

MUNICIPAL SERVICE REVIEW &
SPHERE OF INFLUENCE UPDATE
PUBLIC REVIEW DRAFT

Grizzly Lake Community Services District

AUGUST 12, 2024

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For Plumas Local Agency Formation Commission

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ACRONYMS AND DEFINITIONS

CEQA:	California Environmental Quality Act
cfs:	Cubic feet per second
CIP:	Capital improvement plan
CSA:	County Service Area
CSD:	Community Services District
CSDA:	California Special District Association
CY:	Calendar year
DFG:	California Department of Fish and Game
DOF:	California Department of Finance
DPH:	California Department of Public Health
DWR:	California Department of Water Resources
EPA:	U.S. Environmental Protection Agency
FTE:	Full Time Equivalent
FY:	Fiscal year
GIS:	Geographic Information Systems
GLCSD:	Grizzly Lake Community Services District
GM:	General Manager
gpd:	Gallons per day
gpm:	Gallons per minute
GP:	General Plan
I/I:	Infiltration and inflow
ISO:	Insurance Services Organization
IRWMP:	Integrated Regional Water Management Plan
JHA:	Jurisdiction having authority
JPA:	Joint Powers Authority
LAFCo:	Local Agency Formation Commission
MCL:	Maximum Contaminant Level
mg:	Millions of gallons
mgd:	Millions of gallons per day

MSR:	Municipal services review
MS4:	Municipal separate storm sewer systems
NA:	Not applicable
NP:	Not provided
NPDES:	National Pollutant Discharge Elimination System
OASA:	Out-of-Area Service Agreement
OES:	Office of Emergency Services
OIT:	Operator in training
OPR:	Governor's Office of Planning and Research
PSAP:	Public Safety Answering Point
PWWF:	Peak wet weather flow
RID:	Resort Improvement District
RWQCB:	Regional Water Quality Control Board
SAFER:	Safe and Affordable Funding for Equity and Resilience
SBOE:	State Board of Equalization
SCADA:	Supervisory Control and Data Acquisition
SDRMA:	Special District Risk Management Authority
SDWA:	Safe Drinking Water Act
SOI:	Sphere of influence
SSMP:	Sewer System Management Plan
SSO:	Sewer System Overflow
SWP:	State Water Project
SR:	State Route
SWRCB:	State Water Resources Control Board
TDS:	Total dissolvable solids
TMDL:	Total maximum daily load
TSS:	Total suspended solids
USDA:	United States Department of Agriculture
USFS:	United States Forest Service
UWMP:	Urban Water Management Plan
WWTP	Wastewater treatment plant
WTP:	Water treatment plant

PREFACE

Prepared for the Plumas Local Agency Formation Commission (LAFCO), this report is a Municipal Services Review (MSR) covering the Grizzly Lake Community Services District (GLCSD). An MSR is a state-required comprehensive study of services within a designated geographic area. This MSR focuses on one special district in Plumas County that provides water services and wastewater collection and treatment.

CONTEXT

Plumas LAFCO is required to prepare this MSR by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000, et seq.), which took effect on January 1, 2001. The MSR examines services provided by Grizzly Lake CSD, whose boundaries and governance are subject to LAFCO.

CREDITS

The authors extend their appreciation to those individuals at Grizzly Lake CSD that provided the information and documents used in this report and made time for interviews and document review to ensure the accuracy of the report. The authors also would like to thank the members of the public that provided extensive input and feedback throughout the process.

This report was prepared by Policy Consulting Associates, LLC and was authored by Cheryl Kolb. Jennifer Stephenson served as project manager.

1. EXECUTIVE SUMMARY

This report is a municipal service review (MSR) covering the Grizzly Lake Community Services District, prepared for the Plumas Local Agency Formation Commission (LAFCO). An MSR is a State-required comprehensive study of services that special districts or cities provide. The MSR requirement is codified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code §56000 et seq.). The most recent MSR for the District was adopted on October 3, 2011, as part of the Eastern Plumas MSR.

OVERVIEW

The Grizzly Lake Community Service District is a community located in Plumas County, California, just west of the Incorporated City of Portola. The District generally serves the communities of Delleker and Crocker, and extends on both sides of Highway 70, bound by the Middle Fork of the Feather River and Railroad to the south, and the Plumas National Forest to the north.

Grizzly Lake Community Services District (GLCSD) provides water services to the communities of Delleker, Crocker Mountain Estates, and Grizzly Retreat, as well as wastewater services to the Delleker and Crocker Mountain Estates communities. A thorough Municipal Service Review for the District was last completed in 2007; however, Grizzly Lake CSD was included in the Eastern Plumas MSR adopted on October 3, 2011.

Over the years, GLCSD has encountered numerous challenges in delivering adequate water and wastewater services, such as recurring violations of Waste Discharge Requirements (WDR), aging infrastructure, insufficient storage capacity, and financial constraints.

Additionally, GLCSD has recently faced significant changes in its board and staffing. Before December 15, 2023, the District's entire board, staff, and accountant resigned. Although these changes were anticipated to some extent, the new board was left without pertinent information regarding the maintenance and operations of the facilities, as well as no access to financial records from the previous accountant.

FINANCIAL ABILITY TO PROVIDE SERVICES

For the past twelve years, Grizzly Lake CSD has grappled with a consistent rise in operational costs alongside stagnant income. After maintaining the same water and sewer rates since 2011,

¹the District initiated the Proposition 218 process in September 2022 to raise rates for both residential and commercial connections. Following a Prop 218 notification and public hearing on November 4, 2022, to review the proposed increases, the new rates were implemented on December 1, 2022.²

According to the Prop 218 notification and notice for a public hearing, a rate study was prepared by the Rural Community Assistance Corporation (RCAC) to provide a detailed explanation of the projected inflationary impact on operating costs and was made available on the District's website. However, some residents indicate the rate study was not accessible on the website prior to the notice of hearing, and as of 2024, the document is not available on the District's website.³

The District also faces additional challenges concerning transparency and accountability, particularly in meeting the requirements outlined in state laws regarding the Brown Act, ensuring accessibility to website materials, and adhering to best practices to ensure easy access to significant planning documents and financial reports. The District has struggled to make financial reports, and annual budgets readily available on the GLCSD website, along with delays in completing annual audits.

LAFCO had several issues with obtaining financial reports that were not available on the website. Repeated requests to both the former GM and the former District's accountant were ignored. On October 27, 2023, LAFCO's Legal Counsel sent a Public Records Request to the District Chair, Larry Terrill, GM Pat Guillory, and the District accountant, Vivian Maritza. Vivian Maritza issued a response that the financials would be provided to LAFCO by the end of the day on November 15, 2023. The financials were never provided.

As of the writing of this report, all financial records prior to January 1, 2024, had been removed from the District website.

CHALLENGES

Under the former Board, Grizzly Lake CSD faced multiple challenges including:

- Fluctuating Board members and numbers;
- Employee turnover;

¹ RCAC references a rate update done in 2015; however, the Prop 218 notice states 2011 as the last rate increase.

² Resolution 2022-5004, A Resolution of the Board of Directors of the Grizzly Lake Community Services District Imposing and Increasing Water and Sewer Charges. November 2022.

³ Grizzly Lake Community Services District, Proposition 218 Notification- Notice of Public Hearing, Water and Sewer Rate Adjustment. November 14, 2022.

- Loss of Accountant;
- Mismanagement;
- Brown Act violations;
- Lack of transparency;
- Use of company property;
- Harassment from previous Board members and staff;
- Alleged poor behavior during Board meetings;
- Irregular meeting schedule;
- Delayed annual audits;
- Incomplete rate study;
- Lack of accountability;
- Illegal removal of a Board member;
- Improper execution of the Prop 218 process;
- Lack of approved budget;
- Late financial reporting;
- Disregarded public records requests;
- Missing Annual Compensation Reports and SCO Financial Transaction Reports from website;
- Lack of a Capital Improvement Plan; and
- Missing financial records for FYs 20-21, 21-22, 22-23, and the first half of FY 23-24.

RECOMMENDATIONS

It is recommended that Grizzly Lake CSD implement the following:

- Thoroughly review the noted transparency and accountability indicators within this report and make appropriate corrections.
- Complete the Special District Leadership Foundation's (SDLF) Transparency Certificate of Excellence.
- Ensure compliance with the requirements for CSDs as outlined in Government Code Section 61110 regarding an annual budget.
- Adopt a strategic plan.

- Review the SSMPs and update every five years.
- Develop a capacity plan.
- Consider training staff or hiring a qualified accountant to prepare GAAP financial statements.
- Develop a reserve policy.
- Conduct audits for all recent missing years.
- Review the pay structure with Plumas Sanitation.
- Have a comprehensive rate study completed for both water and sewer.
- Develop a capital improvement plan.

GOVERNANCE STRUCTURE OPTIONS

Based on the degree of necessary improvements to operate at the level expected/required of a public agency, alternative governance structures for GLCSD were identified. Options consist of 1) contracting with the City of Portola for a portion or all services, including management and administration, 2) complete reorganization into a subsidiary district allowing the City to operate as the governing body of the district, and 3) reorganization into either a new independent special district or dependent special district, such as a county service area. Each of these options requires the willingness of either the City of Portola or Plumas County as the identified successor agency, with the exception of reorganization into a new independent special district, which while offering a fresh start for the community, generally would be cumbersome, time consuming and offer no further advantages. Neither the City nor the County have indicated interest in taking on responsibility for services in the area, further limiting feasible options.

Given that GLCSD recently underwent a significant turnover of its governing body and staff and has indicated intentions and already taken actions to make necessary improvements to operations, management, governance, and transparency, it is recommended that before other governance options are considered, that GLCSD be given the opportunity to address the concerns and report back to Plumas LAFCo at its October 2025 meeting as to the status of its efforts. At that time, the Commission can determine whether moving forward with one of the identified reorganization options would be appropriate.

SOI UPDATE

It is recommended that a temporary coterminous SOI be approved for GLCSD, until a permanent SOI can be approved following GLCSD's report back to LAFCO at its October 2025 meeting.

2. BACKGROUND

LAFCO OVERVIEW

LAFCO regulates boundary changes proposed by public agencies or individuals through approval, denial, conditions, and modification.

It also regulates the extension of public services by cities and special districts outside their boundaries. LAFCO is empowered to initiate updates to the SOIs and proposals involving the dissolution or consolidation of special districts, mergers, the establishment of subsidiary districts, and any reorganization, including such actions. Otherwise, LAFCO actions must originate as petitions or resolutions from affected voters, landowners, cities, or districts.

MUNICIPAL SERVICES REVIEW LEGISLATION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 requires LAFCO to review and update SOIs every five years, or as necessary, and to review municipal services before updating SOIs.

The requirement for service reviews arises from the identified need for a more coordinated and efficient public service structure to support California's anticipated growth. The service review provides LAFCO with a tool to study existing and future public service conditions comprehensively and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

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

- Growth and population projections for the affected area.
- The location and characteristics of any disadvantaged unincorporated communities (DUCs) within or contiguous to the SOI.
- Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies (including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any DUCs within or contiguous to the sphere of influence).

- Financial ability of agencies to provide services.
- Status of and opportunities for shared facilities.
- Accountability for community service needs, including governmental structure and operational efficiencies; and
- Any other matter related to effective or efficient service delivery, as required by commission policy.

MUNICIPAL SERVICES REVIEW PROCESS

The MSR process does not require LAFCO to initiate changes in an organization based on service review findings, only that LAFCO identifies potential government structure options. However, LAFCO, other local agencies, and the public may subsequently use the determinations to analyze prospective changes in organization or reorganization or to establish or amend SOIs. Within its legal authorization, LAFCO may act with respect to a recommended change of organization or reorganization on its initiative (e.g., certain types of consolidations) or in response to a proposal (i.e., initiated by resolution or petition by landowners or registered voters). MSRs are exempt from the California Environmental Quality Act (CEQA) pursuant to §15306 (information collection) of the CEQA Guidelines. LAFCO's actions to adopt MSR determinations are not considered "projects" subject to CEQA.

SPHERE OF INFLUENCE UPDATES

The Commission is charged with developing and updating the SOI for each city and special district within the county. SOIs must be updated every five years or as necessary. In determining the SOI, LAFCO is required to complete an MSR and adopt the seven determinations previously discussed.

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

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

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

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

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

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

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

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

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is required to evaluate disadvantaged unincorporated communities (DUCs) as part of this service review, including the location and characteristics of any such communities.

The purpose of Senate Bill (SB) 244 (Wolk, 2011) is to begin to address the complex legal, financial, and political barriers that contribute to regional inequity and infrastructure deficits

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

The CKH requires LAFCO to make determinations regarding DUCs when considering a change of organization, reorganization, sphere of influence expansion, and when conducting municipal service reviews. For any updates to an SOI of a local agency (city or special district) that provides public facilities or services related to sewer, municipal and industrial water, or structural fire protection, LAFCO shall consider and prepare written determinations regarding the present and planned capacity of public facilities and adequacy of public services, and infrastructure needs or deficiencies for any DUC within or contiguous to the SOI of a city or special district.

CKH prohibits LAFCO from approving an annexation to a city of any territory greater than 10 acres if a DUC is contiguous to the proposed annexation, unless an application to annex the DUC has been filed with LAFCO. An application to annex a contiguous DUC shall not be required if a prior application for annexation of the same DUC has been made in the preceding five years or if the Commission finds, based upon written evidence, that a majority of the registered voters within the affected territory are opposed to annexation.

Government Code §56033.5 defines a DUC as 1) all or a portion of a "disadvantaged community" as defined by §79505.5 of the Water Code, and as 2) "inhabited territory" (12 or more registered voters), as defined by §56046, or as determined by commission policy.

3. AGENCY OVERVIEW

GRIZZLY LAKE COMMUNITY SERVICES DISTRICT (CSD)

Grizzly Lake CSD was formed in 1965 as an independent special district – originally called the Grizzly Lake Resort Improvement District (GLRID)⁴. The District was formed to provide water and wastewater services to residents in Delleker, Crocker Mountain Estates, and Grizzly Retreat. At some point in the District’s history, GLCSD reportedly took on street lighting services in the Delleker area from the County; however, neither the County nor the District has records of when or how this occurred.

The District transitioned from an RID to a CSD in 2011.⁵ RIDs were originally designed for unincorporated areas that were particularly suited to and used for recreational purposes, and that were held and used by residents of California which were inhabited only seasonally.⁶ The RID law greatly restricted the powers of the District to add new services. On July 17, 1997, special legislation was approved by the Governor changing RIDs into "registered voter" districts as opposed to "landowner voter" districts, as services provided by the District were no longer "seasonal," and because for GLRID, 80 percent or more of the assessed valuation of the land in the District was no longer in non-resident ownership.⁷

A new piece of legislation became effective January 1, 2011, permitting RIDs to easily convert to CSDs via expedited reorganization. Once GLRID transitioned to GLCSD, the District acquired the ability to secure grants and other funding, and the ability to take on new services such as implementing and managing the community park around Delleker Pond.

The principal act that governs the District is the State of California Community Services District Law. CSDs may potentially provide a wide array of services, including water supply, wastewater, solid waste, police and fire protection, street lighting and landscaping, airport, recreation and parks, mosquito abatement, library services, street maintenance and drainage services, ambulance services, and flood protection, among various other services. CSDs are required to gain LAFCo approval to provide services permitted by the principal act but not performed by the end of 2005 (i.e., latent powers). This process ensures that CSDs adhere to regulatory oversight and obtain the necessary authorization before expanding their services.

⁴ Plumas BOS, Resolution No. 1535

⁵ Plumas LAFCo, Regular Meeting Agenda, March 14, 2011, pg. 2

⁶ GLCSD, Grizzly Lake Resort Improvement District Municipal Service Review 2007-2012, January 2007, pg. 6

⁷ GLCSD, Grizzly Lake Resort Improvement District Municipal Service Review 2007-2012, January 2007, pg. 6

Figure 3-1: Grizzly Lake Community Services District Overview

GRIZZLY LAKE COMMUNITY SERVICES DISTRICT			
CONTACT INFORMATION			
Contact:	Jeanne Collins		
Address:	119 Delleker Drive, Portola, CA 96122		
Website:	grizzlylakecsd.com		
FORMATION INFORMATION			
Date of Formation:	1965	Agency Type:	Independent Special District
GOVERNING BODY			
Governing Body:	Board of Directors	Members:	5
Manner of Selection:	Elected	Length of Term:	4 years & 2 years
Meetings Location:	119 Delleker Road, Portola	Meetings Date:	First and third Tuesday each month at 3:30 pm.
MAPPING AND POPULATION			
GIS Date:	2024	Population per 2020 Decennial Census:	802
PURPOSE			
Enabling Legislation:	California Government Code §61000- 61850	Latent Powers:	All powers CSDs are empowered to provide but are not actively providing as of 1/1/06.
Municipal Services Provided (directly or by contract)	Water, Wastewater Collection and Treatment		
AREA SERVED			
LAFCO Approved Boundary Size:	1,297 acres	Location:	Delleker, Crocker Mountain Estates, Grizzly Retreat
		Most recent SOI Amendment:	2013
MUNICIPAL SERVICE REVIEWS			
Past MSRs:	2011	2007	

BOUNDARIES

GLCSD is in the eastern part of Plumas County. The GLCSD boundary is entirely within Plumas County, and includes the communities of Delleker, Crocker Mountain Estates, and Grizzly Retreat. GLCSD provides services to non-contiguous areas – one is the community of Delleker located generally at SR 70 and Delleker Road, west of the City of Portola. The other area is Crocker Mountain Estates and Grizzly Retreat located generally at Grizzly Road and Valley View, north of SR 70. The District's two bounded areas consist of approximately 1,297 acres or two square miles.⁸

There have been two annexations to and one detachment from the District since its formation in 1965, as shown in Figure 3-2. In 1977, the Russell Detachment consisted of the removal of two territories known as Portola Heights and Welch Estates from the District. The Plumas Sierra Rentals property and Clark property were annexed in 1986 and 1996, respectively.

Figure 3-2: GLCSD Boundary History

PROJECT NAME	TYPE OF ACTION	YEAR	RECORDING AGENCY
Grizzly Lake Resort Improvement District	Formation	1965	LAFCo, SBOE
Russell Detachment	Detachment	1978	LAFCo, SBOE
Plumas Sierra Rentals	Annexation	1986	LAFCo, SBOE
Clark Annexation	Annexation	1996	LAFCo, SBOE

SPHERE OF INFLUENCE

In the Crocker Mountain Estates area, the District's SOI is coterminous with its boundaries, and in the Delleker area, the District's SOI extends substantially beyond its boundaries north and south of SR 70 to Meadowlark Lane in the west and the Portola city limits in the east.

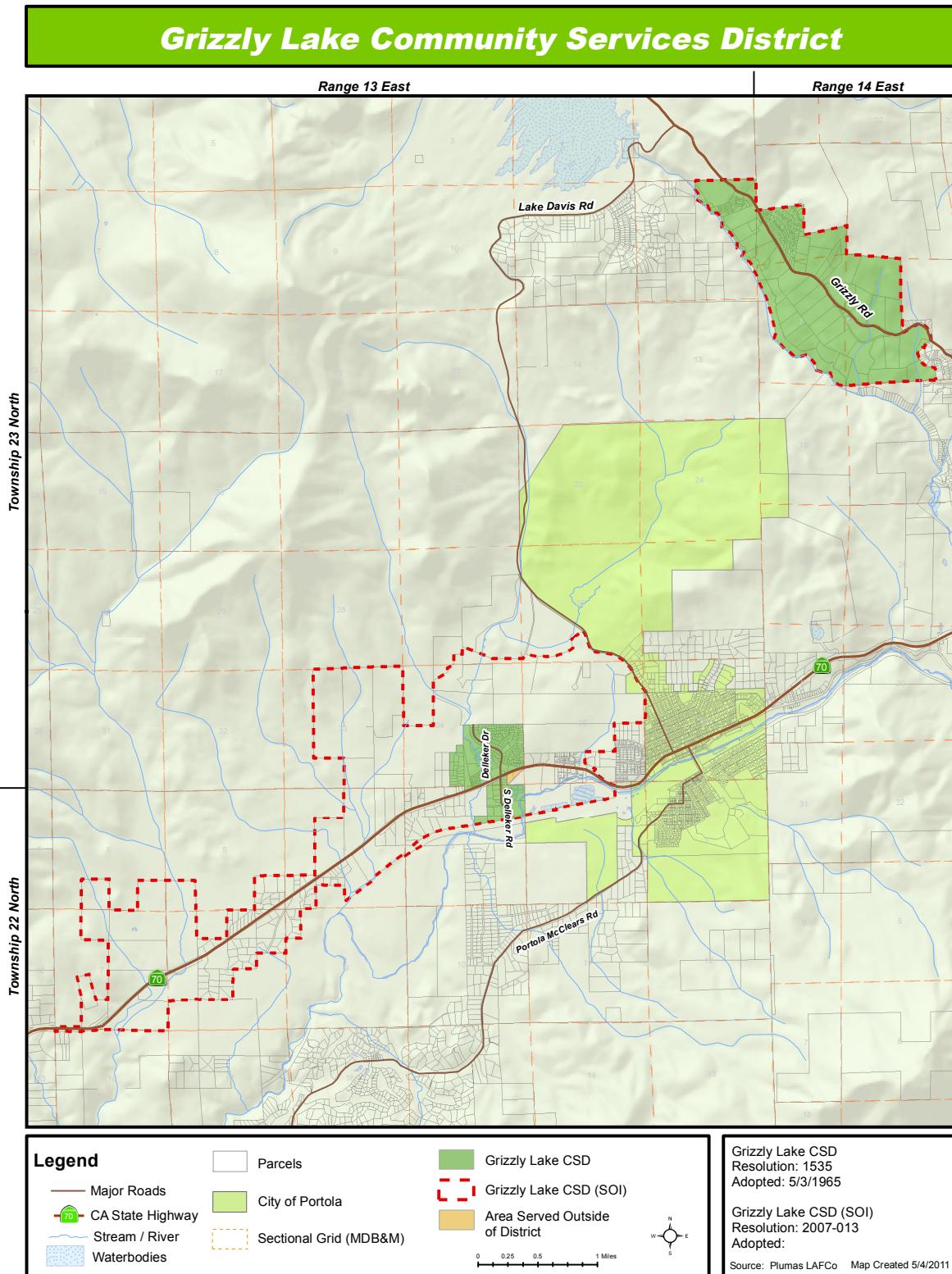
The SOI for GLCSD was adopted in 1982⁹, and it was most recently updated in 2007¹⁰. The SOI was originally updated in January, 2007; however, that was rescinded, as the SOI included an area adjacent to the City of Portola where the City is already providing water and wastewater utilities. A new updated SOI was adopted in LAFCo Resolution 2007-003.

⁸ Total agency area calculated in GIS software based on agency boundaries as of July 1, 2011. The data is not considered survey quality.

⁹ LAFCo Resolution 82-07.

¹⁰ LAFCo Resolution 2007-013.

Figure 3-3: GLCSD SOI and Service Area



EXTRA-TERRITORIAL SERVICES

The District provides extra-territorial water and wastewater services to two connections to the east of the Delleker area boundaries along SR 70¹¹, as shown in orange on Figure 3-3. It is unknown when these connections were added to the system. One parcel receives water and the other receives water and wastewater.

AREAS OF INTEREST

Of primary interest to the SOI update that the Commission will have to undertake is the overlap in the District's and City of Portola's SOIs. The overlap area is illustrated in Figure 3-3, and generally extends from the City's western limit to the District's eastern boundary in the west. As both agencies provide water and wastewater utilities, the future provider of these services will need to be clarified in this area of SOI overlap.

As mentioned earlier, the District has identified two areas for potential service expansion: the SR 70 corridor and Grizzly Road. The new board will need to assess whether prioritizing service to the SR 70 corridor, along with implementing active professional marketing strategies to engage developers in the area as outlined in the previous MSR, is advisable. Additionally, residents beyond the District's Crocker Mountain bounds along Grizzly Road have expressed interest in obtaining water services from the District.

¹¹ Assessor's Parcel Numbers 125-372-002 and 125-372-003.

4. ACCOUNTABILITY AND GOVERNANCE

GOVERNANCE

Grizzly Lake CSD operates under the governance of a five-person Board of Directors. At present, only three of the five positions are occupied; however, the board has been experiencing ongoing fluctuation in numbers. Current Director names, positions, and term expiration dates are shown in Figure 3-4. The Board meets on the first and third Tuesday of monthly at 3:30 p.m. at the District office. Board meeting agendas are posted in the window of the district office and on the website. For public outreach, special notices are included with the billings.

Figure 3-4: Grizzly Lake Community Services District Governing Body

GRIZZLY LAKE COMMUNITY SERVICES DISTRICT (CSD)				
CONTACT INFORMATION				
BOARD OF DIRECTORS				
Member Name	Position	Term Expiration	Manner of Selection	Length of Term
Sharon Castaneda	Chairman	12/3/2027	Elected	4 years
Darla Thompson	Vice Chairman	12/5/2025	Elected	2 years
Jeanne Collins	Secretary	12/3/2027	Elected	4 years
Vacant	Treasurer	12/3/2027	Elected	4 years
Vacant	Director	12/5/2025	Applied	2 years
MEETINGS				
Date:	First and third Tuesday of each month at 3:30 p.m.			
Location:	District office at 119 Delleker Drive, Portola, CA			
Agenda Distribution:	Posted to the District website and in the window of the District office			
Minutes Distribution:	Posted to the District website			

Ethics training is required once every two years, beginning with an odd-numbered year (AB 1234, Chapter 700, Statutes of 2005). Training is available online at the State of California Fair Political Practices Commission (FPPC) website.

ACCOUNTABILITY

Under former staff and management, Grizzly Lake CSD seemed to struggle to meet the requirements outlined in State laws regarding the Brown Act, website materials, and best practices to ensure easy access to significant planning documents and financial reports.

Several residents have voiced concerns about mismanagement, lack of transparency, use of company property, harassment, and poor behavior by former Directors during meetings.

In 2023, five regular meetings and one special meeting were canceled due to a lack of quorum. One regular meeting was canceled due to not meeting the agenda posting requirements. Since the new Board was seated in December the District has been meeting regularly.

BROWN ACT

Several District board members and members of the public have voiced concerns about transparency and accountability within the District under the former board.

At the December 16, 2020, special meeting, the Board voted to remove Director Sharon Castaneda from the governing body of the CSD during a closed session. The reason for this decision was not disclosed.

On February 11, 2021, Plumas LAFCO sent a letter to the District's Board clarifying that under California law, there are only a few limited ways to remove public officials who hold elective office. Directors may only be removed from office by 1) conviction of a qualifying crime, 2) official misconduct, or 3) recall, all of which are defined here:

- Government Code Sections § 1021 and 3000 provide that officers are removed from office if convicted of crimes as specified in the Constitution or other state law. The most common example is a felony or other crime involving a violation of the officer's official duties. In these instances, the official is suspended from office upon finding of guilt and removed from office upon the entry of the trial court judgement. (Gov't Code §§ 1770, 1770.1)
- Pursuant to Government Code Section 3060, the California Grand Jury may present "An accusation in writing against any officer of a district," which may in turn require

prosecution by the District Attorney. Upon a conviction, the official is to be removed from office. (Govt. Code §§ 3060, 3072.)

- Elected officials are subject to recall by the voters, a process that begins with the service, filing, and publication or posting of a Notice of Intention to circulate a recall petition. (Elec. Code §§ 11000 et seq.)

It does not appear that there is any statutory authority for a board of Directors of a special district to remove a Director. The only authorized removal procedures are the three set forth above. Given that, it does not appear that the Board had the lawful authority to deprive Ms. Castaneda of the office to which she was appointed or elected.

Former Board Chair Larry Terrill received this letter from LAFCO, but no corrective action was subsequently taken to correct the removal. Copies of the letter were distributed to Director Sharon Castaneda, District Attorney David Hollister, and County Counsel Gretchen Stuhr.

At the April 12, 2023, regular meeting, the Board took action to appoint an individual to a vacancy on the Board. In so doing, the GLCSD Board of Directors acted as defined in Government Code §54952.6 because "a majority of the members took an actual vote when sitting as a body or entity, upon a motion, proposal, resolution, order or ordinance."

However, this action was a substantial violation of the Brown Act as the matter was not adequately described or included in the agenda for the open meeting where the action took place, and none of the exceptions outlined in Government Code §54954.2(b) were met.

According to §54954.2(b), the legislative body may act on items of business not appearing on the posted agenda under the conditions stated below.

- Upon a determination by a majority vote of the legislative body that an emergency situation exists, as defined in [Section 54956.5](#).
- Upon a determination by a two-thirds vote of the members of the legislative body present at the meeting, or, if less than two-thirds of the members are present, a unanimous vote of those members present, that there is a need to take immediate action and that the need for action came to the attention of the local agency subsequent to the agenda being posted as specified in subdivision (a).
- The item was posted pursuant to subdivision (a) for a prior meeting of the legislative body occurring not more than five calendar days prior to the date action is taken on

the item, and at the prior meeting the item was continued to the meeting at which action is being taken.

- To consider action on a request from a member to participate in a meeting remotely due to emergency circumstances, pursuant to [Section 54953](#), if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The legislative body may approve such a request by a majority vote of the legislative body.

LAFCo issued a cure and correct letter on April 21, 2023, to the GLCSD Board of Directors with copies sent to the District Attorney and County Counsel's office. The above information was provided to the Board of Directors in the form of a Cure and Correct letter from LAFCo dated April 21, 2023, along with instructions to cure or correct the challenged action or inform LAFCo of the Board's decision not to do so within 30 days of receipt of the letter as provided by Government Code § 54960.1. Copies of the letter were provided to District Attorney David Hollister and County Counsel Gretchen Stuhr.

After these incidents, the actions taken by the District's board were as follows:

- May 10, 2023, regular meeting was cancelled, so the individual's appointment was rescinded at the June 14, 2023, meeting. No new appointment was made at that time.
- The July 12, 2023, regular meeting was cancelled, and a special meeting was scheduled for July 27, 2023. That, too, was cancelled.
- There was a regular meeting in August 2023, at which time the Board was provided with four applications for new Directors. No action was taken.
- The September 2023 and October 2023 regular meetings were cancelled.
- There was no mention of reviewing Director applications or making an appointment on the November 2023 agenda.
- At the December 13, 2023, regular meeting, Linda Van Dahlen, Darla Thompson, Jeanne Collins and Sharon Castaneda took their oaths and were seated.

Brown Act §54952.2 Ch. III defines meetings as any gathering of a quorum of a legislative body to discuss or transact business under the body's jurisdiction; serial meetings are prohibited. Alternatively, the following are exempt from being considered a meeting¹²:

- Individual contacts between Directors and others that do not constitute serial meetings; (54952.2(c)(1), Ch. III
- Attendance at conferences and other gatherings that are open to the public so long as members of legislative bodies do not discuss among themselves business of a specific nature under the body's jurisdiction; 54952.2(c)(2), (3) and (4)
- Attendance at social or ceremonial events where no business of the body is discussed 54952.2(c)(5)

While it does not appear that the District is failing to comply with this law, it is recommended that the District review the above law with Directors for clarity on what is considered a meeting and ensure open meeting requirements are always met.

The former District staff and accountant posed significant challenges for LAFCo, consistently disregarding multiple requests for information and records pertaining to the drafting of this MSR. However, under the new board, GLCSD has demonstrated accountability and transparency in its disclosure of information and cooperation with Plumas LAFCo including participating in an interview and cooperating fully with the document requests.

GLCSD POLICY ON BOARD MEETINGS AGENDA AND MINUTES

Current board meeting agendas are posted on the District website and in the window of the office. Minutes are available upon request and, from January 2024 to present, are available on the District website.

The District does not make available archived meeting recordings on its website. Since the former GM took the District's laptop with her and has not returned it, the District has no access to recordings from any meetings prior to December 13, 2023.

The GM or Board Secretary prepares the agendas for each regular or special meetings of the Board of Directors. Any Director may contact the GM, Board Secretary or the Board Chairman and request any item to be placed on the agenda no later than 4:30 pm seven calendar days prior to the meeting date.

12 The Brown Act, Open Meetings For Local Legislative Bodies. California Attorney General's Office. 2003. p.vii.
<https://oag.ca.gov/system/files/media/the-brown-act.pdf>

The agenda notice and attachments are posted to the District's website and on the door of the District's office at 119 Delleker Drive no less than 72 hours in advance of regular meetings and no less than 24 hours in advance of a special meeting.

The District started using a new agenda and minutes program in December and recently switched to a different program to post agendas and minutes to the GLCSD website. All prior agendas have been removed from the website and all the minutes before the January 10, 2024, meeting have been removed from the website.

PROPOSITION 218

After not adjusting the District's water and sewer rates since 2011, in September 2022, the District initiated the Proposition 218 process to increase water and sewer rates for both residential and commercial connections. The new rates were implemented on December 1, 2022.

Prop 218 Tax Reform radically changed how special districts raise revenues by ensuring taxpayer approval of changes and increases existing charges. Proposition 218 sets out detailed rules for special districts to follow in levying or increasing fees and assessments.

Article XIII D, Section 6 requires that a special district comply with the following procedures before imposing or increasing property-related fees or charges¹³:

- Identify the parcels upon which an assessment is proposed for imposition.
- Calculate the amount of the fee proposed to be imposed on each parcel.
- Provide written notice by mail to the record owner and tenants directly responsible for the fee for each identified parcel.
- Conduct a public hearing on the proposed fee not less than 45 days after the mailing.
- Consider all protests against the proposed fee or charge; and
- If ballots against the fee are presented by a majority of owners of the identified parcels, the fee cannot be imposed.

Under Prop 218, agencies must send written notice of a proposed increase to property owners 45 days in advance of a scheduled public hearing. The notice must contain (a) the amount of

¹³ League of California Cities: Proposition 26 and 218 Implementation Guide. p.82.

the fee or charge proposed to be imposed; (b) the basis upon which it was calculated; (c) the reason for the fee or charge; (d) the date, time, and location of the public hearing¹⁴.

Per Government Code, § 53755, subdivision (b), a protest may be submitted by either an owner of a parcel or a tenant directly liable for the proposed fee or charge, but only one protest per parcel is counted in calculating a majority protest to a proposed new or increased fee or charge.

Sewer, water, and refuse collection fees are exempt from Article XIII D, section 6, subdivision (c)'s election requirement¹⁵.

The District's residents raised some concerns regarding the lack of proper initiation, notification, and processing of rate increases in accordance with Prop 218 requirements. Although notice appears to have been issued by GLCSD in compliance with Prop 218, residents reported that the former GM declined to accept several protests. Additionally, there is no documented record of the number of protests received, which protests were accepted or rejected, nor the rationale behind any rejections. It is advised that the District conducts a comprehensive rate study and repeats the Prop 218 process to ensure adherence to regulations.

The completed sewer rate study was initially included on the GLCSD Board's September 14, 2022, regular meeting agenda, however, was tabled to the September 20, 2022, special meeting.

The public hearing to consider the proposed water and sewer rate service rate adjustments was scheduled for November 14, 2022, at 5:30 pm. The agenda for the September 20, 2022, Board meeting included a notice for the public hearing and outlined the procedures residents could follow to protest the changes. It stated that protests must be received (not postmarked) before the close of the public hearing on November 14, 2022.

Residents expressed concerns about GLCSD's Prop 218 process, stating that the Notice of Public Hearing failed to present "a fee that does not exceed the reasonable cost of providing services, facilities or regulatory activity for which the fee is charged" as required per GC § 54954.6(a).

The Prop 218 notice highlighted that GLCSD's water and sewer rates have not been adjusted since 2011, resulting in financial challenges such as operating losses and insufficient funding for reserves and improvements. Therefore, the rate adjustments are necessary to cover rising

¹⁴ California Special District Association (CSDA) Proposition 218 Guide for Special Districts, 2013, p.35.

¹⁵ League of California Cities: Proposition 26 and 218 Implementation Guide. p.97.

operational costs, ensure system reliability, and prepare for future upgrades and replacements essential for maintaining service quality.

The notice also indicated that the District undertook a thorough review of its budgetary expenditures to minimize operational costs before considering rate increases. Measures taken include reducing recommended reserves and evaluating general overhead expenses.

Additionally, it was reported that the proposed rates were developed through a comprehensive Water and Sewer Rate Study designed to meet all legal requirements and fairly and equitably recover the necessary revenue. According to the notice, the study, prepared by the Rural Community Assistance Corporation (RCAC) and GLCSD, provides a detailed explanation of the projected inflationary impact on operating costs.¹⁶

However, residents indicate that there was no rate study provided on the website as the Notice of Public Hearing states. As of the writing of this report, the rate study is not on the website; however, there are spreadsheets on the website that appear to show budget projections with the rate increases included. The spreadsheets on the website do not meet the Prop 218 requirements that the assessments must be supported by a detailed engineer's report prepared by a registered professional engineer certified by the State of California¹⁷. It should be noted that the new Board was able to produce a Rate Study completed by the Rural Community Assistance Corporation (RCAC) on February 10, 2022. The Rate Study was requested by Grizzly Lake CSD and the California State Water Resources Control Board.

There were also concerns that there was no disclosure to voters that the proposed rate would pass if they did not return a written protest. However, page 2 of the Prop 218 notice for a public hearing that the District sent out to residents indicates that the rates are subject to majority protest and that renters/lessees who are financially responsible for the bill and impacted by the rate change must submit written and signed protests opposing the increase before or on September 15, 2023, at noon.

Another concern was that the proposed sewer fee increase was not scheduled to be held at the general election. However, as mentioned above, the additional election requirement applies to all newly imposed or increased property-related fees except those for sewer, water, and refuse collection services¹⁸. The California Special Districts Association Proposition 218 Guide

¹⁶ Grizzly Lake Community Services District, Proposition 218 Notification- Notice of Public Hearing, Water and Sewer Rate Adjustment. November 14, 2022.

¹⁷ A "registered professional engineer" is defined as "an engineer registered pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code." Cal. Gov't Code § 53750(k).

¹⁸ League of California Cities: Proposition 26 and 218 Implementation Guide. p.82, p.95.

for Special Districts highlights this exemption from the procedures and ballot protest approval process of Article XIII D section 4.¹⁹

The District reported that on the day of the hearing, it would set up a space for designated resident(s) to count any written protests. If most property owners submit written and signed protests opposing the increase, then the proposed rate would not pass. Finally, the former management was accused of discarding protests prior to tabulation. However, unlike proposed assessments, for which Article XIII D, § 4 requires local governments to adopt and provide notice of the procedures for the consideration of ballots, Proposition 218 provides little guidance and few requirements for the majority protest procedure and tabulation related to proposed new or increased property-related fees or charges.

Instead, Article XIII D, § 6, subdivision (a)(2) requires only that the agency consider any written protests received. So long as a local government provides adequate notice, as described above, and takes account of all written protests, Prop 218 is satisfied.²⁰ Tabulation procedures, such as ballots remaining sealed until the protest hearing, are only explicitly mandated for assessment ballots.

Based on the information received from the public and the District and the Prop 218 requirements for wastewater rates, as previously outlined, it appears that the District did not meet all legal mandates when processing its rate increase.

REQUIRED TRAINING AND FORM 700

Ethics training is required once every two years, beginning within the first year of the Director's term, and then biennially thereafter²¹ (AB 1234, Chapter 700, Statutes of 2005). Ethics Training is available online at the California Fair Political Practices Commission website (localethics.fppc.ca.gov). Directors should ensure their Ethics training is up to date to limit liability for the District. It is recommended to post the completion certificates for each Director to the District website and to provide a copy to LAFCo after they have been filed.

Directors are required to complete Ethics Training within the first year of the election and then again once every two years. LAFCo has been advised that Darla Thompson and Jeanne Collins have completed their Ethics Training. Sharon Castaneda has not completed her

¹⁹ California Special Districts Association Proposition 218 Guide for Special Districts. p.22.

²⁰ League of California Cities: Proposition 26 and 218 Implementation Guide. p.85.

²¹ California Government Code, Section 53235.1(b)(1)

training. It is recommended that all Directors complete timely ethics training to minimize the District's liability.

AB 1825 requires Directors and management staff to take two hours of Sexual Harassment Prevention Training within six months of assuming the position and then once every two years thereafter. In the event the District employs five or more personnel, then Sexual Harassment Prevention Training must be provided to all employees. Non-supervisory employees must complete one hour of training once every two years. Seasonal employees are required to take the one-hour training within 60 days of hire. Of the five GLCSD Directors, none have completed their Sexual Harassment Prevention Training yet.

Statement of Economic Interest, or Form 700, must be submitted annually to indicate transparency in economic interests as required by the Political Reform Act of 1974 (California Government Code Sections 81000-81003). Each Director is required to submit a new Form 700 each year, even if the economic interests have stayed the same. Form 700s are due by April 1st of each year. FPPC states a late fine may be imposed if a statement is filed past the due date.²² When filing Form 700, it is for the previous year, so filing in 2024 is for the 2023 year. It is recommended to post the Form 700s for each Director to the District website and to provide a copy to LAFCo after they have been filed.

All three of the district Directors have filed their Forms 700. Copies of these filings were requested and should be made available on the District's website to ensure transparency; however, as of the date of this report, none have been provided.

FINANCIAL REPORTING AND COMPIRATION

The District is struggling to comply with financial document compilation, adoption, and reporting requirements amid multiple complaints alleging fiscal mismanagement by the former staff. Following the resignation of the former GM and accountant, who took all the digital records with them, the new Board has been working diligently at rebuilding the records with the aid of Joleen Cline of Cline and Associates in Portola.

Under Government Code § 53891, Special Districts are mandated to submit an annual Government Compensation in California (GCC) report to the State Controller's Office (SCO) by April 30th each year, covering the previous year. While the 2023 reports have not

²² 2023 Statement of Economic Interests (SEI) – Form 700 Filing Officer Informational Fact Sheet Cities and Counties. https://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/FilingOfficer/700FO-Folder/Cities_Counties.pdf.

yet been posted to the State Controller's website, GLCSD complied with the 2022 reporting requirements.

GC § 53891 also mandates that each Special District submit a Financial Transactions Report (FTR) to the State Controller's Office no later than seven months after the end of the fiscal year. The 2022/23 FTR was due by January 31, 2024. This report must include data from audited financial statements in accordance with GAAP, if available. While the FY 22/23 reports are not yet online, the SCO website indicates that GLCSD submitted the FY 21/22 report late.

The last completed audit for the District was for FY 18/19. LAFCo was informed by the former GM and accountant that the audits for FY 19/20, 20/21, and 21/22 would be completed in October of 2023. However, in December of 2023, LAFCo was advised by the new board that no such audits had taken place. While the District has faced delays in meeting annual audit requirements, the new Board is now making efforts to get up to date.

PUBLIC RECORDS ACT

In 1968, the California Legislature enacted the California Public Records Act (CPRA), which mandates that government records be disclosed to the public upon request unless there are specific exemptions related to privacy, public safety, or other concerns that would prevent disclosure.

Government Code §7920.530 defines a public record as "any writing containing information relating to the conduct of the public's business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics". The California Government Code §6254 outlines several documents exempt from disclosure, including personnel, medical, or similar files, which would constitute an unwarranted invasion of personal privacy.

The public may inspect or obtain a copy of identifiable public records, including all forms of recorded information that currently exists or may exist in the future. To invoke the CPRA, the request for records must be specific and focused. A request for records may be made orally or in writing. When an oral request is received, it is recommended that the agency confirm the request in writing to avoid confusion regarding the request. The agency has ten days from receipt of the request to issue a response to the requestor. In the event the requested records or if the personnel that need to be consulted regarding the records request are not readily available, the ten-day limit may be extended for up to fourteen days.

One District member emailed a request for financial records to former GM Pat Guillory on July 27, 2023. Ms. Guillory acknowledged the request and stated the request had been sent to former accountant Vivian Maritza on August 1st. After none of the requested records were provided within the ten-day limit, the Member spoke with Ms. Maritza at the GLCSD meeting on August 9th and learned that Ms. Maritza had not received the request from Ms. Guillory. The District Member sent an email to Ms. Guillory on August 11th with a second public records request for the same information.

On August 16, Ms. Maritza emailed Ms. Guillory and former GLCSD Board Chair Larry Terrill, stating she was too busy to respond to the PRA. Her email was forwarded to the requestor that day.

LAFCO also submitted several requests for information relevant to this MSR via email to Ms. Guillory, which culminated in LAFCO's legal counsel sending a Public Records Request via email to Ms. Guillory, Ms. Maritza and Chair Terrill on October 26, 2023, with a copy sent by mail to the GLCSD office. On November 5th, Ms. Maritza responded on behalf of GLCSD and stated the current financials would be available at the November 8th GLCSD meeting.

At the November meeting the agenda item to discuss the financials was tabled until the next regular meeting of December 13, 2023.

Chair Larry Terrill and GM Pat Guillory both resigned effective December 11th. District accountant Vivian Maritza submitted an undated letter stating her services were no longer needed, with no effective date. There were no financial reports made available at this meeting or to LAFCO.

It is recommended that GLCSD have an online record of public record requests that the District has processed to provide a tracking system to avoid duplication of requests and ensure transparency. Also, a substantial and comprehensive update of the District's website would make many documents readily available to the public, thereby limiting requests.

TRANSPARENCY AND ACCOUNTABILITY INDICATORS

The District does not make available the Annual Compensation Reports nor the State Controller's Office Financial Transaction Reports on its website, as required.

Figure 4-1 identifies efforts by GLCSD to meet State laws to ensure transparency and accountability. It is recommended that the District thoroughly review these transparency and accountability indicators to ensure it is meeting state laws and regulations, as well as fostering public trust.

It is recommended that GLCSD complete the Special District Leadership Foundation's (SDLF) Transparency Certificate of Excellence. The certification's purpose is to promote transparency in the operations and governance of special districts to the public/constituents and provide special districts with an opportunity to showcase their efforts in transparency. The application is free, and the certification is valid for three years from the date of award. The application and the requirements are available on the Special District Leadership Foundation's website. Appendix A illustrates the transparency checklist and sample application.

Figure 4-1: Transparency and Accountability Indicators

Transparency and Accountability	Grizzly Lake CSD
Agency website1 (GC §53087.8)	Yes
Contact information available on website (GC §53087.8 (a)(3))	Yes
Annual Compensation Report (GC §53891 and 53908)	No
Adopted budget available on website	No
State Controller's Office Financial Transaction Report available on website (GC §53891 and 53893)	No
Notice of public meetings provided	Yes
Agendas posted on website (GC §54954.2)	Yes
Public meetings are live streamed	No
Minutes and/or recordings of public meetings available on website	No
Master Plan available on website	No
Strategic Plan available on website	No
Sanitary Sewer Management Plan available on website	No
Enterprise System Catalogue available on website (GC §6270.5 (a))	No
Efforts to engage and educate the public on the services to the community	None
Staff and governing Director ethics training and economic interest reporting completed	No
Compliance with financial document compilation, adoption, and reporting requirements	No
Adherence to open meeting requirements	Yes

5. PLANNING AND MANAGEMENT

STAFFING

The District employs a total of three staff members: one full-time maintenance worker who is undergoing training in water and sewer operations, along with two part-time staff members. These include a Level 3 Wastewater System Operator and a Level 1 Operator-in-Training. The Level 3 Wastewater System Operator reports directly to the Board.

The District recently hired a part-time GM. Bookkeeping services are outsourced to contract personnel.²³

The District's Board has policies to conduct staff evaluations for the GM and Operators only. Staff workload is monitored by timesheets broken down by utility and a daily log of operations.

Currently, the District does not perform agency-wide performance evaluations or engage in benchmarking activities.

PLANNING EFFORTS

FINANCIAL PLANNING PRACTICES

The District's financial planning efforts should include an annually adopted budget and annually audited financial statements. The financial statements were last audited for FY 18-19.

The District currently does not have a capital improvement plan or any other financial planning.

Government Code Section 61110(a) requires that on or before July 1 of each year or, for districts using two one-year budgets or a biennial budget, every other year, the Board of Directors may adopt a preliminary budget that conforms to generally accepted accounting and budgeting procedures for special districts.

Government Code Section 61110(f) requires that on or before September 1 of each year, the Board of Directors adopt a final budget that conforms to generally accepted accounting and budgeting procedures for special districts.

GLCSD had released its preliminary budget for FY 23/24, accessible through the Agenda link from the November 8, 2023, meeting, which is four months overdue per the Government

²³ Grizzly Lake Community Services District Profit and Loss, July-November, 2023, p. 2

Code requirements. The minutes from the November 8, 2023, meeting revealed that a quorum was not reached, leading to the non-adoption of the 23/24 budget. Furthermore, the budget agenda item was absent from the December 13, 2023, regular meeting agenda, indicating that the District currently lacks an adopted budget. To enhance transparency and clarify budget deadlines, it is recommended that the District aligns its policy with the requirements for CSDs outlined in Government Code Section 61110.

Government Code Section §26909 states that special districts are required to have annual, independent audits conducted by the County Auditor or a Certified Public Accountant. The completed audit is then required to be filed with the State Controller's Office. The annual audit can be changed to a bi-annual audit if approved unanimously by the District board and the Board of Supervisors, under certain circumstances.

The last audit GLCSD completed was for fiscal year 18/19. The audit evidence obtained at that time was not sufficient to express an opinion by the Auditor on the results of operations and cash flows. The inability for the Auditor to obtain sufficient audit evidence was due to incomplete accounting for District revenues and expenses. GLCSD Management also omitted the Management's Discussion and Analysis. Although the missing information is not part of the financial statements, it is required by the Governmental Accounting Standards Board.²⁴

MANAGEMENT PLANNING PRACTICES

Grizzly Lake CSD does not have management planning practices. It is recommended that GLCSD adopt a strategic plan that illustrates the District's core mission, goals and priorities, and work plan for staff and the public. GLCSD can refer to other similar municipalities or special districts in the County with strategic plans to identify essential elements that could be included in the planning document.

A strategic plan can be vital in communicating the District's vision and priorities to the public and increasing transparency. The strategic plan could also provide an opportunity to engage with the public to identify and address the right priorities.

OPERATIONAL PLANNING PRACTICES

Sanitary Sewer Management Plan

Grizzly Lake CSD has developed Sanitary Sewer Management Plans (SSMPs) as mandated by the State Water Resources Control Board Order No. 2022-0103-DWQ, Statewide General

²⁴ Robert W. Johnson Accountancy Corporation Independent Auditors Report, p.2.

Waste Discharge Requirements for Sanitary Sewer Systems. The purpose of the Order is to require agencies to prepare a plan and schedule for measures to be implemented to reduce sanitary sewer overflows and measures to clean up and report sanitary sewer overflows effectively.

SSMPs are required to be self-audited every two years and updated every five years from the original adoption date²⁵. The last SSMP for Delleker was completed in 2014 and the last SSMP for Crocker was completed in 2015.

The Legally Responsible Official (Chief Plant Operator) is required to upload and certify the approved updated plan in the online CIWQS Sanitary Sewer Database per General Order No. 2022-0103-DWQ.

The District's SSMPs are not available on its website. It is recommended that the District upload all produced documents and reports on its website to enhance transparency and educate the public.

Capacity Plans

GLCSD has no capacity plan. However, both Delleker's and Crocker's SSMP provide illustration of the system capacity. Delleker's SSMP indicates the system has been entirely built-out with no additional connections anticipated; however, current Directors indicate there are vacant lots with the potential to connect to the system at some point in the future, and two lots are in the process of connecting to the system as of the writing of this report.

Crocker's SSMP indicates a total of 109 parcels, 44 of which are actively connected to the sanitary sewer collection system with 65 parcels that have the potential to be developed. Current Directors indicate there are vacant lots with the potential to connect to the system at some point in the future, and two lots are in the process of connecting to the system as of the writing of this report.

Other Plans

No other operational plans, such as a master plan, are available for any of the services GLCSD provides.

²⁵ California State Water Resources Control Board - "A Guide for Developing and Updating of Sewer System Management Plans (SSMPs) – September 2015", p.1.

6. GROWTH AND POPULATION PROJECTIONS

This section reviews historical and recent population and economic growth, projected growth, and growth areas.

LAND USE

Designated land uses within the District are primarily commercial and residential, with some light industrial, suburban, and recreational uses near the City of Portola and in the communities of Delleker, Crocker Mountain Estates, and Grizzly Retreat²⁶. The total boundary area of GLCSD is approximately two square miles.

The primary land uses within the District are residential, with some commercial uses. The residential use varies from rural residential (5-acre minimums parcel sizes) to high density residential (8 to 12 units per acre).²⁷

HISTORIC POPULATION TRENDS

The District provides sewer services to 350 residential, 19 commercial and one major industrial discharger.²⁸ The Delleker area had a population of 705 with 2.64 persons per household as of the 2010 Census, while the 2020 Census reports an increased population of 802 with 2.37 persons per household. Accordingly, Delleker's average annual population growth rate (AAGR) from 2010 to 2020 was approximately 1.3 percent. Population information specific to Crocker Mountain Estates was not available.

POPULATION PROJECTIONS

According to the Department of Finance (DOF), countywide growth projections for Plumas County indicate an average annual growth rate (AAGR) of approximately -1.05 percent from 2020 (population of 19,847) through 2060 (projected population of 13,025). Utilizing the County's AAGR and Dellker's 2020 population estimates, the population within the area is anticipated to decrease slightly to 798 by 2060.

26 Eastern Plumas Municipal Service Review adopted October 3, 2011.

27 GLCSD WWTP Preliminary Engineering Report, p.8.

28 GLCSD, Preliminary Engineering Report, Delleker WWTP.

GROWTH STRATEGIES

The District is not a land use authority and does not hold primary responsibility for implementing growth strategies. The land use authority for unincorporated areas is the County. The District does not take part in reviewing plans for proposed developments. In the past, the District has not provided input to the County on developments within its SOI, but outside its bounds.

7. DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO is required to evaluate disadvantaged unincorporated communities as part of this service review, including the location and characteristics of any such communities. The intent and history of this requirement are outlined in the Background Section of this report.

A disadvantaged unincorporated community is defined as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.²⁹

The California Department of Water Resources (DWR) has developed a mapping tool to assist in determining which communities meet the disadvantaged community's median household income definition. DWR is not bound by the same law as LAFCO to define communities with a minimum threshold of 12 or more registered voters.

The DWR Mapping Tool is an interactive map application that allows users to overlay the following three US Census geographies as separate data layers - Census Place, Census Tract, and Census Block Group. It utilizes the US Census American Community Survey Five-Year Data for 2016-2020. The map displays only those census geographies that meet the Disadvantaged Community (DAC) Definition, specifically those with an annual median household income (MHI) less than 80 percent of the statewide annual MHI. With the statewide MHI at \$91,551, the threshold for identifying a DAC is an MHI of \$73,241. The entirety of the Delleker Census Designated Place qualifies as a disadvantaged community, with a median household income of \$50,769 and a population of 802 residents. Crocker and Grizzly Retreat are also considered DACs with MHI's of \$48,238 based on Census Tract level data. In contrast, 6.3 percent of people in GLCSD are at or below the poverty level, which is significantly lower than the state poverty rate of 12 percent.³⁰

²⁹ Government Code §56033.5 defines a DUC as 1) all or a portion of a "disadvantaged community" as defined by §79505.5 of the Water Code, and as 2) "inhabited territory" (12 or more registered voters), as defined by §56046, or as determined by commission policy.

³⁰ U.S. Census Bureau (2020). American Community Survey 5-year estimates. Census Reporter Profile page for Delleker, CA .http://data.census.gov/profile/Delleker_CDP, California.

8. FINANCIAL ABILITY TO PROVIDE SERVICES

The District reported that all the financial records from FYs 20-21, 21-22, 22-23 and the first half of FY 23-24 have been removed by the prior staff and management and are not locatable. Given the lack of available information for prior years and incomplete accounting for the current FY, a determination regarding the financial ability to provide services cannot be made. Therefore, this section relies heavily on the financial reporting from FY 18-19, the last year that an audit was conducted for the District.

The District relies on the external auditor to ensure its financial statements are by Generally Accepted Accounting Procedures (GAAP). The District hired a contract CPA to help implement proper accounting standards to prepare governmental financial statements. The FY18-19 audit report noted three specific concerns³¹:

- Decrease in Profitability and Decrease in Cash — The audit showed a decrease in profitability of \$100,368 and a corresponding decrease in cash of \$55,158 and noted this as a serious matter.
- 2017-18 Recommendations — The audit indicates that the District combined sewer and water expenditures in FY17-18 and notes that the grant accounting for FY 18-19 was still not adequate, stating the water and sewer revenues and expenditures were still mixed up. The audit recommends the District records each direct expense to the proper fund when a claim is prepared. The District also should consider providing staff direction on allocating indirect expenses to all funds. With the assistance of the CPA, the District plans to implement the above recommendation better. In addition, the auditor stated no budget for FY 17-18 had been prepared, and as of the date of the audit the District had still not prepared a FY 18-19 budget. Auditor stated it is staff's responsibility to prepare the budget for the Board of Director's review and approval.
- State of District Accounting — The District accounting for FY 18-19 was both inadequate and incomplete. The audit recommended hiring and properly recruiting a District bookkeeper, hiring an accounting specialist, and having the GM present

³¹ Grizzly Lake Community Services District Report on Accounting Controls and Procedures dated June 30, 2019, p. 3- 4.

financials. Under the new Board, a contract bookkeeper with district accounting expertise has been hired and is handling all bookkeeping and financial reporting duties.

It is recommended that GLCSD considers training staff or hiring an externally qualified accountant to prepare the GAAP financial statements. The current Board reports that there are no financial records that have been located for FYs 20-21, 21-22, 22-23 and July through December of 2023. The District plans on having an audit done for January 2024 - June 2024.

The District operates out of a single enterprise fund for both water and wastewater. Revenue and expenditures for each utility are separated within the fund. The District's total revenues for FY 18-19 were \$374,533.³² Revenue sources included charges for services and fees for water and wastewater, property taxes (6 percent), and interest income (less than one percent). Of the charges for services and fees, most charges are from water services.

GLCSD charges its residents fees for the services it provides. The fee and rate schedule were recently updated in December 2022. Separate fees are charged based on type of connection (residential or commercial), applicable reserve funds and long-term debt financing for historical projects.

In the past, GLCSD provided street lighting services to the Delleker area at a cost of \$2.00 per month which was collected in each resident's utility bill. The amount collected did not cover the cost of providing the service. In FY 09-10, streetlighting expenditures exceeded revenues by \$1,385. During the 2007 MSR, it was reported that the District was going to review the costs and update the fee, which has not yet been completed. Sometime between FY 09-10 and 18-19 the streetlights were shut off in the Delleker area, and there is no street lighting in Crocker or Grizzly Retreat.

The District's expenditures in FY 18-19 were \$434,274. The District's primary expenditures consist of water services (43 percent), wastewater services (51 percent) and depreciation (six percent). Other expenses are detailed in Figure 8-1. As can be seen from the figure, water and wastewater service expenditures exceeded the utility revenue sources by \$59,741 in FY 18-19.

The District finances capital expenditures through loans and certificates of participation, as well as through rates. The District does not conduct capital improvement planning in its annual budget for a 10-year planning horizon to allocate hook-up fees to specific projects. The District does not currently plan to compile a more formal capital improvement plan in the future.

³² Grizzly Lake Community Services District Financial Statements and Independent Auditor's Report, FYE June 30, 2019, p.4.

Figure 8-1: Grizzly Lake CSD Financial Summary, FY 18-19

Income / Expenses	FY 18-19 Total	Percentage of Total Income
Income		
Property Taxes	\$23,080	4%
Other Operating Revenue	\$30,908	6%
Charges for Services/Fees: Sewer	\$172,233	34%
Charges for Services/Fees: Water	\$171,392	34%
Interest Income	\$68	<1%
Sewer Grant	\$110,801	22%
Total Income	\$508,482	100%
Expenses		
Water Services	\$184,216	33%
Wastewater Services	\$221,176	40%
Depreciation	\$28,882	5%
Interest	\$14,153	2%
Sewer Grant	\$109,425	20%
Total Expenses	\$557,852	100%
Net Income	- \$49,370	

The District participates in joint financing JPAs with the Special District Risk Management Authority (SDMRA) for workers' compensation and is a member of the California Special Districts Association (CSDA). CSDA provides education and training, insurance programs, legal advice, litigation and public relations support, legislative advocacy, capital improvement and equipment funding, collateral design services, and current information relevant to special district management and operational efficiency. For 2024, regular membership dues range from \$226 to \$9,275 depending on a district's operating budget.

BALANCED BUDGET

Recurring operating deficits are a warning sign of fiscal distress. In the short term, reserves can backfill deficits and maintain services. However, ongoing deficits eventually will deplete reserves.

GLCSD's operating revenue (excluding other financing sources) for the fiscal year ending on June 30, 2019, was less than total expenditures (excluding depreciation expenses) by \$30,859 or about 9 percent.³³

FUND BALANCES, RESERVES, AND LIQUIDITY

Fund balances and reserves should include funds for cash flow and liquidity, in addition to funds to address longer-term needs. Cash reserves should be adequate to respond to system emergencies, temporary deficits, economic downturns and fiscal emergencies, as well as to fund needed capital improvements.

GLCSD's Balance Sheet for the FY 23/24 reflects a Capital Improvement Reserve of \$128,246 and a Loan Reserve of \$29,257. The District has no other reserves and has no savings when ending a fiscal year to weather any contingencies, such as unexpected expenditures, or to offset temporary fluctuations in revenues.

The District currently does not have a reserve policy and there are no plans to allocate a financial reserve as part of the new budget. At the end of FY 18-19, the District had an unrestricted net asset balance of \$40,888.

NET POSITION

An agency's "Net Position" represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position indicates financial soundness over the long term.

At the end of FY 18-19, GLCSD had a net position of \$1,594,376.³⁴ This amount includes \$1,228,013 in capital assets, \$32,052 restricted for loan reserves and debt service, and \$126,899 in capital improvements. The remaining \$207,412 consists of cash and cash equivalents.

RATES AND CHARGES

GLCSD is mandated to be self-sufficient, therefore revenue generated must meet all expenses of the District. User fees must reflect the actual cost of providing services rendered. As such, the adopted user fee rate structure must proportionally distribute the approximate service cost to those who benefit from the service. The District relies on revenues from water and sewer

33 GLCSD Financial Statements and Independent Auditor's Report FYE June 30, 2019 – p. 4.

34 GLCSD Financial Statements and Independent Auditor's Report FYE June 30, 2019 – p.3.

service rates to support operations and maintenance of the water and wastewater systems while maintaining sufficient operation, improvement, and emergency reserves. The current rate structure is shown in Figure 8-2.

Plumas Sanitation, the only industrial discharger, operates under a unique rate schedule. For each gallon of discharge, Plumas Sanitation pays 10 cents. However, if the discharge exceeds the agreed upon volume, the cost increases to 50 cents per gallon. From May through September, Plumas Sanitation is limited to discharging no more than 100,000 gallons per week and no more than 20,000 gallons per day. From October through April, the limits are 60,000 gallons per week and 20,000 gallons per day. Given the volume of sewage discharged by both residential and commercial customers, Plumas Sanitation pays significantly less per gallon of discharge compared to other connections.³⁵

An equitable rate structure must consider all user classes, and rates must be placed according to benefit and use. There are several factors that should be considered when developing or updating a rate structure. The rate structure should:

- Generate sufficient revenue to pay for the actual total cost of providing service, including all operational costs, as well as funding of necessary reserve accounts and debt service.
- Rates must distribute the costs of the system fairly across all user classes.
- Enable the customer accounting to be easily performed.
- Be easily understood and accepted by the consumer.

The District historically charged a flat rate for sewer service of \$41.75 per month for residential customers and \$42.50 for commercial customers. A surcharge of \$4.00 is also included in the overall rates. According to the 2023 Preliminary Engineering Report, the surcharge is to repay a loan from the USDA that funded a new water tank for the Community.

As mentioned previously, new sewer rates became effective in December 2022, increasing monthly payments by 55 percent for both commercial and residential collections. Additionally, rates will increase by 5 percent annually for the next four years. The final adjustment under this schedule is expected to be implemented by December 1, 2027, or five years from the initial increase. The rate increase would have to be approved by the Board and it has not been approved for the 2024/25 Fiscal Year.

³⁵ GLCSD – Draft Preliminary Engineering Report – Delleker WWTP dated December 2023, p. 15.

Figure 8-2: Grizzly Lake CSD Water & Sewer Rates with Surcharge

COMMUNITY NAME	FISCAL YEAR	MONTHLY CHARGES
Delleker, Delleker Park, Crocker Mountain Estates & Grizzly Retreat	2021/2022	
	Water	\$35.75
	Sewer	\$41.75
	Surcharge	\$4.00
	2022/2023 to present	
	Water	\$65.00
	Sewer	\$68.00
	Surcharge	\$4.00
Vacant Parcels	2021/2022	
	Water Standby	\$7.06
	Sewer Standby	\$7.06
	Surcharge	\$4.00
	2022/2023 to present	
	Water Standby	\$7.06
	Sewer	\$7.06
	Surcharge	\$4.00
Commercial Lots	2021/2022	
	Water	Not disclosed
	Sewer	Not disclosed
	Tank Surcharge	Not disclosed
	Admin Fee	Not disclosed
	2022/2023 to present	
	Water	\$78.00
	Sewer	\$69.00
	Tank Surcharge	\$4.00
	Admin Fee	\$8.00

However, as shown in Figure 8-4, current GLCSD rates fall within the average for other districts of relatively similar size and function. The current board of GLCSD is committed to conducting a comprehensive rate study for both water and sewer at the earliest opportunity and has applied for grant funding to cover its cost.

Figure 8-3: Grizzly Lake CSD Comparison of Sewer Rates

NAME	ANNUAL FEE	MONTHLY FEE	APPROXIMATE NUMBER OF SEWER ACCOUNTS
Grizzly Lake Community Services District	\$816.00	\$68.00	369
Tehama County Sanitation District No. 1 (2023/2024)		\$72.24	182
Donner Summit PUD (2023/2024)		\$95.15	234
Sutter County Waterworks District No. 1 (Robbins)		\$103.50	74
(Tulare County Resource Management Agency (2023)		\$59.61	98
Gualala Community Services District (2023/2024)	\$901.11	\$75.09	343
City of Portola		\$47.25	920
Geyserville Sanitation Zone	\$1,310.00	\$109.17	212
Sea Ranch Sanitation Zone	\$1,400.00	\$116.67	750
Westwood Community Services District (adopted 2019)		\$39.31	741
Plumas Eureka Community Services District		\$89.56	282
McCloud Community Services District		\$56.00	619
American Valley Community Services District (Quincy)		\$69.32	690
City of Alturas		\$42.79	1,028
Jamestown Sanitary District		\$81.55	378

LONG-TERM DEBT

GLCSD has several long-term debt obligations as of April 30, 2024. The District has loans against three pieces of equipment including a Mini Excavator that was purchased in 2021 for \$72,793.16 with a balance of \$26,701.59; and a Skid Steer that was purchased in 2019 for

\$45,350 with a balloon payment due December 5, 2024, for \$16,918.31. In addition, the District continues to pay USDA for a 40-year certificate of participation issued in 2005 for replacement of the Crocker Mountain tank. The loan incurs interest at 4.25% per annum and is payable from the revenues of the District's water enterprises. The loan has a remaining principal balance of \$318,340 as of May 31, 2024, with the final payment due May 1, 2045.

CAPITAL ASSETS

GLCSD reports that it does not have a Capital Improvement Plan. Capital assets as of FY 18/19 were valued at \$1,110,050 (cost less depreciation), with work in progress at that time of \$117,963 for a total of \$1,228.013.³⁶

³⁶ GLCSD Financial Statements and Independent Auditor's Report ending June 30, 2019, p.3.

9. WATER SERVICES

TYPE AND EXTENT OF SERVICES

SERVICES PROVIDED

The Grizzly Lake Community Services District (GLCSD) administers and operates two separate, independent water systems- one is the Delleker subdivision approximately 3 miles west of Portola, Ca., and the other is Crocker/ Welch estates approximately 15 miles North of Portola, Ca.

Delleker Consists of two municipal wells, a 300,000-gallon bolted steel storage tank, and close to 5 miles of asbestos concrete, soft roll Copper, Steel, and PVC water mains/ laterals ranging from 3/4"- 10" in size, 2 fire hydrants, and 25 valves. Delleker also has 262 water connections, none of which are metered.

Crocker Mountain/ Grizzly Retreat is similar to Delleker in size. It consists of one municipal well, a 250,000-gallon bolted steel storage tank. 16 fire hydrants, 12 valves, three pressure reducing valves, and approximately 4.85 miles of distribution system of which 95 percent is Asbestos Concrete pipe with the remainder being schedule 40 and Direct Burial (DB) 120 polyvinyl chloride (PVC). Crocker Mountain/ Grizzly Retreat were constructed in a locale with extremely steep terrain; to mitigate pressure Problems, pressure reducing valves were installed at different elevations effectively breaking the system up into three separate pressure zones. Crocker Mountain also has 68 service connections, none of which are metered.

GLCSD provides water retail services in the form of groundwater extraction and distribution. The District does treat the groundwater. The District provides water services to the communities of Delleker, Crocker Mountain Estates and Grizzly Retreat.

The water systems are operated by approximately 0.50 FTEs dedicated to water services. The chief operator has a water distribution certification of D2 and a water treatment certification of T2, which exceeds the requirements of the two systems.

SERVICES TO OTHER AGENCIES

Grizzly Lake CSD does not provide water-related services to other agencies.

CONTRACTS FOR SERVICES

Grizzly Lake CSD does not have contracts for services.

OVERLAPPING SERVICE PROVIDERS

There are no overlapping wastewater service providers in the GLCD area.

EXTRA-TERRITORIAL SERVICES

The District provides water services to two connections outside of the Delleker area bounds along SR 70.

PLANS AND REGULATORY REQUIREMENTS

Federal, state, and local agencies play regulatory roles in California water. Key regulators and regulatory provisions are discussed in more detail below.

REGULATORY AGENCIES AND KEY REGULATIONS

The Environmental Protection Agency (EPA) sets national standards for drinking water quality and oversees the implementation of the Safe Drinking Water Act (SDWA). The SDWA establishes regulations for the protection of public drinking water supplies, including standards for contaminants, treatment techniques, and monitoring requirements.

In California, the implementation of the Safe Drinking Water Act (SDWA) is primarily overseen by the State Water Resources Control Board (SWRCB) and its Division of Drinking Water (DDW). The SWRCB is responsible for protecting water quality and ensuring compliance with state and federal drinking water standards. The DDW, a division within the SWRCB, specifically focuses on regulating public water systems and enforcing drinking water regulations throughout the state.

The State Water Board is currently updating the Safe Drinking Water Plan (the 2020 Plan) to include the topics from previous plans as well as topics recently added and signed into law. The requirements for the Safe Drinking Water Plan are set forth in California Health & Safety Code Section 116355, which identifies the topics to be addressed and requires periodic updates. Recently, AB 2501 (Chu)(Statutes of 2018, Chapter 871) amended those requirements to add additional topics, including a review of the use of administrators for disadvantaged communities' public water systems and an evaluation of the success of consolidation of drinking water systems.

The SWRCB also guides the nine Regional Water Quality Control Boards (RWQCBs) situated in major watersheds, ensuring coordinated efforts to protect water quality. The SWRCB is tasked with granting water rights permits, approving specific water rights transfers, and investigating violations.

The nine RWQCBs focus on developing and enforcing water quality objectives and implementation plans within their respective regions. Together, these boards work to maintain water quality standards and safeguard public health and the environment.

GLCSD falls under the jurisdiction of the Central Valley Regional Water Quality Control Board. This regional board oversees water quality protection and management and is responsible for developing and enforcing water quality objectives, implementation of plans, and regulations to safeguard surface and groundwater resources within its jurisdiction.

Besides the Safe Drinking Water Act described above, two other pieces of legislation provide the legal basis and authority for water quality standards in California — The Clean Water Act (CWA) and the Porter-Cologne Water Quality Control Act (Porter-Cologne Act). The Porter-Cologne Act, enacted in 1969, is California's principal water quality law. It establishes the framework for regulating water quality in the state, including the authority to adopt water quality control plans, set water quality objectives, and issue waste discharge permits.

The Clean Water Act (CWA), enacted in 1972, is a key federal law to protect and restore the quality of the nation's water resources. CWA sets water quality standards, regulates pollutant discharges into surface waters through permits, addresses nonpoint source pollution, protects wetlands, and mandates water quality monitoring and reporting.

The Department of Water Resources (DWR) manages California's water resources, systems, and infrastructure, which includes overseeing the State Water Project (SWP). State law imposes stringent infrastructure and reporting mandates on the SWP to ensure its efficient operation and compliance with regulatory standards. These requirements help maintain the reliability and integrity of the water supply system while safeguarding the state's water resources for present and future generations.

WATER FACILITIES AND CAPACITY

The District presently relies entirely on groundwater for both systems. The district also retains water rights to 52 acre-feet annually from Lake Davis. Water from Lake Davis is transported by pipeline to the City of Portola, however, bypasses the GLCSD. A pipeline intertie, approximately one mile in length, would be necessary to connect GLCSD to the Lake Davis

supply line. The 2010 Municipal Service Review identifies the potential for the District to supplement with surface water from Lake Davis.

DELLEKER

Delleker currently receives its domestic water supply from two active groundwater wells, known as Well 01 and Well 02.

Water is pumped from the Humbug Valley Groundwater Basin. The Department of Water Resources estimates storage capacity of the basin to be 76,000 acre-feet to a depth of 100 feet.³⁷ Groundwater extraction for municipal and industrial uses is estimated to be 200 acre-feet. Deep percolation of applied water is estimated to be 200 acre-feet, meaning that the amount pumped by users is replaced by groundwater recharge. GLCSD, Gold Mountain CSD and the City are the only public users of the Humbug Valley Basin. GLCSD reported that there had been no periods of significant drawdown and there is no noticeable change in available water during droughts.³⁸ The water from the Humbug Valley Groundwater Basin is high quality and does not require treatment.

Both wells are located next to Humbug Creek adjacent to Highway 70 and are approximately 500 feet deep. Each well taps into different aquifers and has a combined pumping capacity of 266 gpm. Well 01, constructed in 1979, and Well 02, constructed in 1985, are both reported to be in good condition. Due to the water quality from Well 02, the water system has been in violation of the uranium maximum contaminant level (MCL) of 20 pCi/L since 2008. The uranium levels in Well 01 are typically around 15 pCi/L and from Well 02 the level typically is around 25 pCi/L. Well 01 is used year-round and can meet consumer demands most of the year, except during summer months, when Well 02 is needed. When Well 02 is brought online, the water is mixed with water from Well 01.

Combined, the wells provide the District with a total source capacity of 266 gpm or 0.38 mgd. Average daily demand in Delleker is 0.11 mgd or 29 percent of the total source capacity. Peak day demand is .29 mgd, which equates to 76 percent of total source capacity. Peak day demand is limited to the high-occupancy period in July and August. Source capacity should be sufficient to cover max day demand if the single largest water source was out, which the District does not presently achieve.³⁹

³⁷ Department of Water Resources, California's Groundwater Bulletin 118 – Humbug Valley Groundwater Basin, 2004, p. 1.

³⁸ Email from GM Bob Howell, July 30, 2024.

³⁹ GLCSD, Facility Fee Study, 2005, p. 5.

The water from the wells is pumped to a 300,000-gallon bolted steel storage tank located on U.S. Forest Service Property on the mountain immediately behind Delleker. The District presently requires 360,000 to provide adequate fire flow (240,000) emergency flow (60,000) and diurnal flow (60,000). The District presently needs an additional 60,000 gallons of storage to meet emergency needs. At build-out of the community, the system will require approximately 484,000 gallons of storage.

The existing distribution system consists primarily of approximately six miles of six-inch asbestos cement water main pipe, with five percent PVC and five percent iron, and is generally adequate to provide maximum daily demand. According to SWRCB, the distribution system is generally considered to be in good condition.

CROCKER

The Crocker area receives groundwater purchased from a well owned by the Plumas County Flood Control and Water Conservation District (PCFCWCD), as well as from a district-owned well.

The District has historically sourced water from Lake Davis through a contract with Plumas County Flood Control and Water Conservation District. This usage ceased in 1997 when the DFG treated the lake to remove the invasive Northern Pike fish. Although Lake Davis is not currently in use, the District retains the option to resume utilizing its water supply. The City of Portola now owns the plant from PCFCWCD and can provide water to the District if requested, although a new contract would need to be negotiated. As of 2007, GLCSD held contract rights for up to 42.66-acre feet of water from the plant, with this amount set to increase to 60-acre feet by 2027. Currently, the District intends to continue using groundwater until demand necessitates the use of surface water.

The District purchases water from PCFCWCD from a well located at the old WTP, which pumps to a clearwell. The water then flows to the District's new storage tank. The well and clearwell are owned by the County but operated by the District. The well has a capacity to pump 30 gpm of water.

As a result of the Lake Davis treatment and a subsequent moratorium on building due to a lack of source capacity, the District installed a well in 2007 in the Crocker area. The well has the capacity to provide up to 130 gpm or 0.19 mgd. The well is new and considered to be in excellent condition.

Combined, the two wells have the capacity to provide 0.23 mgd. Average daily demand in 2010 was 0.01 mgd, or four percent of the water source capacity for the area. Peak day demand was 0.03 mgd, which equates to 13 percent of source capacity.

There are approximately 1.7 miles of six-inch asbestos cement pipelines that carry water to the District's main water storage tank located above Crocker Mountain Estates. The booster pumps also direct water through 8,000 feet of six-inch asbestos cement pipeline to the Grizzly Retreat area. The distribution system is reportedly in good condition according to the District.

The Crocker water storage tank was installed in 2005 and is in poor condition. The tank is cracked and must be manually turned on and off every day. It is a 250,000-gallon all steel riveted tank. While the District doesn't own the PCFCWCD clearwell, it can rely on that storage capacity during a short-term emergency or outage. Combined, the Crocker area has 500,000 gallons of available water storage.

INFRASTRUCTURE NEEDS

The SWRCB has issued multiple enforcement orders to the District regarding the uranium violation. In response to the Compliance Order issued in 2014, Sauers Engineering submitted a Preliminary Engineering Report (PER) on behalf of the District in June of 2015⁴⁰. The PER evaluated four potential compliance projects: blending, constructing a new well, treating the water to remove uranium, and creating an intertie connection with the City of Portola to receive treated water from the Lake Davis Water Treatment Plant. The PER concluded that the only feasible alternative was for the District to construct an intertie with the City. The SWRCB agreed with these findings.

In 2017, Altec Engineering submitted a planning application to SWRCB Department of Financial Assistance (DFA) on behalf of the District. This grant enabled the District to design an intertie with the City and evaluate a test well in hopes of finding water with adequate quality and quantity. Unfortunately, the test well proved to be inadequate to bring the water system into compliance. Due to a failure to meet funding time constraints, DFA closed the project in 2023, and the intertie design work was not completed. GLCSD has since applied for another grant through DFA for the design of an intertie with the City.

While the commercial and new connections in the Delleker system are metered, the remaining connections in Delleker and all connections in Crocker are unmetered. The District is unable to track the amount delivered to the connections and to determine what percent of unaccounted

⁴⁰ Email from Stephen W. Watson, P.E., Lassen District Engineer, SWRCB Division of Drinking Water – May 28, 2024

for loss the distribution system is experiencing. The District identified a need to start metering of all the connections, prior to the State required deadline of 2025.

SERVICE ADEQUACY

This section reviews indicators of service adequacy, including the State Water Resources Control Board (SWRCB) system evaluation, drinking water quality, and distribution system integrity.

The SWRCB is responsible for the enforcement of the federal and California Safe Drinking Water Acts and the operational permitting and regulatory oversight of public water systems. Domestic water providers of at least 200 connections are subject to inspections by SWRCB. The federal Environmental Protection Agency (USEPA) requires that community water systems be inspected every three years; however, GLCSD has not had a written inspection completed since 2018.

Drinking water quality in the District is assessed based on historical violations reported by the SWRCB and the percentage of time that the District has complied with Primary Drinking Water Regulations since 2019. Since that year, the District has had fourteen health violations due to uranium exceedances at one of the wells and four monitoring violations for coliform. This results in an average of approximately one violation per 24 connections served.

Indicators of distribution system integrity are the number of breaks and leaks and the rate of unaccounted for distribution loss. Given the staff and board turnover at the end of 2023, many records are missing and there is no way to determine how many breaks or leaks occurred within the last few years.

As most of the District's connections are not metered, the District is unable to calculate the unaccounted-for loss from the distribution system between the water source and the connections served.

Currently, GLCSD's Lead Water Operator does quarterly and annual reports, including well tests, and recording flows to ponds and the four pump stations. The operator also tracks work in a daily journal.

CHALLENGES

The District is facing numerous challenges with its two water systems⁴¹:

⁴¹ Letter from Grizzly Lake Community Services District dated May 2, 2022.

Delleker

- Water Storage Tank has several leaks and needs repairing to meet OSHA compliance. Rust has penetrated the outer coating and is eating away at the steel tank itself. Needs to be properly recoated. Hand railing is needed on top of the tank to also meet OSHA standards. The tank also needs fencing due to trespassers and offroad and recreational vehicles damaging the site.
- Distribution System service laterals need to be repaired or replaced. Per state regulations all copper in the system must be removed and no more added.
- The Power Backup Generator System will likely need replacement in the near future.
- Water meters need to be installed.
- The outdated system requires replacement of several hundred feet of service main, laterals, valves, fire hydrants, etc.

Crocker

- The water tank needs upgrades to meet state standards. Needs interior and exterior refurbishment, has non-compliant exterior ladder, lacks the required 42" handrails around the roof circumference, requires code compliant roof vent and second roof hatch. Needs updating of SCADA communication and power system. Currently unable to pump water in the event of a power outage.
- Distribution system service laterals need replacing due to incorrect electrical conduit used during installation.
- The Power Backup Generator System will likely need to be replaced in the near future.
- Water meters need to be installed.

10. WASTEWATER SERVICES

SERVICE OVERVIEW

GLCSD provides wastewater services in two distinct geographic areas with two separate wastewater systems. In Delleker, the District provides wastewater collection, pond treatment, and discharge to land or surface water. In the Crocker area, the District provides collection and disposal into a community septic tank and evaporation ponds. In 2010, the Municipal Services Review identified that the District receives septage from other areas for treatment at its Delleker facility; however, these areas were not specified. The District does have a contract with a single sewage waste hauler to dispose of waste at its facility. This contract is currently under negotiation.

In the Delleker area, services are provided to residences throughout the bounded territory; however, all the commercial facilities in the area rely on private septic systems and have not connected to the District's system. In the Crocker area, services are confined to the northern portion of the District's territory. Wastewater services are not provided in the southern portion of the Crocker area in Grizzly Retreat.

The District currently provides sewer service to 350 residential, 19 commercial connections, and one major industrial discharger, Plumas Sanitation. Plumas Sanitation is a company in the area that operates portable toilets and assists communities in sewage disposal (septic tank cleaning and treatment plant sludge disposal).⁴² The WWTP collects septage supernatant piped directly to the plant from Plumas Sanitation at a rate of approximately 200,000 gallons per month until 2025 when their current agreement expires.⁴³

The wastewater systems are operated by one part-time Chief Plant Operator dedicated to wastewater services. The Chief Operator has a wastewater certification of Level III, which exceeds the requirements of the two systems.

SERVICES TO OTHER AGENCIES

Grizzly Lake CSD does not provide Wastewater Treatment Sewer System Services to other agencies.

42 Grizzly Lake Community Services District- Draft Preliminary Engineering Report, December 2023, p.8.

43 Fiscal Sustainability Plan, Farr West Engineering, 2021.

CONTRACTS FOR SERVICES

Grizzly Lake CSD does not have contracts for services.

OVERLAPPING SERVICE PROVIDERS

There are no overlapping wastewater service providers in the GLCSD area.

FACILITIES AND CAPACITY

DELLEKER

The District's Delleker WWTP operates under an NPDES permit (NPDES No CA0081744) and waste discharge requirements (Order No R5-2019-0052). The permit is set to expire July 31, 2024.

The Delleker WWTP is located at 73821 Industrial Way, Portola, California. The collection system is entirely gravity fed and consists of approximately 3.5 miles of pipelines primarily constructed of asbestos cement (AC) and polyvinyl chloride pipe (PVC). Some laterals consist of Orangeburg or bituminous fiber pipe. There are also approximately 50 access manholes and 14 clean-outs.

The 5.33-acre facultative pond treatment system consists of a headworks distribution box (no screening), five unlined or poorly lined facultative treatment ponds, chlorination with liquid chlorine, and de-chlorination. Aeration is achieved using three 5-horsepower vertical aerators, which are operated on a timer. The facultative ponds offer both aerobic treatment processes that provide nutrient and Biochemical oxygen demand (BOD) removal, and anaerobic fermentation processes for sludge digestion and denitrification. The ponds can be operated in series or parallel depending on hydraulic or organic loading rates. Series operation is beneficial where a high level of BOD or coliform removal is important and parallel operation provides better distribution of settled solids.

Between November 1st and April 30th of each year, wastewater may be discharged to the Middle Fork of the Feather River, but only when the Middle Fork of the Feather River flow is 40 cfs or more.⁴⁴ Discharge to the Middle Fork of the Feather River is prohibited from May 1st through October 31st, during which time effluent is retained within the stabilization ponds for evaporation, percolation, or future disposal.

⁴⁴ California Regional Water Quality Control Board Order R5-2019-0052

The ponds have surface areas ranging from 0.7 acres to 1.3 acres, with a total surface area of 5.3 acres and a combined volume of 10.4 million gallons. The hydraulic detention time for the entire system is roughly 165 days. Given that the discharge prohibition season lasts at least 183 days and is further restricted based on river flows, this storage volume and detention time are inadequate for the Plant's needs.

Between November 1st and April 30th, the current permit allows up to 0.4 million gallons per day of wastewater to be discharged from the plant into the Feather River.

Capacity

The design daily average flow capacity of the WWTP is 0.1 MGD. Average daily flows between 2012 and 2019 were reported to be 0.065 MGD, not including Plumas Sanitation contributions.⁴⁵

Plumas Sanitation is currently restricted in the amount of water they can discharge to the Delleker WWTP. On average, the discharger contributes 6,088 gallons per day (gpd) with a maximum average of 9,616 gpd. May through September, Plumas Sanitation cannot discharge more than 100,000 gallons during any one-week period or more than 20,000 gallons in any one day. October through April, Plumas Sanitation cannot discharge more than 60,000 gallons during any one-week period or more than 20,000 gallons in any one day.⁴⁶

Average daily dry weather flow is approximately 0.043 MGD, or 11 percent of the permitted discharge. Although peak wet weather flows exceed the facility's permitted discharge capacity, these flows are treated and stored in the ponds over a period of one to three months, ensuring that discharge levels never exceed the permitted capacity.

Maintenance and Operations

The ponds are tested per guidelines received from FGL Environmental. The data is then submitted by the CPO to CIWQS per the operating permit. Repairs are made as needed.⁴⁷

On July 31, 2024, CVRWQCB issued a Notice of Violation spanning the period from June, 2023 through May, 2024. During this period, Delleker WWTP received 69 violations; 45 violations were for exceeding effluent limitations; two violations for construction, operation and maintenance specifications; fourteen violations for deficient monitoring; and 8 violations for late reporting.

⁴⁵ Fiscal Sustainability Plan, Farr West Engineering, 2021.

⁴⁶ GLCSD – Draft Preliminary Engineering Report – Delleker WWTP. December 2023, p. 15

⁴⁷ Email from GM Bob Howell, July 30, 2024.

CROCKER

On June 24, 2015, Crocker Mountain Estates System began operating under General Waste Discharge Requirements (Order WQ 2014-0153-DWQ) as issued by the State Water Resources Control Board. This order applies to facilities that treat and dispose of less than 100,000 gallons of wastewater per day.

Crocker Mountain Estates is subject to Monitoring and Reporting Program No. 2014-0153-DWQ-R5181 which requires that flow rate reporting is to be sampled continuously and reported quarterly. Dissolved oxygen, freeboard, odors and berm condition are to be sampled monthly and reported to SWRCB quarterly. In addition, annual reports must be submitted to SWRCB by March 1st following the monitoring year.

The Crocker Mountain Estates sewer system is a gravity-fed system that collects sewage in a 2,500-gallon underground concrete community septic tank. Black water drains to two percolation/evaporation ponds. The Grizzly Creek Retreat area does not share this wastewater system, as all the residents rely on private septic systems. The Crocker collection system is composed of 1.7 miles of pipelines and is generally considered to be in good condition.

It is generally believed that the system was built at the time the subdivision was created in the mid-1970s. According to SWRCB, the District has kept adequate maintenance documentation, and all treatment and collection infrastructure appears in good order⁴⁸.

Capacity

The average daily wastewater flow is less than 5,000 gallons per day. The treatment ponds have a design capacity of 700,000 gallons, or equivalent to 140 days of the storage volume required by the existing community.

Maintenance and Operations

The ponds are tested per guidelines received from FGL Environmental. The data is then submitted by the CPO to CIWQS per the operating permit. Repairs are made as needed.⁴⁹

INFRASTRUCTURE NEEDS

In 2020, the District contracted with a third-party video contractor to perform a closed-circuit television (CCTV) inspection to assess the condition of the sewer mains. The inspection covered forty active main segments, which were subsequently rated in the report. However,

⁴⁸ Email from Stephen W. Watson, P.E. – Lassen District Engineer, Division of Drinking Water, SWRCB

⁴⁹ Email from GM Bob Howell, July 30, 2024.

five active main segments were either not inspected or the inspection report was not provided by NorCal Pipeline Services. Out of the inspected segments, thirteen had at least one Grade 5 structural or O&M defect, constituting nearly 33 percent of the main segments. Another thirteen segments had at least one Grade 4 structural or O&M defect, also making up 33 percent of the segments. This indicates that approximately 66 percent of the main pipe segments have at least one defect that is considered significant or most significant. Additionally, six segments have at least one Grade 3 defect, and the remaining eight segments have no defects greater than Grade 2 or are completely defect-free.

The existing wastewater treatment plant, constructed before 1965, has several issues. The ponds are unlined or have insufficient liners, leading to seepage between the ponds and groundwater degradation near the facilities, which complicates maintenance activities. The pond berms, levees, and contact chamber are deteriorating, although recent maintenance efforts have helped the rehabilitation of these structures. The control valves are old and nearly inoperable, and the headworks lacked screening at the time of the report.

The existing ponds are not only failing to adequately treat the influent wastewater, but they are also undersized for the flow and retention times that are required by the WDR Order. Because the existing ponds are unlined, it is assumed that a significant amount of pond water is percolating into the ground below. While this does aid in ensuring that the ponds do not overflow, it has the potential to contaminate groundwater and create a hydrologic connection to the Middle Fork of the Feather River (MFFR) – both of which are long-term concerns of the Central Valley Regional Water Quality Control Board (Water Board). If a direct hydrologic connection between the ponds/wetlands and the river is determined to be present, NPDES permit requirements could be in effect year-round, whether directly discharging to the MFFR or not. Other long-term issues include the impacts of the receiving water from both Delleker WWTP and Portola WWTP. Effluent from Delleker WWTP affects the water quality of the MFFR directly upstream of the Portola WWTP and can reduce the availability of dilution credits for the Portola WWTP; the levels of electrical conductivity in the effluent exceeds the Basin Plan objective of 150 umhos/cm and limited assimilative capacity is available in the receiving water; compliance with potentially more stringent water quality criteria for ammonia that will become effective in the future; cost for increased sampling frequencies, including whole effluent chronic toxicity testing, and the cost for additional studies and evaluations that may be required in future permits based on changing regulations.⁵⁰

50 GLCSD – Draft Preliminary Engineering Report – Delleker WWTP. December 2023, pgs 1 and 49.

Additional concerns include inadequate security, fencing, and signage around the site. The influent flow meter has experienced operational problems over the past several years, resulting in potentially inaccurate flow data. Currently, only one aerator is functional, as the motor on the large aerator is not operational.

The District reports that the plant is in poor condition, with the pump station allegedly having been destroyed by previous staff and lack of proper maintenance.

SERVICE ADEQUACY

This section reviews indicators of service adequacy, including regulatory compliance, treatment effectiveness, sewer overflows and collection system integrity.

Sanitary Sewer Overflows

All wastewater agencies are required to report sanitary sewer overflows (SSOs) to SWRCB. Sewer overflows are discharges from sewer pipes, pumps, and manholes. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The sewer overflow rate is calculated as the number of overflows per 100 miles of the main pipeline per year.

Wastewater agencies are required to report sewer system overflows (SSOs) to SWRCB. Overflows reflect the capacity and condition of collection system piping and the effectiveness of routine maintenance. The District reported four overflows during the period from 2019 thru 2023, three of which were considered Category 3 spills and one was a Category 1. Category 3 spills are between 50 and 1,000 gallons and Category 1 is a spill of any volume that reaches surface water or a drainage conveyance system. In this case, the Category 1 spill occurred at a manhole on January 13, 2023, and 10,000 gallons were reported as having reached surface water in a drainage channel.

Infiltration and Inflow

Wastewater flow includes not only discharges from residences, businesses, institutions, and industrial establishments but also infiltration and inflow. Infiltration refers to groundwater that seeps into sewer pipes through cracks, pipe joints, and other system leaks. Inflow refers to rainwater that enters the sewer system from sources such as yard and patio drains, roof gutter downspouts, uncapped cleanouts, pond or pool overflow drains, footing drains, cross-connections with storm drains, and even holes in manhole covers. Infiltration and inflow tend to affect older sewer systems to a greater degree. Infiltration and inflow rates are highest during or right after

heavy rain. They are the primary factors driving peak flows through the wastewater system and a major consideration in capacity planning and costs.

The peaking factor is the ratio of peak day wet weather flows to average dry weather flows. The peaking factor is an indicator of the degree to which the system suffers from I/I, where rainwater enters the sewer system through cracks, manholes or other means. A peaking factor of up to three is generally considered acceptable based on industry practices.

One of the major issues related to the sewer system in Delleker, is the amount of I/I in the system. I/I contribute unnecessary flow to the WWTP.⁵¹ Additionally, excessive I/I can result in SSOs. During heavy rain the District's system has a peaking factor of 3.25.

Through the years, efforts have been made to reduce I/I, including manhole grouting. The District performs hydro-jetting at problem segments within the collection system and conducts video inspection of small sections of the system when routine maintenance is occurring or when issues arise. Operators have taken considerable steps to improve the berms of the WWTP in recent years. Operators have more recently began experimenting with different flow configurations within the ponds to enhance treatment.⁵²

REGULATORY COMPLIANCE

The RWQCB enforces the Clean Water Act, permit conditions and other requirements of wastewater providers. Violations of State requirements for wastewater providers and treatment facilities are recorded by SWRCB. The Board may levy fines or order the provider to take specific actions to comply with water quality regulations.

The Delleker WWTP has been issued 254 violations by the California State Water Resources Control Board between August of 2015 and May 2023. Violations range in type and have included Class B, Unclassified, and Class 3 violations. Delleker WWTP did not receive any Class A violations, defined as violations which may pose an immediate and substantial threat to beneficial uses or that have the potential to cause significant detrimental impacts to human health or the environment. Class B violations are those which do not rise to the level of Class A category. Effluent violations include exceeding discharge limits for Total Coliforms, Copper (a group 2 pollutant), and Total Suspended Solids (a group 1 pollutant). Additionally, several discharge violations are the result of a sample not being taken or results not being recorded.

⁵¹ GLCSD – Draft Preliminary Engineering Report – Delleker WWTP. December 2023, p. 49.

⁵² GLCSD – Draft Preliminary Engineering Report – Delleker WWTP. December 2023, p. 48.

When samples are not taken, resulting in a violation, this is usually due to a lack of staffing resources.⁵³

Furthermore, GLCSD faced violations due to inadequate reporting and insufficient testing. To address these issues, a new Chief Plant Operator was hired on April 6, 2024. Additionally, GLCSD has contracted with an external laboratory to handle testing services.

53 GLCSD – Draft Preliminary Engineering Report – Delleker WWTP. December 2023, p. 49.

11. GOVERNANCE STRUCTURE OPTIONS

Based on the degree of necessary improvements to operate at the level expected/required of a public agency, alternative governance structures for GLCSD were identified. Options consist of 1) contracting with the City of Portola for a portion or all services, including management and administration, 2) complete reorganization into a subsidiary district allowing the City to operate as the governing body of the district, and 3) reorganization into either a new independent special district or dependent special district, such as a county service area. Each of these options requires the willingness of either the City of Portola or Plumas County as the identified successor agency, with the exception of reorganization into a new independent special district, which while offering a fresh start for the community, generally would be cumbersome, time consuming and offer no further advantages. Neither the City nor the County have indicated interest in taking on responsibility for services in the area, further limiting feasible options.

Given that GLCSD recently underwent a significant turnover of its governing body and staff and has indicated intentions and already taken actions to make necessary improvements to operations, management, governance, and transparency, it is recommended that before other governance options are considered, that GLCSD be given the opportunity to address the concerns and report back to Plumas LAFCo at its October 2025 meeting as to the status of its efforts. At that time, the Commission can determine whether moving forward with one of the identified reorganization options would be appropriate.

Regardless of willingness to fully consolidate as previously discussed, GLCSD and the City of Portola serve adjacent communities, offering an opportunity to work closely together in joint efforts to provide services in the most efficient, safe, and cost-effective way. An extensive study regarding regionalization of wastewater treatment was conducted in 2021. Physical regionalization could be achieved without governance reorganization. Joint efforts between the two agencies may maximize efficiency, reduce costs, and aid the agencies to better leverage available resources. However, the study ultimately found that while regionalization is favorable and beneficial, it is not feasible at this time due to public opinion.

Additionally, annexation of GLCSD extraterritorial service areas continues to be an option that would promote logical boundaries. The District currently provides service outside of its bounds to two connections located on SR 70.

12. MUNICIPAL SERVICE REVIEW DETERMINATIONS

GROWTH AND POPULATION PROJECTIONS

- 1-1: The District serves a population of approximately 802.
- 1-2: The District has experienced little growth in recent demand, due to two separate building moratoriums on the systems, which have subsequently been lifted.
- 1-3: Based on DOF projections, the District's population would decrease to approximately 706 by 2030.

THE LOCATION AND CHARACTERISTICS OF DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE AGENCY'S SOI

- 1-4: According to the U.S. Census Bureau's 2020 Census Report, GLCSD's per capita income is \$19,058, which is significantly lower than the state's per capita income of \$42,396. The median household income for GLCSD is \$50,769, qualifying the District as a Disadvantaged Unincorporated Community.

PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

- 1-5: In Crocker, peak day demand for water constitutes approximately 13 percent of source capacity. The system has sufficient capacity to handle anticipated growth in demand well into the future.
- 1-6: Peak day demand in Delleker uses 76 percent of total source capacity. Source capacity should be sufficient to cover max day demand if the single largest water source was out; however, the District does not presently achieve this standard. Options for enhanced capacity include an additional well or use of surface water from the Lake Davis WTP.
- 1-7: Most of the connections in Delleker and all connections in Crocker lack meters, consequently, the District is unable to charge rates based on water use, track water delivered, and identify any water loss from the distribution systems.
- 1-8: During dry weather, the District uses approximately 43 percent of the capacity of the Delleker WWTF. In the Crocker system, the District uses on average five percent of the system's discharge capacity. Both systems have adequate capacity for long-term growth.

- 1-9: The WWTP has also experienced excessive discharge violations, resulting from the inability to adequately treat the water, sanitary sewage overflows (SSOs), and excessive inflow and infiltration (I/I) in the sewage collection system.
- 1-10: Infiltration and inflow issues are critical in the Delleker collection system. The District has implemented a plan to inspect the entire system and identify and correct areas of concern.
- 1-11: There is a need for flow meter devices in the Crocker wastewater system to document daily and annual demands.

FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

- 1-12: On April 20, 2017, GLCSD and the State Water Board executed a planning grant agreement (Agreement NO. D16-02049), intended to fund planning related efforts to improve the Delleker WWTP.
- 1-13: Task Five of the planning grant was to develop a Fiscal Sustainability Plan (FSP). The FSP was completed in March of 2022 and was developed in tandem with a Regionalization Evaluation Report, Preliminary Engineering Report, Rate Study, and California Environmental Quality Assessment.
- 1-14: Until December of 2022, GLCSD had not adjusted its rates for over 10 years, which hindered its ability to support compliance efforts and capital projects. While there is a possibility of securing funding for capital projects through state grants, the District should be proactive in maintaining sufficient revenue to ensure sustainability and fund asset depreciation. Given the condition of the District's financial records from FY 2019/20 through the first half of FY 2023/24, along with the recent increase in water and sewer rates and an ongoing planning grant, it is challenging to ascertain the current financial stability of the District.

STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

- 1-15: The District is not currently collaborating with the City of Portola on the Lake Davis WTP.
- 1-16: Regionalization of sewer services in the Delleker/Portola area is a potential opportunity for facility sharing and regional collaboration. Joint efforts between the two agencies may maximize efficiency, reduce costs, and aid the agencies to better leverage available resources.
- 1-17: There is an opportunity to share specialized equipment (i.e., CCTV) among other small wastewater providers in the area.

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

- 1-18: Local accountability is promoted by the relatively small size of the District and the inherent degree of local control.
- 1-19: The current GLCSD board demonstrated accountability and transparency through cooperation with the MSR process.
- 1-20: It is a recommended practice that a District the size of GLCSD maintain a website where all district information is readily available to constituents.
- 1-21: As GLCSD and the City of Portola serve adjacent communities, there is an opportunity to work closely together in joint efforts to provide services in the most efficient, safe, and cost-effective way. Potential governance options include regionalization of sewer services or a collaborative agreement to share specialized equipment and mutual aid resources.
- 1-22: Agendas and minutes for the current calendar year are available on the GLCSD website; however, agendas and minutes for prior meetings are not readily available online. The District also does not livestream its recordings, and archived meeting recordings are not publicly available on the website.
- 1-23: Annexation of GLCSD extraterritorial service areas is an option that would promote logical boundaries. The District currently provides service outside of its bounds to two connections located on SR 70.
- 1-24: Other governance structure options for GLCSD consist of 1) contracting with the City of Portola for a portion or all services, including management and administration, 2) complete reorganization into a subsidiary district allowing the City to operate as the governing body of the district, and 3) reorganization into either a new independent special district or dependent special district, such as a county service area.

13. SPHERE OF INFLUENCE UPDATE

EXISTING SPHERE OF INFLUENCE BOUNDARY

In the Crocker Mountain Estates area, the District's SOI is coterminous with its boundaries, and in the Delleker area, the District's SOI extends substantially beyond its boundaries north and south of SR 70 to Meadowlark Lane in the west and the Portola city limits in the east.

The SOI for GLCSD was adopted in 1982, and it was most recently updated in 2007. The SOI was originally updated in January, 2007; however, that was rescinded, as the SOI included an area adjacent to the City of Portola where the City is already providing water and wastewater utilities. A new updated SOI was adopted in LAFCo Resolution 2007-003.

SOI OPTIONS

SOI options for GLCSD consist of the following:

Option #1 – Provisional Coterminous SOI – This option would retract GLCSD's SOI down to just the area within its existing boundaries. It would indicate that the District is not a position to serve additional areas, but that for the time being the District will not be considered for reorganization. This option would offer the opportunity for the District to carry forward with its new efforts to make significant enhancements to the District's operations, management and governance. The District would be required to report to LAFCO after one year at LAFCO's October 2025 meeting, and at that time LAFCO could determine a permanent SOI.

Option #2 – Zero SOI – A Zero SOI would indicate that LAFCO anticipates the eventual dissolution of GLCSD through reorganization due to the many identified deficiencies. However, there are limited feasible options for a successor agency with this option.

Option #3 – Approve with no change – Given the lack of supported options, the Commission may wish to consider no changes to GLCSD's SOI.

RECOMMENDED SPHERE OF INFLUENCE BOUNDARY

It is recommended that a temporary coterminous SOI as outlined in SOI Option #1 be approved for GLCSD, until a permanent SOI can be approved following GLCSD's report back to LAFCO at its October 2025 meeting.

14. PROPOSED SPHERE OF INFLUENCE DETERMINATIONS

LAFCO is required to prepare a written statement of determination with respect to the following areas when updating a special district's Sphere of Influence, as specified by Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The following determinations are proposed for the Grizzly Lake Community Services District.

THE NATURE, LOCATION, EXTENT, FUNCTIONS, AND CLASSES OF SERVICES PROVIDED

1-25: GLCSD provides domestic water services and wastewater collection and treatment. The District provides services to two connections outside of its boundaries.

PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES OR IS AUTHORIZED TO PROVIDE

1-26: In Crocker, peak day demand for water constitutes approximately 13 percent of source capacity. The system has sufficient capacity to handle anticipated growth in demand well into the future.

1-27: Peak day demand in Delleker uses 76 percent of total source capacity. Source capacity should be sufficient to cover max day demand if the single largest water source was out; however, the District does not presently achieve this standard. Options for enhanced capacity include an additional well or use of surface water from the Lake Davis WTP.

1-28: Most of the connections in Delleker and all connections in Crocker lack meters, consequently, the District is unable to charge rates based on water use, track water delivered, and identify any water loss from the distribution systems.

1-29: During dry weather, the District uses approximately 43 percent of the capacity of the Delleker WWTF. In the Crocker system, the District uses on average five percent of the system's discharge capacity. Both systems have adequate capacity for long-term growth.

1-30: The WWTP has also experienced excessive discharge violations, resulting from the inability to adequately treat the water, sanitary sewage overflows (SSOs), and excessive inflow and infiltration (I/I) in the sewage collection system.

1-31: Infiltration and inflow issues are critical in the Delleker collection system. The District has implemented a plan to inspect the entire system and identify and correct areas of concern.

1-32: There is a need for flow meter devices in the Crocker wastewater system to document daily and annual demands.

EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST IN THE AREA

1-33: The communities of Delleker and Crocker Mountain Estates are considered communities of interest.

PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN THE EXISTING SPHERE OF INFLUENCE

1-34: Water and wastewater services will continue to be necessary in the future regardless of the anticipated decline in population. Additional demand may occur as areas adjacent to the District's boundaries experience decline in water availability or septic system failure and desire to connect to the District's systems.

APPENDIX A: SDLF TRANSPARENCY CERTIFICATION CHECKLIST AND APPLICATION



SHOWCASE YOUR DISTRICT'S COMMITMENT TO TRANSPARENCY

District Transparency Certificate of Excellence

Purpose

To promote transparency in the operations and governance of special districts to the public/constituents and provide special districts with an opportunity to showcase their efforts in transparency.

Valid

3 Years from date of award

Application Cost

FREE

Electronic Filing is preferable

info@sdlf.org

District Receives

- Certificate for display (covering 3 years)
- Press release template
- Recognition on the SDLF website
- Letter to legislators within the district's boundaries announcing the achievement
- Recognition in social media and the CSDA eNews
- Window cling

Basic Requirements

Current Ethics Training for All Board Members (Government Code Section 53235)

Provide names of board members and copies of training certificates along with date completed

Current Harassment Prevention Training for Supervisory and Non-Supervisory Employees

(Government Code section 12950.1; 53237.1)

Provide training log or certificates confirming completion along with dates completed

Compliance with the Ralph M. Brown Act (Government Code Section 54950 et. al.)

Provide copy of current policy related to Brown Act compliance
 Provide copy of a current meeting agenda (including opportunity for public comment)

Adoption of Policy Related to Handling Public Records Act Requests

Provide copy of current policy

Adoption of Reimbursement Policy, If District Provides Any Reimbursement of Actual and Necessary Expenses

(Government Code Section 53232.2 (b))

Provide copy of current policy

Annual disclosure of board member or employee reimbursements for individual charges over \$100 for services or products.

This information is to be made available for public inspection. "Individual charge" includes, but is not limited to: one meal, lodging for one day, or transportation. (Government Code Section 53065.5)

Provide copy of the most recent document and how it is accessible

Timely Annual Filing of State Controller's Special Districts Financial Transactions Report and Compensation Report

(Government Code Section 53891, 53892)

Provide copy of most recent filings

SDLF staff will verify that district is not listed on the State Controller's 'non-compliance list'

Conduct Audits As Required By Law (Government Code Section 26909 and 12410.6)

Provide copy of most recent audit, management letter, and a description of how/where documents were made available to the public

Other Policies – Have Current Policies Addressing the Following Areas

Provide copies of each:

Conflict of Interest
 Provide copies of Form 700 cover sheet for board members and general manager
 Code of Ethics/Values/Norms or Board Conduct
 Financial Reserves Policy
 Records Retention Policy

Showcase your District's Commitment to Transparency | Revised 2023

DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE APPLICATION

Website Requirements

Maintain a district website with the following items Required. (provide direct website links for each item) - Required items available to the public:

- Names of board members and their full terms of office to include start and end date
- Name of general manager and key staff along with contact information
- Election/appointment procedure and deadlines
- Board meeting schedule
(Regular meeting agendas must be posted 72 hours in advance pursuant to *Government Code Section 54954.2 (a)(1)* and *Government Code Section 54956 (a)*)
- District's mission statement
- Description of district's services/functions and service area
- Authorizing statute/Enabling Act (Principle Act or Special Act)
- Current district budget
- Most recent financial audit
- Archive of Board meeting minutes for at least the last 6 months
- Link to State Controller's webpages for district's reported board member and staff compensation (*Government Code Section 53908*)
- Link to State Controller's webpages for district's reported Financial Transaction Report (*Government Code Section 53891 (a)*)
- Reimbursement and Compensation Policy
- Home page link to agendas/board packets (*Government Code Section 54957.5*)
- SB 272 compliance-enterprise catalogs (*Government Code Section 6270.5*)

Additional items - website also must include at least 4 of the following items:

- Post board member ethics training certificates
- Picture, biography and e-mail address of board members
- Last (3) years of audits
- Financial Reserves Policy
- Online/downloadable public records act request form
- Audio or video recordings of board meetings
- Map of district boundaries/service area
- Link to California Special Districts Association mapping program
- Most recent Municipal Service Review (MSR) and Sphere of Influence (SOI) studies (full document or link to document on another site)
- Link to www.districtsmakethedifference.org site or a general description of what a special district is
- Link to most recently filed FPPC forms

Outreach/Best Practices Requirements - (Must complete at least 2 of the following items)

Regular district newsletter or communication (printed and/or electronic) that keeps the public, constituents and elected officials up-to-date on district activities (at least twice annually)

- Provide copy of most recent communication and short description on the frequency of the communication, how it's distributed and to whom
- Community notification through press release to local media outlet announcing upcoming filing deadline for election or**
- Appointment and process for seeking a position on the district board, prior to that election (or prior to the most recent deadline**

For consideration of new appointments for those districts with board members appointed to fixed-terms)

- Provide copy of the press release (and the printed article, if available)

Complete salary comparison/benchmarking for district staff positions using a reputable salary survey (at least every 5 years)

- Provide brief description of the survey and process used as well as the general results

Special Community Engagement Project

Designed and completed a special project promoting community engagement with the district (potential projects may be broad in nature or focus on specific issues such as rate-setting, recycled water, identifying community needs, etc.)

- Submit an overview of the community engagement project reviewing the process undertaken and results achieved

Hold annual informational public budget hearings that engage the public (outreach, workshops, etc.) prior to adopting the budget

- Provide copy of most recent public budget hearing notice and agenda

Community Transparency Review

The district would be required to obtain a completed overview checklist from at least 2 of the following individuals (the district may choose to conduct the overview with these individuals simultaneously or separately):

- Chair of the County Civil Grand Jury
- Editor of a reputable local print newspaper (only one may count toward requirement)
- LAFCO Executive Officer
- County Auditor-Controller
- Local Legislator (only one may count toward requirement)
- Executive Director or President of local Chamber of Commerce
- General Manager of a peer agency (special district, city, county, neighborhood association, community organization or county administrative officer)

Provide proof of completion signed by individuals completing Community Transparency Review

- President of local Special Districts Chapter or the Chapter designee

Showcase your District's Commitment to Transparency | Revised 2023

 **DISTRICT TRANSPARENCY CERTIFICATE OF EXCELLENCE APPLICATION**



SHOWCASE YOUR DISTRICT'S COMMITMENT TO TRANSPARENCY

District Transparency Certificate of Excellence

Submit Application

Submit this application along with all required documentation to:

Special District Leadership Foundation
1112 I Street, Suite 200
Sacramento, CA 95814
Phone: 916-231-2909 • Fax: 916-442-7889

Electronic filing is preferable.

info@sdlf.org

District:		
Mailing Address:		
City:	State:	Zip:
Contact Name:		
Contact Title:		
Phone:	Fax:	
Email:	Website:	
Assembly Member(s)*:		
Senator*:		
Local Newspaper(s):		
I certify that the information submitted is accurate and complete to the best of my knowledge.		Signature:

*include all state legislators representing the district's area of operation