

# MEMORANDUM

**TO:** Local Agency Formation Commission

**FROM:** Stephen Lucas, Executive Officer  
Stephen Betts, Deputy Executive Officer

**SUBJECT:** 15-03 – Review and Consideration of the Draft Sphere of Influence Plan and Municipal Service Review, and Expansion of Powers Request for County Service Area 4

**DATE:** February 26, 2015, for the meeting of March 5, 2015

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## Summary / Background

County Service Area 4 (CSA 4 - Sierra Del Oro Drainage and Street Lighting District), which is located in a large portion of the unincorporated Paradise Pines area (Upper Ridge), currently provides stormwater drainage services, street lighting services, and water quality monitoring services within its jurisdictional boundaries. The County of Butte has requested that Butte LAFCo expand the powers for CSA 4 to allow the CSA to provide enhanced road maintenance services for the more heavily traveled roads within the CSA. To support the expansion of powers request, staff has prepared a draft Sphere of Influence (SOI) Plan and a draft Municipal Service Review (MSR) for CSA 4 for the Commission's review and approval. No changes to CSA 4's existing Sphere of Influence or jurisdictional boundaries are proposed by the County as a part of expansion of powers proposal or the SOI Plan.

Staff recommends that the Commission adopt Resolution 10 2014/15 (**Attachment D**) approving the MSR and the SOI Plan, and approving the expansion of powers request.

## Municipal Service Review Update

The Cortese-Knox-Herzberg Act requires that a Municipal Service Review (MSR) be conducted prior to, or in conjunction with, the update of an entity's Sphere of Influence (SOI). A MSR is a comprehensive, contemporary analysis of service provision by each of the special districts and cities within the legislative authority of the LAFCo. It essentially evaluates the capability of an agency to deliver the services it is empowered to provide.

The current Municipal Service Review for CSA 4 was adopted as a part of the *Irrigation, Drainage, and Reclamation Service Providers MSR*, adopted by the Commission on April 5, 2007. However, only the stormwater drainage services provided by CSA 4 were evaluated in the 2007 MSR. The street lighting and water quality monitoring services provided by CSA 4 have never been evaluated in a MSR.

The Draft MSR for CSA 4, which reviewed all of the services provided by the CSA, determined that the CSA is providing stormwater, street lighting, and water quality monitoring services in an effective and efficient manner. The proposed determinations are included in this memorandum as **Attachment A**. The Draft MSR for CSA 4 determined that although the stormwater drainage infrastructure is functioning adequately at this time, some of the drainage infrastructure is starting to show signs of aging and may require major repairs or replacement at some point in the future.

The Draft MSR recommends that the County consider preparing a capital improvement program for the CSA that plans for the inevitable repair or replacement of drainage infrastructure. The Draft MSR also recommends that the County consider establishing a capital facilities and maintenance reserve fund for CSA 4 to ensure that adequate funds are available to perform the necessary repair or replacement work identified in the capital improvement program. The Draft MSR also determined that CSA 4 has a very high fund balance (\$600,000+), which is a result of revenues exceeding expenditures over the life of the CSA.

The Draft MSR also considered the County's proposal to expand the powers of CSA 4 to allow the CSA to provide enhanced road maintenance services on the more heavily used roads within the CSA. The Draft MSR determined that the CSA would have adequate funding, based on the CSA's existing large fund balance and based on normal yearly revenues and expenditures, to perform the requested road maintenance services. The Draft MSR determined that should CSA 4 be given road maintenance powers, CSA 4 funds should not be used for roadway improvements on Skyway as this road is utilized by numerous vehicles from outside of CSA 4 boundaries. Additionally, the Draft MSR determined that should road maintenance powers be given to CSA 4, the County of Butte should ensure that funding for existing CSA 4 services (stormwater drainage, street lighting, and water quality monitoring) continues at a level sufficient to maintain existing service levels. The County's expansion of powers request for CSA 4 is fully evaluated below.

### **Sphere of Influence Plan**

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) empowers LAFCo with the responsibility for developing and determining the SOI of each local agency within the county, and for enacting policies designed to promote the logical and orderly development of areas within the spheres.

A SOI is defined as a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCo. The intent of a SOI is to identify the most appropriate areas for an agency's extension of services in the foreseeable future (i.e., 10-20 year horizon). Accordingly, territory included in an agency's sphere is an indication that the probable need for service has been established, and that the subject agency has been determined by LAFCo to be the most logical service provider for the area. *It is important to understand there is no particular "right" methodology in determining the size of a SOI as each agency has unique variables of service delivery, land uses, and geography that play a role in determining an appropriate SOI.*

State law requires LAFCo to review and update, as necessary, the SOI of each local agency not less than every five years. The level of review and the matter of necessity are determined by each local commission based on local policies and circumstances. Sphere of Influence updates may range from an affirmation of the existing SOI boundaries to modifications to the SOI boundaries up to and including finding that an agency should have no SOI at all (zero sphere) based in its complete inability to provide its defined services. LAFCo is not required to initiate changes to an SOI based on findings and recommendations of the service review, although it does have the power to do so.

The existing SOI Plan for CSA 4 dates from 1985, where it was a part of the *Paradise Area Sphere of Influence Study* (April 1985). The 1985 SOI Plan for CSA 4 is included in the SOI Plan as Appendix B. The jurisdictional boundaries of CSA 4 are coterminous with the CSA's Sphere of Influence. Butte LAFCo Policy 3.1.11 defines a "coterminous" sphere of influence as a sphere that 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.

While the County proposes no changes to CSA 4's current SOI boundary, Staff has considered the possibility of expanding the boundaries of CSA 4 to encompass all of the more-developed portions of the Paradise Pines area, including the Magalia area. Almost all of the Paradise Pines area is within the current sphere of influence of the Town of Paradise and it was anticipated that the Paradise Pines area would ultimately be annexed into the Town. However, that has not occurred and the Town of Paradise has tentatively indicated that they do not have the desire or the means to annex the Paradise Pines area and would like to have the Paradise Pines area removed from the Town's SOI at some point in the near future.

The Paradise Pines is a highly developed urban area, with over 5,200 residential parcels and an estimated population of approximately 13,200 people, which is larger than many cities in California (such as Grass Valley and Marysville) yet most of the municipal services for the area are provided by Butte County or CSA 4. Since the Town of Paradise will, in all likelihood, never annex the Paradise Pines area, the area will remain as a highly developed unincorporated area. To provide adequate municipal services throughout the whole Paradise Pines area, the boundaries of CSA 4 could be expanded to encompass the whole area. Additionally, CSA 4 could be provided with additional powers, such as snow removal services, wastewater services, enhanced law enforcement services, and enhanced fire protection services, to ensure that adequate or increased levels of municipal services are provided to this highly developed, unincorporated urban area. CSA 4 could also be reorganized into a Community Services District (CSD), which could provide a wide range of municipal services and have a board of directors comprised of residents of the CSD, allowing for increased local governance of the CSD.

The expansion of CSA 4 boundaries and giving it additional powers, or reorganizing CSA 4 into a Community Services District, would provide for the efficient and effective provision of municipal services to all of the more developed portions of the Paradise Pines area. The Draft MSR did not contain a determination with regards to this issue, but Staff has prepared the following determination that the Commission may want to add to the MSR if it considers this to be an important issue.

**MSR DETERMINATION 3.1.17: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES**

*Butte County should consider expanding the boundaries of CSA 4 to include all of the Paradise Pines area, including the Magalia area, and consider adding additional powers to CSA 4 to allow the CSA to provide new or enhanced municipal services. As an alternative, the County should consider reorganizing CSA 4 into a Community Services District, which can provide a wide range of municipal services and would be governed by a board of directors residing within the CSD.*

Pursuant to California Government Code §56425(e), as part of a SOI update, the Commission is required to consider the following five factors and make appropriate determinations in relationship to each of the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Sections 4.0 to 4.4 of the Draft SOI Plan for CSA 4 contain a detailed analysis and determinations for each of the five factors. The proposed SOI determinations are attached to this report as ***Attachment B***.

Butte County has not requested any changes to CSA 4's existing Sphere of Influence or to the CSA's jurisdictional boundaries. While Staff did not initially recommend any changes to CSA 4's existing SOI, the above discussion does make a strong case to do so.

### **Expansion of Powers Request**

On September 23, 2014, the Butte County Board of Supervisors adopted Resolution No. 14-126 formally requesting LAFCo to approve an expansion of powers request for CSA 4 to allow the CSA to perform enhanced road maintenance services to the more heavily used roads within the CSA. The proposed enhanced road maintenance services would be used to place asphalt concrete overlays (instead of chip sealing) on the primary roads in Paradise Pines, which includes all or portions of South Park Drive, West Park Drive, Ponderosa Way, Creston Road, Wycliff Way, Coulter Way, Carnegie Way, Lakeridge Circle, Columbine Road, a portion of Steiffer Road, and a portion Skyway. The overlay projects on these roadways would be scheduled based on pavement conditions and available CSA 4 funding.

Most of the streets within CSA 4 are public roads that are currently maintained by Butte County on an as-needed basis, which usually means fixing potholes or other types of road damage. Most of the roads within CSA 4 were constructed in the 1970s and many of the roads have not undergone any significant improvements since being constructed. Most of the roads within the CSA are local roads that do not have high traffic volumes or have a significant number of heavy trucks using them.

Using gas tax revenue, the County of Butte currently maintains approximately 1,034 miles of paved roads in the County's maintained road system and without a new funding source the County anticipates chip sealing each road once every 20 to 25 years or so. According to the County, many of the roads wait longer than that because of the need to maintain higher speed and higher volume roads first, while deferring maintenance on lower speed/volume local residential roads, such as the roads within CSA 4.

Over the next several years, the Butte County Public Works Department is planning to re-surface the County maintained roads within the CSA 4 area, but the County is challenged to find the funding to do this necessary work. The County believes that it will have sufficient funding to chip seal CSA 4's secondary roads and numerous cul-de sacs, but would like to perform enhanced maintenance on the primary roads in CSA 4 that have higher levels of vehicular and pedestrian traffic. The enhanced maintenance activities on the more heavily travelled roads within CSA 4 will help prevent deterioration of these roadways and help prevent costly major road reconstruction.

As identified in the MSR, funding for CSA 4 comes from a portion of the 1% property tax collected from the parcels in the CSA. Over the life of the CSA, annual revenues have generally exceeded annual expenditures, which has resulted in the CSA having a \$600,000.00+ unreserved fund balance. The County intends to use some of this excess fund balance for the proposed enhanced road maintenance services. The County does not intend to seek an increased assessment via the Proposition 218 process for funding the proposed enhanced road maintenance services. The County has not identified the actual estimated annual costs of providing the road maintenance services to CSA 4, but states in the Plan for Services submitted with the Expansion of Powers application that enhanced road maintenance services will be provided after CSA 4's accumulated fund balance reaches a level high enough to perform maintenance on a cost effective basis, which is anticipated to provide some degree of maintenance every two to five years.

Providing CSA 4 the powers to perform enhanced road maintenance services on the more heavily used roads within the CSA would allow these roadways to be maintained at a level that would not be possible under the County's normal road maintenance schedule. The enhanced road maintenance services provided by CSA 4 will improve the safety of these roadways and prevent the need for costly road improvements. It is highly desirable for the County to establish a capital improvement plan for CSA 4 to ensure accountability in service delivery and landowner awareness of the use of CSA 4 funds.

### **Butte LAFCo Policies**

Section 3 (Sphere of Influence) of Butte LAFCo Policies provides the standards for determinations regarding spheres of influence. Policy 3.1.4 states that when establishing the boundaries of a sphere of influence for an agency, LAFCo will consider the factors listed in Section 56425 of the Government Code as well as the factors found in LAFCo Policy 3.1.4.1, which state that LAFCo will discourage including lands in an agency's sphere of influence that are:

- Unlikely to require the services provided by the agency, for example, lands not designated for inclusion to a city by the applicable general plan;
- Areas where development is constrained by topographical factors;
- Areas where the projected and/or historical growth rates do not indicate a need for service within the time frame of the Sphere Plan;
- Areas in an agency's sphere of influence which cannot feasibly be served by the agency within a 20 year time frame consistent with the Sphere Plan.

Section 5.3 (Provision of New Services by Districts) of Butte LAFCO's Policies and Procedures provides the standards the Commission must consider when reviewing a proposal to add a new power to a special district. The policies within Section 5.3 are:

- 5.3.1 Policies Applicable to New Service Proposals. LAFCO will evaluate a proposal for a district to provide new services using the policies and standards applicable to the formation of a new district.
- 5.3.2 Plan for Services Required. A proposal must include a Plan for Services that addresses the items identified in Section 56653 of the Government Code.
- 5.3.3 New Services Not Subsidized. LAFCO will not approve a proposal for the provision of new service where it is reasonably likely that existing ratepayers and/or taxpayers will have to subsidize the new service.

Policy 5.3.1 refers to Section 5.2 (District Formation) of Butte LAFCO's Policies and Procedures. This section contains the criteria the Commission must use when evaluating the formation of a new special district, or in this case, when evaluating an expansion of powers request for a special district. The policies within Section 5.2 are:

- 5.2.1 Consistency with LAFCO Policies. The formation of a special district must be consistent with the General Policies set forth in these Policies and Procedures, as well as specific policies for formations.
- 5.2.2 Need for New District Required. LAFCO will only approve special district formations in areas that demonstrate a need for the proposed services and where no existing agency can adequately or efficiently provide such services, in an accountable manner as required by Government Code Section 56886.5.
- 5.2.3 Sphere of Influence Plan and Municipal Service Review. LAFCO will adopt a sphere of influence for a newly formed district within two years of the completion of formation proceedings.
- 5.2.4 Plan for Services Required. Every proposal for formation of a new special district must include a Plan for Services that addresses the items identified in Government Code Section 56653.
- 5.2.5 Consistency Required. LAFCO will only approve district formation applications that accommodate development that is consistent with the General and Specific Plans of all affected land use authorities.
- 5.2.6 Conflicts Not Allowed. LAFCO will not approve a district formation proposal if the Plan for Services conflicts with the Municipal Service Review of other agencies unless higher quality, more efficient service provision will occur as determined under item 4.2.
- 5.2.7 Public Benefit Considered. LAFCO will consider whether the proposed district formation will benefit the affected public as a whole or only a select group. Absent other circumstances, LAFCO will not approve a formation proposal that amounts to a grant of governmental powers to a special interest group.
- 5.2.8 Fiscal Solvency. LAFCO will prepare, or cause to be prepared, a fiscal analysis for the proposed district which projects services to be provided, costs to service recipients, and revenue and expenses for a period of at least five years. LAFCO will

not approve an application for district formation unless the fiscal analysis demonstrates the district can provide the needed services and remain fiscally solvent. If the financing element of the Plan for Services requires voter or landowner approval (for instance, a special tax or benefit assessment), LAFCO's approval of the proposal will require voter approval of the funding mechanism as a condition for completion of the formation. [GC§56653]

5.2.9 County Service Areas. LAFCO may reduce or waive these district formation requirements in connection with the formation of routine County Service Areas.

### **Policy Summary**

Staff has reviewed the Draft MSR, the Draft SOI Plan, and the expansion of powers request for CSA 4 with regards to the applicable Butte LAFCo policies, as identified above, and believes that the project is consistent with these policies.

### **Support/Protest**

At their September 23, 2014, meeting, the Butte County Board of Supervisors adopted Resolution No. 14-126 formally requesting LAFCo to approve the expansion of powers request for CSA 4. A 1/8<sup>th</sup> page notice for the Commission's March 5, 2015, public hearing on the proposed adoption of the MSR/SOI Plan for CSA 4 and on the expansion of powers request for CSA 4 appeared in the *Paradise Post* on February 11, 2015. The notice and the Draft MSR/SOI Plan were placed on Butte LAFCO's webpage and a copy of the notice and the Draft MSR/SOI Plan were provided to the Paradise Branch of the Butte County Library. 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 any aspect of the project.

### **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 MSR and the SOI Plan. The County of Butte served as the Lead Agency for environmental review for the Expansion of Powers request, with Butte LAFCo acting as responsible agency for that action.

The MSR for CSA 4 is 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 Plan for CSA 4 is 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. CSA 4's SOI and jurisdictional boundaries will not change, and no new development would occur, as a result of the SOI Plan and therefore there would not be any environmental impacts.

Butte County determined that the expansion of powers request for CSA 4, which would allow the CSA to provide enhanced road maintenance services, is categorically exempt from environmental review pursuant to CEQA Guidelines Section 15301 – Existing Facilities. The Section 15301 exemption consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The key consideration is whether the project involves negligible or no expansion of an existing use. Section 15301 states that this exemption is appropriate for maintenance of existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities (this includes road grading for the purpose of public safety).

As responsible agency for the expansion of powers proposal, LAFCo is required to rely on the County's environmental documentation in acting on the proposal, but must prepare and issue its own findings. The Commission now has the decision to affirm the categorical exemption prepared and adopted by Butte County for the expansion of powers request or to find that the environmental documents do not adequately address the potential significant impacts to the environment. Staff believes that the categorical exemption that Butte County adopted for the expansion of powers request is the appropriate level of environmental review.

## **CONCLUSION**

The proposal substantially conforms to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and with LAFCo policy. The Executive Officer recommends approval of the MSR, the SOI Plan, and the expansion of powers for CSA 4.

## **ALTERNATIVES FOR COMMISSION ACTION**

After reviewing this report, the proposed MSR Update, the SOI Plan, the Final Environmental Impact Report and other CEQA documentation, and any testimony or materials that are presented, the Commission can take one of the following actions:

**OPTION 1** APPROVE the Municipal Service Review, the Sphere of Influence Plan, and the Expansion of Powers request to allow enhanced road maintenance services for County Service Area 4, 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 Review for County Service Area 4 is 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 for County Service Area 4 is Categorical Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption.

- C. Acting as Responsible Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, find that the Expansion of Powers request for County Service Area 4 is Categorically Exempt from the provisions of CEQA under CEQA Guidelines Section 15301 – Existing Facilities.
- D. Find that the Sphere of Influence Plan prepared for CSA 4 is complete and satisfactory and achieves consistency with LAFCo and State SOI policies and statutes.
- E. Find that the proposed Municipal Service Review for CSA 4 and the written determinations in the Sphere of Influence Plan satisfy State Law.
- F. Adopt Resolution 10 2014/15 (**Attachment C**) approving the Municipal Service Review for CSA 4, approving the Sphere of Influence Plan for CSA 4, and approving an expansion of powers for CSA 4 to allow the CSA to perform enhanced road maintenance services.
- G. Direct staff to prepare a Final MSR and a Final SOI Plan, which will include the adopting resolution and any comments received with regards to the draft SOI Plan.

**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 MSR and/or the Draft SOI Plan 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: Summary of MSR Determinations
- B: Summary of SOI Plan Determinations
- C: Draft LAFCo Resolution No. 10 2014/15
- D: Notice of Exemption

## Attachment A

### Summary of MSR Determinations

#### **MSR DETERMINATION 3.1.1: GROWTH AND POPULATION**

*New population growth within CSA 4 will be mostly limited to the existing 220 undeveloped residential-designated parcels within the CSA, and to three large parcels that have the potential to be divided into approximately 23 new parcels, resulting in a population growth of approximately 620 people.*

#### **MSR DETERMINATION 3.1.2: CAPACITY, ADEQUACY AND INFRASTRUCTURE – STREET LIGHTING**

*Street lighting services provided by CSA 4 appear to be adequate. The County may wish to consider installing streetlights on the interior roads of the CSA if needed to improve road and/or pedestrian safety or due to the desires of area residents.*

#### **MSR DETERMINATION 3.1.3: CAPACITY, ADEQUACY AND INFRASTRUCTURE – WATER QUALITY MONITORING**

*Water quality monitoring services provided by CSA 4 appear to be adequate. No significant water quality problems associated with the use of septic systems within CSA 4 have been identified.*

#### **MSR DETERMINATION 3.1.4: CAPACITY, ADEQUACY AND INFRASTRUCTURE - DRAINAGE**

*Drainage services provided by CSA 4 appear to be adequate. The County may wish to consider preparing a map showing the locations and types of existing drainage infrastructure to ensure for adequate maintenance in future years.*

#### **MSR DETERMINATION 3.1.5: CAPACITY, ADEQUACY AND INFRASTRUCTURE – DRAINAGE INFRASTRUCTURE CONDITION AND CAPITAL IMPROVEMENT PROGRAM**

*The County, through CSA 4, should consider undertaking a comprehensive inspection of the existing drainage improvements within CSA 4 to determine current infrastructure conditions. The County should consider preparing a capital improvement program for CSA 4 that identifies future drainage infrastructure improvements.*

**MSR DETERMINATION 3.1.6: CAPACITY, ADEQUACY AND INFRASTRUCTURE – RESERVE FUND**

*To assure that adequate funds are available for any needed future drainage infrastructure improvements identified by a capital improvement program, the County should consider establishing a capital facilities and maintenance reserve fund for CSA 4.*

**MSR DETERMINATION 3.1.7: SKYWAY ROAD MAINTENANCE**

*Should CSA 4 be given road maintenance powers, CSA 4 funds should not be used for roadway improvements on Skyway as this road is utilized by numerous vehicles from outside of CSA 4 boundaries.*

**MSR DETERMINATION 3.1.8: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES**

*CSA 4 funding comes primarily from the District's proportionate share of the 1% overall property tax. The amount of property tax received remains steady, varying slightly from year-to-year.*

**MSR DETERMINATION 3.1.9: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES**

*The revenue stream for CSA 4 appears to be adequate to fund all required services. However, as a result of increased maintenance activities, funds from CSA 4's large fund balance were utilized to ensure a balanced budget several times over the last few years.*

**MSR DETERMINATION 3.1.10: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES**

*CSA 4 currently has a large (\$600,000+) fund balance, which indicates that the CSA's revenue has exceeded expenditures over the life of the CSA. The County should seek to reduce the large fund balance by 1) establishing a capital facilities and maintenance reserve fund to provide adequate funding for future (and inevitable) repair and replacement of existing drainage infrastructure; and, 2) utilize the excess fund balance for augmented road maintenance services for the roads within the CSA upon being granted that power by LAFCo.*

**MSR DETERMINATION 3.1.11: FINANCIAL ABILITY OF DISTRICT TO PROVIDE SERVICES**

*Should road maintenance powers be given to CSA 4, the County of Butte should ensure that funding for existing CSA services continues at a level sufficient to maintain existing service levels.*

**MSR DETERMINATION 3.1.12: SHARED FACILITIES**

*Opportunities for shared facilities for CSA 4 with other agencies are limited due to the CSA's location and due to the CSA's narrow range of services, which are provided only to a specific area. The CSA is staffed by County Public Works Department staff, and shares administrative costs and staffing with other CSAs. The Butte County Public Works Department utilizes County-owned equipment for CSA 4 drainage maintenance activities and a street sweeper purchased using CSA 4 funds is used for CSA 4 drainage maintenance activities and which is also utilized by Butte County outside of CSA 4 district boundaries.*

**MSR DETERMINATION 3.1.13: MANAGEMENT EFFICIENCIES**

CSA 4 is governed by the Butte County Board of Supervisors and is managed by the Butte County Public Works Department. All of the work performed on behalf of the CSA is by various departments of the County of Butte, including the Public Works Department and the Environmental Health Division. CSA 4 has a management and accountability structure in place that provides for adequate services.

**MSR DETERMINATION 3.1.14: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES**

*All County Services Areas within Butte County are governed by the Butte County Board of Supervisors and administered by the Butte County Public Works Department.*

**MSR DETERMINATION 3.1.15: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES**

*Accountability for CSA 4 residents is limited because there are presently no advisory bodies in which they might participate.*

**MSR DETERMINATION 3.1.16: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The CSA demonstrated accountability and transparency by disclosing financial and service related information in response to LAFCo requests.*

## Attachment B

### Summary of SOI Plan Determinations

#### **SOI DETERMINATION 4.1.1: PRESENT AND PLANNED LAND USE**

*CSA 4 is mostly developed, with single-family residential dwellings being the predominate existing land use, along with some commercial uses. Planned land uses within CSA 4 will continue to be single-family dwellings and commercial uses.*

*This sphere update will not result in the addition of any new lands to the CSA's SOI, all of which is within the County of Butte's jurisdiction. The County's General Plan provides for a variety of uses for this territory, including residential, commercial, and open space uses.*

#### **SOI DETERMINATION 4.1.2: PRESENT AND PLANNED LAND USE – EXPANSION OF POWERS**

*The proposal to add road maintenance service powers to CSA 4 will not affect any existing or planned land uses within CSA 4, nor cause an increase in population within the CSA.*

#### **SOI DETERMINATION 4.1.3: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The territory receives a variety of services in addition to those provided by CSA 4 (i.e., stormwater drainage, street lighting, and water quality monitoring), including fire protection and emergency response, public safety, streets and traffic circulation, and general government services, all of which are provided by the County of Butte.*

#### **SOI DETERMINATION 4.1.4: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The principal need for services in CSA 4 is keeping the existing drainage infrastructure and street lights maintained at current conditions. Additionally, the principal need for water quality monitoring in CSA 4 is to ensure that the numerous existing septic systems within the area are not causing water pollution.*

#### **SOI DETERMINATION 4.1.5: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The principal need for the proposed road maintenance powers for CSA 4 is to allow the public roads within the area that have higher traffic volumes to be maintained at increased levels than would normally occur.*

**SOI DETERMINATION 4.1.6: PRESENT CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES**

*The Municipal Service Review for CSA 4 documents the capacity of the CSA 4's facilities and services and their adequacy to meet current and projected demands.*

**SOI DETERMINATION 4.1.7: PRESENT CAPACITY OF FACILITIES AND ADEQUACY OF SERVICES**

*The Municipal Service Review for CSA 4 contained determinations regarding the creation of a capital improvement program and the establishment of a capital facilities and maintenance reserve fund to provide for adequate funding for future infrastructure improvements. The establishment of a capital improvement program and a reserve fund for CSA 4 would provide for CSA 4 drainage infrastructure to continue to function well into the future without the need for urgent and costly repairs or replacement.*

**SOI DETERMINATION 4.1.8: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST**

*Social and economic communities of interest for CSA 4 includes the unincorporated community of Paradise Pines and the Town of Paradise.*

**SOI DETERMINATION 4.1.9: DISADVANTAGED UNINCORPORATED COMMUNITIES**

*Approximately 62% of CSA 4 is considered a disadvantaged unincorporated community. However, the provisions of SB 244 regarding disadvantaged unincorporated communities do not apply to CSA 4 as this district does not provide any public services related to sewers, municipal and industrial water, or structural fire protection.*

## Attachment C

### RESOLUTION NO. 10 2014/15

#### **ADOPTION OF A MUNICIPAL SERVICE REVIEW AND A SPHERE OF INFLUENCE PLAN FOR COUNTY SERVICE AREA 4 AND AN EXPANSION OF POWERS FOR COUNTY SERVICE AREA 4 TO ALLOW FOR THE PROVISION OF ENHANCED ROAD MAINTENANCE SERVICES**

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

**WHEREAS**, a proposal for the expansion of powers of County Service Area 4 (CSA 4) to allow the CSA to provide enhanced road maintenance services was heretofore requested by the County of Butte 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**, a service review mandated by Government Code Section 56430 has been prepared by the Local Agency Formation Commission of the County of Butte (hereinafter referred to as "the Commission") for CSA 4 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 CSA 4 in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and

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

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

**WHEREAS**, a public hearing by this Commission was called for March 5, 2015, 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

**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. Acting as Lead Agency pursuant to the California Environmental Quality Act (CEQA) Guidelines, the Commission finds that the Municipal Service Review for County Service Area 4 is Categorically 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, the Commission finds that the Sphere of Influence Plan for County Service Area 4 is Categorically Exempt from the provisions of CEQA under Section 15061(b)(3) – General Rule Exemption.
- C. The Commission finds that the Categorical Exemption prepared by the County of Butte for the Expansion of Powers request for CSA 4 was prepared in accordance with the requirements of CEQA Guidelines and is consistent with State law and that the County's environmental document is determined to be legally adequate pursuant to CEQA Guidelines Section 15301 – Existing Facilities.

### **Section 2. General Findings for Expansion of Powers Request and Sphere of Influence Plan**

- 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, Butte LAFCo Policies, and other factors as described in the staff report dated February 26, 2015.
- B. Said territory includes 4,471 parcels, totaling approximately 2,614 acres in size, as shown on Figure 2.1 of the Municipal Service Review/Sphere of Influence Plan for County Service Area 4 as adopted by the Commission on March 5, 2015, and is assigned the following distinctive short term designation: 15-03 - Expansion of Powers for County Service Area 4 (Sierra Del Oro Drainage and Street Lighting District).
- C. The expansion of powers for CSA 4 will allow for enhanced road maintenance services on the more heavily used roads within the CSA, resulting in these roads being maintained at a higher level that would not be possible under the County's normal road maintenance schedule.
- D. Funding for the enhanced road maintenance services provided by CSA 4 will be obtained from CSA 4's existing revenue sources and from CSA 4's large fund balance. No new parcel assessments will be required to fund the enhance road maintenance services.
- E. No property tax exchange will be required for an expansion of powers.
- F. Find that this proposal does not require filing with the State Board of Equalization.

**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 for the expansion of powers request for CSA 4:

1. The expansion of powers authorization for enhanced road maintenance specifically excludes the Skyway as this is a major arterial that serves users not residing within the boundaries of CSA 4.
2. All Commission fees must be paid in full prior to the expansion of powers for CSA 4 becoming effective.

**WHEREAS**, the Sphere of Influence Plan determinations for County Service Area 4 are made in conformance with Government Code Section 56425 and local Commission policy and are included in Attachment B to this Resolution; 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 County Service Area 4 with no changes to County Service Area 4's current SOI boundaries; and,

**WHEREAS**, pursuant to §56824.14 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Commission approves the expansion of power request for County Service Area 4 to allow the CSA to perform enhanced road maintenance services as described in the Plan for Services submitted with the application submitted by the County of Butte and as described in the Municipal Service Review/SOI Plan for CSA 4 adopted by the Commission on March 5, 2015, and as described in the staff reported dated February 26, 2015; and,

**NOW, THEREFORE, BE IT RESOLVED**, that pursuant to powers provided in §56430 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, the Local Agency Formation Commission of the County of Butte adopts the Municipal Service Review for County Service Area 4, dated March 5, 2015. Furthermore, pursuant to powers provided in §56425, the Commission adopts the SOI Plan for County Service Area 4 with no changes to County Service Area 4's SOI boundary.

**PASSED AND ADOPTED** by this Local Agency Formation Commission of the County of Butte, on the 5<sup>th</sup> day of March 2015 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINS:**

**ATTEST:**

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Clerk of the Commission

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**CARL LEVERENZ**, Chair  
Butte Local Agency Formation Commission

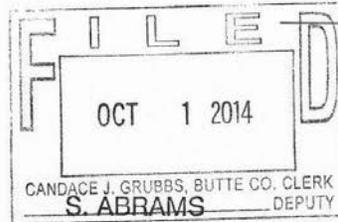
# Attachment D

## Notice of Exemption

To:  Office of Planning and Research  
1400 Tenth Street, Room 121  
Sacramento, CA 95814

From: (Public Agency) Butte County Public Works  
7 County Center Drive  
Oroville, CA 95965

County Clerk  
County of Butte  
25 County Center Drive  
Oroville, CA 95965



Project Title: Expansion of Powers within a County Service Area for Road Maintenance

Project Location - Specific: Paradise Pines - Paradise Urban Area

Project Location - City: \_\_\_\_\_ Project Location - County: Butte

Description of Nature, Purpose, and Beneficiaries of Project:  
Expansion of Powers within a County Service Area to include Road Maintenance to maintain roads within County Service Area #4

Name of Public Agency Approving Project: Butte County Public Works

Name of Person or Agency Carrying Out Project: Mike Crump - Director of Public Works

Exempt Status: (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec 21080(b)(3); 15269(a));
- Emergency Project (Sec 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State type and section number: 15301 - Existing Facilities
- Statutory Exemptions. State code number:

Reasons why project is exempt: Existing roads to be maintained for public safety

**Lead Agency**

Contact Person: Mike Crump Area Code/Telephone/Extension: (530) 538-7681

**If filed by applicant:**

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project?  Yes  No

Signature: [Signature] Date: October 1, 2014 Title: Admin. Analyst, Senior

- Signed by Lead Agency
  - Signed by Applicant
- Date received for filing at OPR: \_\_\_\_\_