



AGENDA ITEM 7B

MEETING: July 17, 2024
TO: Humboldt LAFCo Commissioners
FROM: Krystle Heaney, Clerk/Analyst
SUBJECT: **Orleans Community Services District Municipal Service Review and Sphere of Influence Update**
The Commission will open the public hearing for the Orleans Community Services District Municipal Services Review and Sphere of Influence Update which includes details on current water services provided by the District.

BACKGROUND

The Cortese-Knox-Hertzberg Local Government Reorganization Act directs Local Agency Formation Commissions (LAFCOs) to regularly prepare municipal service reviews (MSRs) in conjunction with establishing and updating each local agency's sphere of influence (SOI). The legislative intent of MSRs is to proactively assess the availability, capacity, and efficiency of local governmental services. MSRs may also lead LAFCOs to take other actions under their authority, such as forming, consolidating, or dissolving one or more local agencies in addition to any related sphere changes. As part of the Commission's work plan, staff has prepared an initial draft of the MSR/SOI Update for Orleans Community Services District (CSD) which is located approximately 26 miles north of Hoopa along US Hwy 96.

DISCUSSION

Orleans is an unincorporated area situated in the northeastern corner of Humboldt County, California. It is bordered by the Klamath River and U.S. Highway 96 and lies 12 miles northeast of Weitchpec. It is within the ancestral territory of the Karuk Tribe. The Orleans CSD currently provides water services to the community.

The Orleans CSD system is currently in need of several upgrades and repairs in order to come into compliance with State regulations. Most notably, the District needs to upgrade their treatment system to a State approved design and their existing storage tank needs to be replaced. Unfortunately, due to the current issues with the system, the District has been on a boil water notice since June 2021.

The District is in the process of designing and implementing upgrades to the system. Staff have reached out to the District requesting additional information on grant funded projects which will be included in the revised draft of the MSR/SOI Update.

The District is primarily funded by fees for services. The two major expenses for the District include personnel services and maintenance/improvement projects. Additional information is needed from the District to make financial determinations.

RECOMMENDATION

This item has been agendaized for consideration as part of a noticed public hearing. It is recommended that the Commission continue the public hearing to the next regularly scheduled Commission meeting on September 18, 2024.

Procedures for Consideration:

The following procedures are recommended with respect to the Commission's consideration of this item:

- 1) Receive verbal report from staff;
- 2) Open the public hearing and invite testimony (mandatory); and
- 3) Continue the item to the next Regular Commission Meeting.

Attachments

Attachment A: Draft Orleans Community Services District Municipal Service Review and Sphere of Influence Update

Orleans Community Services District Municipal Services Review and Sphere of Influence Update



Working Draft

June 2024



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Acknowledgements:

LAFCo would like to thank the Board Members and staff at Orleans CSD for their assistance during the preparation of this MSR and SOI update.

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1.0 MSR/SOI BACKGROUND

1.1 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCOs) are independent regulatory commissions that were established by the State legislature in 1963 to encourage the orderly growth and development of local governmental agencies including cities and special districts. Today, there is a LAFCo in each of California's 58 counties. Humboldt LAFCo is a seven-member commission comprised of two members of the Humboldt County Board of Supervisors, two City Council members, two Special District representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") (California Government Code Section 56000 et seq.) for purposes of facilitating changes in local governmental structure and boundaries that fosters orderly growth and development, promotes the efficient delivery of services, and encourages the preservation of open space and agricultural lands. Some of LAFCo's duties include regulating jurisdictional boundary changes and the extension of municipal services. This includes city and special district annexations, incorporations/formations, consolidations, and other changes of organization. LAFCo seeks to be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs, and actions.

The CKH Act outlines requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances" (§56301). CKH Act Section 56301 further establishes that "one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." SOIs therefore guide both the near-term and long-term physical and economic growth and development of local agencies, and MSRs provide the relevant data to inform LAFCo's SOI determinations.

1.2 Purpose of Municipal Service Reviews

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The purpose of a MSR in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR

evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. While LAFCoS have no direct regulatory authority over cities and special districts, MSR's provide information concerning the governance structures and efficiencies of service providers – and may also serve as the basis for subsequent LAFCo decisions. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study's determinations must be made in the following areas:

- (1) Growth and population projections for the affected area
- (2) Location and characteristics of any disadvantaged unincorporated communities within or continuous to the sphere of influence
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies
- (4) Financial ability of the agency to provide services
- (5) Status of and opportunities for shared facilities
- (6) Accountability for community service needs, including governmental structure and operational efficiencies
- (7) Any other matter related to effective or efficient service delivery, as required by Commission policy

This MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

1.3 Purpose of Spheres of Influence

In 1972, LAFCoS were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, "'sphere of influence' means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission" (§56076). All boundary changes, such as annexations, must be consistent with an agency's sphere of influence with limited exceptions.

Pursuant to Humboldt LAFCo policy, a MSR is conducted prior to or in conjunction with its mandate to review and update each local agency's sphere of influence every five years or as necessary. The municipal service review process is intended to inform the Commission as to the availability, capacity, and efficiency of local governmental services prior to making sphere of influence determinations.

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

- (1) The present and planned land uses in the area, including agricultural and open space lands.
- (2) The present and probable need for public facilities and services in the area.

- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (5) For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Service reviews may also contain recommendations for sphere of influence or government structure changes needed to implement positive service changes. Where more detailed analysis of service options is necessary, service reviews may contain recommendations for special studies where there is the potential to reduce service gaps and improve service levels.

1.4 Disadvantaged Unincorporated Communities

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to "disadvantaged unincorporated communities," including the addition of SOI determination number five listed above. Disadvantaged unincorporated communities, or "DUCs," are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

Humboldt LAFCo has adopted DUC policy, which identifies 31 inhabited unincorporated "legacy" communities for purposes of implementing SB 244. These legacy communities were defined as part of the Humboldt County 2014 Housing Element for areas not located within the sphere of influence of a city. Therefore, additional review is needed to determine "disadvantaged unincorporated communities" within and adjacent to city spheres of influence.

DUCs are assessed for three primary services: water, wastewater, and fire/emergency response. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c). Orleans Community Services District (CSD) provides water to the area and the Orleans Volunteer Fire Department (VFD) provides fire services. There is currently no wastewater service provider in the area. Should any nearby areas be proposed for annexation, careful consideration should be given to the boundary location in order to ensure potentially disadvantaged areas are receiving vital services.

2.0 ORLEANS COMMUNITY SERVICES DISTRICT

2.1 Agency Overview

Orleans is an unincorporated community situated in the northeastern corner of Humboldt County, California. It is bordered by the Klamath River and U.S. Highway 96 and lies 12 miles northeast of Weitchpec. It is within the ancestral territory of the Karuk Tribe of California. The original indigenous community was named Panamnik; however, upon the arrival of European-American miners, the settlement was renamed New Orleans Bar. Orleans CSD covers an approximate area of 1,019 acres, consisting of a mixture of vacant, developed and underdeveloped parcels. Formed in December 1977, the District's primary purpose is to provide water services to its inhabitants.

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2.2 Formation and Development

Orleans CSD was officially established in November 1977 after a successful election was held within the area proposed for district formation. The District was declared duly organized by the Humboldt County Board of Supervisors Resolution No. 77-176. The original boundary encompassed approximately 1,030 acres made up of 164 parcels¹. The District was formed under Community Services District Law (Government Code §61000 et. seq) for the purposes of providing water, protection against fire, and public recreation. However, since its formation, Orleans CSD provides water services only. As such, all other powers are considered latent and would need to be activated by LAFCo prior to the provision of services.

2.3 Boundary and Sphere of Influence

Orleans is located in the northeastern corner of Humboldt County, approximately seven miles south of the Humboldt County line and approximately 37 miles north of Willow Creek. It is situated along State Route 96, also known as the "Bigfoot Scenic Byway." Orleans is within the Six Rivers National Forest, making it a scenic location with a rich natural environment.

The current boundary for the District encompasses approximately 1,030 acres and ___ parcels (confirm). Since its formation, there have been no adjustments to the jurisdictional boundary. The current SOI for the District is coterminous with the boundary and there are no changes proposed at this time. However, if the District considers activation of fire

¹ LACO Associates, Letter of Transmittal – Amended Description and Map for the Proposed Orleans Services District. June 6, 1977.

service powers, the SOI may be expanded in the future to include a goodwill response area.

2.4 Land Use and Zoning

Land uses within and around the District are subject to the Humboldt County Framework General Plan (Volume I), the Orleans / Somes Bar Community Action Plan², and County Zoning Regulations (Humboldt County Code Title III, Division 1).

The majority of the land within the District's boundary is designated for Residential Estates (RE; RE1-5; RE5-20)³. Smaller portions of the district are allocated for other categories such as Village Center (VC), Industrial (IG), Public Facility (PF) and Natural Resources/Public (P). Land uses in the surrounding area are primarily Timberland (T, TPZ), and Natural Resources/Public (P).

Zoning within the District is varied, encompassing several areas designated as Agricultural Exclusive (AE), Agricultural General (AG), Timberland Protection Zone (TPZ), Residential Suburban (RS), and Mobile Home (MH). The predominant zoning category within the District is the Unclassified zoning type (U). Some exceptions to the principal zones are noted by combing zones that specify lot size and building type.

The Orleans / Somes Bar Community Action Plan was developed through a community assessment process using the "Strengths, Weaknesses, Opportunities, and Threats" (SWOT) analysis. This process allowed community members to identify the accomplishments from the 1993 Community Action Plan and those that were ongoing. The plan includes information on forest health and management with a focus on fire safety, economic development, tourism, quality of life and community planning.

2.5 Tribal Lands

The community of Orleans is situated within the ancestral lands of the Karuk Tribe, a sovereign nation and federally recognized Indian Tribe. According to the Karuk Tribal Government Fact Sheet of 2020, the Tribe currently has 3,751 enrolled tribal members, making it one of the largest tribes in California⁴. While the Karuk Tribe does not have a legally designated reservation, it does possess several small tracts of land held in trust by the federal government, as well as 6.6 acres in the Orleans community owned by the tribe in fee-simple status. The Karuk Tribe has both a historical and ongoing presence in the Orleans region and it plays a vital role in the cultural, social, and economic life of the community. [Expand to add notable projects.]

² <https://humboldt.gov/DocumentCenter/View/295/2003-Orleans--Somes-Bar-Community-Action-Plan-PDF>

³ Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Zoning. Accessed October 16, 2023.

⁴ Karuk Tribe, Tribal Government Profile and Summary 2020. March 9, 2020.

Figure 1: Orleans CSD Land Use

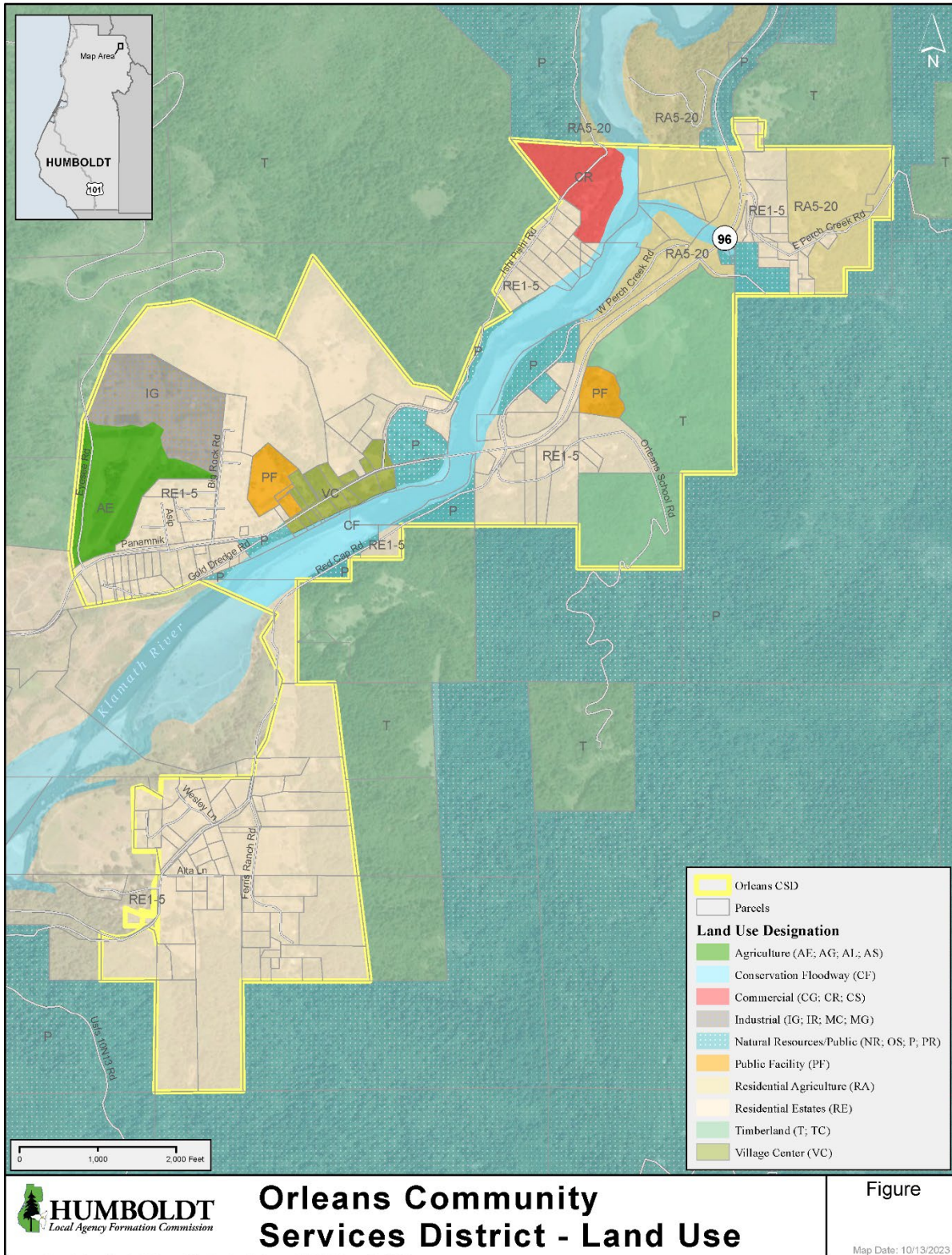
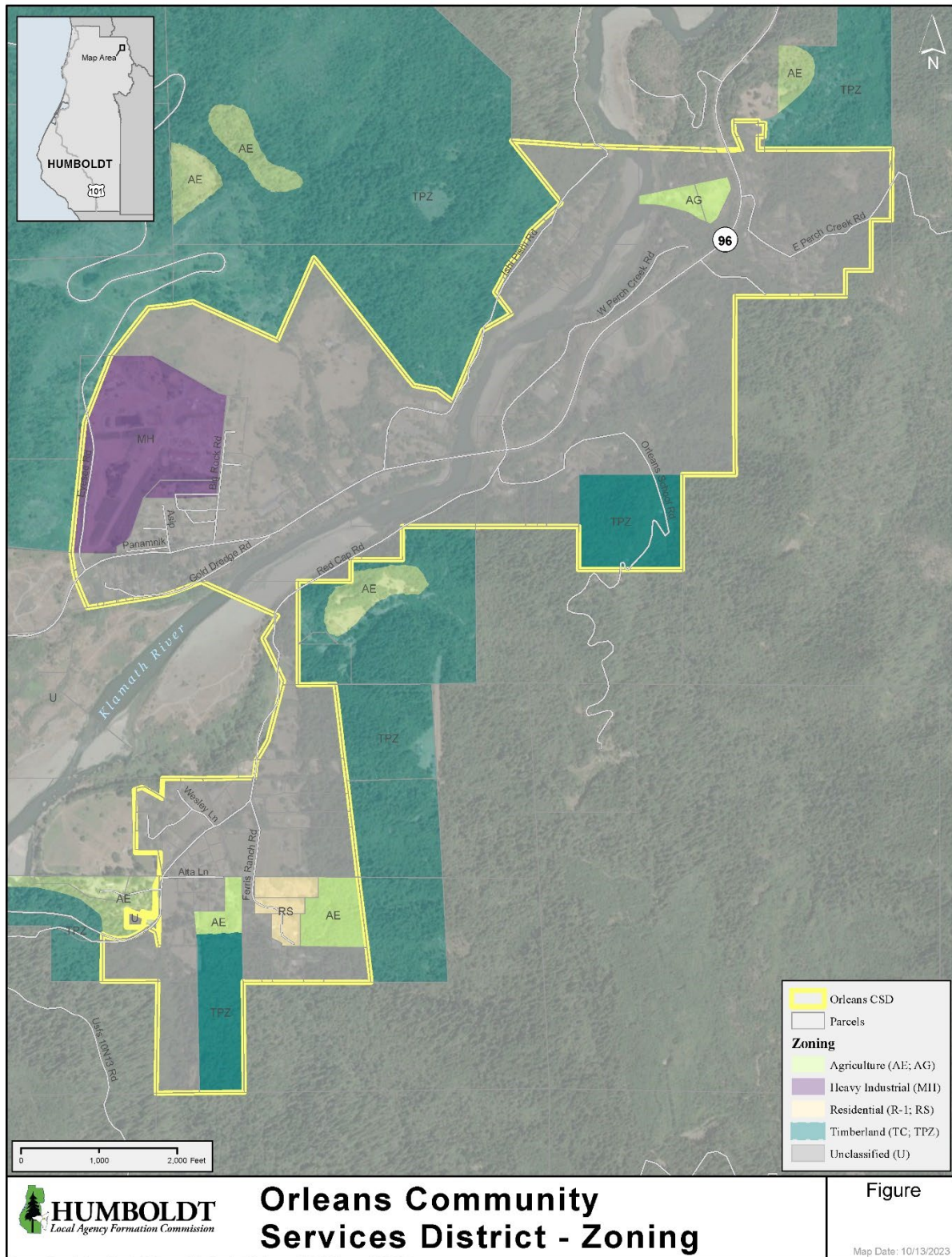


Figure 5: Orleans CSD Zoning



2.6 Growth and Population

The approximate 2020 population within the Orleans CSD boundary, based on census block data and GIS analysis, was 343. According to the Humboldt County 2019 Housing Element, the population in unincorporated areas is expected to see growth of 0.9% from 2025 to 2030. This is similar to the 0.2% growth that was experienced from 2010 to 2018. However, the California Department of Finance anticipates an annual decline of -0.32% from 2025 to 2030⁵. Due to the remote nature of the community, and the limited to no growth projections for unincorporated Humboldt County, it is unlikely that the area will see substantial growth over the next five to ten years.

The Karuk Tribe Housing Authority has plans to construct around 20 housing units in the community with some development possibly taking place within the District boundary⁶. Despite these developments, given the constraints on available land for new housing, substantial population growth in Orleans remains unlikely.

2.7 Disadvantaged Unincorporated Communities

DUCs are inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income. The Department of Water Resources (DWR) also identifies Severely Disadvantaged Communities (SDAC) which are defined as below 60% of the statewide MHI.

According to the most recent data available on the DWR mapping tool, the Orleans area had an estimated 2020 MHI of \$51,552 which was 65.5% of the 2020 California MHI of \$78,672⁷. This qualifies the area, including the District as a DUC. There are no estimates available for 2021 or 2022 but for the purposes of this report, it will be assumed that the area still meets the DUC criteria.

Orleans is also identified as an unincorporated legacy community (ULC) within the Humboldt County Housing Element. A legacy community is defined as a place that meets the following criteria:

- Contains 10 or more dwelling units in close proximity to one another;
- Is either within a city Sphere of Influence (SOI), is an island within a city boundary, or is geographically isolated and has existed for more than 50 years; and
- Has a median household income that is 80 percent or less than the statewide median household income.

2.8 Hazards

The Orleans area in Humboldt County, California, is subject to several natural hazards, including wildfires, floods, and earthquakes.

⁵ California Department of Finance, Projections – Table P-2A: Total Population for California and Counties.

⁶ Karuk Tribe, Orleans Community Center Connectivity Project – Final Report. May 10, 2018.

⁷ US Census Bureau, 2020 American Community Survey 5-year Estimates. Tables S1903 (CA) and B19013 (Block Group 4, Census Tract 101.02) – Median Income in the Past 12 Months. Accessed June 26, 2024.

Wildfire

According to Humboldt County GIS, Orleans and its surrounding area in the Klamath River Valley are located within a high fire hazard zone and is within the Wildland-Urban Interface⁸. The combination of factors, including a dry climate, the presence of flammable vegetation, difficulty of fighting fires and potential for extreme weather events contribute to the increased likelihood of wildfires.

The Klamath River Valley, including Orleans, has experienced a range of wildfires, highlighting the region's susceptibility. Some notable historical fires in the area include the Dance Fire in 2013, ignited due to arson, which affected approximately 577 acres, the Mine Fire of 1959, burning around 4,504 acres and the Somes Fire in 2006, which burned approximately 15,506 acres among many others⁹. The 2023 Peach Fire, part of the Six Rivers Forest Lightning Complex extended over 12,000 acres and prompted the full closure of a section of Highway 96¹⁰.

Flooding

Historically, Orleans CSD has faced an elevated risk of flooding due to its close proximity to the Klamath River and its location in the Klamath River Valley. The Klamath River is known for its seasonal fluctuations, and increased precipitation can lead to its overflow, posing a direct threat to the surrounding areas. The Christmas flood of 1964, considered a 100-year flood, was the worst flood in recorded history on nearly every major stream and river in coastal Northern California. The Klamath River, which runs through Orleans, has a flood stage ranging from a gauge height of 38 ft to over 48 ft for major flooding events¹¹. Floods have the potential to increase sediment load and clog water intakes which may impact the delivery of water.

Earthquakes

Orleans is situated in a region known for its seismic activity. The Humboldt County coast has experienced more than three dozen earthquakes of magnitude 6 or 7 in the last century¹². This seismic activity is due to the interaction of tectonic plates in the earth's crust, primarily the North American plate and the Pacific Plate, which meet along the San Andreas fault. The area is also affected by the Mendocino fault and the Gorda plate. The California Earthquake Authority has noted that there is a 76% probability of one or more magnitude 7.6 earthquakes striking Northern California based on a 30-year period, beginning in 2014 which indicates a significant risk of future seismic activity in the region¹³. If severe enough, earthquakes have the potential to damage buildings and water lines which may lead to disruptions in service and potential emergency repairs.

⁸ <https://webgis.co.humboldt.ca.us/HCEGIS2.0/>

⁹ <https://gis.data.ca.gov/datasets/CALFIRE-Forestry::california-fire-perimeters-all-1/>

¹⁰ [https://inciweb.nwcg.gov/incident-publication/casrf-2023-srf-lightning-complex-and-redwood-lightning-complex/2023-srf-lightning-complex-update-october-8-2023#:~:text=Peach%20Fire%20\(12%2C146%20acres%2C%2068,no%20threat%20to%20the%20line.](https://inciweb.nwcg.gov/incident-publication/casrf-2023-srf-lightning-complex-and-redwood-lightning-complex/2023-srf-lightning-complex-update-october-8-2023#:~:text=Peach%20Fire%20(12%2C146%20acres%2C%2068,no%20threat%20to%20the%20line.)

¹¹ <https://snoflo.org/report/flow/california/klamath-r-a-orleans/>

¹² <https://www.earthquakeauthority.com/California-Earthquake-Risk/Faults-By-County>

¹³ <https://www.earthquakeauthority.com/California-Earthquake-Risk/Faults-By-County>

3.0 MUNICIPAL SERVICES

Orleans CSD is authorized to provide water services to the community of Orleans. All other services listed under CSD law are considered latent powers of the District.

3.1 Water Services

Orleans CSD primarily draws its water supply from surface water diversion situated within Peach Creek, a tributary to the Klamath River. According to its water rights permit (Permit ID: A025533), the District is authorized an annual diversion of up to 751 acre-feet for with the diversion is limited to 1.74 cubic feet per second (cfs) from April 1 to September 1 each year for irrigation, and 0.321 cfs for domestic, recreational and stockwatering (i.e. for livestock) uses from January 1 to December 31 each year¹⁴.

The information provided below was largely adapted from the 2014 Demonstration Project for Orleans Community Services District report prepared in collaboration with the North Coast Resource Partnership (NCRP) and DWR¹⁵.

Water is diverted through an infiltration gallery and is led by gravity through 8-inch pipes to a treatment and storage unit situated approximately 70 feet downhill. During periods of low water flow, an auxiliary intake mechanism is set up along the creek to supplement the gallery's intake rate.

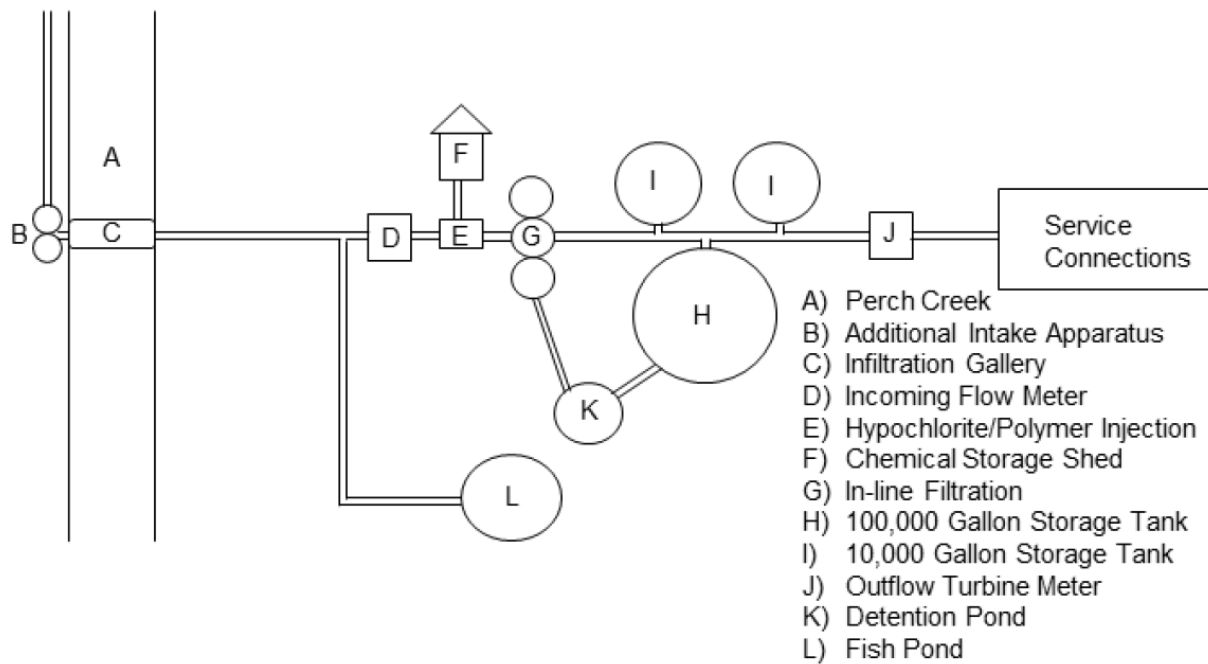
The water passes through inline treatment with polymer and hypochlorite and then filters through a three-stage dual media system of anthracite and sand. The system's maximum filtration capacity is 453 gallons per minute (gpm). This equals approximately 731 acre-feet per year if the system operates continuously at maximum capacity. After treatment, water is stored in one of three tanks: a 100,000-gallon redwood tank constructed in 1979, or two 10,000-gallon HDPE tanks. Orleans CSD's water storage tanks are positioned at a 700-foot elevation, facilitating a gravity-fed system. The elevation difference within the system produces a maximum static pressure of approximately 130 pounds per square inch (psi).

Before distribution to residents within the CSD, the water passes through a high-flow turbine meter. Various sizes of asbestos cement and ductile iron pipes transport the water throughout the District. When the treatment system is not in use, the water is diverted to a fish pond as part of an agreement with a property owner downhill. A detention pond is also present between the filters and the tanks to collect backwash and leaks from the largest tank. In the event of a power outage, there are two backup generators that help ensure the water treatment plant and the Ferris booster station remain operational.

¹⁴ SWRCB, Permit 17573 under Application 25533 for Orleans CSD. March 9, 1979.

¹⁵ NCRP and DWR, Technical Assistance for Economically Disadvantaged Water and Wastewater Providers – Demonstration Project for the Orleans Community Services District. Prepared by GHD. November 2014.

Figure 5: OCSD Water System Schematic



Water Demand

Orleans CSD serves approximately 630 people through 166 active service connections as of 2021, including 159 residential, 5 commercial, and 2 agricultural¹⁶. Orleans CSD has observed a downward trend in overall water production from 2015 to 2022 as shown in Table 1. Over this eight-year period, the average water use is approximately 74.33 acre-feet per year. Between 2018 and 2022 the average annual water use in the District was approximately 62.35 acre feet or 1.69 million gallons per month. In 2019 the maximum daily demand was 113 gpm which is approximately 25% of the District's overall treatment capacity.

It should be noted that the overall water use reported for the District is likely inaccurate due to several reported deficiencies in the water system. According to the 2014 Demonstration Project for Orleans Community Services District report, the following issues exist within the system:

- **Unaccounted-for Losses:** Master meter data provided by the District highlighted a substantial amount of unaccounted-for water losses. These losses, ranging from 431,600 to 4,132,300 gallons per month, were attributed to various factors, including a leak in the redwood tank, filter backwashing, and issues with the flow meter (turbine meter) at the tank exit. These losses significantly impact the actual water use figures.
- **Leakage:** A significant portion of the unaccounted-for losses was due to leaks in the water distribution system. For instance, a 3 gpm leak over a 31-day month

¹⁶ SWRCB, Division of Drinking Water Klamath District 01, Public Water System Inspection Report. March 1, 2021.

resulted in the loss of approximately 133,920 gallons. This leakage ranged from 3.2% to 31% of the total losses, depending on the month.

- Uncertainty in Loss Attribution: The exact distribution of losses between factors such as filter backwashing and the tank exit flow meter remained uncertain. This lack of clarity added to the complexity of estimating water use.

Table 1: Orleans CSD Annual Water Production

Year	Water Use (Acre- Feet)
2015	105.60
2016	98.63
2017	78.69
2018	74.70
2019	62.24
2020	70.83
2021	59.14
2022	44.82
Average 74.33 acre-feet / year	

Source: DDW Inspection Report, Annual Permittee Reports

Water Services Inspection, Compliance Orders & Planned Improvements

The SWRCB conducted inspections of the Orleans CSD public water system on August 10, 2020, and January 25, 2021. These inspections revealed several areas of concern. First, the existing in-line filtration system does not meet the EPA's Long Term 1 & 2 Enhanced Water Treatment Rules and is not an approved filtration system. Second, the Redwood Storage Tank is in severe disrepair, necessitating immediate action for repair or replacement. Third, distribution sampling for asbestos was overdue. Fourth, raw water monitoring for perchlorate, which was due in 2020, had not been completed. To address these issues in a comprehensive manner, the report recommended that Orleans CSD conduct a system-wide water loss and leak detection survey and develop a capital improvement program.

Partially in response to the inspections completed in 2020 and 2021, Compliance Order No. 01-01-21 (R)-001 was issued on April 12, 2021. This Order focused on the District's failure to meet approved water treatment standards, particularly regarding the use of in-line filtration technology. Orleans CSD was previously informed about this issue in November 2013 and had secured a planning grant for system upgrades on July 18, 2017. However, as of the Order's last update on March 18, 2021, the District had not completed the required planning. The Order stipulates a series of actions for the District, including that the District is to replace the existing filtration system with an approved technology by June 1, 2022. Non-compliance could have led to further enforcement actions, potentially including civil penalties.

Compliance Order NO. 01-01-21(R)-002 was also issued on April 12, 2021. This second Order outlined time-sensitive actions that OCSD was mandated to undertake to address the degraded state of their redwood storage tank. By July 1, 2021, OCSD was to provide public notification of this Compliance Order in the 2020 Consumer Confidence Report. A proposal for replacing the existing redwood storage tank was to be submitted by June 1, 2021. A compliant design for the tank's replacement was to be submitted by June 1, 2022. Construction of the new redwood storage tank, in accordance with California Waterworks Standards, was to be completed by October 1, 2023. Time extensions were allowed under specific conditions.

Due the issues identified with the system, District customers have been on a boil water notice since June 2021. The District sends out quarterly notices to customers informing them of the current issues and planned upgrades. In response to the Compliance Orders, Orleans CSD initiated several corrective measures. The district applied for funding for technology upgrades, including the installation of a new filter, turbidity meters, an additional 100,000-gallon storage tank, and a replacement high-flow turbine meter. Furthermore, the District evaluated options for enhancing the filtration process, such as relocating the polymer and chlorine injection points or considering a two-stage filtration system. [Expand to confirm compliance and permitting process status.]

3.2 Other Service Providers

Orleans Mutual Water Company

The Orleans Mutual Water Company obtains raw water from Crawford Creek. They serve a small population of approximately 85 in the southwest portion of Orleans through 38 service connections. [Expand to document water compliance and if there is any opportunity for water system consolidation.]

Orleans Volunteer Fire Department

The Orleans VFD, organized in 19686, provides fire, rescue, and medical services to the lower-middle Klamath River communities. Their 198 square mile response area extends from two miles north of Weitchpec, north through Orleans and Somes Bar to Ti-Bar in Siskiyou County. In 2022, the VFD responded to 121 calls including 76 medical calls, 15 vegetation fires, 13 other fires, and 5 vehicle accidents. They currently have 15 volunteer firefighters and two other support volunteers¹⁷.

The VFD relies entirely on donations to support fire and emergency response services. In 2022, volunteers logged over 1,300 hours for fundraising. The COVID pandemic had a severe impact on the company's ability to fundraise which led to more reliance on savings to cover costs. In addition, basic liability, building, and apparatus insurance costs have risen substantially and may become cost prohibitive in the near future. As such, the VFD is looking into possible long-term funding mechanisms to support the provision of services.

¹⁷ Humboldt County Fire Chiefs' Association, Annual Report 2022, Orleans VFD. February 2024.

The Orleans VFD could join the Orleans CSD which would allow establishment of a special tax if approved by voters. Formalizing fire protection services under the Orleans CSD would require the activation of the CSD's latent power to provide fire protection and rescue services in accordance with Government Code Section 56824.10 et seq. An application to LAFCo for the proposed latent powers activation and annexation of the full fire response area would be required. This approval would likely require approval of a special tax or assessment to provide a reliable funding source for continued fire protection services.

An alternate method for formalizing fire protection services and establishing a sustainable ongoing funding source would be to form a new Fire Protection District with a separate governing board. Petition signature gathering and campaigning for district formation are often necessary to convince voters of the need to support establishing a new funding source (special tax or assessment) in order to ensure that fire protection services will be provided into the future.

4.0 GOVERNANCE & FINANCE

4.1 Governance

Orleans CSD is an independent special district served by a five-member Board of Directors that are elected to four-year staggered terms. The Board holds regular meetings monthly and has special meetings as needed (confirm dates/location of Board meetings).

Elections for Board Members are currently still held in odd number years. In accordance with Senate Bill 415¹⁸, which became effective on January 1, 2018, the District should develop a plan for moving the election of its Board Members to coincide with the statewide general election which is held in even numbered years.

Table 2: Orleans CSD Board of Directors

Board Member	Title	Term Expiration
Tanya Chapple	Director	December 2025
Roberta Coragliotti	Director	December 2025
Earl Crosby, Jr.	Director	December 2025
	Director	December 2027
	Director	December 2027

4.2 Accountability and Transparency

The District does not maintain a website. In order to increase ease of access, it would be beneficial to create a website where District information can be posted including board minutes, board agendas, consumer confidence reports, adopted annual budgets, and District audits. However, with limited staff resources this may be an undue burden for the District. It is recommended that the District adopt annual resolutions claiming hardship or otherwise establish a website to come into compliance with current state regulations (SB 929).

Consumer Confidence Reports (CCRs) are typically sent out on an annual basis to customers within the District. These reports provide a general overview of the quality of water provided by the District and any sampling and/or violations that occurred over the past year. However, these reports are not available for the District for the years 2019 to 2022.

4.3 Financial Overview

Orleans CSD is primarily funded by fees for water services. The District also receives a small portion of property taxes since they were established prior to Proposition 13. The

¹⁸ SB 415 prohibits a local government from holding an election on any date other than a statewide election date if doing so in the past has resulted in a significant decrease in voter turnout. The public policy behind SB 415 was to address waning civic engagement in politics as illustrated by declining voter turnout in federal, state, and municipal elections. The legislative analysis asserts that one major contributing factor to low voter turnout - the timing of elections - could be addressed by synchronizing municipal elections with statewide elections.

primary expense for the District is personnel services, followed by maintenance and improvement.

Annual revenue and expense reporting is provided to the State Controller's Office which is summarized in Table 3. Based on the information gathered from the Controller's Office, the District fluctuates between gains and losses.

Table 3: State Controller Reporting Summary

Category	2017	2018	2019	2020	2021	2022
Revenues						
Operating	171,173	201,727	130,575		176,840	119,474
Nonoperating	10,323	11,028	18,936		13,100	7,570
Total Revenues	\$181,496	\$212,755	\$149,511	N/A	\$189,940	\$127,044
Expenditures						
Personnel Services	72,306	99,271	88,034		56,660	78,986
Depreciation	29,858	29,455	31,524		32,825	26,317
Pumping	48,389	4,764	6,780		22,956	23,269
Transmission/ Distribution	52,404	42,562	18,010		20,847	18,152
Contractual Services	7,648	5,334	4,706		9,728	(55,445)
Other	8,134	2,924	-		849	-
Total Expenditures	\$218,739	\$184,310	\$218,739		\$143,865	\$91,279
Gain/ (Loss)	(\$37,243)	28,445	(\$69,228)		46,075	35,765

[Expand once audits are received.]

Table 4: Audit Summary

Category	2017	2018	2019	2020	2021
Revenues					
Operating	171,173	201,727			
Non-Operating	10,323	11,027			
Total Revenue	\$181,496	\$212,754			
Expenses					
Personnel Services	72,306	99,271			
Contractual Services	7,648	5,334			
Maintenance/ Improv	52,404	42,562			
Utilities	8,134	2,924			
Supplies	48,389	4,764			
Depreciation	29,858	29,455			
Interest	242	189			
Total Expense	\$218,981	\$184,499			
Net Gain/(Loss)	(\$37,485)	\$28,255			

Category	2017	2018	2019	2020	2021
Assets					
Current	75,082	122,746			
Non-Current	165,519	161,052			

<i>Total Assets</i>	\$240,601	\$283,798			
Liabilities					
Current	3,430	7,036			
Long-Term	0	11,335			
<i>Total Liabilities</i>	\$3,430	\$18,371			
Net Position	\$237,171	\$265,427			

Special Districts have several financial and reporting requirements as required by law. Regarding the annual budget process, Government Code §61110 states that a preliminary and final budget must be adopted for the District on or before July 1 of each year. Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the County Auditor. These budgets are to be filed and made available on request by the public at the County Auditor-Controller's Office. [Confirm whether the District is adopting budgets for the fiscal year (July 1 to June 30) and filing regularly with the County Auditor-Controller.]

State law also requires each district to file an annual audit report with the County Auditor-Controller. According to Government Code §61118, the Board of Directors shall provide for regular audits of the District's accounts and records and shall provide for annual financial reports to the State Controller. All special districts are required to submit annual audits to the County within 12 months of the completion of the fiscal year unless the Board of Supervisors has unanimously approved a biennial or five-year schedule¹⁹. Additionally, Government Code §26909(a)(1) states that the County Auditor shall either prepare the audit or contract with a certified public accountant to complete the annual audit for districts not in compliance with their audit requirement at the expense of the special district. However, the Auditor-Controller's Office has not enforced this requirement for special districts out of compliance.

Grant Funding

District was awarded funds to complete the planning phase of a system upgrade project. Planning was never completed and funding was suspended. Agreement executed in 2017 with completion due by February 2019.

¹⁹ California Government Code Section 26909 (5)(b)(1-3).