. The area north of the proposed SOI, east of SR 99, and south of Rock Creek is developed with rural residential land uses interspersed with orchards, field crops, and grazing land.

Within the City's boundary and proposed SOI, the primary use of land is developed urban and suburban uses. While limited in size and number relative to the City as a whole, there are agricultural or agricultural-supporting land uses within the City that include grazing land, row crops, field crops, and orchards. The largest active agricultural land use within the City's central urban area is the Vanella Orchard located on 8th Avenue, west of the Esplanade. Also located within the central urban area is the Chico Nut Company, adjacent to the Esplanade and immediately south of Lindo Channel.<sup>4</sup>

The California Department of Conservation's Farmland Mapping and Monitoring Program (FMMP) produces maps and statistical data used for analyzing impacts on California's agricultural resources. Agricultural land is rated according to soil quality and irrigation status. The best quality land is called Prime Farmland. The maps are updated every two years with the use of a computer mapping system, aerial imagery, public review, and field reconnaissance.

The California Department of Conservation provides the following definitions for the classes of Important Farmland:

**Prime Farmland** is farmland with the best combination of physical and chemical features able to sustain long-term agricultural production. This land has the soil quality, growing season, and moisture supply needed to produce sustained high yields. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.

**Farmland of Statewide Importance.** It is similar to Prime Farmland but with minor shortcomings, such as greater slopes or less ability to store soil moisture. Land must have been used for irrigated agricultural production at some time during the four years prior to the mapping date.

**Grazing Land** is land on which the existing vegetation is suited to the grazing of livestock.

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<sup>3</sup> The Chico's Greenline is a boundary established by the City and Butte County that separates the urban and agricultural uses along Chico's western border. The goal of the Greenline is to protect prime agricultural soils south, west, and north of Chico from urban development. To consider boundary modifications, two findings must be made: the public benefits of converting agricultural lands to urban use must substantially outweigh the public benefits of continued agricultural production, and there can be no other urban and suburban lands reasonably available and suitable for proposed development.

<sup>4</sup> City of Chico, Draft Environmental Impact Review 2030 General Plan, 2011.

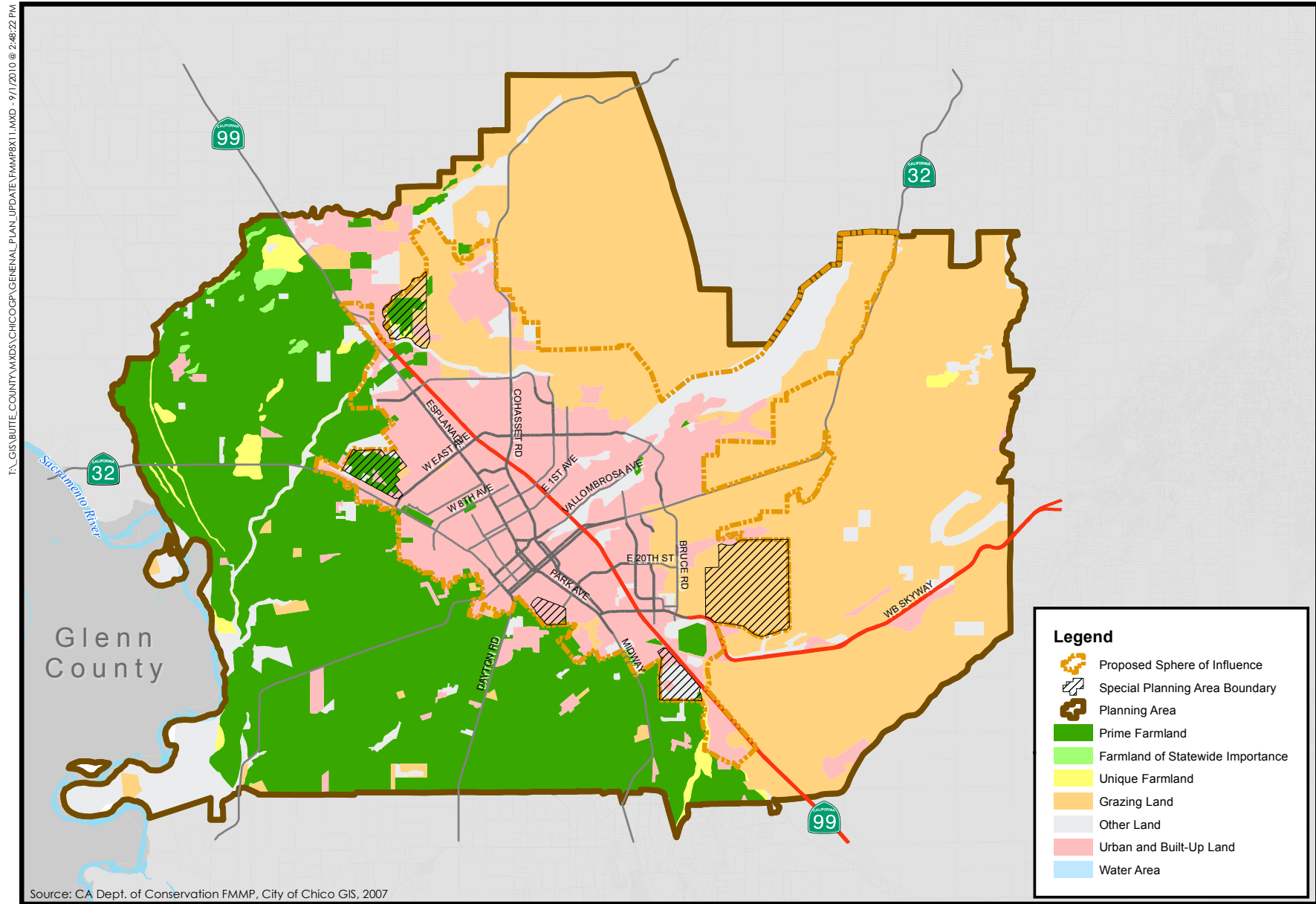
**Urban and Built-up Land.** It is land occupied by structures with a building density of at least one unit to 1.5 acres, or approximately six structures to a 10-acre parcel. This land is used for residential, industrial, commercial, construction, institutional, public administration, railroad and other transportation yards, cemeteries, airports, golf courses, sanitary landfills, sewage treatment, water control structures, and other developed purposes.

**Other Land.** Land not included in any other mapping category. Common examples include low density rural developments, brush, timber, wetland, and riparian areas not suitable for livestock grazing, confined livestock, poultry or aquaculture facilities, strip mines, borrow pits, and water bodies smaller than forty acres. Vacant and nonagricultural land surrounded on all sides by urban development and greater than 40 acres is mapped as Other Land.

Figure 3-6 depicts Important Farmland, and Figure 3-7 shows a breakdown of farmland acreage based on the FMMP categories. The territory within the proposed SOI but outside of the city limits encompasses about 736 acres of Prime Farmland and 66 acres of Unique Farmland.



Figure 3-6: Important Farmland



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**Figure 3-7: Farmland Breakdown**

Farmland Type	Important Farmland (acres)			Total Acres
	City Limits	Proposed SOI (outside of City boundaries)	Planning Area (outside of proposed SOI)	
Prime Farmland	424	736	29,070	30,230
Farmland of Statewide Importance	0	0	260	260
Unique Farmland	2	66	1,062	1,129
Grazing Land	5,978	2,462	33,332	41,772
Other Land	2,707	648	6,130	9,486
Urban and Build-up Land	12,123	2,993	2,697	17,814
Water	0	0	67	67
<b>Total</b>	<b>21,234</b>	<b>6,905</b>	<b>72,617</b>	<b>100,756</b>

The 2030 General Plan calls for conserving viable agricultural resources and other rural lands surrounding the City by creating a denser and more compact urban form, establishing urban growth limits (e.g., the Greenline), and providing appropriate buffers and transitions between urban and agricultural uses. Since the City is not proposing new urban growth into agricultural areas (except for the Bell Muir area, where a transition to residential use is already underway under the County’s jurisdiction), there are few locations where a buffer or edge treatment will need to be applied.<sup>5</sup> Large undeveloped areas adjacent to the Greenline, such as the South Entler Special Planning Area (which is within the City’s existing SOI), are subject to master planning requirements identified in the General Plan. Where buffers are needed, the Land Use element encourages their coincident use for trails, gardens, or other appropriate open space uses.

The City has adopted multiple policies and goals in the 2030 General Plan, outlined in the Land Use and Open Space elements, related to agricultural land uses, including:

**Policy LU-1.2 (Growth Boundaries/Limits)** - Maintain long-term boundaries between urban and agricultural uses in the west and between urban uses and the foothills in the east, and limit expansion north and south to produce a compact urban form.

**Policy LU-2.6 (Agricultural Buffers)** - Require buffering for new urban uses along the City’s Sphere of Influence boundary adjacent to commercial crop production. Landscaping, trails, gardens, solar arrays, and open space uses are permitted within the buffer. Design criteria for buffers are as follows:

- ❖ A minimum 100-foot-wide physical separation, which may include roadways, pedestrian/bicycle routes, and creeks, between the agricultural use and any habitable structure.
- ❖ Incorporate vegetation, as may be needed, to provide a visual, noise, and air quality buffer.

**Goal OS-5:** Preserve agricultural areas for the production of local food and the maintenance of Chico’s rural character.

<sup>5</sup> For example, Pomona Project included a buffer. However, ultimately the project did not proceed, and the area has been rezoned to a low-density land use designation.

**Policy OS-5.1** (Urban/Rural Boundary) – Protect agriculture by maintaining the Greenline between urban and rural uses.

**Policy OS-5.2** (Agricultural Resources) – Minimize conflicts between urban and agricultural uses by requiring buffers or use restrictions.

**Action OS-5.2.1** (Agricultural Buffers) – Require buffers for development adjacent to active agricultural operations along the Greenline to reduce incompatibilities, and explore opportunities for public uses within buffers.

**Policy OS-5.3** (Support Agriculture) – Support local and regional agriculture.

**Policy OS-5.4** (Agricultural Lands) – Promote the continued use of land within the City Limits for local food production while working with property owners to minimize impacts to and from agricultural operations.

### **Determination 3-3: Agricultural Uses**

While limited in size and number relative to the City as a whole, there are agricultural or agricultural-supporting land uses within the City. Prime and Unique Farmland accounts for 426 acres located within the City boundaries. The proposed SOI outside of the City boundaries consists of 736 acres of Prime Farmland and 66 acres of Unique Farmland.

#### Future Land Use

The City’s proposed SOI update, as was previously mentioned, consists of adding six areas to its current SOI. Three out of the six areas to be added are designated as Special Planning Areas (SPAs)—North Chico SPA, Bell Muir SPA, and Doe Mill/Honey Run SPA.

#### **North Chico Special Planning Area**

The North Chico Special Planning Area (SPA) is located north of the City, west of the Chico Municipal Airport, and east of SR 99. The site is situated south of Mud Creek and north of Sycamore Creek, and portions of the site are within the 100-year Federal Emergency Management Agency (FEMA) flood zone of Mud Creek. The approximately 484-acre SPA is the mixed-use Village Core area of the larger 2,980-acre North Chico Specific Plan adopted by Butte County. The site is relatively flat, has some environmental constraints in the southeast corner of the site such as vernal pools and Butte County meadowfoam, and has been identified for urban development by both the City and County since 1995.

A combination of multi-family, single-family, commercial mixed-use, industrial-office mixed-use, public facilities, open space, and parks would be located in the North Chico SPA. This SPA will provide an integrated community containing housing, shopping, work places, civic facilities, and parks. Park areas and public facilities will be located adjacent to each other, providing opportunities for joint use. Light industrial development is anticipated for the northeast portion of the SPA, as it is adjacent to the Chico Municipal Airport.

Adjacent land uses include single-family residential to the west and north, generally undeveloped industrial/open space designated land to the east, and undeveloped single-family residential designated land to the south in the City’s Northwest Chico Specific Plan Area.

Mud and Sycamore creeks will remain primarily unaltered as the drainage ways are currently managed for flood control and mostly devoid of vegetation. These drainage ways provide open space in the SPA, which, in conjunction with appropriate setbacks to address flooding and biological considerations, will provide recreational corridors and buffers from adjacent land uses. As the SPA is surrounded on three sides by streams, flood considerations will be at the forefront of planning for the SPA. Finally, the SPA is located within Chico Municipal Airport Compatibility Zones B2, C, and D, and therefore planning will require special land use considerations that address airport safety and noise.

A map of North Chico SPA is shown in Figure 3-8.

### **Bell/Muir Special Planning Area**

The Bell Muir Special Planning Area is approximately 398 gross acres, located northwest of West East Avenue. The boundary was not extended to Mud Creek because it would require breaking the Greenline, which neither the City Council nor the County Board of Supervisors showed interest in pursuing.

The SPA is flat, and its land uses are characterized by a mix of rural residential and agricultural uses. Adjacent uses include single family residential to the east and south, light industrial uses along SR 32 to the west, and orchards to the north. A vacant school and park site are located just southeast of the SPA on the north side of Henshaw Avenue.

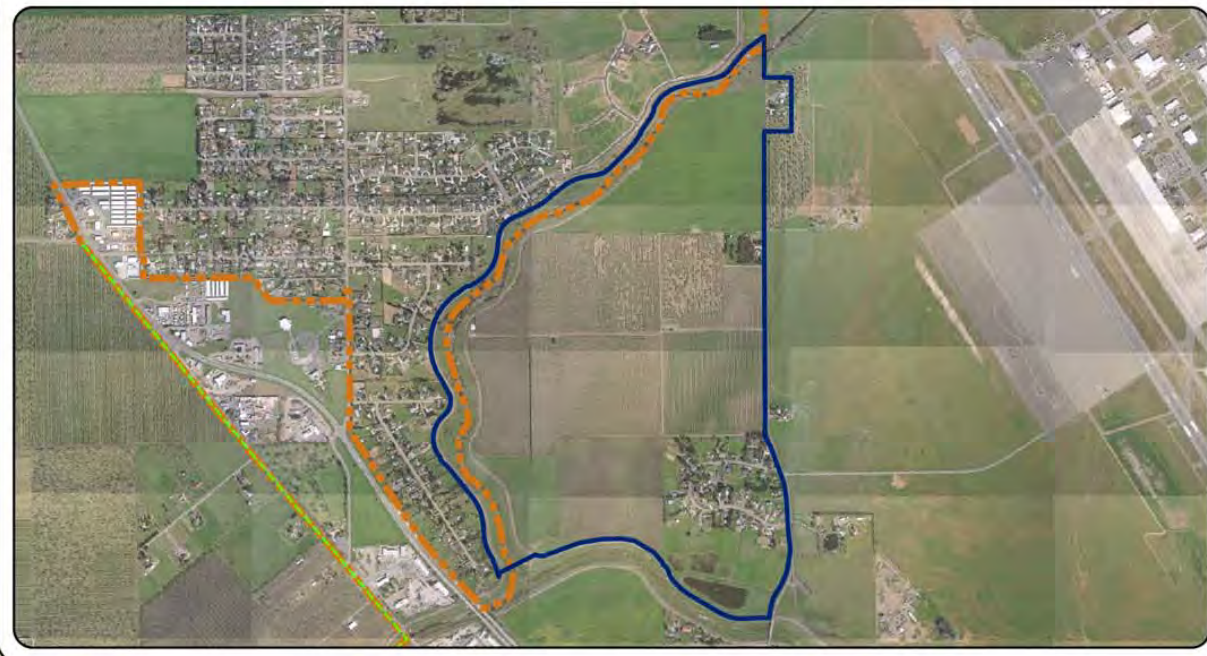
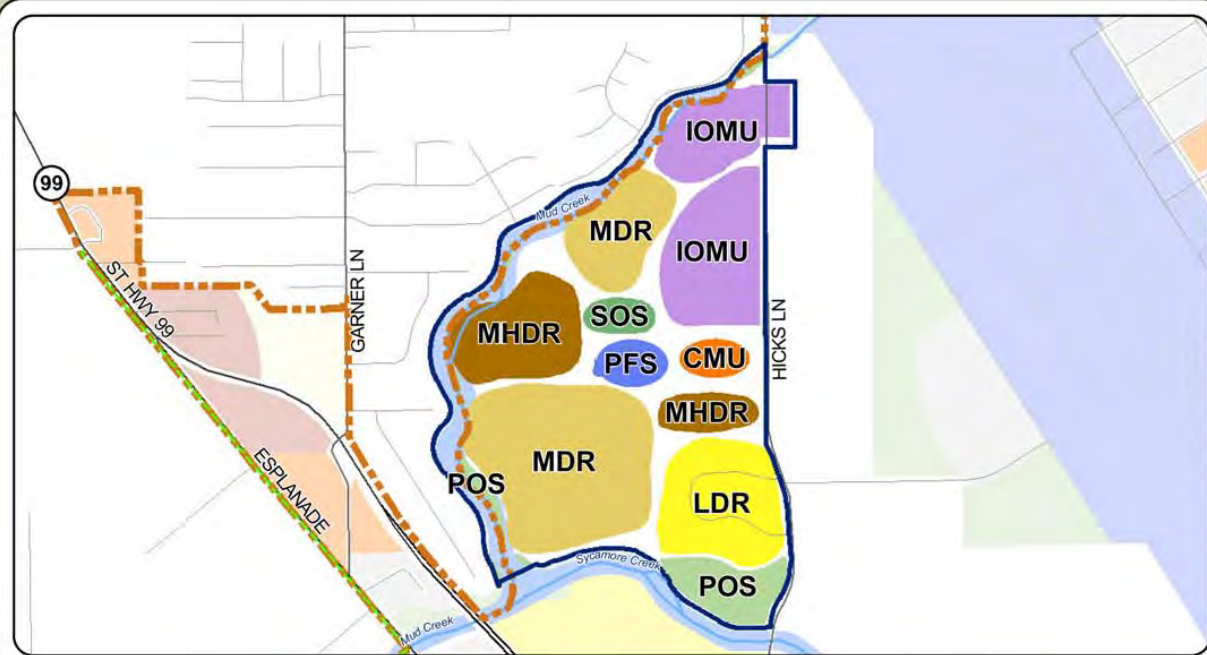
Most undeveloped parcels in the SPA range from 10 to 40 acres in size. It is estimated that between 150 and 200 acres of developable land remain in this area.

The Bell Muir SPA is unique in that certain areas have already been developed to an extent that makes future development at higher densities or integrating a complete neighborhood approach difficult. Due to the rural nature of the area, planning efforts will focus on single-family residential development where opportunities exist.

Planning for Bell Muir will include the strategic provision of infrastructure (e.g., roads, storm drainage) that will allow opportunities for single-family residential development on the larger undeveloped parcels in the SPA. Recognizing that the area has a long history of small-scale agricultural and rural uses and that there are prime agricultural soils, future planning for the area will include addressing rural/urban interfaces, and identifying locations to integrate community gardens or small-scale farms.

A map of Bell Muir SPA is shown in Figure 3-9.

Figure 3-8: North Chico Special Planning Area



GENERAL PLAN DESIGNATIONS

- LDR Low Density Residential
- CMU Commercial Mixed Use
- POS Primary Open Space
- MDR Medium Density Residential
- IOMU Industrial/Office Mixed Use
- SOS Secondary Open Space
- MHDR Medium-High Density Residential
- PFS Public Facilities & Services
- Greenline
- City of Chico Sphere of Influence Boundary
- North Chico SPA Boundary

Data Source: City of Chico  
Aerial: March, 2009

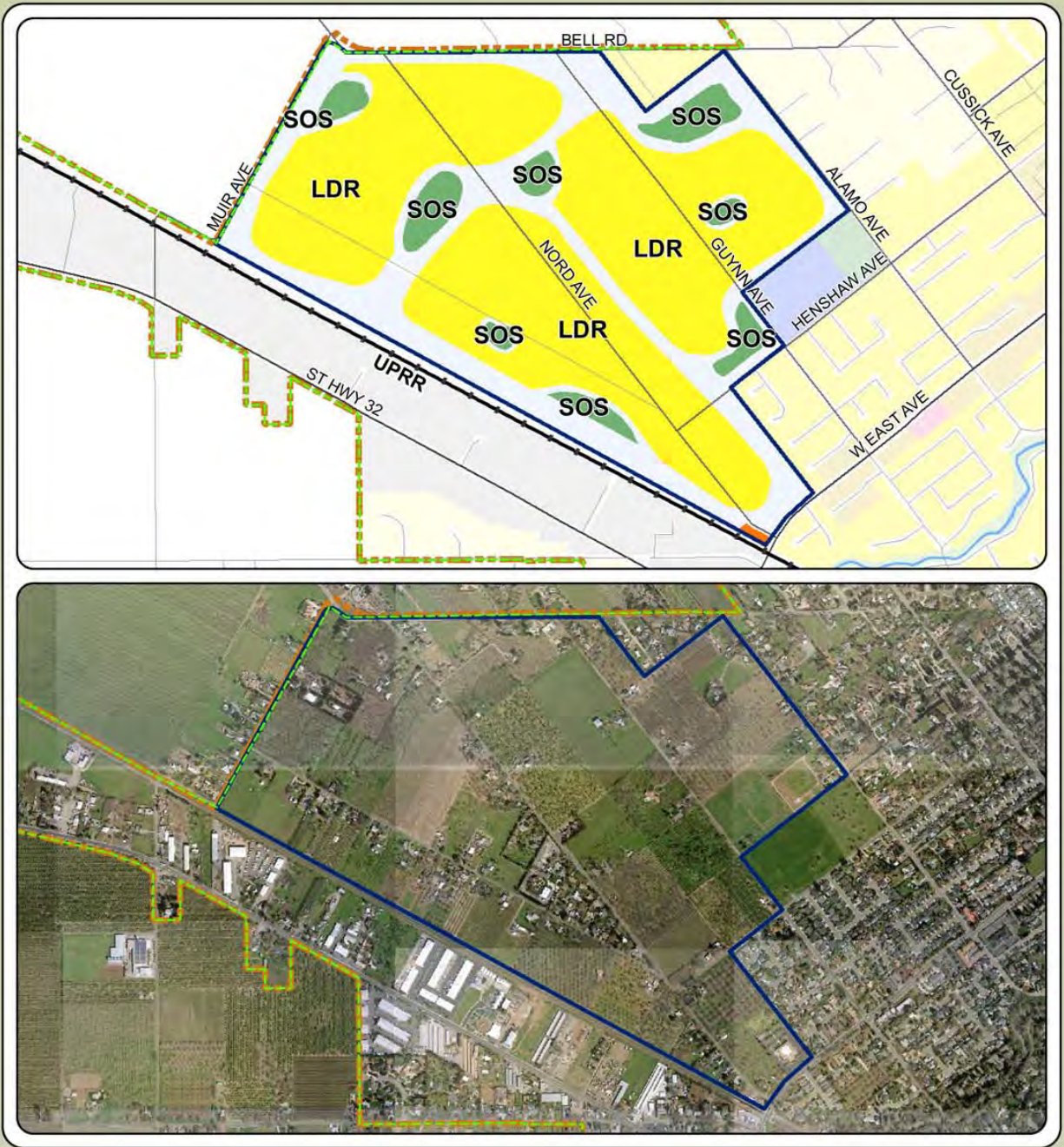
0 0.1 0.2 Miles



Special Planning Area - North Chico

CHICO 2030  
GENERAL PLAN

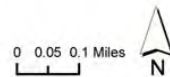
Figure 3-9: Bell Muir Special Planning Area



**GENERAL PLAN DESIGNATIONS**

- LDR Low Density Residential
- CMU Commercial Mixed Use
- SOS Secondary Open Space (Community Gardens and Small Agriculture)
- Greenline
- City of Chico Sphere of Influence Boundary
- Bell-Muir SPA Boundary

Data Source: City of Chico  
Aerial: March, 2009



**Special Planning Area - Bell Muir**

CHICO 2030  
GENERAL PLAN

### **Doe Mill/Honey Run Special Planning Area**

The Doe Mill/Honey Run Special Planning Area (SPA) is approximately 1,441 acres in size located in the lower foothills at the eastern end of East 20th Street, east of Potter Road, and north of Honey Run Road and Skyway.

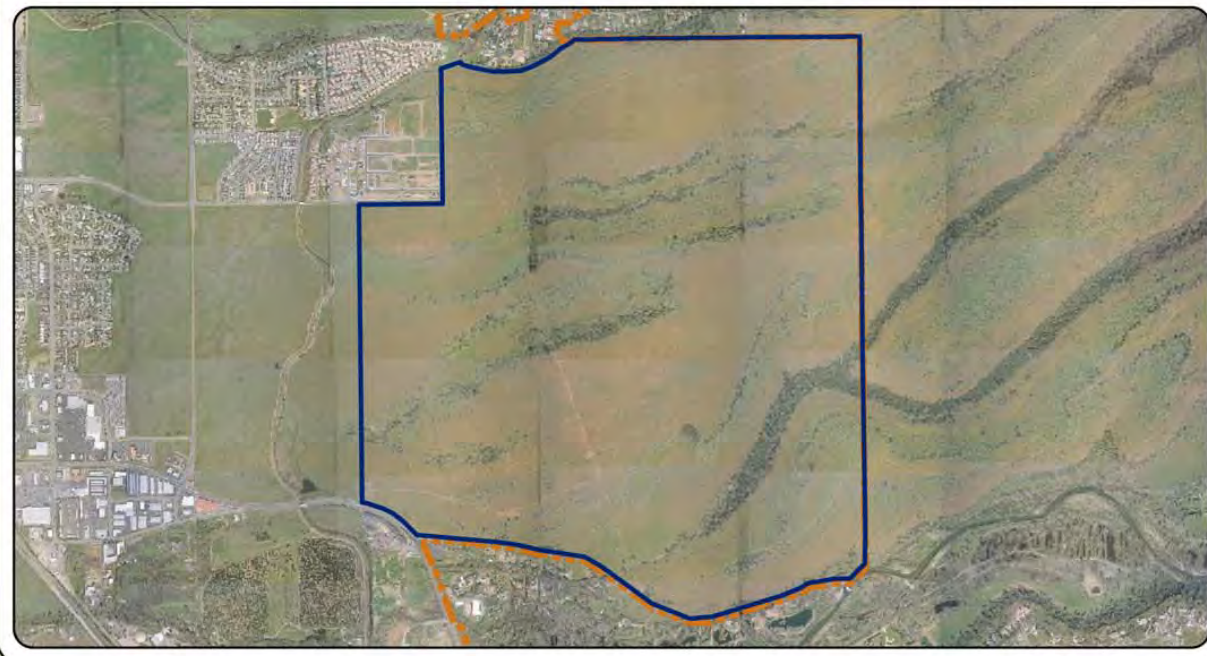
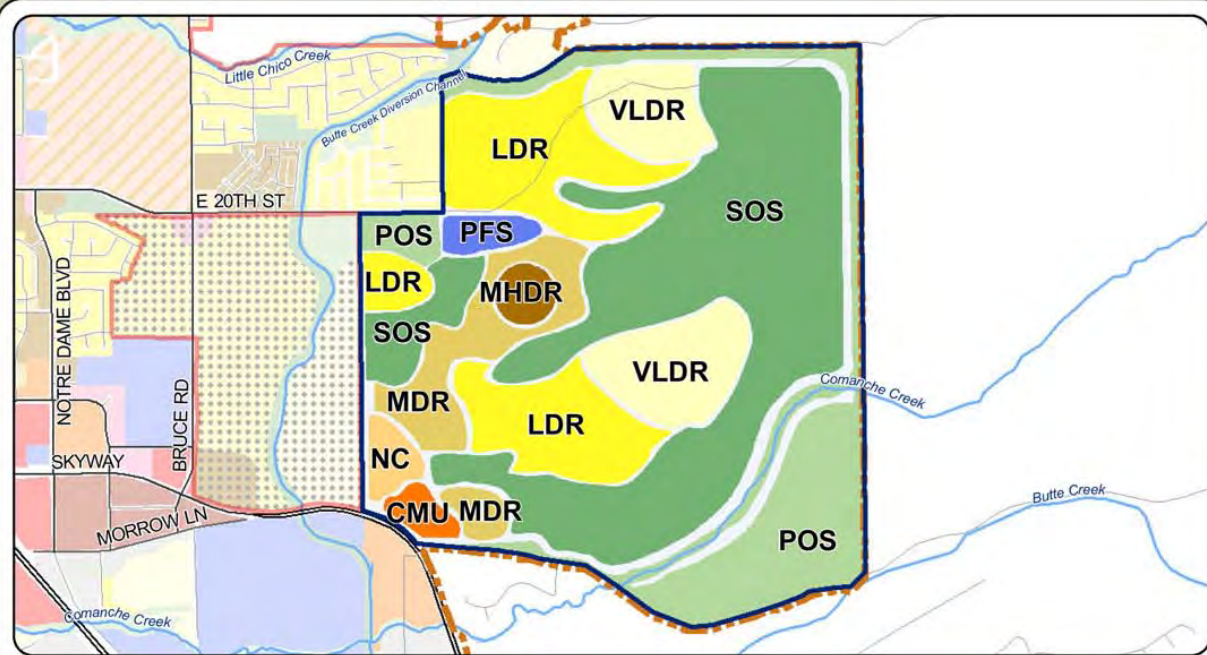
The area is undeveloped and is characterized by grasslands and blue oaks in valley areas, grasslands with sparse vegetation across gradually sloping ridgelines, and corridors of mixed oak and mixed woodlands along seasonal streams and the more sharply defined ridgelines. Vernal swale complexes exist along the western edge of the SPA. Adjacent land uses include residential development along East 20th Street and in Stilson Canyon to the north, undeveloped and environmentally constrained land to the west, large rural residential lots along Honey Run Road to the south, and open grazing land to the east.

Planning for the Doe Mill/Honey Run SPA will result in a recreation oriented, mixed-use development offering a broad range of housing types and densities. The SPA will include a village core, retail along Skyway, a variety of residential densities (including very low, low, medium, and medium-high density), open space areas on the SPA's east side, a community park, neighborhood and pocket parks, public uses (potentially an elementary school site), and preserve areas with creekside corridors. Roadways, trails, and bikeways will be integrated into the natural landscape to connect the residential areas to parks, open space, offices, public facilities, and services.

The village core will provide a mix of professional offices, neighborhood retail, and other services. The community park will be designed and programmed with the Chico Area Recreation and Park District to include a variety of recreational amenities. Open space areas will provide a buffer along the entire Stilson Canyon rim to the north and along Honey Run Road to the south, and will establish a permanent buffer against foothill encroachment to the east.

A map of Doe Mill/Honey Run SPA is shown in Figure 3-10.

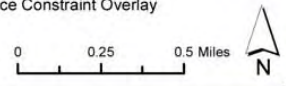
Figure 3-10: Doe Mill/Honey Run Special Planning Area



**GENERAL PLAN DESIGNATIONS**

- VLDR Very Low Density Residential
  - LDR Low Density Residential
  - MDR Medium Density Residential
  - NC Neighborhood Commercial
  - CMU Commercial Mixed Use
  - MHDR Medium-High Density Residential
  - PFS Public Facilities & Services
  - POS Primary Open Space
  - SOS Secondary Open Space
- City of Chico Sphere of Influence Boundary    
  Doe Mill / Honey Run SPA Boundary    
  RCO Resource Constraint Overlay

Data Source: City of Chico  
Aerial: March, 2009



**Special Planning Area - Doe Mill/Honey Run**

CHICO 2030  
GENERAL PLAN



The remaining areas proposed to be added to the City’s existing SOI are what the City calls “cleanups,” which means that they will be added to make the SOI boundary more logical as to not divide communities or commercial areas. The Chico General Plan designated land uses in the SR 99/Our Way area as commercial, in the Oak Park Avenue area as residential, and in the Thorntree Drive/Allison Meadow Road area as residential, manufacturing, and warehousing.

**Determination 3-4: Land Use of Proposed SOI**

The proposed SOI update consists of the addition of six areas to the existing SOI—three Special Planning Areas and three boundary “cleanup” areas. Land use designations within these six areas include residential, commercial, mixed use, industrial-office, public facilities, open space, parks, rural residential, and agricultural. To conserve agricultural resources, the City will be creating a denser and more compact urban form to reduce pressure to expand outward, maintaining the Greenline, which represents a highly successful 30-year boundary between urban and rural uses on the community’s western edge, and establishing appropriate buffers and transitions between urban and agricultural uses.

SOI Update Impacts and Mitigation Measures

The evaluation of the potential impacts from the proposed SOI update is based on discussions found in the 2030 General Plan Draft and Final Environmental Impact Reports (EIR).

**1. Potential loss of Important Farmlands as designated by the FMMP to nonagricultural use.**

A major focus of the 2030 General Plan was to accommodate anticipated growth through compact, infill, and mixed-use development, as well as focus intensified redevelopment along transit corridors and at other key locations, to confine growth to the immediate Chico area. These development patterns were proposed to avoid the effects of sprawling development on agricultural areas. Development within the proposed SOI would largely avoid substantial loss of Important Farmland west of SR 99. However, the General Plan Land Use Diagram does designate residential and mixed-use land uses in areas within Important Farmland areas. These areas are within the North Chico SPA, the Bell Muir SPA, and the Pomona Avenue Opportunity Site for a total conversion of 1,041.73 acres of Prime Farmland and 25.9 acres of Unique Farmland to urban uses.

So while the proposed SOI could result in a small amount of Important Farmlands converting to urban development, most of these areas were either previously identified for urban development in the City’s 1994 General Plan and/or the farmlands have been compromised by parcelization and development in the County. For example, the North Chico SPA has been slated for urban development by both the City and Butte County for over 20 years, and the County has an adopted Specific Plan with associated environmental review for the area. The Pomona Avenue area has been on the urban side of the Greenline for over 30 years. The Bell-Muir SPA, while outside of the City’s existing SOI, is highly parcelized and has seen significant single-family development under the County’s jurisdiction, compromising the area’s agricultural viability other than smaller

market farming, urban gardens or specialty crops. The City's 2030 General Plan commits the City to integrate agricultural uses into future planning of the Bell-Muir area if, or when, development under City jurisdiction occurs. This will both mitigate impacts to existing agricultural uses and provide valuable market farming opportunities within city limits.

General Plan Policy LU-2.6 requires buffering for new urban uses along the City's SOI adjacent to commercial crop production demonstrating a commitment to continued agricultural activities adjacent to these locations. The General Plan also contains a "right to farm" policy.

Finally, in response to a comment submitted on the General Plan Draft EIR suggesting that the City consider an in-lieu fee ag mitigation program for the possible loss of agricultural lands, the following considerations were provided in the Final EIR:

- 1) The Chico 2030 General Plan did not result in the redesignation of any land that was designated as agricultural, and all land that is currently in agricultural use within the General Plan's proposed SOI had been designated for urban uses for at least 16 years (now well over 20+ year). In other words, the General Plan did not redesignate large agricultural areas for urban use.
- 2) With regard to developing an in-lieu fee ag mitigation program for the loss of agricultural land, the Final EIR highlighted that based on the limited acreage to be converted and cost of easements, such an in-lieu fee program in Chico would likely not generate sufficient funds to support a coordinated easement program to significantly protect agricultural resources. The Final EIR went on to state that those programs are generally developed and applied when large tracts of land designated agriculture and in agriculture production are being incorporated into a City for urban development.

No proposed General Plan policies or actions, however, completely offset the loss of Important Farmland, and the Final EIR acknowledges that there are no feasible mitigation measures to avoid this impact, and the impact is considered significant and unavoidable.

#### **Determination 3-5: Agricultural Conversion**

The City's General Plan designates residential and mixed-use land uses in its areas designated as Important Farmland within the proposed SOI, for a total conversion of 1,042 acres of Prime Farmland and 26 acres of Unique Farmland. The impact is considered by the General Plan Environmental Impact Report to be significant and unavoidable with no feasible mitigation measures to entirely avoid related impacts.

2. **Proposed land uses would result in the re-designation of some land areas in the proposed SOI currently zoned for agriculture in the Butte County General Plan.**

All lands subject to Williamson Act contracts in the City's Planning Area are outside of the proposed SOI. Development within the proposed SOI would avoid the loss of farmlands subject to Williamson Act contracts. Future annexation of

current zoned agricultural lands to the City would involve the re-zoning of these lands to a non-agricultural use in order to be consistent with the General Plan. This would not, however, constitute a conflict with agriculturally zoned lands. The City will continue using the Greenline as a boundary to restrict development on the prime farmlands west of Chico.

**Determination 3-6: Williamson Act Lands**

All lands subject to Williamson Act contracts in the City's Planning Area are outside of the proposed SOI. Development within the proposed SOI would avoid the loss of farmlands subject to Williamson Act contracts.

**3. Development in the proposed SOI could result in changes in the existing environment, which could result in conversion of farmland to nonagricultural use.**

No new development in areas that have retained agricultural land use designation (excluding the Bell Muir SPA) and no significant agricultural/urban interface conflicts exist. In order to address the potential urban encroachment resultant from implementation of the Bell-Muir SPA, General Plan Action LU-6.2.2 states that the Bell-Muir SPA will be planned with primarily low-density development housing compatible with existing residential development and ongoing agricultural uses in the area. Lighting and street standards will be developed for the rural character of the area and locations for community gardens or small-scale farms will be identified in the effort to adequately blend new development with the existing disposition. Larger undeveloped areas adjacent to the Greenline either are already developed or will be subject to master planning provisions, which provide a venue to address potential interface conflicts.

**Determination 3-7: Agricultural Buffer**

No new development in areas that have retained agricultural land use designation (excluding the Bell Muir SPA) and no significant agricultural/urban interface conflicts exist. Bell Muir SPA will be developed consistent with existing rural residential development and ongoing agricultural uses in the area to mitigate the effects of urban encroachment and create an agricultural buffer.

**Determination 3-8: LAFCo Review**

To address the loss of prime agricultural lands to future annexations to the City of Chico, the LAFCo review process at the time of annexation will include a project-specific assessment of the loss of prime farmland and determine appropriate mitigation measures, if any. LAFCo will consider its policies regarding the conversion of prime farmland and the City's adopted policies and programs for mitigating impacts to and the loss of prime farmland within its sphere of influence.

### **Present and Planned Land Use Determinations**

#### **Determination 3-1: Land Use Designations**

The City of Chico and its proposed SOI include 19 land use designations, including six residential, four commercial, three office and industrial, three public and open space, and three overlay or special designations. The predominant land use type is residential.

#### **Determination 3-2: Absorption Capacity**

The City has demonstrated that the residential capacity of the territory within the proposed SOI and current city limits is estimated to be absorbed within the next 15 years based on an assumed two percent annual growth rate. Using Chico's 1.2 percent annual growth rate experienced over the past five years and expected for the foreseeable future, the residential capacity would be absorbed over approximately 26 years. The capacity of vacant commercial, industrial, governmental, and parks lands is also considered to be adequate for the planning period identified in the City's General Plan.

#### **Determination 3-3: Agricultural Uses**

While limited in size and number relative to the City as a whole, there are agricultural or agricultural-supporting land uses within the City. Prime and Unique Farmland accounts for 426 acres located within the City boundaries. The proposed SOI outside of the City boundaries consists of 736 acres of Prime Farmland and 66 acres of Unique Farmland.

#### **Determination 3-4: Land Use of Proposed SOI**

The proposed SOI update consists of the addition of six areas to the existing SOI—three Special Planning Areas and three boundary “cleanup” areas. Land use designations within these six areas include residential, commercial, mixed use, industrial-office, public facilities, open space, parks, rural residential, and agricultural. To conserve agricultural resources, the City will be creating a denser and more compact urban form to reduce pressure to expand outward, maintaining the Greenline, which represents a highly successful 30-year boundary between urban and rural uses on the community's western edge, and establishing appropriate buffers and transitions between urban and agricultural uses.

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**Determination 3-6: Williamson Act Lands**

All lands subject to Williamson Act contracts in the City's Planning Area are outside of the proposed SOI. Development within the proposed SOI would avoid the loss of farmlands subject to Williamson Act contracts.

**Determination 3-7: Agricultural Buffer**

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## Present and Probable Need for Public Services and Facilities

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The City proposes to add approximately 2,816 acres (68 percent of the current SOI or 11 percent of the current boundary area and SOI) to its existing sphere of influence (SOI). The City has not significantly expanded its sphere of influence for over 30 years. Future annexation of areas located in the SOI would result in the need for the City to provide a full range of municipal services.

High demand for public facilities and services is inherent in urban settings and will become necessary in the proposed SOI as annexations occur. Approval of the proposed SOI expansion will have no immediate impact on the type and level of services now being provided by the County to residents in the unincorporated areas. Inclusion of these areas into the City's SOI, however, requires that the City of Chico effectively plan for the provision of services to these areas in the future.

As discussed in detail in the Municipal Service Review, the City of Chico provides airport, fire protection and emergency medical, parks and open space, law enforcement, solid waste, street services and transportation, stormwater, and wastewater services within the city limits. Outside of the city boundaries, these municipal services are generally provided by Butte County, with some exceptions. The City of Chico provides emergency medical and fire protection, as well as police services in its SOI under mutual aid agreements with Butte County. Water services in the SOI are provided by the California Water Services Company and private wells. Wastewater services outside of the City boundaries are handled by individual on-site septic systems; some areas within the City's SOI but outside of its boundaries are served by the City's sewer system through LAFCO-approved out-of-area service agreements. The Chico Area Recreation and Park District (CARD) provides park and recreation services both in the City and County.

### **Present and Probable Need for Public Services and Facilities Determinations**

#### **Determination 3-9: Existing Demand for Services**

The MSR demonstrated a high use of all municipal services offered by the City. In general, all City services have experienced heightened demand in recent years, exceptions include the loss of commercial service at the airport and reduced wastewater flows as a result of water conservations efforts.

#### **Determination 3-10: Probable Demand for Services**

As territory from the City's SOI is annexed into the City, Chico will experience an increase in demand for municipal services. In addition to increased demand as a result of City expansion through annexation, the City will continue to experience increased demand for services as a result of natural population growth within its existing boundaries, denser land use practices, and other service specific circumstances, such as abandonment of septic tanks in favor of connection to the City's sewer system.

**Determination 3-11: Level of Services**

Development of undeveloped areas of the City’s proposed SOI as envisioned by the City’s General Plan will require a full range of City services and community facilities consistent with the services provided to current City residents.

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**Present Capacity of Facilities and Adequacy of Services**  
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Financial challenges to City brought about due to the recession resulted in significant reductions in staffing, which in turn reduced capacity of all departments to provide adequate service levels as established by the City Council. Certain departments whose funding is primarily derived from property and sales tax revenues, faced more significant challenges to capacity than others. The public safety, parks and street trees, and stormwater departments and divisions have had more readily identifiable capacity concerns, compared to other departments, as defined by prolonged response times, elimination of certain services, deferred maintenance, and self-reported inability to keep up with demand. Capacity of each of the city departments is addressed at length in the MSR and related determinations.

**Determination 3-12: Present Capacity**

Currently, the City has sufficient capacity to provide municipal services to its current service area, albeit in some cases at reduced levels. The capacity of most City departments to maintain service demands has been constrained due to financial limitations associated with the recession, which resulted in the reorganization of several departments, reductions in staffing, and challenges in maintaining service levels. This situation also contributes to the City’s reluctance to pursue annexation of all developed areas within its current sphere of influence.

The City has made efforts to rebuild its fiscal health and is looking to address service capacity needs as funding permits. In FYs 15-16 and 16-17, Chico is working on increasing funding to address deferred maintenance items, strengthen code enforcement capabilities, hire public safety employees, improve its financial accountability systems, and eliminate deficit spending. Aside from pension concerns, the City is living within its means, and a key Council priority is to build up the City’s financial reserves in order to be prepared for possible future fiscal downturns and to address increasing capital maintenance needs and future unfunded liabilities.

**Determination 3-13: Fiscal Health**

The City is living within its means, and a key Council priority is to build up the City’s financial reserves in order to be prepared for possible future fiscal downturns and to address increasing capital maintenance needs and future unfunded liabilities. The City has implemented measures to ensure that protections are in place to prevent future fund deficits and weather future economic fluctuations.

The City is providing adequate services based on the desires of the elected City Council and the performance measures assessed in the MSR. During the course of the MSR the following highlighted recommended enhancements to service were identified to address issues or public safety concerns:

1. The Chico Fire Department faces certain constraints that have prevented it from meeting response time guidelines. Additionally, staffing cutbacks have resulted in an increase in the Department's ISO rating. It is anticipated that an in-progress Standards of Response Coverage assessment will outline means to achieve the response time guidelines through improved resource deployment.
2. There is a deficit of developed and undeveloped neighborhood parkland in the City, but a surplus of community parks and accessible greenways. When combined, the standard of 4.0 acres of total community and neighborhood parkland per 1,000 persons is currently met. New parkland acquisition necessitated by new development will be financed by development impact fees. CARD holds primary responsibility for community and neighborhood parks within the City. The District and the City are working collaboratively to address the current neighborhood park needs.
3. Achieving staffing goals identified in the Chico Police Staffing Plan, would allow the Chico Police Department to reinitiate and strengthen programs that were cut or reduced over the past several years, and allow the Department to reach staffing levels comparable to other similar service providers.
4. The City had been unable to meet all of its requirements under its MS4 permit with the State due to staffing constraints. Additional staffing would help address these deficiencies.

**Determination 3-14: Service Adequacy**

The City provides adequate services based on the performance measures assessed in the MSR. No significant deficiencies were identified that greatly affect the overall level of services offered. However, typical of any public service provider, there is room for improvement in the level of services offered by the City, in particular public safety and stormwater services.

To support development of the 2030 General Plan Update, the City prepared a Public Facilities Assessment (PFA) and Fiscal Impact Analysis to highlight facility needs associated with build-out of the proposed SOI. The PFA identified anticipated facilities and improvements necessary to support buildout of Chico's General Plan, estimates the costs of providing these facilities, and identifies potential facility funding mechanisms. At the time of the release of the PFA it was thought that such buildout would occur by 2030. However, given the slower than expected growth within the City, the buildout timeline has been extended. That said, the estimated additional capacity and capital improvements at buildout remain the same albeit would be required at a later date in the future. The City will be adjusting the timeline of the needed improvements in accordance with actual growth and implementing such improvements as needed. It is expected that as development occurs, that relevant projects identified in the PFA will be incorporated into the City's Capital Improvement Program (CIP) and impact fees will be collected to fund their construction.

Anticipating an increase in demand for its sewer services as additional properties connect to the City sewer system, the City is planning for an increase in capacity at its Wastewater Pollution Control Plant. The planning and design process to add a modular



expansion of the WPCP from 12 mgd to 15 mgd is scheduled to begin in 2020, with construction anticipated to commence in 2022.

As funding is available, the City seeks to improve infrastructure in annexed County islands to be consistent with current city standards.

**Determination 3-15: Planned Facility Capacity**

The City of Chico prepared a Public Facilities Assessment and Fiscal Impact Analysis, which provides a long-range view of potential facility needs, describes the anticipated facilities and improvements that may potentially take place to support buildout of the Chico's General Plan, estimates the costs of providing these facilities, and identifies potential facility funding mechanisms. In addition, the City has an adopted development impact fee program that requires new development to pay fees for facility improvements to accommodate Chico's growth and expansion into new areas. The City will be adjusting the timeline as development occurs and implementing such improvements as needed.

**Determination 3-16: Facility Planning**

Prior to annexing any areas within its updated SOI, the City will have to budget and plan for future infrastructure and service needs in these areas. The City will be required to provide proof of adequate capacity to deliver municipal services to the annexed areas.

The City's General Plan contains policies and actions that guide service facility planning and address potential infrastructure needs associated with new development, that include:

## Land Use Element

- ❖ **Policy LU-1.3 (Growth Plan)** - Maintain balanced growth by encouraging infill development where City services are in place and allowing expansion into Special Planning Areas.
- ❖ **Action LU-1.3.1 (Public Investment in Infrastructure)** – When setting priorities for public infrastructure spending, give particular attention to improvements that will support development and redevelopment of the designated Opportunity Sites.
- ❖ **Action LU-1.3.2 (Special Planning Area Studies)** – Require public facility financing plans, infrastructure phasing plans, and other studies as applicable in connection with development applications for Special Planning Areas.
- ❖ **Action LU-1.3.3 (LAFCo Coordination)** – Require that applications for sphere of influence updates and annexations are consistent with Local Agency Formation Commission requirements and include a conceptual plan for the affected territory, including pre-zoning and a plan for infrastructure financing and phasing.
- ❖ **Policy LU-4.1 (Promote Infill and Redevelopment)** - Facilitate infill development through education and the provision of infrastructure and services.
- ❖ **Action LU-4.1.2 (Tiered Fee Structure)** – Adopt a tiered development fee program that varies fees by development type and location in recognition of the different impacts that various types of development have on City services and infrastructure costs.
- ❖ **Policy LU-7.1 (Airport Protection)** - Safeguard the Chico Municipal and Ranchoero Airports from intrusion by uses that could limit expansion of air services, and prohibit development that poses hazards to aviation.

## Circulation Element

- ❖ **Policy CIRC-1.1 (Transportation Improvements)** – Safely and efficiently accommodate traffic generated by development and redevelopment associated with build-out of the General Plan Land Use Diagram.
- ❖ **Action CIRC-1.1.1 (Road Network)** – Enhance existing roadways and intersections and develop the roadway system over the life of the General Plan as needed to accommodate development.
- ❖ **Policy CIRC-1.2 (Project-level Circulation Improvements)** – Require new development to finance and construct internal and adjacent roadway circulation improvements as necessary to mitigate project impacts, including roadway, transit, pedestrian, and bicycle facilities.
- ❖ **Policy CIRC-1.3 (Citywide Circulation Improvements)** – Collect the fair share cost of circulation improvements necessary to address cumulative transportation impacts, including those to state highways, local roadways, and transit, pedestrian and bicycle facilities, through the City’s development impact fee program.
- ❖ **Action CIRC-6.1.1 (Land Use in Airport Vicinity)** – Ensure that development in the area adjacent to the airport is compatible with airport operations.

### **Economic Development Element**

- ❖ **Policy ED-1.2 (Physical Conditions)** – Ensure an adequate supply of appropriately zoned land that is readily served by infrastructure to support local economic development for base level job growth and to maintain Chico’s prominence as the regional center of retail activity for the tri-county region.

### **Housing Element**

- ❖ **Policy H.3.1:** Ensure a balanced rate of growth between housing production, employment and provision of services.
- ❖ **Action 3.5.1:** Provide for infrastructure and service demands generated by residential development. In compliance with State law (Government Code, Section 65583(a)(8)), coordinate Housing Element planning and implementation with water and sewer providers.

### **Parks, Public Facilities, and Services Element**

- ❖ **Action PPFS-1.1.2 (Park Development Fees)** – Adopt park development fees that support the goals of the CARD Parks and Recreation Master Plan to fund the acquisition and development of neighborhood and community parks, and community use facilities, such as an aquatic park, needed as a result of new development.
- ❖ **Policy PPFS-4.1 (Sanitary Sewer System)** – Improve and expand the sanitary sewer system as necessary to accommodate the needs of existing and future development.
- ❖ **Action PPFS-4.1.1 (Require Connection to Sewer System)** – Require all commercial and industrial development, as well as all residential development with lots one acre or smaller, to connect to the City’s sewer system.
- ❖ **Action PPFS-6.1.2 (Development Fees)** – Update the development fee program as needed to ensure that storm water drainage development fees are equitable and adequate to pay for the storm water drainage infrastructure needed for future development.
- ❖ **Action PPFS-6.5.4 (Flood Zones)** – Require new development to fully comply with State and Federal regulations regarding development in flood zones.

### **Open Space and Environment Element**

- ❖ **Action OS-1.1.1 (Development/Preservation Balance)** – Direct development to appropriate locations consistent with the Land Use Diagram, and protect and preserve areas designated Open Space and areas that contain sensitive habitat and species.

### **Safety Element**

- ❖ **Action S-4.3.4 (Development Standards)** - Encourage the County to require development in unincorporated areas within the City’s Sphere of Influence to conform to the City’s development standards.

- ❖ **Action S-4.3.5 (Fire Sprinklers, New Structures)** – Consider adoption of an ordinance that exceeds state standards requiring automatic fire sprinklers in new non-residential construction.
- ❖ **Policy S-5.5 (Design to Deter Crime)** – Support the deterrence of crime through site planning and community design.
- ❖ **Action S-5.5.1 (Crime Deterring Design)** – Consider the incorporation of design features such as strategic window placement, lighting techniques, and landscaping into development projects to discourage criminal activity.

Implementing these policies will help ensure that the City of Chico has sufficient capacity to provide adequate levels of municipal services to the properties within the proposed SOI upon their annexation.

**Determination 3-17: General Plan Infrastructure Policies**

The City has an adopted policy framework in its General Plan that guides service facility planning and addresses potential infrastructure needs associated with new development. These policies are designed to aid Chico in ensuring that adequate services are provided to new growth areas.

### **Present Capacity of Facilities and Adequacy of Services Determinations**

#### **Determination 3-12: Present Capacity**

Currently, the City has sufficient capacity to provide municipal services to its current service area, albeit in many cases at reduced levels. The capacity of most City departments to maintain service demands has been constrained due to financial limitations associated with the recession, which resulted in the reorganization of several departments, reductions in staffing, and challenges in maintaining service levels. This situation also contributes to the City's reluctance to pursue annexation of all developed areas within its current sphere of influence.

#### **Determination 3-13: Fiscal Health**

The City is living within its means, and a key Council priority is to build up the City's financial reserves in order to be prepared for possible future fiscal downturns and to address increasing capital maintenance needs and future unfunded liabilities. The City has implemented measures to ensure that protections are in place to prevent future fund deficits and weather future economic fluctuations. Although Chico made significant financial improvements and is working towards restoring prudent financial reserves, there continue to be financial challenges, which are reflected in decreased service levels.

#### **Determination 3-14: Service Adequacy**

The City has recovered to a baseline of acceptable service levels, but has not returned to pre-recession service levels. Certain departments for which funding is primarily derived from property and sales tax revenues, face greater challenges than others. The public safety, parks and street trees, and stormwater departments/divisions have more readily identifiable capacity concerns, compared to other departments, as defined by prolonged response times, elimination of certain services, deferred maintenance, and self-reported inability to keep up with demand. The City requires additional staff and infrastructure capacity to address current and anticipated demand for all municipal services.

#### **Determination 3-15: Planned Facility Capacity**

The City of Chico prepared a Public Facilities Assessment and Fiscal Impact Analysis, which provides a long-range view of potential facility needs, describes the anticipated facilities and improvements that may potentially take place to support buildout of the Chico's General Plan, estimates the costs of providing these facilities, and identifies potential facility funding mechanisms. In addition, the City has an adopted development impact fee program that requires new development to pay fees for facility improvements to accommodate Chico's growth and expansion into new areas. The City will be adjusting the timeline as development occurs and implementing such improvements as needed.

#### **Determination 3-16: Facility Planning**

Prior to annexing any areas within its updated SOI, the City will have to budget and plan for future infrastructure and service needs in these areas. The City will be required to provide proof of adequate capacity to deliver municipal services to the annexed areas.

**Determination 3-17: General Plan Infrastructure Policies**

The City has an adopted policy framework in its General Plan that guides service facility planning and addresses potential infrastructure needs associated with new development. These policies are designed to aid Chico in ensuring that adequate services are provided to new growth areas.

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## Existence of Any Social and Economic Communities of Interest

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The City of Chico is a community in Butte County that has a history and sense of identity that distinguish it from other communities in the County. Additionally, Chico contains smaller communities of interest that include residents, businesses, and organized community groups, to name a few; all of which benefit from services provided by the City and are affected by boundary changes and SOI updates. Unincorporated communities within the City's SOI are also communities of interest since they are impacted by land use decisions and boundary and SOI reorganizations undertaken by the City. On a more specific level, there are multiple unincorporated islands within the City of Chico, each of which is considered a community of interest. The remaining islands that developed over several decades challenge service delivery efficiencies and create illogical community boundaries. Other communities of interest unique to the City of Chico include properties within its SOI that will be connecting to the City's sewer system with subsequent annexation.

### **Social and Economic Communities of Interest Determinations**

#### **Determination 3-18: Communities of Interest**

Social and economic communities within the City's SOI include the City of Chico and multiple smaller communities, including residents, businesses, and organized community groups, as well as unincorporated areas and islands that have substantive social and economic ties with the City and are affected by the City's land use decisions, development activity, and boundary and SOI reorganizations. Other communities of interest unique to the City of Chico include properties within its SOI that will be connecting to the City's sewer system with subsequent annexation.

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## Present and Probable Need for Water, Wastewater, and Structural Fire Protection Facilities and Services of Any Disadvantaged Unincorporated Communities within the Existing Sphere of Influence

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Government Code §56033.5 defines a DUC as 1) all or a portion of a “disadvantaged community” as defined by §79505.5 of the Water Code, and as 2) “inhabited territory” (12 or more registered voters), as defined by §56046, or as determined by commission policy. According to Butte LAFCo policy, a DUC constitutes all or a portion of a “disadvantaged community,” which is defined in the State Water Code (§79505.5) to be “a community with an annual median household income (MHI) that is less than 80 percent of the statewide annual median household income.” The statewide MHI published by the US Census ACS for 2010-2014 is \$61,489, and hence the calculated threshold of \$49,191 defines whether a community was identified as disadvantaged.

According to the California Department of Water Resources (DWR), which maps disadvantaged communities throughout the State, there are 12 community Census tracts and block groups, parts of which are located within the City’s current sphere of influence and are considered to be disadvantaged unincorporated communities. All but three unincorporated islands (pockets that are completely or substantially surrounded by the City) in Chico are considered disadvantaged unincorporated communities. Two of them (Mulberry and Chapman) are to be annexed by the City by 2020. The remaining DUC islands, substantially surrounded by the City, are located in the northwestern portion of Chico. None of the six areas of the proposed SOI expansion are considered to be DUCs.

At present, DUCs within the City’s SOI receive water services from the California Water Service Company (Cal Water) or private wells, wastewater service from the City of Chico through out-of-area service agreements or private septic systems, and fire protection services from the Butte County Fire Department and Chico Fire Department. Some properties on septic tanks may connect to the City’s sewer system under “emergency” conditions in coordination with Butte LAFCo and as provided for by the City and County’s Nitrate Compliance Plan. Other City of Chico municipal services will be extended to DUCs upon annexation.



**Present and Probable Need for Services of Disadvantaged Unincorporated Communities Determinations**

**Determination 3-19: Disadvantaged Unincorporated Communities**

According to the California Department of Water Resources, there are 12 Census tracts and block groups, parts of which are located within the City's sphere of influence and considered to be disadvantaged unincorporated communities (DUCs).

**Determination 3-20: DUCs within Proposed SOI**

No DUCs were identified within the proposed SOI expansion area.

**Determination 3-21: Need for Services within DUCs**

All the backbone services (water, wastewater, and fire protection) are currently provided within the identified DUCs. However, because certain areas surrounding the City lack sufficient wastewater services and/or are utilizing septic tanks causing groundwater contamination, some of the properties within the DUCs may need to connect to the city sewer system prior to annexation. Other municipal services provided by the City of Chico will be extended to DUCs upon annexation.

**Determination 3-22: Annexation**

Prior to future annexations, documentation as to the presence of DUCs adjacent to, or nearby, an annexation proposal shall be submitted to LAFCO for evaluation and possible action.

## **SUMMARY OF PROPOSED SPHERE OF INFLUENCE DETERMINATIONS**

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Present and planned land uses, including agricultural and open-space lands

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### **Determination 3-1: Land Use Designations**

The City of Chico and its proposed SOI include 19 land use designations, including six residential, four commercial, three office and industrial, three public and open space, and three overlay or special designations. The predominant land use type is residential.

### **Determination 3-2: Absorption Capacity**

The City has demonstrated that the residential capacity of the territory within the proposed SOI and current city limits is estimated to be absorbed within the next 15 years based on an assumed two percent annual growth rate. Using Chico's 1.2 percent annual growth rate experienced over the past five years and expected for the foreseeable future, the residential capacity would be absorbed over approximately 26 years. The capacity of vacant commercial, industrial, governmental, and parks lands is also considered to be adequate for the planning period identified in the City's General Plan.

### **Determination 3-3: Agricultural Uses**

While limited in size and number relative to the City as a whole, there are agricultural or agricultural-supporting land uses within the City. Prime and Unique Farmland accounts for 426 acres located within the City boundaries. The proposed SOI outside of the City boundaries consists of 736 acres of Prime Farmland and 66 acres of Unique Farmland.

### **Determination 3-4: Land Use of Proposed SOI**

The proposed SOI update consists of the addition of six areas to the existing SOI—three Special Planning Areas and three boundary “cleanup” areas. Land use designations within these six areas include residential, commercial, mixed use, industrial-office, public facilities, open space, parks, rural residential, and agricultural. To conserve agricultural resources, the City will be creating a denser and more compact urban form to reduce pressure to expand outward, maintaining the Greenline, which represents a highly successful 30-year boundary between urban and rural uses on the community's western edge, and establishing appropriate buffers and transitions between urban and agricultural uses.

### **Determination 3-5: Agricultural Conversion**

The City's General Plan designates residential and mixed-use land uses in its areas designated as Important Farmland within the proposed SOI, for a total conversion of 1,042 acres of Prime Farmland and 26 acres of Unique Farmland. The impact is considered by the General Plan Environmental Impact Report to be significant and unavoidable with no feasible mitigation measures to entirely avoid related impacts.

### **Determination 3-6: Williamson Act Lands**

All lands subject to Williamson Act contracts in the City’s Planning Area are outside of the proposed SOI. Development within the proposed SOI would avoid the loss of farmlands subject to Williamson Act contracts.

**Determination 3-7: Agricultural Buffer**

No new development in areas that have retained agricultural land use designation (excluding the Bell Muir SPA) and no significant agricultural/urban interface conflicts exist. Bell Muir SPA will be developed consistent with existing rural residential development and ongoing agricultural uses in the area to mitigate the effects of urban encroachment and create an agricultural buffer.

**Determination 3-8: LAFCo Review**

To address the loss of prime agricultural lands to future annexations to the City of Chico, the LAFCo review process at the time of annexation will include a project-specific assessment of the loss of prime farmland and determine appropriate mitigation measures, if any. LAFCo will consider its policies regarding the conversion of prime farmland and the City’s adopted policies and programs for mitigating impacts to and the loss of prime farmland within its sphere of influence.

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Present and probable need for public facilities and services

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**Determination 3-9: Existing Demand for Services**

The MSR demonstrated a high use of all municipal services offered by the City. In general, all City services have experienced heightened demand in recent years, exceptions include the loss of commercial service at the airport and reduced wastewater flows as a result of water conservations efforts.

**Determination 3-10: Probable Demand for Services**

As territory from the City’s SOI is annexed into the City, Chico will experience an increase in demand for municipal services. In addition to increased demand as a result of City expansion through annexation, the City will continue to experience increased demand for services as a result of natural population growth within its existing boundaries, denser land use practices, and other service specific circumstances, such as abandonment of septic tanks in favor of connection to the City’s sewer system.

**Determination 3-11: Level of Services**

Development of undeveloped areas of the City’s proposed SOI as envisioned by the City’s General Plan will require a full range of City services and community facilities consistent with the services provided to current City residents.

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

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**Determination 3-12: Present Capacity**

Currently, the City has sufficient capacity to provide municipal services to its current service area, albeit in many cases at reduced levels. The capacity of most City departments to maintain service demands has been constrained due to financial limitations associated with the recession, which resulted in the reorganization of several departments, reductions in staffing, and challenges in maintaining service levels. This situation also contributes to the City's reluctance to pursue annexation of all developed areas within its current sphere of influence.

### **Determination 3-13: Fiscal Health**

The City is living within its means, and a key Council priority is to build up the City's financial reserves in order to be prepared for possible future fiscal downturns and to address increasing capital maintenance needs and future unfunded liabilities. The City has implemented measures to ensure that protections are in place to prevent future fund deficits and weather future economic fluctuations. Although Chico made significant financial improvements and is working towards restoring prudent financial reserves, there continue to be financial challenges, which are reflected in decreased service levels.

### **Determination 3-14: Service Adequacy**

The City has recovered to a baseline of acceptable service levels, but has not returned to pre-recession service levels. Certain departments for which funding is primarily derived from property and sales tax revenues, face greater challenges than others. The public safety, parks and street trees, and stormwater departments/divisions have more readily identifiable capacity concerns, compared to other departments, as defined by prolonged response times, elimination of certain services, deferred maintenance, and self-reported inability to keep up with demand. The City requires additional staff and infrastructure capacity to address current and anticipated demand for all municipal services.

### **Determination 3-15: Planned Facility Capacity**

The City of Chico prepared a Public Facilities Assessment and Fiscal Impact Analysis, which provides a long-range view of potential facility needs, describes the anticipated facilities and improvements that may potentially take place to support buildout of the Chico's General Plan, estimates the costs of providing these facilities, and identifies potential facility funding mechanisms. In addition, the City has an adopted development impact fee program that requires new development to pay fees for facility improvements to accommodate Chico's growth and expansion into new areas. The City will be adjusting the timeline as development occurs and implementing such improvements as needed.

### **Determination 3-16: Facility Planning**

Prior to annexing any areas within its updated SOI, the City will have to budget and plan for future infrastructure and service needs in these areas. The City will be required to provide proof of adequate capacity to deliver municipal services to the annexed areas.

### **Determination 3-17: General Plan Infrastructure Policies**

The City has an adopted policy framework in its General Plan that guides service facility planning and addresses potential infrastructure needs associated with new development. These policies are designed to aid Chico in ensuring that adequate services are provided to new growth areas.

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Existence of any social or economic communities of interest

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**Determination 3-18: Communities of Interest**

Social and economic communities within the City's SOI include the City of Chico and multiple smaller communities, including residents, businesses, and organized community groups, as well as unincorporated areas and islands that have substantive social and economic ties with the City and are affected by the City's land use decisions, development activity, and boundary and SOI reorganizations. Other communities of interest unique to the City of Chico include properties within its SOI that will be connecting to the City's sewer system with subsequent annexation.

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Present and probable need for water, wastewater, and structural fire protection facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence

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**Determination 3-19: Disadvantaged Unincorporated Communities**

According to the California Department of Water Resources, there are 12 Census tracts and block groups, parts of which are located within the City's sphere of influence and considered to be disadvantaged unincorporated communities (DUCs).

**Determination 3-20: DUCs within Proposed SOI**

No DUCs were identified within the proposed SOI expansion area.

**Determination 3-21: Need for Services within DUCs**

All the backbone services (water, wastewater, and fire protection) are currently provided within the identified DUCs. However, because certain areas surrounding the City lack sufficient wastewater services and/or are utilizing septic tanks causing groundwater contamination, some of the properties within the DUCs may need to connect to the city sewer system prior to annexation. Other municipal services provided by the City of Chico will be extended to DUCs upon annexation.

**Determination 3-22: Annexation**

Prior to future annexations, documentation as to the presence of DUCs adjacent to, or nearby, an annexation proposal shall be submitted to LAFCo for evaluation and possible action.

## ***4. FINAL MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE ACTIONS***

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This Section includes the results of Butte LAFCo's final actions on the Municipal Service Review and SOI Plan for the City of Chico.

**ADOPTION OF A MUNICIPAL SERVICE REVIEW UPDATE  
FOR THE CITY OF CHICO AND  
ADOPTION OF A SPHERE OF INFLUENCE PLAN/UPDATE  
FOR THE CITY OF CHICO**

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

**WHEREAS**, a proposal for an update to the City of Chico's Sphere of Influence was heretofore requested by the City of Chico and accepted 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 City of Chico identified a need to update and amend the City's Sphere of Influence to accommodate the anticipated growth of the community projected in the City of Chico 2030 General Plan, adopted by the Chico City Council in 2011 and amended in 2017; and

**WHEREAS**, a service review mandated by Government Code Section 56430 was conducted by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as "the Commission") for the City of Chico in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

**WHEREAS**, a sphere of influence update mandated by Government Code Section 56425 has been prepared by the Commission for the City of Chico 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 September 6, 2018, 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, 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**, the Commission closed public comment, approved a motion of intent to adopt the City of Chico Municipal Services Review and Sphere of Influence Plan update and continued the hearing closed to its October 10, 2018 meeting.

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

**Section 1. Environmental Findings**

- A. The City of Chico, as Lead Agency, prepared a Draft Environmental Impact Report and certified the Final Environmental Impact Report for the City of Chico 2030 General Plan and Sphere of Influence and adopted Findings of Fact and a Statement of Overriding Considerations. There has been no legal challenge to the EIR and the document is final.
- B. The Commission has reviewed and considered the Environmental Impact Report for the City of Chico 2030 General Plan and proposed City of Chico Sphere SOI update. The Final Environmental Impact Report consists of the following:
- (1) Revisions to the Draft Environmental Impact Report prepared by the City of Chico as Lead Agency.
  - (2) A list of persons, organizations and public agencies commenting on the Draft Environmental Impact Report
  - (3) Comments received by the City of Chico on the Draft Environmental Impact Report either verbatim or in summary.
  - (4) Responses to the comments received on the Draft Environmental Impact Report.
- C. The Commission certifies that it has held a duly noticed public hearing and heard testimony and received written comments from affected agencies at a noticed public hearing. The Commission makes the following responses to the environmental issues raised in that testimony and comments as follows:
- (1) Need for a Subsequent or Supplemental EIR. With respect to the testimony of Mr. Harriman that a subsequent EIR should be prepared for this project, the Commission responds as follows:
    - a. While the EIR was prepared in 2011, there have not been any significant changes in the project itself (the SOI Plan) or the circumstances under which the project will be carried out that would require the preparation of a subsequent or supplemental EIR.
    - b. Mr. Harriman raised the issue of wildland fire such as those in Santa Rosa and Redding as new information or a new circumstance indicating a potentially more severe environmental impact that requires further study. However, as other testimony indicated, the City of Chico is primarily located on the valley floor and the hills surrounding the City to the East are primarily grasslands. They are not, for the most part, of the

forested or heavy brush type that characterize the environs of the urban areas recently subject to major wildland fires. Further, the Chico General



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Plan Safety Element considered the risk of wildland fires and contains a number of policies that help to mitigate the risk by imposing building standards for new construction that are equal to those required in CalFire State Responsibility Areas.

- (2) With respect to Mr. Harriman’s comment that the Regional Water Quality Control Board should have been contacted as part of the SOI update, the Consultant indicated that they reviewed the extensive documentation with respect to the wastewater treatment plant operations contained on the Regional Board Website and felt that this information adequately disclosed the Regional Board’s views as to the plant operation. Relative to implementation of the Chico Area Nitrate Action Plan, the facts discussed in the MSR show that the City and County have made tremendous progress in making public sewer connection available to those areas currently on septic systems. The main obstacle to further progress is the limited ability of the City and County to compel connection to the sewer system.
- D. The Commission reviewed and considered the information contained in the Final Environmental Impact Report and comments on the Final Environmental Impact Report prior to approving the project and has considered such mitigation measures that are within its authority to mitigate the impacts disclosed in the EIR.
- E. Because of LAFCo’s limited jurisdiction and authority, the Commission is not in a position to adopt many mitigation measures to mitigate the impacts on agriculture and other resources. With respect to agriculture, the only tool LAFCo has to significantly mitigate the impacts would be to remove such agricultural lands from the sphere. Such a mitigation measure is infeasible as it would not allow the City to meet its housing and growth needs. However term and Condition 3.A. insures that development of such areas within the Sphere shall only occur when they are needed and have received all entitlements.
- F. The implementation of the City of Chico 2030 General Plan and the proposed Sphere of Influence Plan will have a significant effect on the environment in certain respects, but for which no feasible mitigation is available to reduce the impacts, as identified in the Final EIR and in the *Findings of Fact and Statement of Overriding Considerations* adopted by the City of Chico.
- (1) With respect to the significant, unavoidable impacts detailed in the Final Environmental Impact Report and found to be relevant to the Commission's action and based on the information set forth in the Final Environmental Impact Report, the Commission finds and determines that:
- (a) No measures have been required in or incorporated into the project to mitigate conversion of prime agricultural land to nonagricultural uses during the 2010-2030 planning period, as identified in the Final Environmental Impact Report and the Findings of Fact and Statement of Overriding Considerations.

- G. Statement of Overriding Considerations: Pursuant to Section 15093 of the CEQA Guidelines, the Commission finds that the economic and social benefits of the proposed project documented in the City of Chico 2030 General Plan, the Final Environmental Impact Report, the City of Chico 2030 General Plan Findings of Fact and Statement of Overriding Considerations, and the Sphere of Influence Plan, such as expanding the housing opportunities and economic growth opportunities in the City of Chico, outweigh the adverse impacts of the conversion of prime agricultural land, an impact which cannot be eliminated or reduced to a level that is less than significant and which is unavoidable as the City grows.
- H. A categorical exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the Municipal Service Review Update for the City of Chico is categorically exempt from CEQA and such exemption was adopted by this Commission on October 10, 2018; and

**Section 2. Findings for Adoption of the Sphere of Influence Amendment**

- A. The Commission has considered the factors determined by the Commission to be relevant to this proposal, including, but not limited to, Sphere of Influence and General Plan consistency, and other factors specified in Government Code Sections 56425 and 56428 and as described in the staff report dated August 30, 2018, for the meeting of September 6, 2018, in that:
- (1) The Commission has considered the present and planned land uses in the area, including agricultural and open space lands as described in the Butte County General Plan Land Use and Agricultural Elements and the City of Chico 2030 General Plan Land Use Element and the Open Space, Natural Resources and Conservation Element.
  - (2) The Commission has considered the present and probable need for public facilities and services in the area as described in the City of Chico SOI Plan and the City of Chico 2030 General Plan.
  - (3) The Commission has considered the present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide as described in the updated City of Chico Municipal Service Review, the SOI Plan, and the City of Chico 2030 General Plan.
  - (4) The Commission has considered the existence of any social or economic communities of interest in the area and received as testimony in public hearings.
  - (5) The Commission has considered the conversion of prime agricultural lands as constituent of the Final Environmental Impact Report and through the adoption of Overriding Considerations Findings in Section 1.G of this resolution. The Commission finds that mitigation of the impacts of conversion of prime agricultural land is infeasible for the reasons set forth in 1.E above.
- B. With respect to comments made regarding the Sphere Plan, the Commission responds as follows:

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- (1) The City's Sphere does encourage a compact urban form consistent with the Policies of the City General Plan. As indicated in the MSR, Determinations 6.2 and 6.3, there is limited vacant land with the existing city limits to accommodate future growth and that anticipated growth will utilize the area within the proposed sphere within 15-26 years. Planning city growth for such a time horizon makes sense as it facilitates long term City infrastructure planning and encourages orderly development within the City meeting City standards rather than development in the County.
- (2) Inclusion of the Doe Mill special study area in the Sphere is appropriate because the owner is planning to seek entitlements and develop in the next five years and inclusion in the City will insure that the area is integrated into City services and planning.

**Section 3. Terms and Conditions adopted by LAFCo**

Pursuant to its authority under Part 2, Chapter 4 of the Cortese-Knox Local Government Reorganization Act of 2000, Butte LAFCo incorporates the following terms and conditions into the Sphere Plan for the City of Chico:

- A. All Commission fees must be paid in full prior to the new sphere of influence becoming effective.
- B. LAFCo will apply a heightened level of review when considering proposals for changes of organization (such as an annexation) within the Updated Sphere that are likely to result in the conversion of prime agricultural/open space land use to other uses. Only if the Commission finds that the proposal will lead to planned, orderly, and efficient development, will the Commission approve such a conversion. In particular, the applicant will need to demonstrate that the project is needed, has received all needed entitlements to develop and is not premature.
- C. While the Commission has based its Updated Sphere on the Final Environmental Impact Report for the City of Chico 2030 General Plan, this analysis is program EIR for the general policy level action of a general plan and sphere. The EIR is intended to provide a broad discussion of growth areas and potential impacts. The City should not expect to solely rely on the 2030 General Plan Final Environmental Impact Report to supply all of the needed environmental or policy analysis to support or mitigate all project specific impacts identified during the annexation process.

**WHEREAS**, the Sphere of Influence Plan determinations for the City of Chico are made in conformance with Government Code Section 56425 and local Commission policy; and,

**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 adopts the SOI Plan for the City of Chico and updates the sphere of influence boundary for the City of Chico by adding approximately 2,816 acres, to the City's SOI, as depicted in Figure 3-2 of the SOI Plan, adopted by the Commission on October 10, 2018 and attached to this resolution as Exhibit A; and,

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**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 the Municipal Service Review Update for the City of Chico.

**PASSED AND ADOPTED** by this Local Agency Formation Commission of the County of Butte, on the 10th day of October 2018 by the following vote:

**AYES:** Commissioners Kiely, Connelly, McGreehan, Wilkinson and Chair Leverenz

**NOES:** None

**ABSENT:** Commissioners Lotter and Lambert

**ABSTAINS:** None

Furthermore, pursuant to powers provided in §56425, the Commission adopts the SOI Plan for the City of Chico and updates the existing sphere of influence for the City of Chico, as depicted on Figure 3-2 of the City of Chico SOI Plan, adopted by the Commission on October 10, 2018 and attached to this resolution as Exhibit A.

**PASSED AND ADOPTED** by this Local Agency Formation Commission of the County of Butte, on the 10th day of October 2018 by the following vote:

**AYES:** Commissioners Kiely, Connelly, Wilkinson and Chair Leverenz

**NOES:** Commissioner McGreehan

**ABSENT:** Commissioners Lotter and Lambert

**ABSTAINS:** None

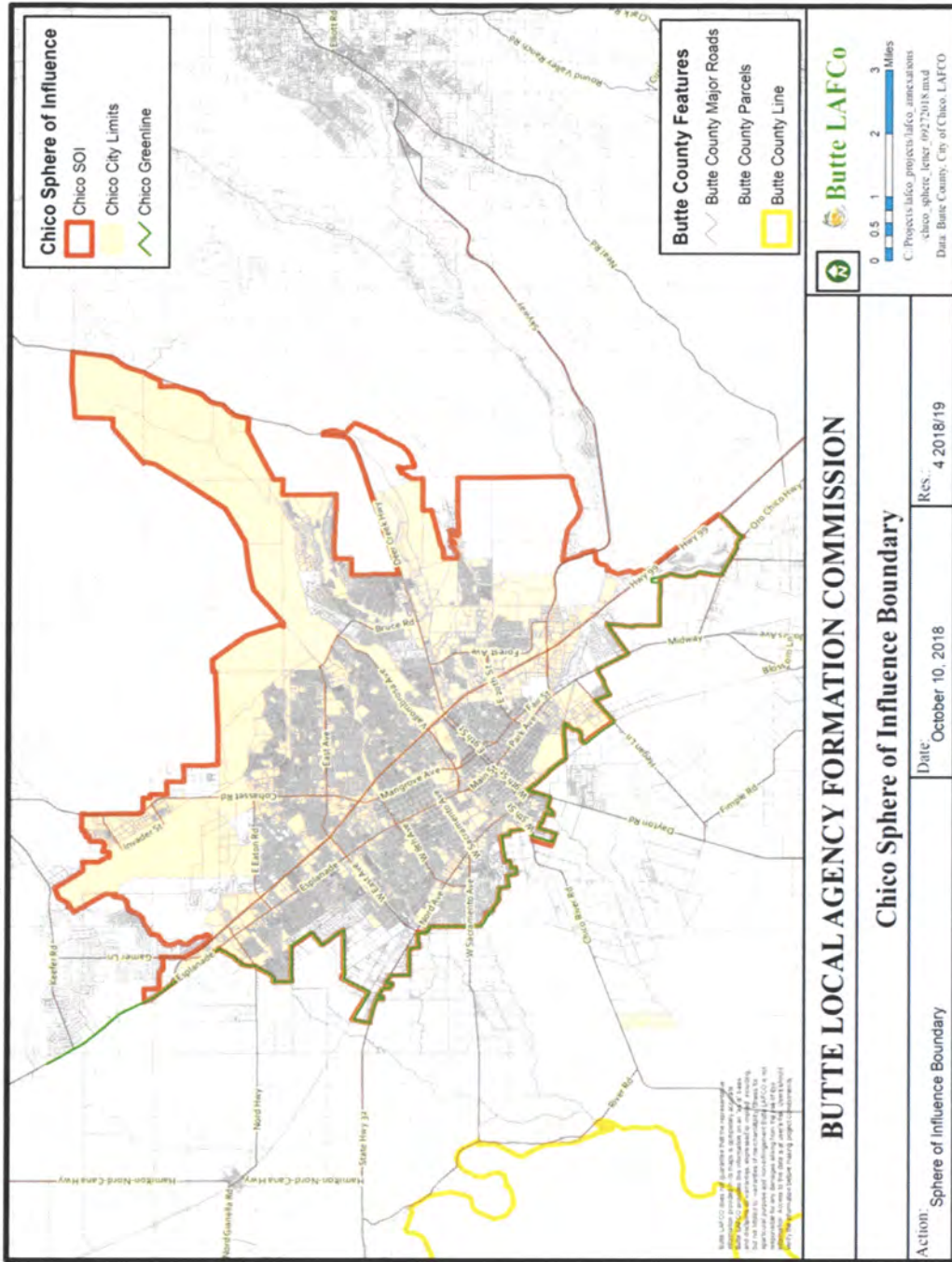
**ATTEST:**

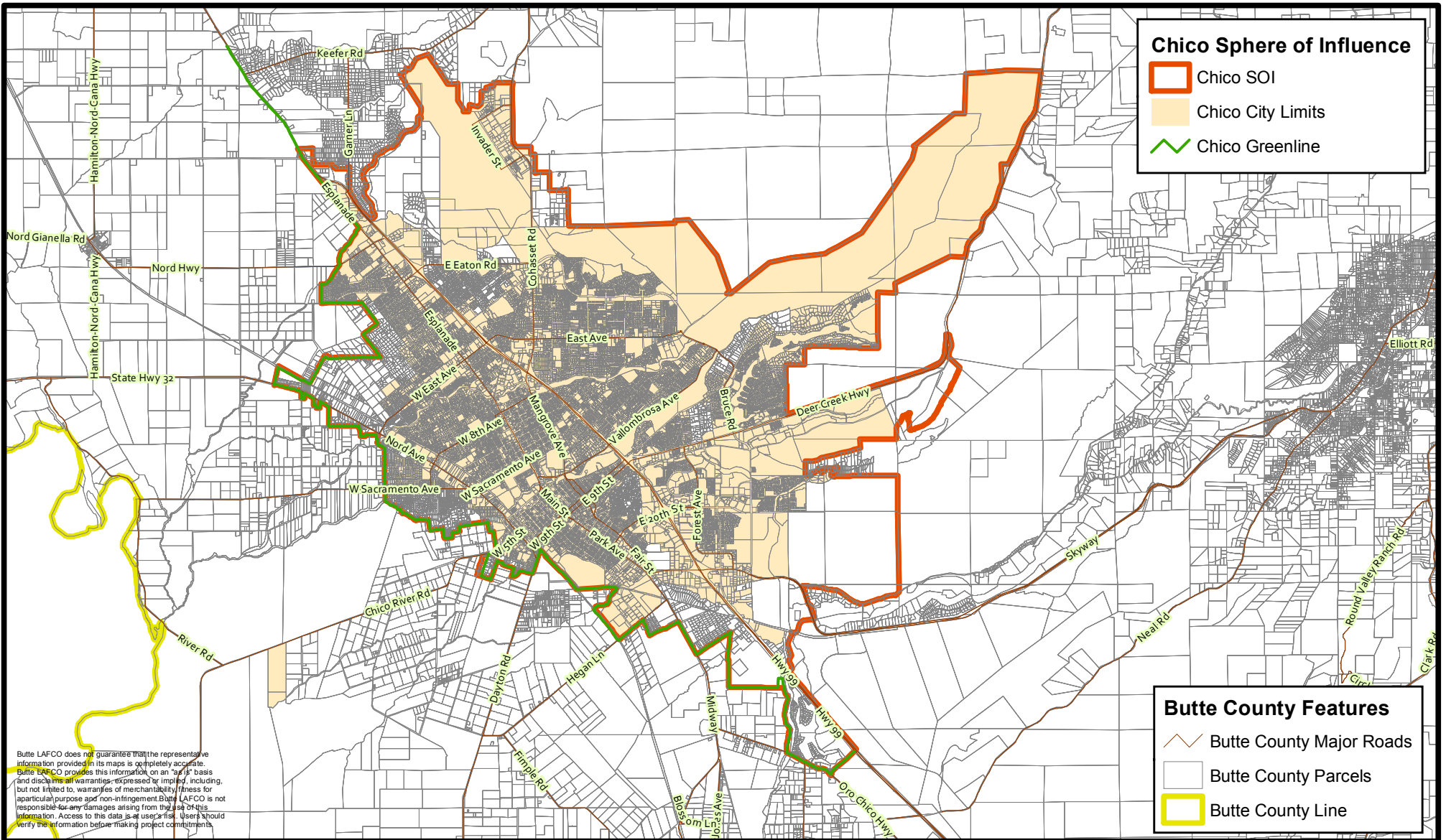
  
\_\_\_\_\_  
Clerk of the Commission

  
\_\_\_\_\_  
**CARL LEVERENZ**, Chair  
Butte Local Agency Formation Commission

Exhibit A: Approved Sphere of Influence Map for the City of Chico

Exhibit A - Approved Sphere of Influence Map for City of Chico





# BUTTE LOCAL AGENCY FORMATION COMMISSION

## Chico Sphere of Influence Boundary

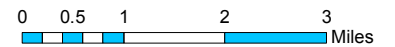
Action: Sphere of Influence Boundary

Date: October 10, 2018

Res.: 4 2018/19



**Butte LAFCO**



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 Data: Butte County, City of Chico, LAFCO