

***Palmer Creek Community Services
District***

Municipal Service Review

DRAFT

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Prepared by:



HUMBOLDT
Local Agency Formation Commission

For the District Sphere of Influence Report

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LOCAL AGENCY FORMATION COMMISSION AUTHORITY

Latent Powers, Enabling Legislation and Empowered Services

The fundamental role of the Local Agency Formation Commission (LAFCo) is to implement the Cortese-Knox-Hertzberg Act (The Act) consistent with local conditions and circumstances. The Act guides LAFCo's decisions. The major goals of LAFCo as established by The Act are to:

- Encourage orderly growth and development;
- Promote orderly development;
- Discourage urban sprawl;
- Preserve open-space and prime agricultural lands by guiding minimizing resource loss;
- Exercise its authority to ensure that affected populations receive efficient services;
- Promote logical formation and boundary modifications that direct the burdens and benefits of additional growth to those local agencies that are best suited to provide services;
- Make studies and obtain and furnish information which will contribute to the logical and reasonable development of local agencies to provide for present and future needs;
- Establish priorities by assessing and balancing community service needs with financial resources available to secure and provide community services and to encourage government structures that reflect local circumstances, conditions and financial resources;
- Determine whether new or existing agencies can feasibly provide needed services in a more efficient or accountable manner and, where deemed necessary,

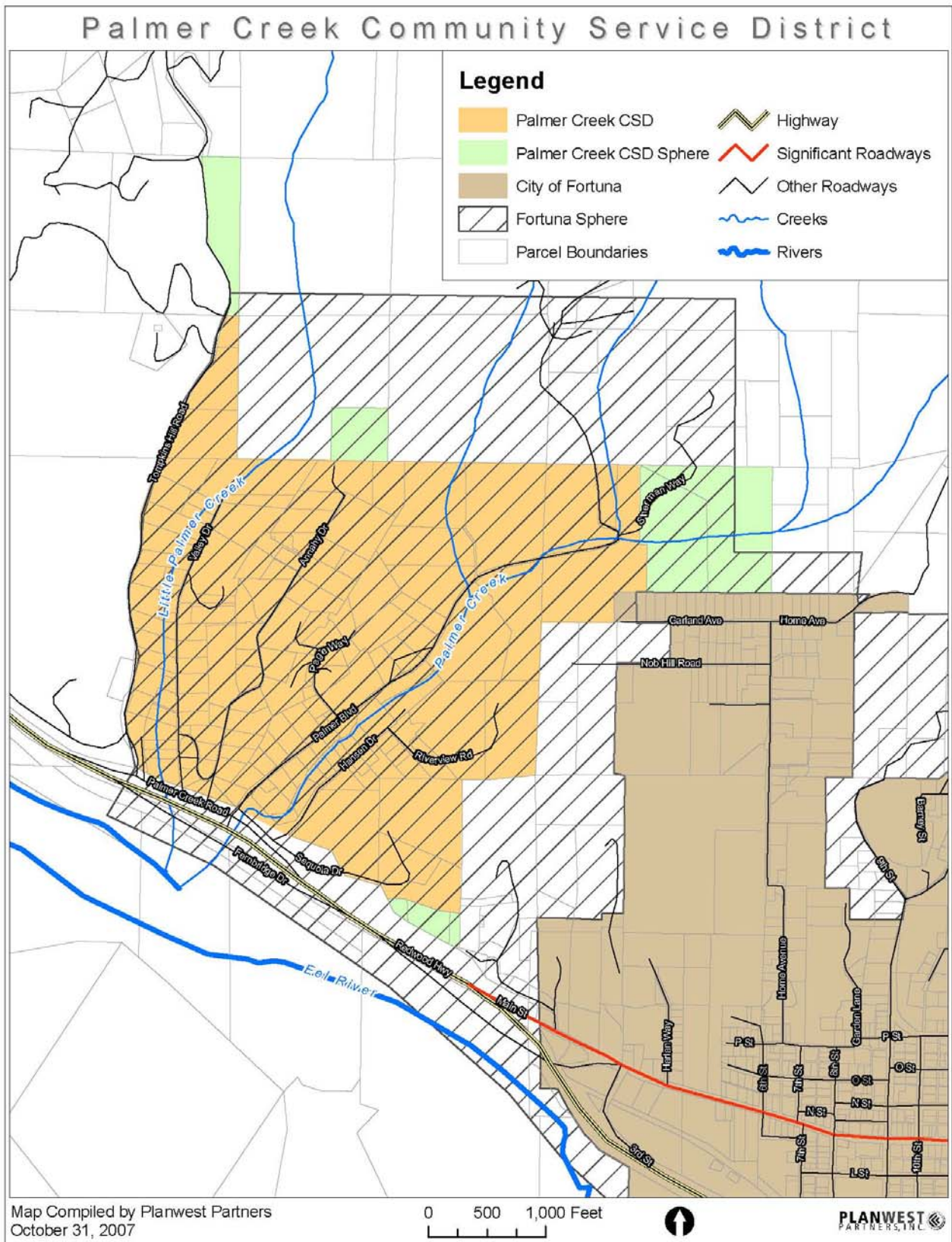
As set fourth in § 56425 (g) of The Act, on or before January 1, 2008, and every five years thereafter, Humboldt LAFCo shall review and update each Sphere of Influence (SOI).

Additionally, an MSR shall be conducted with, or in conjunction with the action to establish or to update a SOI pursuant to The Act. Together, the SOI and MSR documents analyze the District's ability to serve existing and future residents.

In order to prepare and to update Spheres of Influence in accordance with § 56425, Humboldt LAFCo shall conduct a service review of the municipal services provided in the Palmer Creek Community Services District (CSD). The commission shall include in the designated for service review area any other geographic area as is appropriate for an analysis of the services to be reviewed, and shall prepare a written statement of determinations with respect to the following:

- (1) Infrastructure needs or deficiencies;
- (2) Growth and population projections for the affected area;
- (3) Financing constraints and opportunities;
- (4) Cost avoidance opportunities;
- (5) Opportunities for rate restructuring;
- (6) Opportunities for shared facilities;
- (7) Government structure options;
- (8) Evaluation of management efficiencies; and
- (9) Local accountability and governance.

Figure 1. Palmer Creek CSD Map- District Boundary and Sphere of Influence



AGENCY PROFILE

Palmer Creek is an unincorporated area in Humboldt County that abuts the City of Fortuna to the north. Palmer Creek Community Services District (CSD) encompasses an area of approximately 0.45 square miles northwest of the City of Fortuna, stretching from U.S. 101 into the hills north and east of the highway. Palmer Creek is located in the City of Fortuna Sphere of Influence (SOI). The District provides water and wastewater services to its residents.

Palmer Creek is located within the Fortuna Urban Study Area (USA) as defined in the Humboldt County General Plan Update.¹ The Fortuna USA contains four separate areas that are located within the City's SOI including areas surrounding City boundaries to the north, east and south; Palmer Creek CSD is one of these areas. Palmer Creek CSD is the only service provider in the Fortuna USA. However, Palmer Creek CSD encompasses a much smaller area than the Fortuna USA which is approximately 5.6 square miles in size.

Figure 1 (above) shows the district boundary, service boundary, and sphere of influence, as well as infrastructure and other service providers that are near the Palmer Creek CSD.

Formation

The Palmer Creek CSD was originally organized on June 14, 1988 under Government Statute 1923, Chapter 191. The governing board of the District is the Board of Supervisors pursuant to Resolution No. 2130 adopted under the Community Services District Law, pursuant to California Government Code, Title 6, Division 2. The five member Board of Directors is appointed to supervise the business of the District. The District was formed for the purpose of providing the residents with sewer services.

GROWTH AND POPULATION

County Population

According to the 2000 Census, the total population in Humboldt County was 126,518. California Department of Finance projections indicate an anticipated total compounded growth of 13.1 percent through the year 2025, which is lower than the 16.6 percent growth experienced in the past 20.² The Building Communities Report for the Humboldt County General Plan Update includes a complete discussion of County Population Trends.

District Population and Housing

Palmer Creek CSD has an estimated population of 355 people based on 154 active service connections. While the Fortuna USA is larger than Palmer Creek CSD, the County's housing growth projections of between 0.5% and 2.5% represents as many as 450 new housing units within the USA by the year 2025.³

Facility/ Services Plans or Similar Documents

Palmer Creek CSD had a Draft Master Service Element Report prepared for development of the District Sphere of Influence Report in 2001. In October 2007 a Draft Community Infrastructure

and Services Technical Report was prepared for the Humboldt County General Plan Update. The Technical Report analyzed the Fortuna USA, which includes Palmer Creek CSD.

SERVICES

The District provides water and wastewater services for approximately 154 residential service connections and currently has 21 inactive accounts.⁴ The District's water system was designed to provide a dependable domestic water supply to the community for residential use and for fire suppression.

INFRASTRUCTURE

Water

Water Source and Treatment. The District draws drinking water from two active groundwater wells. Pumped water from the wells is injected with sodium hypochlorite, then filtered through a Loprest package treatment plant designed to remove iron and manganese from the groundwater.⁵ The plant consists of a reaction vessel and three pressure filters, after which water is pumped to storage tanks and into the distribution system.

Water Demand. The District has approximately 126 active water service connections; all active connections are metered. The water system was designed to serve 187 residential connections. Average daily use is estimated at approximately 31,000 gpd and peak daily use is reported at approximately 84,000 gpd.⁶ Based on present and projected water use levels, Palmer Creek CSD has the ability to meet the water demands of development of the remaining lots in the District without the need to supplement supplies or storage and delivery systems.

Distribution System. The District's water system consists of a water treatment facility, a water distribution system, and a 200,000 gallon storage reservoir located above the District on Tompkins Hill Road. The District's distribution system was installed in 1997 and consists of approximately four miles of PVC pipe ranging in diameter from 2 inches to 10 inches. The system has capacity for adequate fire flows.⁷

Infrastructure Deficiencies. Palmer Creek CSD's water system has existing deficiencies, including dead end mains and limited fire flow capacity at the end of Page Way.⁸

Wastewater

Historically, the residences within the district were served by individual on-site septic systems. A pollution study performed in 1987 revealed fecal coliform contamination of surface water in the community.⁹ The sewage collection system was constructed to alleviate the water contamination caused in part by the on-site sewage disposal systems.

Collection System, Pipelines, Pumps and Treatment Facilities. Palmer Creek CSD provides wastewater collection services to its residents and contracts with the City of Fortuna for wastewater treatment and disposal. The Palmer Creek CSD wastewater system consists of a collection system and a lift station. Wastewater from the District is pumped via a pressure main to the City of Fortuna's wastewater treatment facility. Palmer Creek's wastewater collection system joins the City of Fortuna's collection system by the northern boundary of Fortuna.

The Fortuna wastewater treatment plant (WWTP) primary treatment consists of sedimentation and anaerobic sludge digestion. Secondary treatment is carried out by three aeration basins followed by three rectangular sedimentation basins with conventional chain and flight sludge conveyors, and finally, chlorine disinfection. Chlorine disinfection is carried out in two chlorine contact tanks. The effluent from the secondary clarifier and the sedimentation basins is chlorinated and then dechlorinated before being discharged to the Eel River.¹⁰

Construction of recent plant upgrades and expansion were completed in June of 2007. The recent improvements included upgrading the existing hydraulic capacity of the plant and adding new unit operations including; a new anaerobic digester; a secondary clarifier; a composting solids handling system; and odor control biofilters. The hydraulic capacity of the plant was increased with the addition of a new secondary clarifier and a new discharge pipe. A new operations building, and a grit handling and headwork's system were also constructed.¹¹

Demand for Service. There are 154 existing residential wastewater connections within the Palmer Creek CSD generating an average dry weather flow of 20,000 gallons per day (gpd) and wet weather flows of 30,000 gpd.¹² There are no commercial, industrial, or agricultural customers. The Palmer Creek CSD reports that it is currently at its contracted limit with the City of Fortuna for wastewater flows. This contract would need to be amended to allow additional development within the District.¹³

System Capacity. Under present conditions, Palmer Creek CSD's pumping and transmission systems seem able to handle both average daily flows and peak flows. The Fortuna WWTP currently treats 1.5 million gallons per day (MGD) during the dry weather season (June through September), and an average of 1.9 MGD annually (wet and dry weather flows). The recently upgraded WWTP has an average dry weather capacity of two MGD, and a wet weather capacity of up to seven MGD. The WWTP can accommodate services for approximately 15,000 people.¹⁴

The City of Fortuna currently discharges treated wastewater to the Eel River at one primary location (SN001). A secondary location (SN002) is utilized during successive storm events. The National Pollutant Discharge Elimination System (NPDES) permit for the City of Fortuna notes that the city has invested in an aggressive program over the last few years to reduce Infiltration and Inflow (I/I) in the wastewater collection system. In consideration of the use of reasonable methods for controlling I/I, the city has been allowed to operate the alternative discharge location during prolonged storm events when the city's storage ponds exceed capacity. Discharge location SN002 is located approximately 20 feet downstream from the primary discharge location SN001.¹⁵

Infrastructure Deficiencies. Palmer Creek CSD does not currently have any significant wastewater infrastructure deficiencies.

Facility Functions and Fee Structure. The City of Fortuna charges Palmer Creek CSD monthly based on volume; the current rate is \$100.83 plus \$3.89 per 100 cubic feet over 2,590 cubic feet.

Planned Improvements

Palmer Creek CSD has no major water or wastewater system upgrades planned.

OTHER SERVICE PROVIDERS

The County of Humboldt provides general governmental services and law enforcement services throughout the territory of the District. The District is within a joint response area for fire protection services from the Fortuna Fire Protection District (FFPD) and the California Department of Forestry and Fire Protection (Cal Fire). FFPD has primary responsibility within the District for structural fires and Cal Fire has primary responsibility for wildland fires. The Palmer Creek Community Service District provides fire hydrants in all areas where water service is available within its boundaries.

FINANCING CONSTRAINTS AND OPPORTUNITIES

Palmer Creek CSD operates their wastewater collection system on an annual budget of approximately \$100,000. The majority of this income is from service charges, but funding also comes from property taxes, assessments, connection fees, and other smaller sources. The District does not have a Capital Improvement Plan. They currently have approximately \$60,000 in reserves.¹⁶

According to Palmer Creek records, they operate their water system on an annual budget of approximately \$74,000. The majority of this income is from service charges, but funding also comes from property taxes, interest revenue, connection fees, and other smaller sources. The District does not have a Capital Improvement Plan. They currently have approximately \$127,000 in reserves.¹⁷

Based on an independent auditor’s report from 2000, the District’s operating revenues and expanses are summarized in Table1.

Table 1. Audited Revenues and Expenses

Revenue/ Expenses	FY 2000	FY 1999
Total Operating Revenue	\$84,671	\$55,357
Total Operating Expenses	\$175,565	\$116,404
Operating Income (Loss)*	(\$90,894)	(\$61,047)
Total Long-Term Debt (water system)	\$446,260	\$450,500

* Operating losses are offset by grants.

SERVICE RATES

The base rate for water service is \$36.62 and for sewer it is \$60.00. See Table 2 for a detailed list of the service rates for water and sewer service.

Table 2. Palmer Creek CSD Rate Schedule

		LIST OF RATES						
RATE CODE	RATE ID	MINIMUM Water	MINIMUM Sewage	Backflow Te	Loan Repay fe	Reconnect fe	Other 3 Charge	Other 4 Charge
1	1 water/1 sewer	\$36.62	\$60.00		\$3.13			
2	INACTIVE ACCOUNT							
3	1 STANBY SEWER		\$18.00					
4	TRIPLE SEWER		\$180.00					
5	TRIPLE STANDBY SEWERS		\$54.00					
6	DOUBLE SEWER		\$120.00					
7	1 WATER, NO SEWER	\$36.62			\$3.13			
8	1 SEWER, NO WATER		\$60.00					
9	1 WATER, 1 SEWER, 1 STAN	\$36.62	\$78.00		\$3.13			
10	1 WATER, 2 SEWER	\$36.62	\$120.00					

The service rates are evaluated annually; customers are notified prior to rate changes and all adjustments must be approved by the Board.

LOCAL ACCOUNTABILITY

Table 3. Contact Information

Palmer Creek Community Services District	
Contact:	David Rodriguez, Manager
Mailing Address:	P.O. Box 309, Fortuna, CA
Site Address:	452 North Fortuna Blvd., Fortuna
Phone Number:	(707) 725-0544
Email/ Website:	pccsd@humboldt1.com
Types of Services:	Water and Sewer
Population Served (estimate):	355
Size of Service Area (Acres):	287
Date of Formation:	June 14, 1988

Board meetings are held on the second Thursday of each month at 7pm and are held at the Riverside CSD office located at 452 North Fortuna Blvd in Fortuna, CA.

MUNICIPAL SERVICE REVIEW DETERMINATIONS

Growth and Population

Based on the County's housing growth projections of between 0.5% and 2.5%, Palmer Creek CSD could have between 158 and 173 total residential units by the year 2013.

Infrastructure

Under present conditions, Palmer Creek CSD's wastewater pumping and transmission systems can handle both average daily flows and peak flows.

The District's water distribution system was built in 1997. The water system was designed with an allowance for future vacant lot development and currently serves approximately 126 connections; it was designed to serve 187. Therefore, water service could be provided to 61 new customers without the need for new or expanded infrastructure.

Financing Constraints and Opportunities

The District currently has approximately \$187,000 in reserves. At current operating costs, the District could be operated solely off of its reserves for approximately one year. The District is making payments on loans that were obtained to construct the water system.

Rate Restructuring

Rates are evaluated annually and are adjusted as needed with Board approval.

Cost Avoidance Opportunities

Because of the District's small size and location away from other water service providers, there are no significant cost avoidance opportunities available to the District for water service. Palmer Creek CSD has an agreement with the City of Fortuna for the treatment and disposal of all wastewater from the District.

Opportunities for Shared Facilities

The District already shares a wastewater facility with Fortuna. All wastewater from the District is pumped directly to the Fortuna WWTP for treatment and disposal.

Government Structure Options

Palmer Creek CSD is located inside the boundaries of the Fortuna Sphere of Influence. The District could combine with the City if annexed.

Evaluation of Management Efficiencies

The District has a management program in place and is providing services to the District. Given the small size there could be greater efficiency by combining services with the City of Fortuna.

Local Accountability

The Board of Directors is appointed to supervise the business of the District. District staff is available to the public via phone and email and board meetings are open to the public.

REFERENCES

- ¹ Humboldt County General Plan Update. Community Infrastructure and Services Technical Report, Preliminary Draft, October 2007. <http://co.humboldt.ca.us/planning/gp/gpdemo/GPU-TOC-Demo3.htm#ch7>
- ² DYET T & BHATIA. 2002. Humboldt 2025 General Plan Update. Building Communities Report.
- ³ Humboldt County General Plan Update. Community Infrastructure and Services Technical Report, Preliminary Draft, October 2007. <http://co.humboldt.ca.us/planning/gp/gpdemo/GPU-TOC-Demo3.htm#ch7>
- ⁴ Personal Communication with David Rodriguez, Palmer Creek CSD Manager, November 27, 2007.
- ⁵ Humboldt County General Plan Update. Community Infrastructure and Services Technical Report, Preliminary Draft, October 2007. <http://co.humboldt.ca.us/planning/gp/gpdemo/GPU-TOC-Demo3.htm#ch7>
- ⁶ Ibid
- ⁷ Ibid
- ⁸ Ibid
- ⁹ Oscar Larson & Associates, 1987. Onsite wastewater system pollution study in the community of Palmer Creek
- ¹⁰ City of Fortuna General Plan Update. *Background Report*. June 2007
- ¹¹ City of Fortuna General Plan Update. *Background Report*. June 2007
- ¹² Palmer Creek CSD, 2007. Questionnaire Regarding Services Required for the General Plan Update. Palmer Creek, CA. May 2007.
- ¹³ Humboldt County General Plan Update. Community Infrastructure and Services Technical Report, Preliminary Draft, October 2007. <http://co.humboldt.ca.us/planning/gp/gpdemo/GPU-TOC-Demo3.htm#ch7>
- ¹⁴ City of Fortuna General Plan Update. *Background Report*. June 2007
- ¹⁵ City of Fortuna General Plan Update. *Background Report*. June 2007
- ¹⁶ Ibid
- ¹⁷ Ibid