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## BUTTE LOCAL AGENCY FORMATION COMMISSION

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September 13, 2011

To: LAFCO Commissioners, Affected Local Agencies and other interested persons.

Re: **PUBLIC REVIEW DRAFT** Municipal Service Review and Sphere of Influence Plan for County Service Area 114 (CSA 114 – Chico Urban Area Nitrates)

To Whom It May Concern:

Pursuant to Government Code Sections 56425 and 56430, the Butte Local Agency Formation Commission has prepared a Draft Municipal Service Review and Sphere of Influence Plan (MSR /SOI Plan) for County Service Area 114 (CSA 114 – Chico Urban Area Nitrates). These documents (attached) are now being circulated for a 21-day public review period beginning on September 14, 2011. These documents can also be viewed and downloaded from Butte LAFCo's webpage at [www.buttelafo.org](http://www.buttelafo.org).

The draft MSR /SOI Plan will be considered for adoption by the Butte Local Agency Formation Commission at a public hearing scheduled for October 6, 2011, at 9:00 a.m. in the Butte County Board of Supervisor's Chambers, 25 County Center Drive, Oroville, CA. The Draft SOI Plan recommends that the Sphere of Influence of CSA 114 be reduced in size by approximately 2,115 acres.

Please review the information included in these documents and provide written comments to the Butte Local Agency Formation Commission at the address listed above, prior to the October 6 meeting. Comments may also be submitted via e-mail to Stephen Betts, LAFCo Deputy Executive Officer, at [sbetts@buttecounty.net](mailto:sbetts@buttecounty.net). Comments may be provided orally at the meeting; however, time is generally limited due to the number of items on the agenda.

If you have any questions, comments or concerns, please contact me at (530) 538-7784, Monday through Friday, between 8:00 a.m. and 4:00 p.m.

Sincerely,

**Stephen Betts**

Stephen Betts  
Deputy Executive Officer

Attachment: Public Review Draft Municipal Service Review/Sphere of Influence Plan for CSA 114, September 13, 2011

**PUBLIC REVIEW DRAFT**

**MUNICIPAL SERVICE REVIEW  
AND SPHERE OF INFLUENCE PLAN  
FOR  
COUNTY SERVICE AREA No. 114  
(CHICO URBAN AREA NITRATES)**



**PREPARED BY:**  
**Butte Local Agency Formation Commission**  
**1453 Downer Street, Suite C**  
**Oroville, CA 95965**  
**(530) 538-7784**  
**[www.buttelafco.org](http://www.buttelafco.org)**

**SEPTEMBER 13, 2011**

**PUBLIC REVIEW DRAFT**

**MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN  
FOR  
COUNTY SERVICE AREA NO. 114 – CHICO URBAN AREA NITRATES**

**SEPTEMBER 13, 2011**

**TABLE OF CONTENTS**

<b>1.0</b>	<b>INTRODUCTION</b>	
1.1	LAFCO .....	1
1.2	BUTTE LAFCO POLICIES AND CRITERIA FOR ANNEXATION.....	1
1.3	MUNICIPAL SERVICE REVIEWS .....	2
1.4	SPHERE OF INFLUENCE UPDATE PROCESS.....	2
1.5	CALIFORNIA ENVIRONMENTAL QUALITY ACT .....	3
<b>2.0</b>	<b>CSA 114 DATA SHEET.....</b>	<b>4</b>
<b>3.0</b>	<b>MUNICIPAL SERVICE REVIEW FOR COUNTY SERVICE AREA 114 (CHICO URBAN AREA NITRATES).....</b>	<b>6</b>
3.1.A	CSA 114 CHARACTERISTICS.....	7
3.1.B	CSA 114 BACKGROUND .....	7
3.2	GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.....	9
3.2.A	POPULATION: EXISTING AND PROJECTED .....	9
3.2.B	LAND USE/SIGNIFICANT GROWTH AREAS .....	12
3.3	PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES .....	13
3.4	FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES .....	14
3.5	STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.....	18
3.6	ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.....	18
3.7	SUMMARY OF MSR DETERMINATIONS .....	22
<b>4.0</b>	<b>SPHERE OF INFLUENCE ANALYSIS.....</b>	<b>25</b>
4.1	PRESENT AND PLANNED LAND USE .....	25
4.2	PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES .....	27
4.3	PRESENT AND FUTURE CAPACITY OF FACILITIES .....	29
4.4	SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST .....	30
4.5	SOI SUMMARY AND CONCLUSION FOR CSA 114 .....	30
4.6	SOI DETERMINATIONS SUMMARY FOR CSA 114.....	30
<b>5.0</b>	<b>FINAL SPHERE OF INFLUENCE PLAN ACTIONS.....</b>	<b>32</b>
5.1	PLACEHOLDER FOR BUTTE LAFCO RESOLUTION OF ADOPTION .....	33
5.2	SUMMARY OF ADOPTED MSR DETERMINATIONS .....	34
5.3	SUMMARY OF ADOPTED SOI DETERMINATIONS .....	37
5.4	PLACEHOLDER FOR ADOPTED SOI BOUNDARY FOR CSA 114 .....	38
<b>6.0</b>	<b>ACRONYMS AND DEFINITIONS .....</b>	<b>39</b>

**7.0 BIBLIOGRAPHY** .....42

**APPENDIX** .....43

**A. Comments Received and Responses to Comments** .....43

**LIST OF FIGURES**

Figure 2-1: CSA 114 Boundary Map.....5

Figure 4-1: Parcels Proposed to be Removed from CSA 114 SOI – Area 1 .....28

Figure 4-2: Parcels Proposed to be Removed from CSA 114 SOI – Area 2 .....29

Figure 5-1: Placeholder for Adopted Sphere of Influence Boundary for CSA 114 .....38

**LIST OF TABLES**

Table 3-1: BCAG Annual Population Growth Rate Scenarios .....10

Table 3-2: CSA 114 Future Population Estimates .....11

Table 3-3: CSA 114 Assessment History .....15

Table 3-4: CSA 114 Summary of Revenues and Expenditures, FY 2008-09 to 2011-12.....16

Table 3-5: CSA 114 Breakdown of Expenditures – FY 2009-10 to FY 2011-12.....17

Table 3-6: CSA 114 Outlier Parcels (per Tax Rate Listing) .....20

Table 4-1: Parcels Proposed to be Removed from CSA 114 SOI.....28

## **1.0 INTRODUCTION**

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### **1.1 LAFCO**

Established in 1963, Local Agency Formation Commissions (LAFCO) are responsible for administering California Government Code Section 56000 *et. seq.*, which is known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH). CKH charges LAFCOs with encouraging the orderly formation and development of all local governmental agencies in their respective counties in a manner that preserves agricultural and open-space lands, promotes the efficient extension of municipal services, and prevents urban sprawl. Principle duties include regulating boundary changes through annexations or detachments, approving or disapproving city incorporations; and forming, consolidating, or dissolving special districts. There is a LAFCO located in each of the 58 counties in California.

### **1.2 BUTTE LAFCO POLICIES AND CRITERIA FOR SPHERE OF INFLUENCE PLANS**

Under the CKH Act, LAFCOs are required to “develop and determine the sphere of influence of each local governmental agency within the county and enact policies designed to promote logical and orderly development of areas within the sphere” (Section 56425, CKH). A sphere of influence (SOI) is generally considered a 20-year, long-range planning tool, and is defined by Government Code Section 56425 as “. . . a plan for the probable physical boundary and service area of a local agency or municipality . . . .” According to the CKH Act, LAFCOs are required to review and update SOIs as necessary, but no less than once every five years.

Pursuant to Butte LAFCO’s Operations Manual Policies and Procedures (revised May 6, 2010), the Sphere of Influence Plans for all government agencies within LAFCO’s jurisdiction shall contain the following:

1. A map defining the probable 20-year boundary of its service area delineated by near-term (<10 years) and long-term (>10 years) increments and coordinated with the Municipal Service Review.
2. Maps and explanatory text delineating the present land uses in the area, including, without limitation, improved and unimproved parcels; actual commercial, industrial, and residential uses; agricultural and open space lands; and the proposed future land uses in the area.
3. The present and probable need for public facilities and services in the sphere area. The discussion should include consideration of the need for all types of major facilities, not just those provided by the agency.
4. The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide.
5. Identification of any relevant social or economic communities of interest in the area.
6. Existing population and projected population at build-out of the near- and long-term spheres of the agency.
7. A Municipal Service Review.

### **1.3 MUNICIPAL SERVICE REVIEWS**

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

To assist in conducting an MSR, the State Office of Planning and Research developed guidelines that advise on information gathering, analysis, and organization of the study. In order to update a SOI, the associated MSR must have written determinations that address the following legislative factors:

1. Growth and population projections for the affected area.
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
3. Financial ability of agencies to provide services.
4. Status of, and opportunities for, shared facilities.
5. Accountability for community service needs, including governmental structure and operational efficiencies.
6. Any other matter related to effective or efficient service delivery, as required by commission policy.

These determinations, which range from infrastructure needs or deficiencies to government structure options, must be adopted by the Commission before, or concurrently with, the sphere review of the subject agency.

At the time CSA 114 was formed (in 1988), Municipal Service Reviews were not required. In order to support the proposed SOI Plan, a Municipal Service Review for CSA 114 has been prepared. The MSR examines the public services provided by the CSA, and the information in the MSR provides baseline information for the SOI study. The MSR for CSA 114 is included as Section 3.1 of this document.

### **1.4 SPHERE OF INFLUENCE UPDATE PROCESS**

This document addresses the SOI update for County Service Area (CSA) 114 – Chico Urban Area Nitrates. The Sphere of Influence of CSA 114, which is conterminous with the City of Chico’s Sphere of Influence, is approximately 40 square miles (25,580 acres) in size and consists of approximately 28,420 parcels. CSA 114’s jurisdictional area is approximately 6,850 acres in size and consists of approximately 12,110 parcels.

There are numerous factors to consider in reviewing a SOI, including current and anticipated land uses, facilities, and services, as well as any relevant communities of interest. Updates generally involve a comprehensive review of the entire SOI Plan, including boundary and SOI maps and the CSA's MSR. In reviewing an agency's sphere, the Commission is required to consider and prepare written statements addressing four factors enumerated under California Government Code Section 56425(e). These factors are identified below.

- The present and planned land uses in the area, including agricultural and open-space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

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

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

## **1.5 CALIFORNIA ENVIRONMENTAL QUALITY ACT**

Municipal Service Review and Sphere of Influence Plans are subject to environmental review under the California Environmental Quality Act (CEQA) and a CEQA Exemption has been prepared for the CSA 114 MSR and SOI Plan. The MSR is categorically exempt from the preparation of environmental documentation 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." This 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.

As indicated above, a SOI is a long-range planning tool that analyzes the physical boundary of a local agency or jurisdiction, and the present and probable need for services within that area. As such, it does not give property inside the sphere boundary any more development rights than already exist. Ultimately, an SOI study assists LAFCO in making decisions about a jurisdiction's future boundary. The sphere indicates the logical area in which a district anticipates services will be utilized. The SOI Plan for CSA 114 qualifies for a general exemption from environmental review based upon CEQA Regulation section 15061(b)(3), which states: "The activity is covered by the general rule 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."

## 2.0 CSA 114 DATA SHEET

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### CSA NO. 114 (COUNTY OF BUTTE – CHICO URBAN AREA NITRATES)

Contact: Paul Hahn, Butte County Administration Title: Chief Administrative Officer  
Address: 25 County Center Drive, Suite 200  
Oroville, CA 95965 FAX: (530) 538-7120  
Phone: (530) 538-7224 E-Mail: phahn@buttecounty.net

GOVERNING BOARD: Butte County Board of Supervisors

### FORMATION INFORMATION

#### LAFCO

Resolution #: 88-31  
Date Adopted: 11/3/88  
File #: 88-31

#### CONDUCTING AUTHORITY

Resolution #: 88-194  
Date Adopted: 12/20/88

#### EFFECTIVE FORMATION DATE

Recorded: December 21, 1988

#### MAPPING

GIS Date: 1/6/11

<u>PURPOSE</u>	<u>AREA SERVED</u>
1. Enabling Legislation: GC § 25210.1 et. seq.	1. No. of Parcels: 12,110
2. Empowered Services: Feasibility or planning studies for possible future actions relating to implementation of the Chico Nitrate Action Plan	2. Supervisorial District: 2, 3, & 4, and the City of Chico
3. Provided Services: Same as Empowered Services.	3. Location Description: Incorporated and unincorporated parcels located within the Chico Sphere of Influence
4. Latent Powers: None	4. Population: 36,200

### FINANCIAL INFORMATION

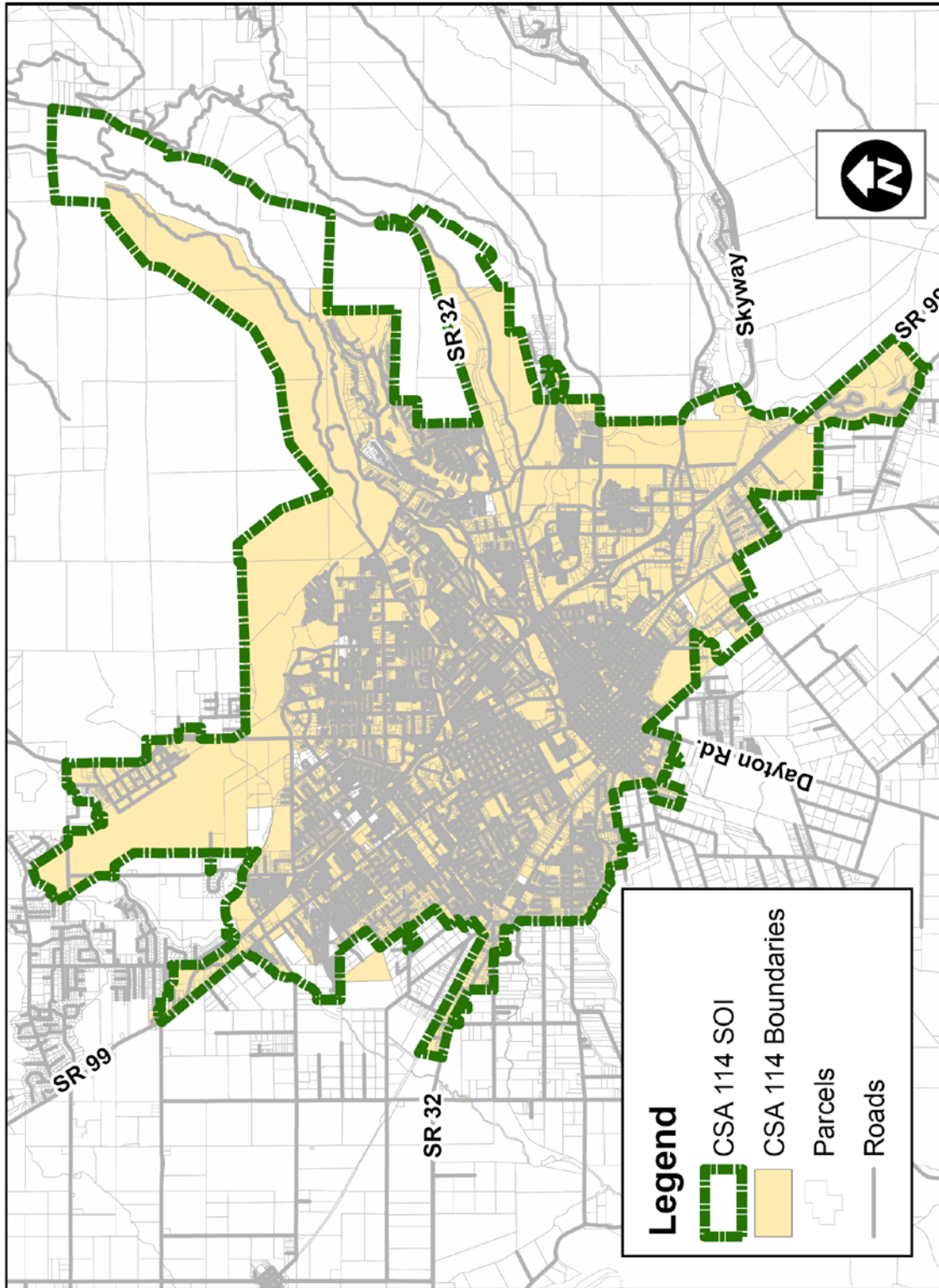
Maximum Per Parcel Charges: \$25.90, pursuant to BOS Resolution No. 97-40, adopted 3/25/97.  
2011/12 Per Parcel Assessments/Fee: \$12.60 (for parcels in Zone 1; no assessment for parcels in Zone 2)  
2011/12 Budget: Revenue - \$129,351 / Expenses - \$210,231 (\$80,880 used from fund balance)  
2011/12 Fund Balance: \$1,432,267 (as of July 1, 2011)  
Appropriation (GANN) Limit: N/A

#### NOTES:

CSA 114 SOI Area: 25,580 acres (40 square miles), with approximately 28,400 parcels

CSA 114 District Area: 6,850 acres, with approximately 12,110 parcels separated into two Zones of Benefit, Zone 1 consisting of parcels being assessed a fee and utilizing on-site septic systems and Zone 2 consisting of parcels connected to sanitary sewer and not assessed.

FIGURE 2.1 - CSA 114 BOUNDARY MAP



### **3.0 MUNICIPAL SERVICE REVIEW FOR COUNTY SERVICE AREA 114 (CHICO URBAN AREA NITRATES)**

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A Sphere of Influence Plan must be based upon an adopted and current Municipal Service Review. Because a MSR for CSA 114 has never been adopted it is now necessary to have one prepared and adopted in order to support the proposed SOI Plan and future changes of organization should they be requested. It is recommended that the following MSR for CSA 114 be adopted prior to, or concurrently with, adoption of the SOI Plan.

### **3.1 MUNICIPAL SERVICE REVIEW: CSA 114 – CHICO URBAN AREA NITRATES**

#### **A. CSA 114 CHARACTERISTICS**

Encompassing approximately 40 square miles (25,580 acres), the Sphere of Influence for County Service Area 114 (CSA 114 - Chico Urban Area Nitrates) is coterminous with the City of Chico's Sphere of Influence (Figure 2-1). CSA 114 jurisdictional area is approximately 6,850 acres in size. CSA 114's SOI contains approximately 28,400 parcels, while the jurisdictional area of the CSA contains approximately 12,110 parcels. A county service area is a type of local government which is similar to a special district. CSAs are established by the County to provide authority and funding for many types of municipal services, such as wastewater treatment, domestic water, road maintenance, storm water drainage, fire protection, recreational facilities, and street lighting. Typically, CSAs are formed to provide one or more enhanced or extended services that a county does not provide to the same extent on a countywide basis. CSA 114 is a dependent special district, with the Butte County Board of Supervisors acting as the governing body for the CSA.

CSA 114 was formed in 1988 to provide for the financing of feasibility and planning studies, engineering studies, groundwater well monitoring, and environmental studies related to nitrate compliance in the Chico Urban Area. In 1991, the powers of CSA 114 were expanded to allow the preparation of detailed engineering studies dealing with the design of wastewater and storm water collection, transportation, disposal and drainage facilities and structures to protect the quality of groundwater in the area.

In 1994, the Butte County Board of Supervisors created zones of benefit for CSA 114 and placed all of the parcels within the CSA into one of two zones:

- Zone 1 – Developed parcels that utilize on-site septic systems
- Zone 2 – Developed parcels that are served by sewer or that are undeveloped.

Parcels within Zone 1 are assessed a fee for the services provided by CSA 114. The parcels within Zone 2 are not assessed a parcel fee. The County moves CSA 114 parcels that connect to the City's sewer system into Zone 2. The current annual per parcel assessment (Zone 1) is \$12.60, but the CSA has the authority to assess property owners up to \$25.90 per year.

When formed in 1988, CSA 114 included all of the unincorporated parcels within the City of Chico's SOI. Since that time, there have been numerous annexations of CSA 114 parcels to the City of Chico. Some of the annexed parcels were detached from CSA 114 at the time of annexation, but many annexed parcels were left in CSA 114. Of the approximate 12,110 parcels within the current jurisdictional boundaries of CSA 114, approximately 8,817 (73%) are within the jurisdictional boundaries of the City of Chico and approximately 3,292 parcels (27%) are within the unincorporated area of Butte County.

#### **B. CSA 114 BACKGROUND**

In the late 1970s, the Department of Water Resources (DWR), in coordination with Butte County, performed an assessment of nitrate contamination in private wells in the Chico urban area. The DWR study found that several areas of high nitrate levels existed, and that septic tanks

and possibly storm water drainage were sources of nitrate contamination in the shallow aquifer beneath the Chico urban area. A private consulting firm hired by the County confirmed the conclusion of the DWR study.

The City of Chico and Butte County adopted the *Nitrate Action Plan* on March 5, 1985, to address the high nitrate contamination of the shallow aquifer. The *Nitrate Action Plan* initiated the formation of a county service area to provide funding for (1) the development of engineering, financing and feasibility plans to provide sanitary sewer and storm drainage facilities to parcels within the CSA, and (2) administrative costs related to the purpose of the CSA.

County Service Area 114 was formed in 1988 to provide for the financing of feasibility and planning studies, engineering studies, groundwater well monitoring, and environmental studies related to nitrate compliance in the Chico Urban Area. CSA 114 was not given the power to provide any actual physical municipal services, such as the installation or maintenance of wastewater conveyance and treatment facilities.

To protect groundwater quality, the Central Valley Regional Water Quality Control Board (Regional Water Board) adopted Prohibition Order No. 90-126 on April 27, 1990, and revised the Water Quality Control Plan of the Sacramento River Basin 5A by adding a prohibition on waste discharges from individual disposal systems in the Chico urban area. The Prohibition Order affected approximately 30,000 residents on 10,000 parcels, and represents nearly 12,000 dwelling units in the Chico urban area. The State Prohibition Order prohibited all discharges from septic systems on parcels less than one acre in size after July 1, 1995.

In 1991, the powers of CSA 114 were expanded to allow the preparation of detailed engineering studies dealing with the design of wastewater and storm water collection, transportation, disposal and drainage facilities and structures to protect the quality of groundwater in the area.

In order to provide property owners the tools necessary to comply with the Order, the County of Butte and City of Chico worked together to provide a solution. The *Chico Urban Area Nitrate Compliance Plan* was adopted in 2000 by the County, delineating the areas throughout the Greater Chico Urban Area with the highest priority for sewer, generally referred to as nitrate “hotspots.” The *Nitrate Compliance Plan* built upon and replaced the 1985 *Nitrate Action Plan*. In 2005, the County and the Chico Redevelopment Agency entered into a Joint Exercise of Powers Agreement (JPFA) to finance construction of sewer facilities within the hotspots. On August 29, 2007, the Chico Urban Area Joint Powers Financing Authority entered into a Public Improvements Agreement with the City to delegate to the City the construction, operation, and maintenance of the proposed sewer facilities. The City/County program is formally called the “Chico Urban Area Nitrate Compliance Program.”

In 2008 the Chico Urban Area Joint Powers Financing Authority obtained a \$38 million State Revolving Loan from the State Water Resources Control Board to design and construct sewer improvements in the City of Chico and the adjacent unincorporated areas that are currently served by private septic systems and are within identified nitrate hotspots. Approximately 6,630 parcels are ultimately anticipated to be converted to sanitary sewer through the Chico Urban Area Nitrate Compliance Program. The State Revolving Loan will be repaid with the tax

increment revenue received by the Chico Redevelopment Agency. The State Revolving Loan will also be used to offset landowner costs for the Water Pollution Control Plant fee. Property owners who connect to the City sewer system under this program will be responsible for the installation of the private sewer lateral lines (the small pipe that extends from a dwelling out to the edge of the property line) and for certain City of Chico sewer connection fees, as well as the monthly sewer service fee. Property owners have the opportunity to finance the sewer trunk line capacity fee and the lift station fee over a ten-year period. The fees are then collected on property tax bills.

The Chico Urban Area Nitrate Compliance Program has already begun the construction of the necessary sewer infrastructure to serve the nitrate hotspots. In January 2010, sewer line installation was completed in the Lassen Avenue area and sewer line installation has recently begun in the Chapman and Mulberry neighborhoods, which is expected to be completed by late 2011.



The City and the County jointly created a website that provides information on the Nitrate Compliance Program. The website - [www.nitratecompliance.org](http://www.nitratecompliance.org) – provides an interactive map that shows the nitrate hotspots and the location of existing and proposed sewer lines. The website also provides information on the compliance program and contains links to the numerous documents prepared by CSA 114 and the Chico Urban Area Nitrate Compliance Program. Butte County’s website also contains extensive information on the compliance program.

The County recently submitted a request to LAFCo to review and approve a new power for CSA 114 that would allow the CSA to provide a parallel financial assistance program to fund certain sewer connection fees for those developed parcels located outside of the nitrate hot spot areas. The County estimates that CSA 114 can provide funding for approximately forty sewer connections per year over the next twenty years (800 total connections).

### **3.2 GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA**

#### **A. Population: Existing and Projected**

CSA 114 is located within the City of Chico’s Sphere of Influence, which is developed with residential uses at low to high densities, commercial and industrial uses, and public uses. CSA

114 encompasses approximately 12,110 parcels that are mostly developed at urban densities. Approximately 10,900 (90 percent) of the parcels in CSA 114 are developed with residential uses. The portion of CSA 114 within the City of Chico’s jurisdictional boundaries represents approximately 75 percent of the District parcels, while the parcels within the unincorporated area represent approximately 25 percent of the District.

As of January 1, 2011, Butte County had a population of 221,388.<sup>1</sup> Since 2000, Butte County as a whole has had an average annual population growth of approximately 0.9 percent. The unincorporated area of Butte County has actually had a reduction in population since 2000 due to numerous annexations of developed parcels to the cities, primarily to the City of Chico.

In early 2011, the Butte County Association of Governments (BCAG) published updated housing, population, and employment forecasts for the cities and the unincorporated area of Butte County for the years 2010-2035. The forecasts are used in preparation of BCAG’s 2012 Regional Transportation Plan, Sustainable Communities Strategy, Air Quality Conformity Determination, and Regional Housing Needs Plan and provide data support for BCAG’s regional Travel Demand Model. The forecasts were developed by BCAG in consultation with its Planning Directors Group, which consists of representatives from each of BCAG’s local jurisdiction members and LAFCo. Each of the local jurisdictions provided valuable input regarding the anticipated amount of growth within their respective planning areas.

BCAG developed a low, medium, and high scenario for each forecast of housing, population, and employment. The use of these scenarios provides for increased flexibility when utilizing the forecast for long-term planning and alleviates some of the uncertainty inherent in long range projections. In comparison to the regional forecasts prepared by BCAG in 2006, the 2010 forecasts capture the downward trend in regional growth associated with the dramatic downturn in the economy. This is most evident in the short term periods (2010-2020) of the forecasts in which the overall growth of the region has been most affected. Less variation is seen with the longer range (2020-2035) forecasts, suggesting that future growth patterns are likely to stay intact following an economic recovery.

The following table shows BCAG’s growth rate scenarios for the unincorporated area of Butte County and the City of Chico:

TABLE 3-1 - BCAG ANNUAL POPULATION GROWTH RATES FOR UNINCORPORATED AREAS OF BUTTE COUNTY AND THE CITY OF CHICO<sup>2</sup>

<b>Growth Scenario</b>	<b>Unincorporated Area Annual Growth Rate</b>	<b>City of Chico Annual Growth Rate</b>
Low	1.1%	1.5%
Medium	1.3%	1.7%
High	1.5%	1.9%

<sup>1</sup> *State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2010 and 2011. Sacramento, California, May 2011.*

<sup>2</sup> *Butte County Association of Governments, Butte County Long-Term Regional Growth Forecasts 2010–2035, January 26, 2011.*

As of January 1, 2011, the City of Chico had a population of 86,900.<sup>3</sup> Since 2000, the City of Chico experienced a population growth of approximately 43 percent, which is an annual population growth of approximately 4 percent. The large population growth rate for the City of Chico is directly attributable to numerous annexations of developed, unincorporated parcels. Between 2010 and 2011, when no annexations occurred, the City of Chico had a population growth rate of approximately 0.9 percent.

By the year 2030, the City of Chico estimates the city will have 40,262 new residents, for a total population of 139,713 within its Sphere of Influence.<sup>4</sup> This would be an average annual population growth of approximately 1.8 percent, which falls between the medium and high growth scenario as projected for the City of Chico by BCAG. The City’s projected growth rate is greater than the City’s 1% historical population growth rate. Some of this increased population growth rate may be the result of the future annexation of developed parcels within existing pockets of unincorporated areas in the Chico SOI.

The current population of the CSA 114 Sphere of Influence is approximately 103,500<sup>5</sup>. The estimated current (2011) population of the area within the jurisdictional boundaries of CSA 114 is estimated to be approximately 36,200. This population estimate was derived at by using the number of existing residential units within the boundaries of CSA 114 (approximately 16,900), minus the current estimated residential unit vacancy rate (6% or 2,172 vacant units), and multiplied by the average number of people per household (2.337) in Chico.<sup>6</sup> Daytime populations within the CSA would be slightly higher due to the influx of customers and employees of the commercial and industrial uses located in the CSA.

The estimated future population growth scenarios for the jurisdictional boundaries of CSA 114 is shown in Table 3-3 below. The population estimates are based upon the City of Chico’s historical growth of approximately one percent annually and upon BGAG’s population growth scenarios.

TABLE 3-2 – CSA 114 FUTURE POPULATION ESTIMATES

<b>Growth Rate</b>	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>2030</b>
Historical Growth (1%)	37,670	39,591	41,611	43,734
BCAG Low Growth Scenario (1.5%)	38,421	41,391	44,590	48,036
BCAG Medium Growth Scenario (1.7%)	38,725	42,131	45,835	49,866
BCAG High Growth Scenario (1.9%)	39,031	42,882	47,114	51,763

<sup>3</sup> State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2010 and 2011. Sacramento, California, May 2011.

<sup>4</sup> City of Chico, Chico 2030 General Plan Draft Environmental Impact Report, September 2010.

<sup>5</sup> City of Chico General Plan Draft Environmental Impact Report, September 2010, page 4.3-1. This figure was calculated utilizing the population estimate from the EIR (99,451 in 2008) and adding an annual growth rate of 1% to it.

<sup>6</sup> State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark. Sacramento, California, May 2010.

It is anticipated that the population of the Chico area, and the population of CSA 114, will continue to grow at an average of approximately one percent annually, although a higher growth rate is possible should the housing market and the economy in the Chico area improve. Whatever the actual future population growth rate of the Chico area is, population growth within CSA 114 at any of the above growth rates will not affect the CSA's operations.

**B. Land Use/Significant Growth Areas**

Land uses within the boundaries of CSA 114 consist of many different types of urban uses. The primary land use is residential, which includes low to high densities of development. Other uses include commercial, industrial, and public uses. Most of the parcels within the CSA are already developed, but many are not developed to the maximum density allowed under existing land use and zoning designations due to on-site septic system requirements. There is a large potential for infill development in CSA 114 when parcels utilizing septic systems are connected to the City of Chico's sanitary sewer system.

In October 2010, Butte County adopted the Butte County General Plan 2030. The County's new General Plan did not significantly change existing land use designations or densities on the unincorporated parcels within CSA 114. In April 2011, the City of Chico adopted its Chico 2030 General Plan, which does not significantly change existing land use designations within the City of Chico SOI. The Chico 2030 General Plan identified fifteen opportunity sites for infill and redevelopment purposes, some of which are within the boundaries of CSA 114. The City's General Plan also identified five new growth areas to help meet the City's future housing and job needs, which include the Bell Muir, Diamond Match, Doe Mill/Honey Run, North Chico, and South Entler areas. Only the Diamond Match and South Entler sites are within the boundaries of CSA 114.

The District's primary function, which is to prepare studies related to groundwater quality in the Chico area, is not affected by population growth. New development within the boundaries of CSA 114 would be required to connect to the City of Chico's sanitary sewer system and would not have an impact on CSA 114 operations.

**DETERMINATION 3.2-1: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*The population in CSA 114 is expected to grow at a rate of approximately 1 percent annually over the next twenty years; however, population growth within CSA 114 will not have an impact on current CSA functions.*

**DETERMINATION 3.2-2: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*New large-scale development within the boundaries of CSA 114 is expected to be limited over the next twenty years and all new development within CSA 114 will connect to the City of Chico's sanitary sewer system and would not have an impact on CSA 114 operations.*

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

CSA 114's primary function is to prepare studies related to groundwater quality in the Chico area, which includes the monitoring of approximately 31 water wells. Additionally, CSA 114 funds were utilized in the creation and implementation of the Chico Urban Area Nitrate Compliance Program, which is managed by the staff of the Butte County Administration Office. The CSA does not perform any actual physical municipal services, such as wastewater conveyance/treatment or stormwater drainage, nor does it own, lease, or rent any buildings, equipment, or real property.

CSA 114 retains the services of private consulting firms to prepare the necessary groundwater quality studies and well monitoring services. Other services provided by consultants for CSA 114 include:

- Assist County staff and consultants with public education and outreach related to the Nitrate Compliance Plan.
- Act as a liaison between staff of the State Water Resources Control Board and the City of Chico.
- Assist the County with complying with the details of the State Revolving Fund loan program.
- Provide general technical support related to the Nitrate Compliance Plan.

CSA 114 also retains the services of the California State University Chico Research Foundation for various services, including geographical information system (mapping) services.

CSA 114 has produced numerous groundwater-related studies over the last twenty years. The more notable documents prepared by CSA 114 include:

- Final Report-Groundwater Nitrate Study-Chico Urban Area (1994)
- Nitrate Action Plan-Chico Sphere of Influence (1995)
- Technical Memorandum-Hydrologic and Solis Investigations-Chico Urban Area (1996)
- Phase 2 Sewer Feasibility Analysis & Cost Estimate for the Chico Urban Area Nitrate Compliance Program (1998)
- Chico Urban Area Nitrate Compliance Plan (2000)
- Draft Environmental Impact Report-Chico Urban Area Nitrate Compliance Plan (2001)
- Project Report-Nitrate Action Plan Chico Urban Area-Joint Powers Financing Authority (2007)
- Revenue Program-Nitrate Compliance Program-Chico Urban Area-Joint Powers Financing Authority (2007)

In addition to the above-noted documents, CSA 114 has prepared various newsletters and brochures regarding the Nitrate Compliance Program. County staff has also given several public presentations on the Nitrate Compliance Program to residents within the CSA. The County's website contains a large amount of information on CSA 114/Nitrate Compliance Program and CSA 114 funds were utilized to create and maintain a website for the Chico Urban Area Nitrate

Compliance Program. The above-noted documents are available on the County's website for viewing or downloading.

**DETERMINATION 3.3-1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*CSA 114's primary function is the preparation of studies related to groundwater quality in the Chico area. CSA 114 also funds the cost of administrating the Chico Urban Area Nitrate Compliance Program. The CSA does not perform any actual physical municipal services nor does it own, lease, or rent any buildings, equipment, or real property.*

**DETERMINATION 3.3-2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*The CSA provides an adequate level of service for the preparation of groundwater quality studies and well monitoring and has performed notably in creating and implementing the Chico Urban Area Nitrate Compliance Program, under which sewer lines are currently being extended into nitrate hotspot areas and which may fund sewer connection fees for landowners.*

### **3.4 FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

Butte County performs auditing and accounting functions for the CSA, which is managed on a day-to-day basis by the staff of the Butte County Administration Office. The CSA operates on a 12-month fiscal year that begins July 1st and ends June 30th. A budget of estimated revenues and expenses approved by the Butte County Board of Supervisors each year prior to June 30th addresses the forthcoming fiscal year. CSAs are included in the countywide financial statements and fall under the County/Grand Jury Audit done by an outside audit firm annually.

#### *Revenues and Expenses*

Revenue for CSA 114 is obtained primarily from annual per parcel assessments. The CSA does not receive any portion of property taxes. CSA 114 has two zones of benefit:

- Zone 1 – Developed parcels utilizing septic systems (annual assessment collected)
- Zone 2 – Developed parcels connected to sewer system and undeveloped parcels (annual assessment not collected)

The current annual per parcel assessment (for those parcels in Assessment Zone 1) is \$12.60, but the CSA has the authority to assess property owners up to \$25.90 per year if approved by the Butte County Board of Supervisors. There are approximately 7,896 parcels in CSA 114 Zone 1. The CSA 114 annual assessment has varied greatly over the years, as shown in Table 3-3.

Fiscal Year	Per Parcel Assessment
1989-90	\$9.90
1990-91	\$5.32
1991-92	\$25.90
1992-93	\$4.20
1993-94 to 2006-07	\$25.90
2006-07 to 2010-11	\$12.90

For the 2011-12 fiscal year, \$99,351 is anticipated to be collected from the annual assessment, which is similar to the amounts collected in past years. Revenue for CSA 114 also comes from interest income on the large fund balance maintained by the CSA. Revenue from interest for the 2011-12 fiscal year is anticipated to be \$30,000. CSA 114 does not have any debt.

The County anticipates increasing the annual CSA 114 assessment to the maximum allowed charge of \$25.90 in the near future in order to provide additional revenue needed to fund the payment of sewer connection fees for parcels connecting to the City of Chico’s sanitary sewer system.

As of July 1, 2011, CSA 114 had a fund balance of \$1,432,267<sup>7</sup>. This extremely large fund balance is the result of revenues exceeding expenditures over most of the life of the CSA. With revenues exceeding expenditures, the CSA was able to accrue funds by rolling over its fund balance to the next fiscal year. Beginning in the 2011-12 fiscal year, the County proposes to begin utilizing the CSA 114 fund balance to fund sewer connection fees for those parcels that are located outside of the nitrate hot spot areas that are converting from septic systems to the City of Chico sewer system. According to the County, approximately forty parcels are anticipated to be connected annually over the next twenty years (800 total). Under this proposal, approximately \$138,000 from the CSA 114 fund balance will be utilized annually over the next twenty years for sewer connection fees, which will ultimately reduce the fund balance to approximately \$150,000 by Fiscal Year 2020-30. It should be noted that LAFCo must approve additional powers for CSA 114 to allow the use of CSA funds for this purpose.

Table 3-4 shows the summary of revenues and expenditures for CSA 114 for Fiscal Years 2008-09 through 2011-12. Table 3-5 provides a detailed breakdown of expenses for Fiscal Years 2009-10 through 2011-12.

<sup>7</sup> Butte County 2011-12 Adopted Budget, Schedule 12,

TABLE 3-4 - CSA 114 SUMMARY OF REVENUES AND EXPENDITURES - FY 2008-09 TO FY 2011-12

<b>REVENUES</b>	<b>ACTUAL 2008-09</b>	<b>ACTUAL 2009-10</b>	<b>ADOPTED 2010-11</b>	<b>ADOPTED 2011-12</b>
Use of Money and Property (interest)	70,032	39,270	43,000	30,000
Charges for Services (assessments)	99,162	99,647	97,281	99,351
Total Revenue	\$169,194	\$138,917	\$140,281	\$129,351
<b>EXPENDITURES</b>				
Services & Supplies	54,759	35,761	315,500	115,500
Other Charges	56,729	274,833	74,188	94,731
Total Expenditures/Appropriations	\$111,488	\$310,594	\$389,688	\$210,231
Net Cost/Use of Fund Balance	(\$57,706)	\$171,677	\$249,407	\$80,880

Source: Butte County

As shown in Table 3-4, CSA 114 expenses have been greater than revenues over the last three fiscal years. This imbalance is due to CSA 114's more active role in managing the Chico Urban Area Nitrate Compliance Program over the last three years, which has required significant amounts of CSA staff time. The deficit in revenue is obtained from CSA 114's large fund balance. Use of the CSA 114 fund balance for Fiscal Year 2011-12 is projected to be considerably less than the previous two fiscal years.

Expenditures for CSA 114 vary substantially from year-to-year: \$93,652 in FY 2007-08; \$111,488 in FY 2008-09; \$310,594 in FY 2009-10; \$389,688 in FY 2010-11; and \$210,231 for FY 2011-12. As shown in Table 3-5, major expenditures for CSA 114 include outside charges, County Administration Office support services, and charges from County departments for services provided. CSA 114 outside charges are expenses incurred for the preparation of groundwater studies, well monitoring activities, mapping services, and website maintenance, which are performed by consultants under contract with the County. Support services by County staff include managing the consultants who prepare the groundwater studies and perform the well monitoring. County staff also oversees the Chico Urban Area Nitrate Compliance Program. County staff that perform duties on behalf of CSA 114 include the Program Development Manager, Administrative Support staff, and the Assistant Chief Administrator Officer or Deputy Chief Administrator Officer that supervises the Program Development Manager.

The funds expended by CSA 114 for the services it provides appears to be appropriate. The County, through CSA 114 funding and in partnership with the City of Chico, created and manages the Chico Urban Area Nitrate Compliance Program, which will help reduce nitrate groundwater pollution in the Chico area. Although the CSA has utilized fund balance to cover revenue shortfalls in the last few fiscal years due to higher administrative costs, the CSA appears to achieve a balance with respect to operating revenues and expenditures. Should the proposed expansion of powers be approved allowing the CSA to fund sewer connections, the fiscal health of the CSA may need to be reevaluated.

TABLE 3-5 - CSA 114 BREAKDOWN OF EXPENDITURES – FY 2009-10 - FY 2011-12

<b>Account</b>	<b>Adopted 2009-10</b>	<b>Adopted 2010-11</b>	<b>Adopted 2011-12</b>
Office Expense- Duplication ISF	400	0	0
Office Expense-Outside Purchase	20,000	30,000	16,000
Charges from County Departments	40,000	17,000	16,000
Direct Outside Charges	99,000	260,000	80,000
Legal Notices	5,000	5,000	500
Special Department Expense	500	2,000	3,000
Transportation & Travel	2,500	1,500	0
Interfund Expenditures	101,035	2,492	2,500
Interfund Expenditures - Road	0	20,000	0
Interfund Expenditures – CAO’s Office	0	0	104,000
Support SVCs - Admin Office	168,292	22,774	64,502
Support SVCs – General Services DI	0	5,855	13,542
Support SVCs – Auditor	2,320	185	503
Support SVCs - Purchasing	1,490	0	0
Support SVCs - Treasurer	3	2	1
Support SVCs – Financial Management	2,000	22,880	2,615
Interfund Support SVCs – Carry Forward	0	0	-92,932
<b>Total Expenditures</b>	<b>\$442,540</b>	<b>\$389,688</b>	<b>\$210,231</b>

**DETERMINATION 3.4-1: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*The annual per parcel assessment of \$12.60 currently being collected by CSA 114 does not appear to adequately fund the current CSA operations as expenditures have exceeded revenue in the last three fiscal years. CSA 114 has had to use funds from the fund balance to completely fund CSA operations due to increased administrative costs. The County anticipates raising the annual per parcel charge to the maximum allowed charge of \$25.90 to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries.*

**DETERMINATION 3.4-2: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*CSA 114 currently has a large fund balance of approximately \$1.4 million. Proposed changes to the powers of CSA 114, which would allow the CSA to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries is expected to result in a large reduction of the fund balance over the next twenty years.*

**3.5. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

CSA 114 lies within the City of Chico’s Sphere of Influence and the majority of the parcels within the jurisdictional boundaries of CSA 114 lie within the jurisdictional boundaries of the City of Chico. Butte County and the City of Chico have cooperated on many levels to address nitrate groundwater contamination in Chico’s groundwater, including the joint adoption of the Nitrate Action Plan in 1985. In 2005, Butte County and the Chico Redevelopment Agency entered into a Joint Exercise of Powers Agreement to create the Chico Area Nitrate Compliance Program, which will provide funding for sanitary sewer connections. While the County and the City of Chico have worked together on CSA 114/ Chico Area Nitrate Compliance Program activities, there are no opportunities for shared facilities because CSA 114 does not own or maintain any physical facilities.

**DETERMINATION 3.5-1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

*There are no opportunities for shared facilities due to the unique nature of the services provided by CSA 114.*

**3.6. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

CSA 114 is a dependent special district. The Butte County Board of Supervisors acts as CSA 114’s governing body and holds an annual meeting to adopt the CSA’s budget and has additional meetings as special issues arise. The Board of Supervisors has normal bi-weekly meetings that address County issues. The County follows rules promulgated under the Brown Act. Each meeting has a public comment period, and all members of the public are welcome at all meetings. Butte County’s website includes information and documents regarding the Chico Urban Area Nitrate Compliance Plan.

The Butte County Administration Office administers the CSA 114 budget and oversees CSA activities, including management of the Chico Urban Area Nitrate Compliance Program. The management structure of the County Administration office is relatively simple and is well suited to the type of operations undertaken by the CSA; the linear management structure ensures reportability and accountability.

While the CSA was initially formed by the County to spearhead and fund a process to address the nitrate contamination issues, the overall complexity of the effort has grown to encompass an array of government entities to include the County, the City of Chico, the Chico Redevelopment Agency, and the Chico Urban Area Joint Powers Financing Authority. At some point in the future, it may be beneficial to reassess the functions of CSA 114 and consider alternative governance structures with an eye on greater efficiency. Given that the City of Chico is the actual sewer service provider and that approximately 75% of the parcels within CSA 114 are currently located within the City of Chico jurisdiction, with the remaining parcels likely to be annexed within the next 10 to 20 years, it may be more efficient for the City of Chico to manage the overall process of connecting parcels to the sewer system.

LAFCo's GIS consultant prepared a very detailed database of all the parcels within CSA 114. A thorough review of the parcel database revealed numerous discrepancies, mostly with regards to Zone I/Zone II designations. The more significant discrepancies that were found include:

- Approximately 960 developed, unsewered parcels are within Zone II and for which no annual assessment is collected (these parcels should be within Zone I and an assessment collected).
- Approximately 180 developed, sewerred parcels are within Zone I, which an annual assessment is collected (these parcels should be within Zone II and no assessment collected).

The County should review the above-listed inconsistencies/errors and move parcels to/from Zones I and II as needed to ensure that the parcels are being properly assessed.

In addition, the CSA 114 database prepared by LAFCo shows there are 21 parcels that are outside of the CSA 114/City of Chico Spheres of Influences but are shown as being within CSA 114 per the 2011-2012 Butte County Tax Rate listing. Table 3-6 contains a list of these outlier parcels. Nineteen of these parcels comprise the Walnut Creek Acres Subdivision located on West Sacramento Avenue, just west of Muir Avenue. Due to their location outside of the CSA 114/City of Chico SOIs, these parcels are not actually within CSA 114 and the County should take the necessary actions to remove these parcels from the CSA 114 TRA listing to ensure that these parcels are not being assessed for CSA 114 services.

TABLE 3-6 – CSA 114 OUTLIER PARCELS (PER TAX RATE AREA LISTING)

APN	TRA Number	Street Address
017-010-035	062-017	None – Centerville Rd, north of Helltown Road
042-110-023	062-006	12254 Meridian Road
042-330-001	062-006	10 Creek Circle
042-330-002	062-006	9 Creek Circle
042-330-003	062-006	8 Creek Circle
042-330-004	062-006	7 Creek Circle
042-330-005	062-006	6 Creek Circle
042-330-006	062-006	5 Creek Circle
042-330-007	062-006	4 Creek Circle
042-330-008	062-006	3 Creek Circle
042-330-009	062-006	2 Creek Circle
042-330-010	062-006	1 Creek Circle
042-330-011	062-006	3031 W Sacramento Ave
042-330-012	062-006	5 Walnut Circle
042-330-013	062-006	4 Walnut Circle
042-330-014	062-006	3 Walnut Circle
042-330-015	062-006	2 Walnut Circle
042-330-016	062-006	1 Walnut Circle
042-330-017	062-006	3009 W Sacramento Ave
042-330-018	062-006	3005 W Sacramento Ave
042-330-019	062-006	2985 W Sacramento Ave

**DETERMINATION 3.6-1: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*CSA 114 is managed by the Butte County Administration Office. The overall management structure of the Administration Office is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Butte County Board of Supervisors on behalf of the CSA provides the public with adequate information and opportunity for input and involvement in CSA activities.*

**DETERMINATION 3.6-2: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*Acknowledging the complexity of government agencies involved in addressing the nitrate issue, which includes the County of Butte, the City of Chico, the Chico Redevelopment Agency, and the Chico Urban Area Joint Powers Financing Authority, it may be warranted to reassess the functions of CSA 114 and consider alternative governance structures with an eye on greater efficiency.*

**DETERMINATION 3.6-3: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The LAFCo-prepared CSA 114 parcel database revealed numerous discrepancies, mostly with regards to Zone I/Zone II designations. The County should review the inconsistencies/errors and move parcels to/from Zones I and II as needed to ensure that parcels are being properly assessed.*

**DETERMINATION 3.6-4: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The CSA 114 database prepared by LAFCo shows there are 21 parcels that are outside of the CSA 114/City of Chico Spheres of Influences but are shown as being within CSA 114 per the 2011-2012 Butte County Tax Rate listing. Due to their location outside of the CSA 114/City of Chico SOIs, these parcels are not actually within CSA 114. The County should review this inconsistency and if confirmed, initiate detachment proceedings through LAFCo to remove these parcels from the CSA 114.*

### 3.7. SUMMARY OF MUNICIPAL SERVICE REVIEW DETERMINATIONS

#### **DETERMINATION 3.2-1: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*The population in CSA 114 is expected to grow at a rate of approximately 1 percent annually over the next twenty years; however, population growth within CSA 114 will not have an impact on current CSA functions.*

#### **DETERMINATION 3.2-2: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*New large-scale development within the boundaries of CSA 114 is expected to be limited over the next twenty years and all new development within CSA 114 will connect to the City of Chico's sanitary sewer system and would not have an impact on CSA 114 operations.*

#### **DETERMINATION 3.3-1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*CSA 114's primary function is the preparation of studies related to groundwater quality in the Chico area. CSA 114 also funds the cost of administrating the Chico Urban Area Nitrate Compliance Program. The CSA does not perform any actual physical municipal services nor does it own, lease, or rent any buildings, equipment, or real property.*

#### **DETERMINATION 3.3-2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*The CSA provides an adequate level of service for the preparation of groundwater quality studies and well monitoring and has performed notably in creating and implementing the Chico Urban Area Nitrate Compliance Program, under which sewer lines are currently being extended into nitrate hotspot areas and which may fund sewer connection fees for landowners.*

#### **DETERMINATION 3.4-1: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*The annual per parcel assessment of \$12.60 currently being collected by CSA 114 does not appear to adequately fund the current CSA operations as expenditures have exceeded revenue in the last three fiscal years. CSA 114 has had to use funds from the fund balance to completely fund CSA operations due to increased administrative costs. The County anticipates raising the annual per parcel charge to the maximum allowed charge of \$25.90 to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries.*

**DETERMINATION 3.4-2: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*CSA 114 currently has a large fund balance of approximately \$1.4 million. Proposed changes to the powers of CSA 114, which would allow the CSA to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries is expected to result in a large reduction of the fund balance over the next twenty years.*

**DETERMINATION 3.5-1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

*There are no opportunities for shared facilities due to the unique nature of the services provided by CSA 114.*

**DETERMINATION 3.6-1: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*CSA 114 is managed by the Butte County Administration Office. The overall management structure of the Administration Office is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Butte County Board of Supervisors on behalf of the CSA provides the public with adequate information and opportunity for input and involvement in CSA activities.*

**DETERMINATION 3.6-2: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*Acknowledging the complexity of government agencies involved in addressing the nitrate issue, which includes the County of Butte, the City of Chico, the Chico Redevelopment Agency, and the Chico Urban Area Joint Powers Financing Authority, it may be warranted to reassess the functions of CSA 114 and consider alternative governance structures with an eye on greater efficiency.*

**DETERMINATION 3.6-3: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The LAFCo-prepared CSA 114 parcel database revealed numerous discrepancies, mostly with regards to Zone I/Zone II designations. The County should review the inconsistencies/errors and move parcels to/from Zones I and II as needed to ensure that parcels are being properly assessed.*

**DETERMINATION 3.6-4: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The CSA 114 database prepared by LAFCo shows there are 21 parcels that are outside of the CSA 114/City of Chico Spheres of Influences but are shown as being within CSA 114 per the 2011-2012 Butte County Tax Rate listing. Due to their location outside of the CSA 114/City of Chico SOIs, these parcels are not actually within CSA 114. The County should review this inconsistency and if confirmed, initiate detachment proceedings through LAFCo to remove these parcels from the CSA 114.*

## 4.0 SPHERE OF INFLUENCE ANALYSIS

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As described in Section 1.4, LAFCO is required to consider and prepare written statements addressing the four factors enumerated under California Government Code Section 56425(e), including present and probable land uses in the area, present and probable need for public facilities and services, the present capacity of facilities and adequacy of services, and the existence of social or economic communities of interest. An analysis of each of these factors is provided in the following sections.

### 4.1 PRESENT AND PLANNED LAND USE

In order to achieve an accurate overview of the growth and development potential within a District, a number of factors need to be considered. The following factors, when considered together, reflect the existing development within CSA No. 114, as well as provide a picture of existing development potential:

- Land use designations, including existing and any proposed changes
- Special land use limitations, including Williamson Act and designated open spaces
- Improved and unimproved parcels

State law requires every city and county in California to adopt and maintain a comprehensive and long-term General Plan that is to serve as a “blueprint” for land use and development. The Sphere of Influence for CSA 114 is coterminous with the City of Chico’s Sphere of Influence. Parcels within the jurisdictional boundaries of CSA 114 are found in the unincorporated area of Butte County and within the jurisdictional boundaries of the City of Chico. Development within the City boundaries is guided by the recently-adopted City of Chico 2030 General Plan, while development within the unincorporated areas of the CSA is guided by the recently-adopted Butte County General Plan 2030. General plans establish growth patterns and guide future development of lands within that jurisdiction’s purview. More specifically, the jurisdiction’s Zoning Code provides regulatory oversight and establishes future land uses.

#### *Land Use Designations*

CSA 114’s SOI is conterminous with the City of Chico’s SOI, and consists of both incorporated and unincorporated parcels. The City of Chico’s General Plan and the Butte County General Plan designate the area within CSA 114 for single-family residential, multi-family residential, mobile home parks, commercial, industrial, open space, and public uses. Residential uses within CSA 114 represent 90% of all land uses within the CSA.

#### *Williamson Act*

The Williamson Act, or the California Land Conservation Act of 1965, enables local governments, in this case Butte County, to enter into contracts with private landowners to preserve specific parcels of land for agricultural or related open space use. Williamson Act contracts are a type of tax incentive that limits the uses of the lands to agriculture, although single-family residences remain an allowed use. Once the Williamson Act contract has been

established, land remains under contract for a minimum of 10 years, and in perpetuity thereafter unless application for cancellation is made and approved by the County Board of Supervisors. Butte LAFCO Policy 3.1.11 provides guidance relative to the inclusion of lands that are subject to Williamson Act contract in SOIs. The Policy states that LAFCO shall not approve changes to SOIs to include Williamson Act lands if the annexing agency has the ability to provide infrastructure sufficient to promote development of those properties.

The CSA 114 SOI does not include any parcels that are currently under Williamson Act contracts. There are approximately fifteen parcels subject to a Williamson Act contract that are contiguous to the CSA 114 SOI. No additions to CSA 114's SOI or district boundaries are proposed and therefore there would be no impacts to parcels subject to a Williamson Act contract.

### *Improved and Unimproved Parcels*

The vast majority of the parcels within the CSA 114 SOI and its jurisdictional boundaries are developed with urban uses, which includes residential, commercial, industrial, and public uses. Agricultural uses within CSA 114's SOI are limited, consisting primarily of two parcels that total approximately 680 acres, which are utilized for seasonal livestock grazing on very marginal range land. Open space/recreation uses within the CSA 114 SOI total approximately 4,900 acres.

While most of the parcels within the jurisdictional boundaries of CSA 114 are already developed, there is significant future potential for infill development in both the City and County areas based upon existing land use designations and zoning. Infill development potential within CSA 114 is currently very limited due to the restrictions on septic systems in the Chico area. However, the City is currently extending their sanitary sewer system into areas where sewer infrastructure does not currently exist, which will greatly increase the potential for infill development.

In October 2010, Butte County adopted its General Plan 2030. The County's new General Plan did not significantly change existing land uses designations or densities in the Chico area. In April 2010, the City of Chico adopted its Chico 2030 General Plan, which does not significantly change existing land use designations within the City of Chico SOI. The Chico 2030 General Plan identified fifteen opportunity sites for infill and redevelopment purposes, some of which are within the boundaries of CSA 114. The City's General Plan also identifies five new growth areas to help meet the City's future housing and job needs. The identified growth areas include the Bell Muir, Diamond Match, Doe Mill/Honey Run, North Chico, and South Entler areas. Only the Diamond Match and South Entler sites are within the boundaries of CSA 114. All new development within CSA 114 would be required to connect to the City of Chico's sanitary sewer system.

**DETERMINATION 4.1-1: PRESENT AND PLANNED LAND USE**

*Residential uses will remain the primary land use within CSA 114's SOI and jurisdictional boundaries. The City of Chico's General Plan proposes limited new growth within the City's SOI. It is anticipated that most new development within CSA 114 will consist of infill development on existing developed parcels, which will be made possible by the connection of these parcels to the City of Chico's sanitary sewer system.*

**DETERMINATION 4.1-2: PRESENT AND PLANNED LAND USE**

*Two growth areas within CSA 114 boundaries are identified in the City of Chico's General Plan. Development in these two areas will be connected to the City's sewer system and will not have any impact on CSA 114's operations.*

**DETERMINATION 4.1-3: PRESENT AND PLANNED LAND USE**

*There are limited agricultural uses within CSA 114's SOI and there are no parcels that are subject to a Williamson Act contract. No changes are proposed to CSA 114's SOI or jurisdictional boundaries that would negatively impact agricultural uses*

**4.2 PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

The CSA's population distribution is largely urban in nature and population and land use projections indicate the majority of the area will remain so. The Chico area is expected to grow steadily, with about a one percent annual growth rate over the next twenty years. CSA 114's primary purpose is to prepare studies related to groundwater quality in the Chico area and to manage the Chico Area Nitrate Compliance Program. CSA 114 does not perform any actual physical municipal services. The present need for public services provided by CSA 114 is adequate.

Butte County is proposing to add new powers to CSA 114 that would allow the CSA to pay sewer connection fees associated with the conversion of approximately 800 existing dwellings from on-site septic systems to the City of Chico's sanitary sewer system over the next twenty years. The connection of the dwellings to the sewer system, and the subsequent abandonment of septic systems, is expected to reduce the amount of nitrates in the groundwater in the Chico area and thus help bring the Chico area into compliance with the State Prohibition Order. The new power proposed for CSA 114 must be reviewed and approved by LAFCo.

Approximately 2,115 acres within the CSA 114 SOI, consisting of eight parcels, are utilized for public recreational uses (Upper Bidwell Park), seasonal livestock grazing, or utility right-of-way. Several of these parcels are split by the CSA 114 SOI boundary. These eight parcels, which are listed in Table 4-1 and shown on Figures 4-1 and 4-2, should be removed from CSA 114's Sphere of Influence because they will never require CSA 114 services and will never be annexed into CSA 114.

**TABLE 4-1 – PARCELS PROPOSED TO BE REMOVED FROM CSA 114 SOI**

<u>APN</u>	<u>Owner</u>	<u>Approximate Location</u>	<u>Acreage</u>
056-050-013	City of Chico	Upper Bidwell Park	560
063-290-016	City of Chico	Upper Bidwell Park	476
063-290-062	City of Chico	Upper Bidwell Park	318
063-290-011	City of Chico	Upper Bidwell Park	40
063-290-060	City of Chico	Upper Bidwell Park	29
063-290-061	Simmons Family Trust	Adjacent to upper Bidwell Park	204
017-080-020	Simmons Family Trust	S of SR 32 at Humboldt Rd	476
017-080-019	PG&E	S of Humboldt Rd	12

**FIGURE 4-1 – PARCELS PROPOSED TO BE REMOVED FROM CSA 114 SOI – AREA 1**

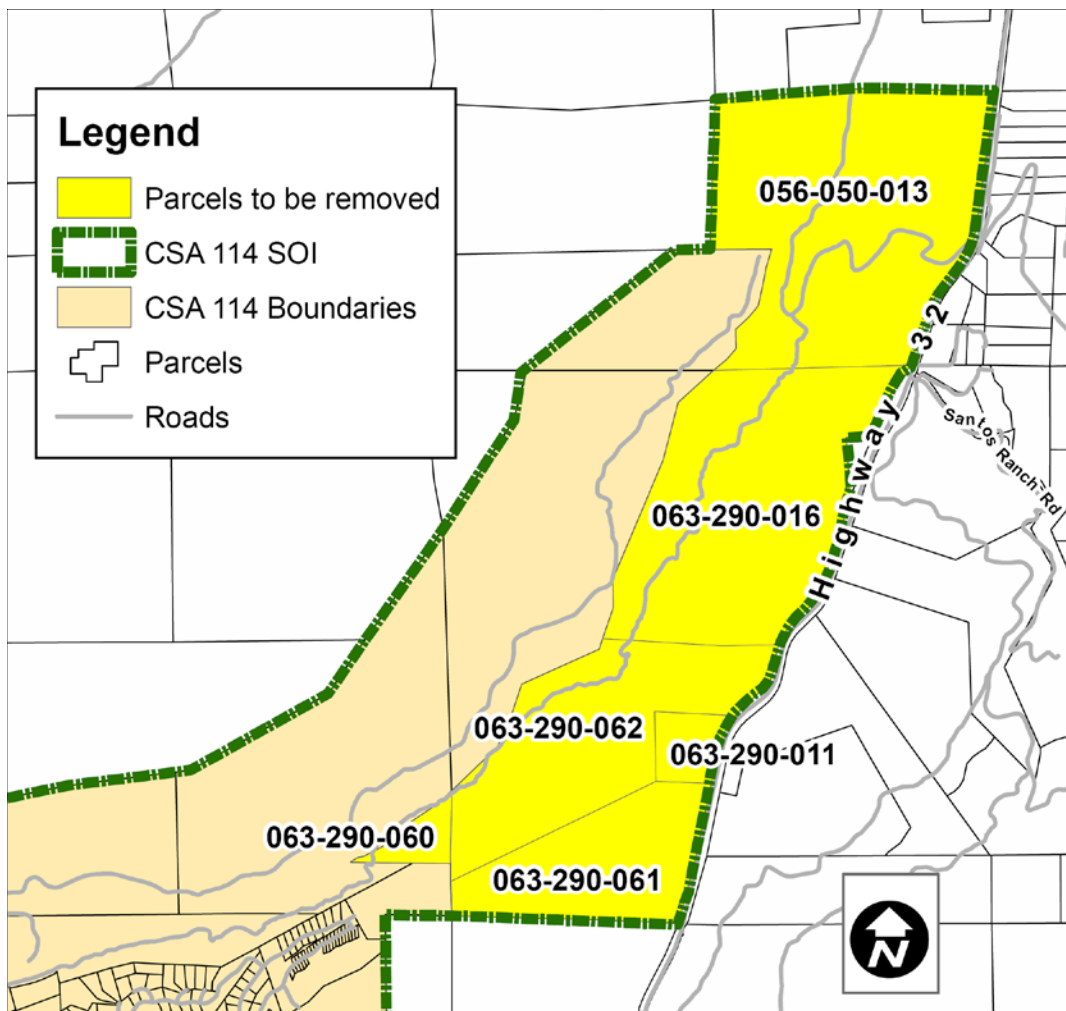
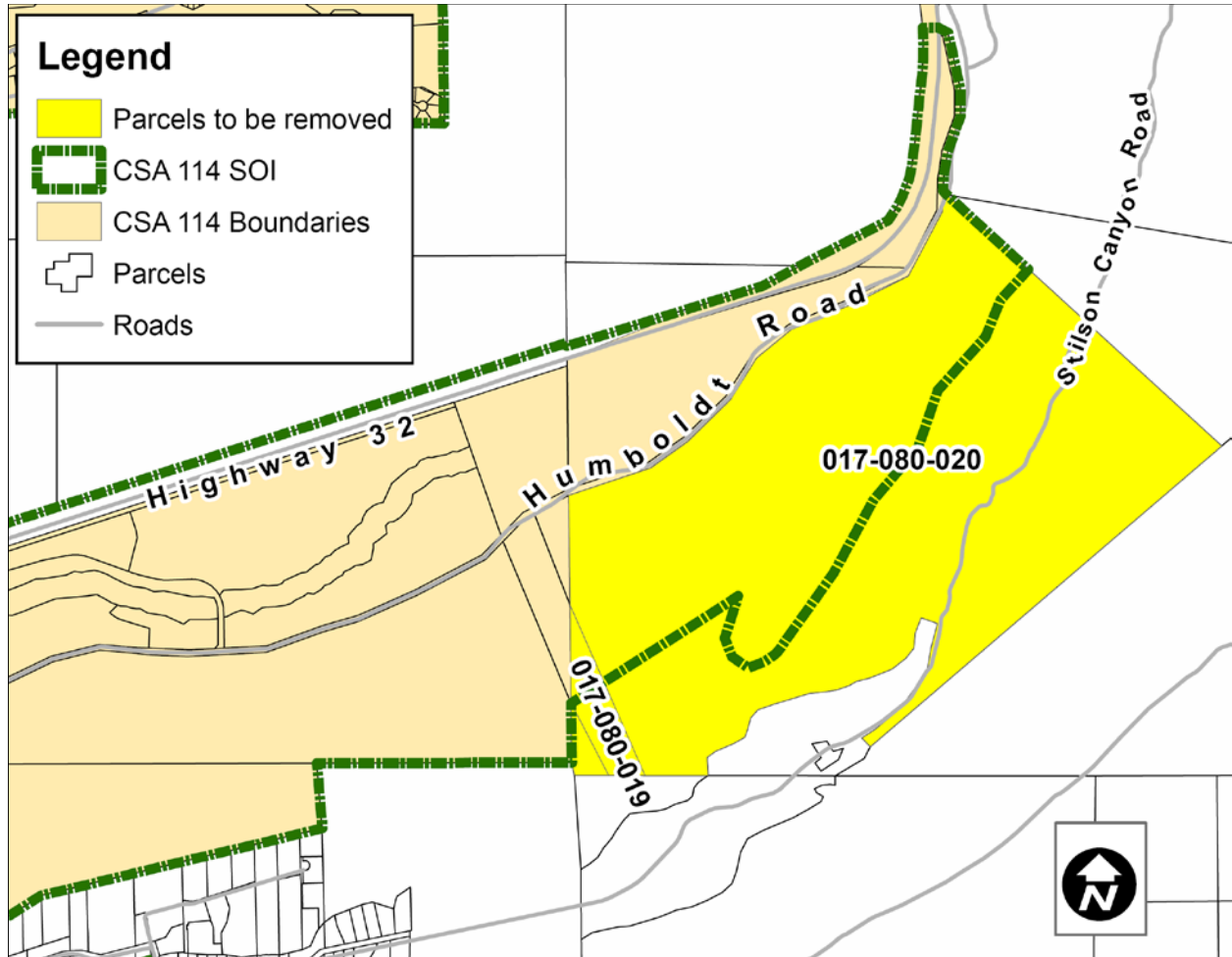


FIGURE 4-2 – PARCELS PROPOSED TO BE REMOVED FROM CSA 114 SOI – AREA 2



**DETERMINATION 4.2-1: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The present public service provided by CSA 114, which is the preparation of studies related to groundwater quality in the Chico area and management of the Chico Area Nitrate Compliance Program, are adequate. Butte County is considering adding powers to CSA 114 that would allow the CSA to fund sewer connection fees for the connection of dwellings to the City of Chico’s sanitary sewer system.*

**4.3 PRESENT AND FUTURE CAPACITY OF FACILITIES**

CSA 114 is a funding mechanism for the preparation of studies related to studying nitrate contamination in the groundwater in the Chico area, including providing funding for the Chico Area Nitrate Compliance Program, and does not provide any actual physical municipal services, such as wastewater conveyance and treatment services. CSA 114 is managed by the staff of the

Butte County Administration Office. CSA 114 does not own, rent, or lease any structures, equipment, or real property.

**DETERMINATION 4.3-1: PRESENT AND FUTURE CAPACITY OF FACILITIES**

*CSA 114 does not own, rent, or lease any structures, equipment, or real property and is not expected to do so in the future.*

**4.4 SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST**

CSA 114's SOI consists of the area within the City of Chico's Sphere of Influence and includes both incorporated and unincorporated parcels. There are no other social or economic communities of interest within the CSA.

**DETERMINATION 4.4-1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST**

*Social and economic communities within the CSA consist solely of the greater Chico Urban Area.*

**4.5 SPHERE OF INFLUENCE DETERMINATIONS CONCLUSION FOR CSA 114**

The CSA 114 SOI analysis and determinations indicate that there are no substantial land use or service delivery deficiencies that demand modifications to its existing SOI boundary. The County has not requested any modifications to the existing SOI boundary. To provide for logical SOI boundaries, LAFCo staff recommends that approximately 2,115 acres, consisting of the parcels listed in Table 4-1 below and shown on Figures 4-1 and 4-2, be removed from CSA 114's SOI since they are not within the jurisdictional boundaries of CSA 114 and are not presently in need of, or expected to require currently authorized CSA 114 services.

**4.6 SUMMARY OF MUNICIPAL SERVICE REVIEW DETERMINATIONS**

**DETERMINATION 4.1-1: PRESENT AND PLANNED LAND USE**

*Residential uses will remain the primary land use within CSA 114's SOI and jurisdictional boundaries. The City of Chico's General Plan proposes limited new growth within the City's SOI. It is anticipated that most new development within CSA 114 will consist of infill development on existing developed parcels, which will be made possible by the connection of these parcels to the City of Chico's sanitary sewer system.*

**DETERMINATION 4.1-2: PRESENT AND PLANNED LAND USE**

*Two growth areas within CSA 114 boundaries are identified in the City of Chico's General Plan. Development in these two areas will be connected to the City's sewer system and will not have any impact on CSA 114's operations.*

**DETERMINATION 4.1-3: PRESENT AND PLANNED LAND USE**

*There are limited agricultural uses within CSA 114's SOI and there are no parcels that are subject to a Williamson Act contract. No changes are proposed to CSA 114's SOI or jurisdictional boundaries that would negatively impact agricultural uses*

**DETERMINATION 4.2-1: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The present public service provided by CSA 114, which is the preparation of studies related to groundwater quality in the Chico area and management of the Chico Area Nitrate Compliance Program, are adequate. Butte County is considering adding powers to CSA 114 that would allow the CSA to fund sewer connection fees for the connection of dwellings to the City of Chico's sanitary sewer system.*

**DETERMINATION 4.3-1: PRESENT AND FUTURE CAPACITY OF FACILITIES**

*CSA 114 does not own, rent, or lease any structures, equipment, or real property and is not expected to do so in the future.*

**DETERMINATION 4.4-1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST**

*Social and economic communities within the CSA consist solely of the greater Chico Urban Area.*

## **5.0 FINAL SPHERE OF INFLUENCE PLAN ACTIONS**

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This Section includes the results of Butte LAFCO's final actions on this SOI Plan for CSA 114.

**5.1 PLACEHOLDER FOR BUTTE LAFCO RESOLUTION OF ADOPTION**

*To be placed here in Final MSR/SOI Plan*

## 5.2 SUMMARY OF ADOPTED MSR DETERMINATIONS

### **DETERMINATION 3.2-1: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*The population in CSA 114 is expected to grow at a rate of approximately 1 percent annually over the next twenty years; however, population growth within CSA 114 will not have an impact on current CSA functions.*

### **DETERMINATION 3.2-2: GROWTH AND POPULATION FOR THE AFFECTED AREA**

*New large-scale development within the boundaries of CSA 114 is expected to be limited over the next twenty years and all new development within CSA 114 will connect to the City of Chico's sanitary sewer system and would not have an impact on CSA 114 operations.*

### **DETERMINATION 3.3-1: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*CSA 114's primary function is the preparation of studies related to groundwater quality in the Chico area. CSA 114 also funds the cost of administering the Chico Urban Area Nitrate Compliance Program. The CSA does not perform any actual physical municipal services nor does it own, lease, or rent any buildings, equipment, or real property.*

### **DETERMINATION 3.3-2: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES**

*The CSA provides an adequate level of service for the preparation of groundwater quality studies and well monitoring and has performed notably in creating and implementing the Chico Urban Area Nitrate Compliance Program, under which sewer lines are currently being extended into nitrate hotspot areas and which may fund sewer connection fees for landowners.*

### **DETERMINATION 3.4-1: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*The annual per parcel assessment of \$12.60 currently being collected by CSA 114 does not appear to adequately fund the current CSA operations as expenditures have exceeded revenue in the last three fiscal years. CSA 114 has had to use funds from the fund balance to completely fund CSA operations due to increased administrative costs. The County anticipates raising the annual per parcel charge to the maximum allowed charge of \$25.90 to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries.*

**DETERMINATION 3.4-2: FINANCIAL ABILITY OF AGENCY TO PROVIDE SERVICES**

*CSA 114 currently has a large fund balance of approximately \$1.4 million. Proposed changes to the powers of CSA 114, which would allow the CSA to help fund certain sewer connection fees for those developed parcels located outside of the nitrate hot-spot area boundaries is expected to result in a large reduction of the fund balance over the next twenty years.*

**DETERMINATION 3.5-1: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES**

*There are no opportunities for shared facilities due to the unique nature of the services provided by CSA 114.*

**DETERMINATION 3.6-1: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*CSA 114 is managed by the Butte County Administration Office. The overall management structure of the Administration Office is sufficient to perform necessary services and maintain operation in an efficient and effective manner. The Butte County Board of Supervisors on behalf of the CSA provides the public with adequate information and opportunity for input and involvement in CSA activities.*

**DETERMINATION 3.6-2: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*Acknowledging the complexity of government agencies involved in addressing the nitrate issue, which includes the County of Butte, the City of Chico, the Chico Redevelopment Agency, and the Chico Urban Area Joint Powers Financing Authority, it may be warranted to reassess the functions of CSA 114 and consider alternative governance structures with an eye on greater efficiency.*

**DETERMINATION 3.6-3: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The LAFCo-prepared CSA 114 parcel database revealed numerous discrepancies, mostly with regards to Zone I/Zone II designations. The County should review the inconsistencies/errors and move parcels to/from Zones I and II as needed to ensure that parcels are being properly assessed.*

**DETERMINATION 3.6-4: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES**

*The CSA 114 database prepared by LAFCo shows there are 21 parcels that are outside of the CSA 114/City of Chico Spheres of Influences but are shown as being within CSA 114 per the 2011-2012 Butte County Tax Rate listing. Due to their location outside of the CSA 114/City of Chico SOIs, these parcels are not actually within CSA 114. The County should review this inconsistency and if confirmed, initiate detachment proceedings through LAFCo to remove these parcels from the CSA 114.*

### 5.3 SUMMARY OF ADOPTED SOI DETERMINATIONS

**DETERMINATION 4.1-1: PRESENT AND PLANNED LAND USE**

*Residential uses will remain the primary land use within CSA 114's SOI and jurisdictional boundaries. The City of Chico's General Plan proposes limited new growth within the City's SOI. It is anticipated that most new development within CSA 114 will consist of infill development on existing developed parcels, which will be made possible by the connection of these parcels to the City of Chico's sanitary sewer system.*

**DETERMINATION 4.1-2: PRESENT AND PLANNED LAND USE**

*Two growth areas within CSA 114 boundaries are identified in the City of Chico's General Plan. Development in these two areas will be connected to the City's sewer system and will not have any impact on CSA 114's operations.*

**DETERMINATION 4.1-3: PRESENT AND PLANNED LAND USE**

*There are limited agricultural uses within CSA 114's SOI and there are no parcels that are subject to a Williamson Act contract. No changes are proposed to CSA 114's SOI or jurisdictional boundaries that would negatively impact agricultural uses*

**DETERMINATION 4.2-1: PRESENT AND PROBABLE NEED FOR PUBLIC SERVICES AND FACILITIES**

*The present public service provided by CSA 114, which is the preparation of studies related to groundwater quality in the Chico area and management of the Chico Area Nitrate Compliance Program, are adequate. Butte County is considering adding powers to CSA 114 that would allow the CSA to fund sewer connection fees for the connection of dwellings to the City of Chico's sanitary sewer system.*

**DETERMINATION 4.3-1: PRESENT AND FUTURE CAPACITY OF FACILITIES**

*CSA 114 does not own, rent, or lease any structures, equipment, or real property and is not expected to do so in the future.*

**DETERMINATION 4.4-1: SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST**

*Social and economic communities within the CSA consist solely of the greater Chico Urban Area.*

**5.4 PLACEHOLDER FOR FIGURE 5-1 - ADOPTED SOI BOUNDARIES FOR CSA 114**

*To be placed here in Final MSR/SOI Plan*

## 6.0 ACRONYMS AND DEFINITIONS

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<b>BCAG</b>	Butte County Association of Governments
<b>CEQA</b>	California Environmental Quality Act
<b>CKH</b>	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
<b>CSA</b>	County Service Area
<b>LAFCO</b>	Local Agency Formation Commission
<b>MSR</b>	Municipal Service Review
<b>SOI</b>	Sphere of Influence

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<b>ANNEXATION</b>	The inclusion, attachment, or addition of a territory to a city or district.
<b>BOARD OF SUPERVISORS</b>	The legislative body or governing board of a county.
<b>CEQA</b>	The California Environmental Quality Act (CEQA) is intended to inform governmental decision-makers and the public about potential environmental effects of a project, identify ways to reduce adverse impacts, offer alternatives to the project, and disclose to the public why a project was approved. CEQA applied to projects undertaken, funded, or requiring issuance of a permit by a public agency.
<b>CORTESE-KNOX-HERTZBERG LOCAL GOVERNMENT REORGANIZATION ACT OF 2000</b>	The collection of state laws that govern the changes of organization of local governments in California. The act begins at Section 56000 of the California Government Code. Also known as the Local Government Reorganization Act or CKH.
<b>DEPENDENT DISTRICT</b>	A special district whose board of directors is another legislative body, such as a city council or board of supervisors.
<b>DISTRICT OR SPECIAL DISTRICT</b>	An agency of the state, formed pursuant to general law or special act, for the local performance of government or proprietary functions within limited boundaries. “District” or “special district” includes a county service area.

**GENERAL PLAN**

A document containing a statement of development policies including a diagram and text setting forth the objectives of the plan. The general plan must include certain state mandated elements related to land use, circulation, housing, conservation, open-space, noise, and safety.

**LAFCO**

A state mandated local agency that oversees boundary changes to cities and special districts, the formation of new agencies including incorporation of new cities, and the consolidation of existing agencies. The broad goals of the agency are to ensure the orderly formation of local government agencies, to preserve agricultural and open space lands, and to discourage urban sprawl.

**LOCAL ACCOUNTABILITY AND GOVERNANCE**

The term “local accountability and governance,” refers to public agency decision making, operational and management styles that include an accessible staff, elected or appointed decision-making body and decision making process, advertisement of, and public participation in, elections, publicly disclosed budgets, programs, and plans, solicited public participation in the consideration of work and infrastructure plans, programs or operations and disclosure of results to the public.

**MANAGEMENT EFFICIENCY**

The term “management efficiency,” refers to the organized provision of the highest quality public services with the lowest necessary expenditure of public funds. An efficiently managed entity (1) promotes and demonstrates implementation of continuous improvement plans and strategies for budgeting, managing costs, training and utilizing personnel, and customer service and involvement, (2) has the ability to provide service over the short and long term, (3) has the resources (fiscal, manpower, equipment, adopted service or work plans) to provide adequate service, (4) meets or exceeds environmental and industry service standards, as feasible considering local conditions or circumstances, (5) and maintains adequate contingency reserves.

**MUNICIPAL SERVICE REVIEW (MSR)**

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

**PREZONING**

A zoning designation, formally adopted by a city, that applies to property outside the city limits. Prezoning has no regulatory effect until the property is annexed.

<b>PUBLIC AGENCY</b>	The state or any state agency, board, or commission, any city, county, city and county, special district, or other political subdivision.
<b>RESERVE</b>	(1) For governmental type funds, an account used to earmark a portion of the fund balance, which is legally or contractually restricted for a specific use or not appropriate for expenditure. (2) For proprietary type/enterprise funds, the portion of retained earnings set aside for specific purposes. Unnecessary reserves are those set aside for purposes that are not well defined or adopted or retained earnings that are not reasonably proportional to annual gross revenues.
<b>SPHERE OF INFLUENCE (SOI)</b>	A plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO.
<b>SPHERE OF INFLUENCE DETERMINATIONS</b>	In establishing a sphere of influence, the Commission must consider and prepare written determinations related to present and planned land uses, need and capacity of public facilities, and existence of social and economic communities of interest.
<b>ZONING</b>	The primary regulatory instrument for implementing the general plan. Zoning divides a community into districts or “zones” that specify the permitted/prohibited land uses.

## 7.0 BIBLIOGRAPHY

---

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## APPENDIX

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### A. COMMENTS RECEIVED AND RESPONSES TO COMMENTS

*To be placed here in Final MSR/SOI Plan if any comments are received regarding the public review draft MSR/SOI Plan*