

MEMORANDUM

TO: Local Agency Formation Commission

FROM: Stephen Betts, Deputy Executive Officer

SUBJECT: **16-05 – County Service Areas Municipal Service Reviews and Sphere of Influence Plans**

DATE: September 28, 2016, for the meeting of October 6, 2016

Summary / Background

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update, as necessary, local agency Spheres of Influence (SOIs) (California Government Code Section 56425(g)). In addition, LAFCO is required to conduct a Municipal Service Review (MSR) for each agency prior to, or in conjunction with, an agency's SOI update (California Government Code Section 56430(a)).

LAFCo Staff has prepared an individual MSR and SOI Plan for 67 of Butte County's 69 County Service Areas (CSAs) which are legally considered special districts. All of the CSA MSR/SOI Plans are contained within one comprehensive document for ease of use by the public and agency staff alike. The document contains an introductory chapter and two appendices, which are the MSR/SOI Plans for CSA 4 (Sierra Del Oro) and CSA 114 (Chico Urban Area Nitrates), both of which were recently independently adopted by the Commission.

An administrative draft of the document was provided to Butte County staff for preliminary review and comment. The comments received from the County, which were minimal, were incorporated into the document. The Public Review Draft of the County Service Areas MSRs and SOI Plans was circulated to the County and made available to the public for a 21-day noticed public review period that began Thursday, September 15, 2016. As of the date of this report, no comments on the public review draft have been received.

Staff recommends that the Commission adopt Resolution 01 2016/17 (**Exhibit A**) approving the County Service Areas MSRs/SOI Plans, subject to any changes that the Commission may direct. The Final MSR/SOI Plan document will include the adopting resolution and a copy of any comments received at the public hearing.

Municipal Service Review/SOI Plan Format

The CSA MSR/SOI Plan document consists of an introductory chapter, a separate MSR/SOI Plan for each county service area, a glossary, a bibliography, and, as attachments, the adopted MSR/SOI Plans for CSA 4 and CSA 114. The whole document, with the inclusion of the MSR/SOI Plans for CSA 4 and CSA 114, provides a complete and comprehensive review of every county service area in Butte County.

The introductory chapter explains the MSR and SOI Plan update process and provides the statutory requirements that the Commission must follow to review and approve the MSRs and SOI Plans. The introductory chapter contains a comprehensive review of what county service areas

are, the services they provide, how they are managed, and their financing structure. Also included in the introductory chapter is a summary list of the CSAs that provides basic information about each CSA and includes recommendations/findings for each CSA.

Each CSA MSR/SOI Plan section contains:

- a detailed description of the services that the CSA provides,
- a detailed look at the CSA's finances,
- a map of the CSA jurisdictional and SOI boundaries,
- MSR and SOI determinations specific to the CSA, and
- findings and recommendations for each CSA

MSR/SOI Plan Determinations, Findings, and Recommendations

Each CSA MSR/SOI Plan contains separate MSR and SOI determinations specific to that CSA. At the end of each CSA section, staff prepared recommendations for the CSA that summarized that CSA's MSR and SOI determinations. In addition, the introductory chapter looked at the overall use and organizational structure of the County's CSAs for improved service opportunities resulting in four comprehensive recommendations. These four recommendations speak to the broader management and use of CSAs within the County and what issues warrant additional review by County staff in the future. The four comprehensive recommendations are:

1. Consider consolidating all CSA management coordination under the Administrative Office to promote easier public access to CSA information in one County department rather than spread among several. This will also promote improved internal cross training on the various CSA functions.
2. The County should review the current CSA governance/management structure for greater efficiencies, such as consolidating similar CSA's under one CSA with separate zones of benefit. It is not certain if such a restructuring will necessarily improve any single service, but may offer some reductions on administrative costs and create greater options for the County when considering new or expanded services.
3. The County should review both the very large fund balances and very small fund balances maintained by multiple CSA's to determine if 1) current parcel assessments could be reduced while still maintaining authorized services; or 2) parcel assessments should be increased to establish adequate reserves to cover potentially expensive capital improvements or emergency repairs.
4. The County should consider utilizing CSA's on a county-wide basis to address public desires for improved or expanded services. CSAs could finance and/or deliver enhanced services such as law enforcement, animal control, fire protection, libraries, broadband internet services, and other services.

Overall, the vast majority of the CSAs within Butte County are managed effectively, provide services efficiently, and are fiscally sound. These CSAs tend to be the ones that provide street lighting and drainage services. A number of CSAs were found to have one or more issues, as indicated below and in more detail in **Exhibit B** of this report.

It is important to note that while numerous recommendations have been made for many CSAs, this is only an indication that improvements have been identified, and with only few exceptions, most CSAs are performing as expected.

County Service Areas with Identified Issues

As reflected in the determinations and findings/recommendations for the CSAs, Staff has identified 35/69 CSAs that have various concerns or issues that deserve heightened attention from County staff. Many of the identified issues/concerns are minor in nature, although several CSAs have critical problems that should be immediately rectified by the County. The following provides information on the more significant CSA issues/problems that have been identified.

Critical Infrastructure Problems

Three CSAs have been identified as having significant infrastructure problems. Two of these CSAs previously provided fire protection services, but the fire protection systems for these CSAs were not properly maintained and the systems are now inoperable and require very extensive and expensive repairs. The three CSAs that have critical infrastructure problems are:

- CSA 34 – Gridley Swimming Pool (swimming pool requires major repairs or replacement)
- CSA 90 – Southgate Acres Drainage & Fire Protection (fire protection system inoperable)
- CSA 163 – Thorntree Industrial Park Street Lighting, Drainage, and Fire Protection (fire protection system inoperable)

As discussed in detail in the MSR/SOI Plan for CSA 34, the swimming pool funded by the CSA requires major repairs or replacement, either of which would be in excess of \$6 million to accomplish. Due to the significant costs of repairs or replacement, the County has recently determined that the Gridley swimming pool will be permanently closed and demolished.¹ CSA 34's current fund balance appears to not be sufficient to cover the demolition costs and the CSA may still need to collect revenue for several more years in order to pay for the demolition/decommissioning of the pool. When that occurs, CSA 34 can be dissolved. CSA 34 is a good example of capital infrastructure repair/replacement not being adequately funded over the almost 50 years since the CSA was originally formed.

The lack of a functioning fire protection system for CSAs 90 and 163 is a health and safety issue that should be immediately addressed by the County. The County could loan money to these CSAs to perform the needed repairs and CSA funds would be used to pay the County back. The annual per parcel service charge for these CSAs may need to be increased to pay back the loan. What is equally concerning about these two CSAs is that the fire protection systems were allowed to fall into disrepair without any immediate oversight action by the County to correct the issue or force compliance with County fire codes.

Insufficient CSA Fund Balances

Twelve CSAs have been identified as having fund balances that would be insufficient to provide the necessary funding for major infrastructure repairs or capital improvements. Many of these CSAs provide sewer services, and inevitable repairs or improvements to these systems would be very expensive and would be well beyond the current fund

¹September 13, 2016, letter from Grant Hunsicker, Director, Butte County General Services Department

balances of these CSAs. These twelve CSAs are:

- CSA 21 - Oakridge Subdivision Sewer
- CSA 31 – Schohr’s Swimming Pool
- CSA 82 - Stirling City Sewer
- CSA 90 – Southgate Acres Drainage & Fire
- CSA 94 - Sycamore Valley Lighting & Sewer
- CSA 116 - Pistachio Grove Lighting & Drainage
- CSA 119 – South Fork Lighting & Drainage
- CSA 125 – Willow Bend Lighting & Drainage
- CSA 135 (Zones 2 & 4) – Keefer Creek Lighting, Drainage, & Sewer
- CSA 141 – Mountain Oaks Sewer
- CSA 163 – Thorntree Industrial Park Street Lighting, Drainage, and Fire Protection
- CSA 179 – Chambers/Speedway Lighting, Drainage, & Fire

The fund balances for these CSAs should be significantly increased to be able to fund any future major repairs or capital improvements. Increasing the fund balances for these CSAs may be difficult to do as the annual per parcel service charges would need to be increased beyond their current authorized maximum service charge, which requires a vote of the residents in the CSA which may not be successful. Also, two of the CSAs – CSA 21 and CSA 31, receive some or all of their revenue from property taxes, which would be very difficult to increase as the other agencies within the boundaries of these CSAs that receive a portion of the 1% ad valorem property tax must agree to receive less in property taxes.

The significant underlying issue with these underfunded CSAs lays with the establishment of the initial parcel assessment based on an engineer's report that often does not address long term capital infrastructure repair/replacement. While this practice makes CSA services initially more affordable, such a practice can result in serious long term fiscal and service consequences that we now see.

CSA That Provide No Services

Staff has identified four CSAs that do not provide any services. With the exception of CSA 26, Staff recommends that these CSAs be given a Zero Sphere of Influence, which indicates that these CSAs should be dissolved. Dissolution of a CSA requires the Butte County Board of Supervisors to initiate the dissolution and to request that Butte LAFCo dissolve the CSA.

- CSA 26 – Thermalito Drainage
- CSA 87 – Keefer Road/Rock Creek Drainage
- CSA 120 – Oak Way Park Drainage
- CSA 148 – Orchardcrest Lighting & Drainage

As identified in the MSR/SOI Plan for CSA 26, this CSA does not provide any services and has no source of revenue. Recommendations for this CSA noted that there is a significant need for stormwater drainage services within the CSA 26 area and that Butte County, the City of Oroville, the Thermalito Water and Sewer District, and Butte LAFCo should begin discussions to determine what the best course of action should be undertaken to address the lack of stormwater drainage maintenance services in the Thermalito area and to determine the future of CSA 26. Staff does not recommend that CSA 26 be given a Zero

Sphere of Influence at this time because there is a possibility that this CSA will provide services in the future.

Insufficient Revenue to Fund Services

Five CSAs were identified as having expenditures exceeding revenue over several fiscal years, which required the use of the CSA's fund balance to cover the shortfall in revenue. These five CSAs are:

- CSA 92 – Rosewood Lighting
- CSA 96 – Silvertree Lighting & Drainage
- CSA 119 – South Fork Lighting & Drainage
- CSA 135 – Keefer Creek Lighting, Drainage, & Sewer
- CSA 169 – Pheasant Landing Lighting, Drainage, Fire, & Sewer

The annual per parcel service charge for these CSAs should be increased to ensure that revenues exceed, or at least equal, expenditures every fiscal year. Should that not occur and expenditures continue to exceed revenue, these CSAs may have to decrease service levels or stop providing the services altogether. These CSAs further demonstrate the need to adequately plan for future services and approve initial parcel charges sufficient to cover future costs.

CSAs Not Providing Empowered Service(s)

Eight CSAs have been identified as not providing a service that they are empowered to provide. These eight CSAs are:

- CSA 47 – East & Guynn Street Lighting and Drainage
(street lighting service not being provided)
- CSA 94 - Sycamore Valley Street Lighting, Drainage and Sewer
(street lighting service not being provided)
- CSA 97 – Stoneybrook Estates Street Lighting and Drainage
(street lighting service not being provided)
- CSA 102 – Meadowlark Acres Street Lighting and Drainage
(street lighting service not being provided)
- CSA 149 – Biggers Glen Subdivision Street Lighting, Drainage, Police, Fire Protection, and Snow Removal
(street lighting, fire protection, & law enforcement services not being provided)
- CSA 163 – Thorntree Industrial Park Street Lighting, Drainage, and Fire Protection
(fire protection and street lighting service not being provided)
- CSA 179 – Chambers & Speedway Street Lighting, Drainage, and Fire Protection
(street lighting & fire protection services not being provided)
- CSA 180 – Redhawk Ranch Street Lighting, Drainage, and Fire Protection
(street lighting services not being provided)

It is unlikely that the unutilized service will ever be provided as there has been no demand from the residents of these CSAs to provide the services. The power to provide the unutilized services could be divested from these CSAs. The concern in this category is that the authorized services were conditions of development approvals that were never implemented or effectively tracked. In the case of CSA 149 (Biggers Glen Subdivision)

located in remote Butte Meadows, the provision of extended police, fire protection and snow removal services were mitigating factors in approving the subdivision.

LAFCo Staff recently met with County Staff to discuss some of the more significant issues and problems identified in the MSR/SOI Plans and County Staff was in general agreement with the determinations and recommendations for the CSAs. County Staff noted that they were already aware of many of the problems/issues identified in the MSRs/SOI Plans and are working on finding solutions to address the problems.

Sphere of Influence Boundary Modifications

As identified in the SOI determinations and in the findings/recommendations, staff recommends that the Sphere of Influence boundary for the following CSAs be modified as indicated below:

- **CSA 27 (Richvale Lighting)** - Sphere of Influence boundary modified to include all of APN 029-133-021 (1283 Rice Avenue) and all of APN 029-133-016 (5259 Church Street).
- **CSA 69 (Lindo Gardens Lighting)** – Sphere of Influence boundary modified to remove APNs 007-320-001, 007-320-002, and 007-320-032.
- **CSA 87 (Keefer Road/Rock Creek Drainage)** – Zero Sphere of Influence boundary.
- **CSA 120 (Oak Way Park Drainage)** - Zero Sphere of Influence boundary.
- **CSA 148 (Orchardcrest Estates Lighting and Drainage)** - Zero Sphere of Influence boundary.

Changes to the CSA MSR/SOI Plan

No changes are recommended to the public review draft CSA MSR/SOI Plan as of the date of this report. However, comments may be received prior to or at the public hearing, which may warrant changes. If directed so by the Commission, staff will make any needed changes to the final document.

It should be noted that on August 23, 2016, the Butte County Board of Supervisors approved budget adjustments for four CSAs due to unanticipated expenses in Fiscal Year 2015-16. Funding for these unanticipated expenses came from the County Road Fund, and these CSA's fund balances will be used to reimburse the Road Fund. The budget adjustments were:

- CSA 82 (Stirling City Sewer) - \$7,520 for unanticipated sewer main service. CSA 82 was projected to have a fund balance of \$7,630 as of June 30, 2016, and the unanticipated expenditure will reduce the fund balance to approximately \$380 by the end of the current Fiscal Year (2016-17).
- CSA 97 (Stoney Brook Drainage) - \$1,390 for unanticipated service to drainage pump.
- CSA 102 (Meadowlark Acres Drainage) - \$6,735 for unanticipated service to drainage pump.
- CSA 128 (Wildflower Estates Drainage) - \$2,940 for unanticipated service to drainage pump.

These budget adjustments show that CSA fund balances should be large enough to fund any

unanticipated expenses, which is a MSR determination for several CSAs. If desired by the Commission, the MSR/SOI Plans for these CSAs can be revised to reflect the budget adjustments.

Additionally, as noted previously, Butte County has recently determined that the swimming pool operated by CSA 34 (Gridley Swimming Pool) will be closed permanently and decommissioned/demolished this fall. If desired by the Commission, the MSR/SOI Plan for CSA 34 can be revised to reflect this action.

Finally, it should also be noted that on September 13, 2016, the Butte County Board of Supervisors adopted new annual per parcel service charges for 23 county services areas. Most of the changes were minor, with charges being slightly increased or others slightly decreased. However, the annual per parcel service charge for CSA 179 (Chambers & Speedway Lighting, Drainage, & Fire Protection), which was \$0, was increased to \$100. The absence of a revenue source for CSA 179 was identified in a determination for this CSA. In addition, the annual per parcel service charge for CSA 183 (Rare Earth) was increased from \$216.88 to \$258.08. As noted in the MSR/SOI Plan section for this CSA, the utility bill for the CSA was being paid by the subdivision developer, when CSA 183 funds should have been utilized to pay the utility bill. The increase in the annual per parcel charge was needed to fund the cost of the CSA now paying the utility charges.

Support/Protest

A legal notice regarding the 21-day public review period for the CSAs MSR/SOI Plans and notice of the October 6, 2016, Commission hearing on the MSR/SOI Plan was published in the *Chico Enterprise-Record* on September 15, 2016. The notice and the Draft MSR/SOI Plan were placed on Butte LAFCO's webpage. The notice was also posted on Butte LAFCO's office door and at the Butte County Administration Office. As of the date of this report, no written comments have been received regarding the public review draft.

A copy of the administrative draft CSAs MSR/SOI Plans was provided to the County for County Staff's review. The County provided minimal comments on the administrative draft document and which were incorporated into the public review draft document. A copy of the public review draft was provided to County Staff for review and comment.

Environmental Determination

The California Environmental Quality Act (CEQA) requires that the Commission undertake and review an environmental analysis before granting approval of a project, as defined by CEQA. Butte LAFCo is the Lead Agency for environmental review for the proposed County Service Areas MSRs and the SOI Plans.

The Municipal Service Reviews for the County Service Areas are categorically exempt from the preparation of environmental review under a classification related to information gathering (Class 6 - Regulation Section 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. There is no possibility that the MSR update will have a significant effect on the environment because there are no land use changes associated with the MSR update.

The SOI Plans for the County Service Areas are categorically exempt from environmental review pursuant to CEQA Guidelines Section 15061(b)(3) – General Rule Exemption, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. As a result of the SOI Plans, several CSAs are proposed to have a “Zero Sphere of Influence” and several other CSAs have minor changes to their SOI boundary. The changes to the SOIs would not result in any new development and therefore, there are no environmental impacts.

CONCLUSION

The proposal substantially conforms to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and with Butte LAFCO policy. The Executive Officer recommends approval of the County Services Areas MSRs and SOI Plans as presented.

ALTERNATIVES FOR COMMISSION ACTION

After reviewing this report, the Draft MSRs and SOI Plans, and any testimony or materials that are presented, the Commission can take one of the following actions:

OPTION 1 APPROVE the County Service Areas MSRs and SOI Plans, and as may be modified by the Commission as follows:

- A. Acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, find that the Municipal Service Reviews for the County Service Areas are Categorical Exempt from the provisions of CEQA under Section 15306, “Information Collection.”
- B. Acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, find that the Sphere of Influence Plans for the County Service Areas are Categorical Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption.
- C. Find that the proposed County Service Areas Municipal Service Reviews and Sphere of Influence Plans satisfy State Law.
- D. Find that the County Service Areas Sphere of Influence Plans are complete and satisfactory and achieve consistency with Butte LAFCo and State SOI policies and statutes.
- E. Adopt Resolution 01 2016/17 (***Attachment A***) approving the County Service Areas Municipal Service Reviews and Sphere of Influence Plans.
- F. Direct staff to prepare Final MSRs/SOI Plans, which will include the adopting resolution and any comments received with regards to the public review draft MSRs/SOI Plans.

OPTION 2 CONTINUE this proposal to a future meeting for additional information.

OPTION 3 DIRECT Staff to make any Commission-identified changes to the Draft MSRs/SOI Plans and CONTINUE this proposal to a future meeting to allow time for Staff to

make the needed changes and return with revised draft documents for further Commission review.

RECOMMENDED ACTION:

Approve OPTION 1.

Respectfully submitted,

Stephen Betts

Stephen Betts
Deputy Executive Officer

Attachments:

- A: Draft LAFCO Resolution No. 01 2016/17 (Page 9)
- B: CSA Salient Recommendations/Findings (Page 11)

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Exhibit A

RESOLUTION NO. 01 2016/17

ADOPTION OF COUNTY SERVICE AREAS MUNICIPAL SERVICE REVIEWS AND WRITTEN DETERMINATIONS, AND ADOPTION OF SPHERE OF INFLUENCE PLANS

WHEREAS, a municipal service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 for 67 County Service Areas (CSAs) within the County of Butte have been conducted by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as “the Commission”) 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 and 56430, 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 October 6, 2016, and at the time and place specified in the notice of public hearing; and

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

WHEREAS, acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the County Service Areas Municipal Service Reviews and Sphere of Influence Plans are Categorically Exempt from the provisions of CEQA under Section 15306, “Information Collection” and under Categorically Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption, respectively; and

WHEREAS, Municipal Service Review determinations for each reviewed CSA are made in conformance with Government Code Section 56430 and local Commission policy; and

WHEREAS, Sphere of Influence determinations for each reviewed CSA 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 modifies the SOI boundaries of five CSAs as identified below and affirms the existing Sphere of Influence boundaries for the remaining County Service Areas as shown on the SOI boundary maps found in each MSR/SOI Plan section, dated September 2016. The SOI boundaries to be modified are:

- CSA 27 (Richvale Lighting) - Sphere of Influence boundary modified to include all of APN 029-133-021 (1283 Rice Avenue) and all of APN 029-133-016 (5259 Church Street).
- CSA 69 (Lindo Gardens Lighting) – Sphere of Influence boundary modified to remove APNs 007-320-001, 007-320-002, and 007-320-032.
- CSA 87 (Keefer Road/Rock Creek Drainage) – Zero Sphere of Influence boundary.
- CSA 120 (Oak Way Park Drainage) - Zero Sphere of Influence boundary.
- CSA 148 (Orchardcrest Estates Lighting and Drainage) - Zero Sphere of Influence boundary.

NOW, THEREFORE, BE IT RESOLVED, that pursuant to powers provided in §56425 and §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Butte adopts written determinations as set forth in the County Service Areas Municipal Service Reviews and Sphere of Influence Plans, dated September 2016, and adopts the County Service Areas Municipal Service Reviews and Sphere of Influence Plans, adopted by the Commission on October 6, 2016.

PASSED AND ADOPTED by this Local Agency Formation Commission of the County of Butte, on the 6th day of October 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINS:

ATTEST:

Clerk of the Commission

CARL LEVERENZ, Chair
Butte Local Agency Formation Commission

Exhibit B

CSA	Salient Recommendations/Findings
11 – Durham Lighting	<ul style="list-style-type: none"> • Recommends the County consider reorganizing existing, multiple agency services by creating a Community Services District (CSD) for the Durham area, which could provide many different types of municipal services, including but not limited to such services as domestic water services, recreational services, wastewater treatment and disposal services, enhanced fire and police protection services, mosquito control and street lighting services. Such a governance option could be expected to provide Durham residents a more efficient service delivery model and a greater level of control over local services.
12 - Sterling City Lighting	<ul style="list-style-type: none"> • CSA 12 serves similar territory as CSA 82 (Stirling City Sewer District) and could be reorganized to consolidate or merge with CSA 82 to reduce the number of governmental entities serving the territory, which may result in greater efficiencies and a broader range of services to the disadvantaged unincorporated Stirling City community.
21 - Oak Ridge Sewer	<ul style="list-style-type: none"> • Finds that the current fund balances for CSA 21 may be insufficient to pay for replacement of the sewer system infrastructure or other costly infrastructure improvements that may be needed. The County should consider creating a reserve fund and increasing the maximum per parcel service charges to build up the fund balances to ensure adequate funds are available for major sewer system repairs or replacement. • Should a future regional sewer line being considered down the Skyway to connect the Town of Paradise to the City of Chico Wastewater Treatment Plant be built, the County should consider connecting existing users to a regional system and dissolve the existing CSA.
23 - Pleasant Valley Drainage	<ul style="list-style-type: none"> • Finds that all of CSA 23 is within the jurisdictional boundaries of the City of Chico and should be reorganized. The City of Chico should assume full maintenance responsibilities for stormwater drainage infrastructure within CSA 23 and CSA 23 should be reorganized with the options including maintaining the CSA as is under County jurisdiction; retain the CSA as a subsidiary district of the City governed by the City Council; or merge the CSA with the City and dissolve the CSA. In all options, the City is the preferred provider of this service.
24 - Chico-Mud Creek Drainage	<ul style="list-style-type: none"> • Finds that CSA 24 is primarily within the jurisdictional boundaries of the City of Chico and should be reorganized. The City of Chico should assume full maintenance responsibilities for stormwater drainage infrastructure within CSA 24 and CSA 24 should be reorganized with the options including maintaining the CSA as is under County jurisdiction; retain the CSA as a subsidiary district of the City governed by the City Council; or merge the CSA with the City and dissolve the CSA. In all options, the City is the preferred provider of this service.
25 - Shasta Union Drainage	<ul style="list-style-type: none"> • Finds that CSA 25 is primarily within the jurisdictional boundaries of the City of Chico and should be reorganized. The City of Chico should assume full maintenance responsibilities for stormwater drainage infrastructure within CSA 25 and CSA 25 should be reorganized with the options including maintaining the CSA as is under County jurisdiction; retain the CSA as a subsidiary district of the City governed by the City Council; or merge the CSA with the City and dissolve the CSA. In all options, the City is the preferred provider of this service.

CSA	Salient Recommendations/Findings
26 – Thermalito Drainage	<ul style="list-style-type: none"> • Finds that CSA 26 does not provide any services and has no funding source, no expenditures, and no fund balance. • Finds that there is a significant need for stormwater drainage services within the CSA 26 area. • Finds that Butte County, the City of Oroville, the Thermalito Water and Sewer District, and Butte LAFCo should begin discussions to determine what the best course of action should be undertaken to address the lack of stormwater drainage maintenance services in the Thermalito area and to determine the future of CSA 26. Options include dissolving the CSA for non-use of corporate powers; merging with TWSD and have TWSD perform functions or becoming a subsidiary district of TWSD.
27 – Richvale Lighting	<ul style="list-style-type: none"> • Finds that the Sphere of Influence boundary for CSA 27 should be modified to include all of APN 029-133-021 (1283 Rice Avenue) and all of APN 029-133-016 (5259 Church Street). • Finds that CSA 27 could be reorganized to consolidate or merge with the Richvale Sanitary District and the Richvale Recreation and Park District to reduce the number of governmental entities serving the Richvale area, which may result in greater efficiencies and a broader range of services to the unincorporated Richvale community.
31 – Schohr’s Swimming Pool	<ul style="list-style-type: none"> • Finds that CSA 31 revenue provides adequate funds to cover the cost of providing swimming pool services. However, the budgets for Fiscal Years 2015-16 and 2016-17 show that expenditures will exceed revenues, requiring the use of the CSA’s fund balance to balance the budgets for these years. Should deficient spending continue to occur, CSA 31’s annual per parcel service charge should be increased to ensure that the CSA is adequately funded. • Finds that the County should create a capital improvement program for CSA 31 that plans for major repairs and for the ultimate replacement of the swimming pool. To ensure that adequate funding is available for future major repairs or replacement of the swimming pool, CSA 31’s annual per parcel service charge should be increased.
33 – Oroville Wyandotte Lighting	<ul style="list-style-type: none"> • As the City of Oroville expands in the future, the CSA should either be dissolved or merged with the City of Oroville in order to maintain the funding base generated by the CSA.
34 – Gridley Swimming Pool	<ul style="list-style-type: none"> • Finds that there is a strong need for a public swimming pool facility in the Gridley area. • Finds that the Gridley swimming pool facility operated and maintained by CSA 34 appears to have reached its useful life and requires major rehabilitation or rebuilding, either of which would cost over \$6,000,000. • Finds that CSA 34 has insufficient fund balance to fund the rehabilitation or rebuilding of the Gridley swimming pool facility. • Finds that the annual per parcel charge for CSA 34 should be significantly increased to pay for the rehabilitation or rebuilding of the Gridley swimming pool facility, unless another source of funding can be found. • Finds that the County of Butte and the City of Gridley should jointly work together to obtain funding for the rehabilitation or rebuilding of the Gridley swimming pool facility. • Finds that if no action is taken to seek funding for repairs/replacement, the CSA should be dissolved and the parcel assessment removed. • Affirms the existing Sphere of Influence boundary for CSA 34 as shown on the following Sphere of Influence map.

CSA	Salient Recommendations/Findings
37 – Gridley-Biggs Ambulance	<ul style="list-style-type: none"> • Finds that it was difficult to obtain information about CSA 37 due to a lack of historical knowledge of staff as well as no easy to access documentation explaining the CSA's functions. This MSR should correct this deficiency and allow County staff an easy reference for public inquiries. • Find that CSA 37 currently has a very large fund balance in excess of \$425,000 that should be reviewed for either enhanced services or a reduction in tax assessments.
47 – East & Guynn	<ul style="list-style-type: none"> • Finds that CSA 47 does not provide street lighting services, although empowered to do so. The County should consider divesting the CSA of this power as it does not appear the CSA will ever provide street lighting services.
82 - Stirling City Sewer	<ul style="list-style-type: none"> • Finds that CSA 82's current fund balance may not be sufficient to fund any major repairs or capital improvements. CSA 82's annual per parcel service charge should be increased so that the CSA's fund balance can accumulate sufficient funds to provide adequate funding for any major repairs or capital improvements to the District's sewer system.
87 – Keefer Road/Rock Creek Drainage	<ul style="list-style-type: none"> • Finds that CSA 87 does not provide any services and it does not appear that the CSA will ever provide any services. • Finds that CSA 87 should have a zero Sphere of Influence boundary. • Finds that CSA 87 should be dissolved.
90 – Southgate Acres Drainage & Fire	<ul style="list-style-type: none"> • Finds that the CSA 90 fire protection system is non-functional and has been that way since 2009. • Finds that CSA 90's current fund balance is insufficient to provide the needed funds to repair the fire protection and it may be numerous years before there are sufficient funds in the CSA fund balance to make the repairs. The County should rectify this situation immediately by loaning funds to the CSA to make the needed repairs. CSA funds could be used to pay the County back over time for the loan. The CSA 90 Zones 2 and 3 annual per parcel service charges may need to be temporarily increased to pay the County back in a timely manner.
92 – Rosewood Lighting	<ul style="list-style-type: none"> • Finds that the CSA 92 annual per parcel service charge should be increased to ensure adequate funding for street lighting services.
94 - Sycamore Valley Lighting & Sewer	<ul style="list-style-type: none"> • Finds that CSA 94 does not provide street lighting services, although empowered to do so. • Finds that CSA 94's fund balance may not be sufficient to fund any major repairs or capital improvements to the CSA's sewer system. CSA 94's annual per parcel service charge should be increased so that the CSA's fund balance can begin to accumulate additional funds that will ultimately be needed for the repairs or improvements.
96 – Silvertree Lighting & Drainage	<ul style="list-style-type: none"> • Finds that the CSA 96 annual per parcel service charge should be increased to prevent use of the CSA's fund balance to cover revenue shortfalls.
97 – Stoney Brook Lighting & Drainage	<ul style="list-style-type: none"> • Find that CSA 97 is empowered to provide street lighting and drainage services, but has only provided the drainage services. Streetlights are not installed within the boundaries of the CSA. The County should seek input from landowners and consider either divesting the CSA of street lighting powers or install streetlights.
102 – Meadowlark Lighting & Drainage	<ul style="list-style-type: none"> • Finds that CSA 102 had never provided street lighting services, although empowered to do so. The County should seek landowner input and consider either removing this power or installing streetlights.

CSA	Salient Recommendations/Findings
116 - Pistachio Grove Lighting & Drainage	<ul style="list-style-type: none"> • Finds that the CSA 116 fund balance would be insufficient to cover the cost of any significant drainage systems repairs or improvements and should be increased to ensure that there are adequate funds to pay for any needed repairs or improvements.
119 – South Fork Lighting & Drainage	<ul style="list-style-type: none"> • Finds that revenues for CSA 119 do not appear to be adequate to provide ongoing street lighting and drainage services, and finds that CSA 119’s fund balance should be significantly increased to ensure that there are adequate funds to pay for any needed repairs or improvements to the CSA’s street lighting and drainage infrastructure. CSA 119’s annual per parcel service charge should be increased so that the CSA does not experience any further revenue shortfalls and to increase the CSA’s fund balance.
120 – Oak Way Park Drainage	<ul style="list-style-type: none"> • Finds that all of CSA 120 is located within the jurisdictional boundaries of the City of Chico. • Finds that CSA 120 provides no services and has no revenue sources other than a small fund balance that is being quickly depleted. • Finds that CSA 120 should be given a “Zero” Sphere of Influence. • Finds that CSA 120 should be dissolved as the CSA provides no services and has no source of revenue.
125 – Willow Bend Lighting & Drainage	<ul style="list-style-type: none"> • Finds that CSA 125’s fund balance should be significantly increased to provide adequate funding for future infrastructure improvements or major repairs.
135 – Keefer Creek Lighting, Drainage, & Sewer	<ul style="list-style-type: none"> • The annual per parcel service charge for CSA 135 Zone 2 should be increased so that revenues exceed expenditures. • The fund balances for CSA 135 Zone 2 and 4 should be increased in order to provide sufficient funds to fund major repairs or capital improvements to the stormwater drainage and sewer systems maintained by these zones.
141 – Mountain Oaks Sewer	<ul style="list-style-type: none"> • Finds that the annual per parcel service charge should be increased to begin accumulating funds in order to provide the necessary funding for inevitable major repairs or capital improvements.
148 – Orchardcrest Lighting & Drainage	<ul style="list-style-type: none"> • Finds that CSA 148 provides no services, has no revenue sources, and has no expenditures. • Finds that there is no demand for CSA 148 to provide any of its authorized services. • Finds that CSA 148 should be given a Zero Sphere of Influence boundary. • Finds that CSA 148 should be dissolved.
149 – Biggers Glen	<ul style="list-style-type: none"> • Finds that CSA 149 is empowered to provide street lighting services but no streetlights have been installed within the CSA and the CSA does not currently provide this service. CSA 149 should be divested of the power to provide street lighting services. • Finds that CSA 149 is empowered to provide fire protection services but the water system within the CSA is owned, operated, and maintained by a private mutual water company and no CSA 149 funds are used for this purpose. CSA 149 should be divested of the power to provide fire protection services. • Finds that CSA 149 is empowered to provide police services but this service does not appear to be provided by the CSA. CSA 149 should be divested of the power to provide police protection services.

CSA	Salient Recommendations/Findings
163 - Thorntree	<ul style="list-style-type: none"> • Finds that CSA 163 is not providing street lighting services, although empowered to do so. The County should consider using fund balance to install necessary/required street lighting. • Finds that CSA 163 fire protection system is non-functional and has been that way for numerous years and that the County should evaluate the absence of a functioning fire suppression system to determine if the industrial park and its buildings are in compliance with fire codes or original development conditions. • Finds that CSA 163's current fund balance may be insufficient to provide the needed funds to repair the fire protection system and it may be numerous years before there are sufficient funds in the CSA fund balance to make the repairs. The County should rectify this situation immediately by loaning funds to the CSA to make the needed repairs. CSA funds could be used to pay the County back over time for the loan. The CSA 163 annual per parcel service charges may need to be temporarily increased to pay the County back in a timely manner.
164 – Butte County Animal Control	<ul style="list-style-type: none"> • The County of Butte and the incorporated cities within Butte County should consider creating one County-wide animal control program that may result in more efficient and cost-effective animal control services.
165 – Justin Manor/Martin Subdivision Lighting, Drainage, & Fire	<ul style="list-style-type: none"> • No streetlights are installed on Roberts Court, although the landowners are charged for this service. The County should consult landowners on Roberts Court to determine if streetlights are wanted, and either install the lights or remove the lighting related charges from these landowners.
169 – Pheasant Landing Lighting, Drainage, Fire, & Sewer	<ul style="list-style-type: none"> • Finds that CSA 169 revenue generally provides adequate funds to cover the cost of providing services to the CSA. However, in Fiscal Years 2015-16 and 2016-17, Zones 1 and 2's projected expenditures are projected to exceed revenues. If the revenue shortfall occurs, use of Zone 1 and 2's fund balances will be required to cover the shortfall. The County should increase the annual per parcel service charges for these zones if revenue shortfalls continue to occur. • All of the zones of benefit within CSA 169 currently have relatively large fund balances that could be used for unanticipated expenses or for capital improvements. The fund balances for Zones 1 and 2 should remain high as replacement of the sewer infrastructure could be very costly.
179 – Chambers/Speedway Lighting, Drainage, & Fire	<ul style="list-style-type: none"> • Finds that the County of Butte should begin collecting some or all of the CSA 179 annual per parcel service charge to build up a reserve fund to be used for stormwater drainage system maintenance and improvements. • Finds that the County of Butte should initiate proceedings with Butte LAFCo to divest CSA 179 of the powers to provide street lighting services and fire protection services.
180 – Redhawk Ranch Lighting, Drainage, & Fire	<ul style="list-style-type: none"> • Finds that CSA 180 is empowered to provide street lighting services but no streetlights have been installed within the CSA and the CSA does not currently provide this service. The County should consider divesting the CSA of its street lighting powers or utilizing the large fund balance to install streetlights.