



## AGENDA ITEM 8A

**MEETING:** May 17, 2023  
**TO:** Humboldt LAFCo Commissioners  
**FROM:** Krystle Heaney, Clerk/Analyst  
**SUBJECT:** **Preview of Draft Agency Profiles for the South County Municipal Service Review and Sphere of Influence Update**  
The Commission will receive an update on the status of document preparation along with an overview of two of the eight agency profiles. The report is being presented for information only.

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### 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 been preparing a regional MSR for water and wastewater services for the south county region which can be generally described as all districts south of Rio Dell/Scotia.

### DISCUSSION

Southern Humboldt County includes multiple small to medium sized water and wastewater districts. A total of eight districts will be included in the South County Regional Water and Wastewater MSR/SOI Update (Alderpoint CWD, Briceland CSD, Garberville SD, Miranda CSD, Phillipsville CSD, Redway CSD, Resort Improvement District No. 1 (Shelter Cove), and Weott CSD) which will allow staff and Commissioners to take a comprehensive look at services in the region.

LAFCo staff has prepared initial drafts of six of the eight agency profiles for public review and comment of which four were presented at the March 15, 2023 Regular Commission meeting, an additional two are being presented today including:

- Alderpoint County Water District
- Phillipsville Community Services District

General themes for these agencies include aging infrastructure, difficulty recruiting additional staff (especially operators), and the need for additional water sources and/or water storage to ensure adequate service during dry weather months. While the districts may be facing some difficulties, they have also shown how dedicated staff and volunteers help to ensure that these rural communities are provided with critical services.

Additionally, several of the agencies under review have received grant funding and technical assistance which will help upgrade system components and provide updated rate studies.

Staff are continuing to work with the remaining two agencies (Miranda CSD and Garberville Sanitary District) and will be bringing additional profiles to the Commission's July meeting for review and comment.

### **RECOMMENDATION**

Staff recommends the Commission receive and file this report and provide direction to staff as necessary.

### ***Attachments***

Attachment A: Draft Alderpoint CWD Agency Profile

Attachment B: Draft Phillipsville CSD Agency Profile

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# ALDERPOINT COUNTY WATER DISTRICT

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## 1.0 DISTRICT BACKGROUND

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### 1.1 Agency Overview

The Alderpoint County Water District (CWD) provides water services to the community of Alderpoint located in the southeast corner of the county along the Wild and Scenic Eel River. The town was originally settled in the 1860's and 1870's as a center for cattle and sheep grazing, but significant development in the town began around the time Alderpoint became a focus of operations for the building of the Northwestern Pacific Railroad. The community became a part of the vast timber industry that operated in Humboldt County, but the local sawmill shut down permanently in 1984<sup>1</sup>. The Northwestern Pacific Railroad that was utilized to transport materials along the Eel River can still be seen along the banks of the river but has been shut down for some time due to high maintenance costs and frequent landslides along the river canyon. It is now part of the Great Redwood Trail proposal that would reach from Healdsburg to Blue Lake. Current commercial and community activities in Alderpoint include a Alderpoint Store (Patriot Gas Station), Alderpoint County Water District, Alderpoint Volunteer Fire Company, U.S. Post Office, and the Humboldt County Alderpoint Refuse Disposal Site. The CAL FIRE Alderpoint Fire Station, which is used operated during declared wildfire season, is located approximately 1.5 miles east of Alderpoint.

**Table 1: Contact Information**

<b>Primary Contact</b>	Cheryl March, Board Secretary
<b>E-mail</b>	<a href="mailto:acwd117@gmail.com">acwd117@gmail.com</a>
<b>Address</b>	P.O. Box 117, Alderpoint, CA 95511
<b>Phone</b>	707-926-5162
<b>Website</b>	<a href="https://alderpointcwg.com/">https://alderpointcwg.com/</a>

### 1.2 District Principal Act

The district's principal act is the County Water District Law (Division 12 of the Water Code §30000, et seq.) which authorizes CWDs to provide a number of services within their boundaries including water, wastewater, fire protection, recreation, sanitation (garbage collection), and power generation. Alderpoint CWD is authorized to provide water services only. Other services, facilities, functions or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCo authorization as indicated in Government Code §31001.

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<sup>1</sup> Garberville, Redway, Alderpoint, Benbow Community Plan: Section 2100. Adopted June 30, 1987 by Resolution No. 87-82.

### 1.3 Formation and Development

Alderpoint CWD was declared formed by the Humboldt County Board of Supervisors on January 15, 1963 (Resolution No. 1833), following a registered voter petition and election process within the proposed district area. The District was formed for the purpose of providing water, sewer, and fire protection services to the community<sup>2</sup>. With the passage of Assembly Bill 135 (AB 135) in 2006, any powers that a district was not providing by January 1, 2006, became "latent powers," requiring future LAFCo approval for activation. At such time, Alderpoint CWD was providing water service but not wastewater or fire protection services.

Shortly after formation in 1963, the district received a loan for the purpose of constructing a water system from the State of California Water Resources Commission. An annexation was approved and filed with the Secretary of State in 1965, but according to records was never filed with the State Board of Equalization. Since then, the District has not applied for any annexations, detachments, or activation of powers.

### 1.4 Boundary and Sphere of Influence

The District's boundary and coterminous SOI encompass a total of 311 acres (0.49 square miles). Within the District boundary the majority of parcels are developed with small single-family homes with some larger agricultural parcels. The Eel River wraps around the northern edge of the District from the east to the west, and Alderpoint road cuts through the eastern portion of the District.

There are several parcels located near the water treatment plant that are outside of the District boundary but are served by the District. It is recommended that these areas be added to the SOI to more accurately reflect the service area of the District. This will also help expedite the annexation process should the District choose to annex the properties in the future.

### 1.5 Land Use and Zoning

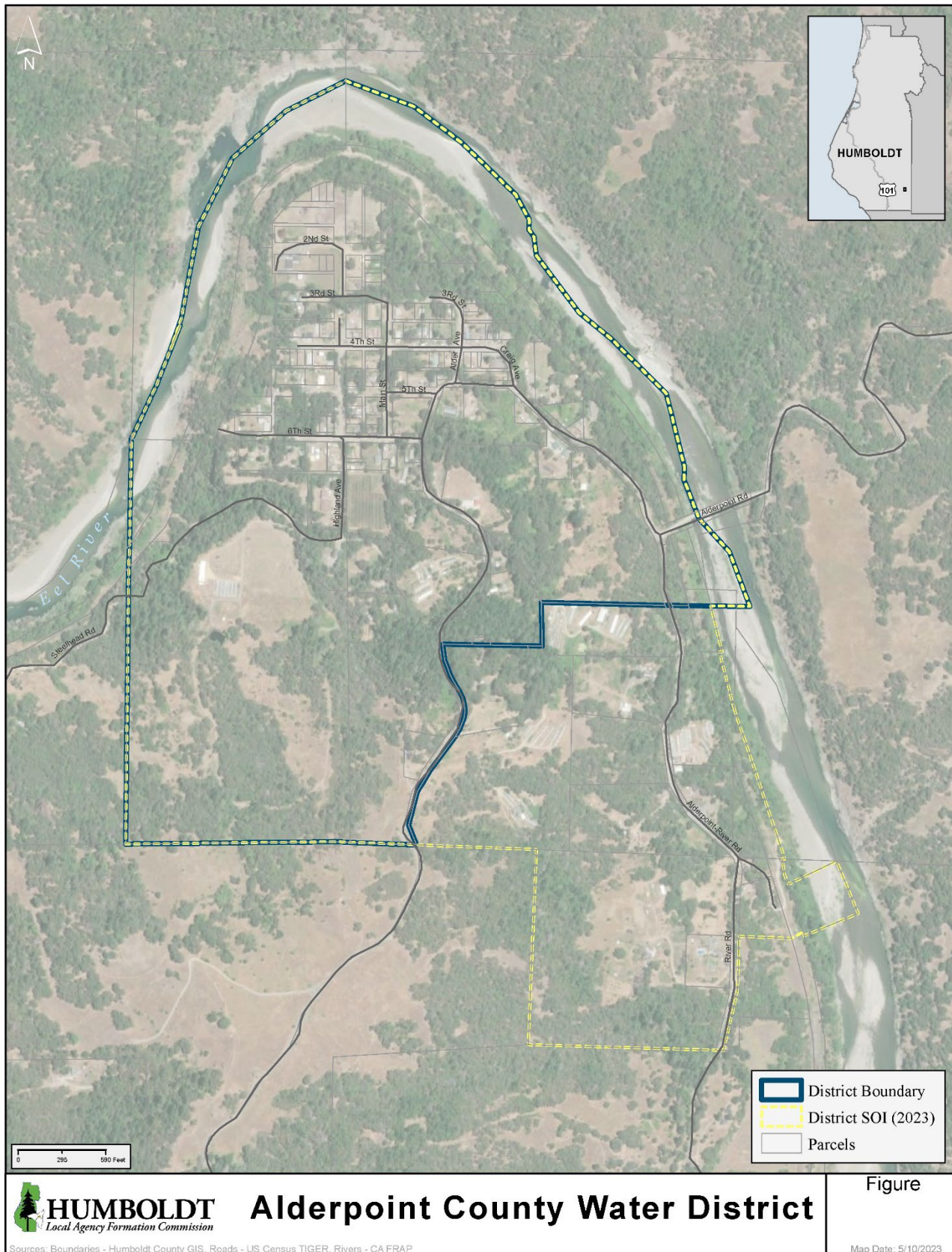
The District's land use is subject to the Humboldt County General Plan and policies relating to the Garberville-Benbow-Redway-Alderpoint Community Plan that are contained in General Plan Appendix C, Community Area Plans Extract, and Zoning Regulations (Humboldt County Code Title III, Division 1). Under the Humboldt County Code, the District's land uses are predominantly Rural Community Center (RCC) and partially Agricultural Grazing (AG). Under Humboldt County Zoning Regulations, the District's is zoned as primarily Forestry Recreation (FR) in the town center and FR with combining zone Special Building Site of 5 acres (B-5(5)) on the edges of the District.

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<sup>2</sup> On January 24, 1963, a Certificate of Existence was issued by the State of California pursuant to Division 12 of the Water Code for the purposes of water, sewer, and fire protection facilities.



**Figure 1: District Boundary Map**



With the current zoning designation, newly created parcels in the area must be at least one acre. However, many of the parcels in the town center are much smaller and in some cases are as small as 2,100 square feet. These are likely remnants from the historical layout of the town when it was first established as a mill town. These are now considered existing non-conforming lots. The low density zoning of the area indicates that there is unlikely to be a rapid rise in population or demand for services.

## **1.6 Growth and Population**

The District is located on the Eel River and approximately 18 miles northeast of Garberville. According to a recent inspection report prepared by the California State Water Resources Control Board, the population of the District in 2017 was approximately 287<sup>3</sup>. However, based on 2020 Census data and the District's boundary, GIS analysis estimates the current population to be approximately 92<sup>4</sup>. Since accurate population data can be difficult to obtain in remote rural areas, this report will utilize an approximate population of 200. It is recommended that the District look into conducting a District specific population and income survey in order to provide more accurate estimates for the area. Based on the historical and estimated population growth for the area, it is unlikely the District will grow substantially over the next five to ten years.

## **1.7 Disadvantaged Unincorporated Communities**

While the community of Alderpoint is a census designated place (CDP), there is no MHI data available for the CDP on the DWR DAC mapping tool. Therefore, the block group that includes Alderpoint will be used instead which DWR does consider a disadvantaged community. The estimated MHI for the larger area is \$54,828<sup>5</sup> which is 70 percent of the 2020 California MHI of \$78,672.

As noted previously, DUCs are assessed for three primary services: water, wastewater, and fire/emergency response. Alderpoint CSD provides water services to the area while wastewater is generally provided by onsite systems. Community fire and emergency response is provided by the Alderpoint Volunteer Fire Department, which is not associated with a fire protection district. The Alderpoint CWD is entirely State Responsibility Area (SRA). As with all SRA, CAL FIRE is responsible for wildland fire prevention and suppression and operates a seasonal fire station located approximately 1.5 miles east of Alderpoint. CAL FIRE responds to all fires that are a potential threat to the wildland and when available and responds with Alderpoint Volunteer Fire Department to most medical and rescue incidents.

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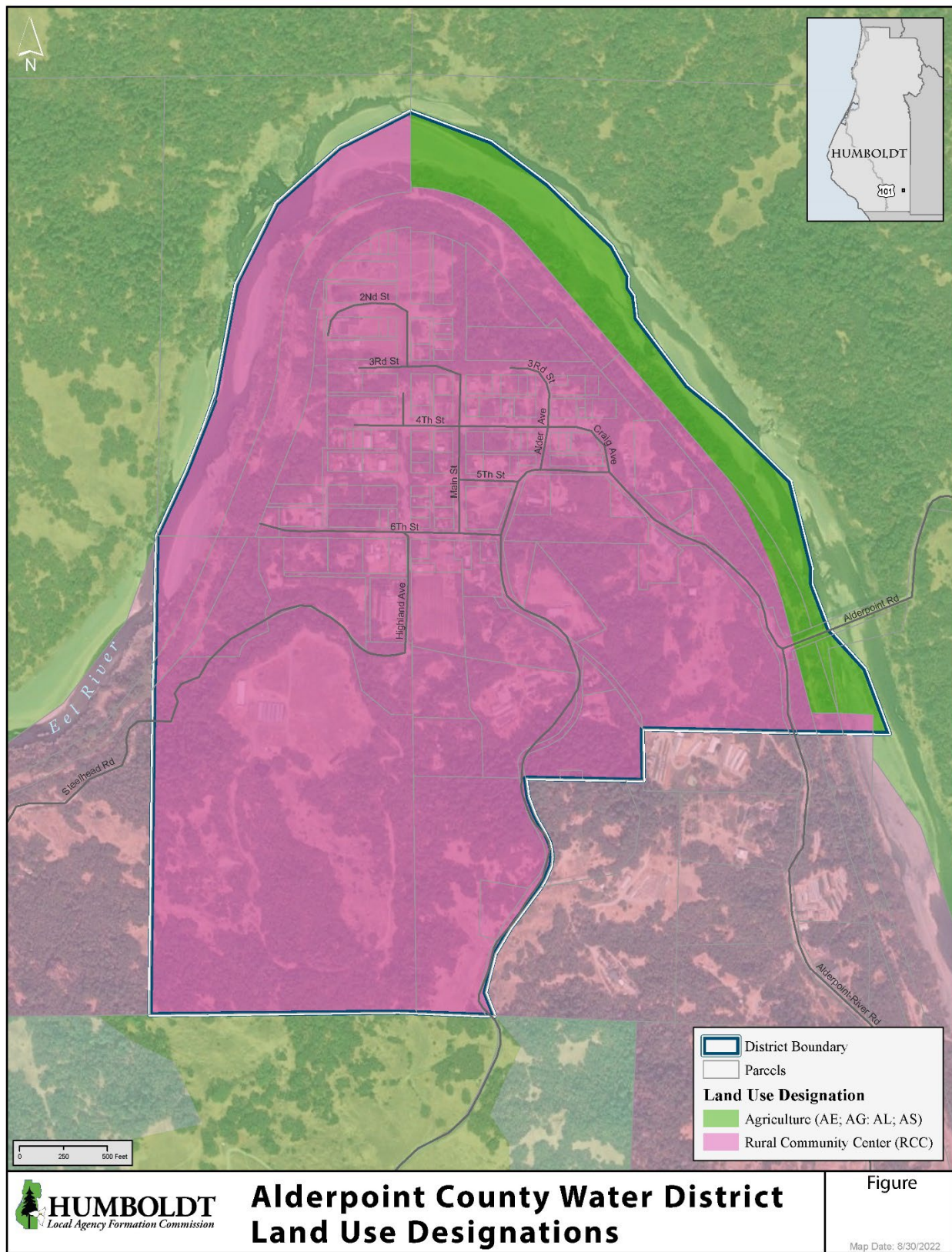
<sup>3</sup> State Water Resources Control Board: Division of Drinking Water, Alderpoint County Water District Inspection. Print.

<sup>4</sup> U.S. Census American Community Survey (ACS) 2015-2019 5-year estimates.

<sup>5</sup> U.S. Census American Community Survey (ACS) 2016-2020 5-year estimates for Census Tract 011600 Block Group 5. Accessed November 29, 2022 from <https://gis.water.ca.gov/app/dacs/>.



**Figure 2: Alderpoint CWD Land Use Designations**



## 1.8 Hazards

The community of Alderpoint is located on a terrace next to the Eel River and extends up the ridge slopes to the south. Due to its position above the river, major flooding is minimal in the community. However, the area is noted for its numerous landslides which resulted in the closure of the railway line in the river canyon. Other hazards in the area include wildfires and earthquakes.

A small portion of the District does exist within a FEMA 100 year flood zone located along the Eel River. The highest water level recorded in the last five years occurred in 2019 and was recorded at 47.75 feet. The highest recorded flood level occurred on December 22, 1964 when the water rose to 82.60 feet<sup>6</sup>. The cause of the flood was determined to be heavy rains accompanied by runoff from an unusually large snowpack<sup>7</sup>. Major flooding in the region could potentially impact the District by clogging up the infiltration gallery located in the Eel River with silt and debris.

Surrounding the District are several small unnamed faults. While the majority of earthquake activity in the region occurs off the coastline near the Mattole River outlet, there have been a few small earthquakes in the Alderpoint area over the last ten years. The most recent earthquake occurred on April 20, 2021. The epicenter was located less than a mile to the northeast of the District and had a magnitude of 4.0<sup>8</sup>. The District itself is situated on relatively stable soil and is not subject to liquefaction. However, should a major earthquake occur in the immediate vicinity, damage to buildings and other District infrastructure caused of moderate to severe ground shaking could occur.

Alderpoint is also located in a densely forested area which creates a higher risk for wildfire. The entire District is located within SRA and designated a very high fire hazard severity zone<sup>9</sup>. In 2015, the Steelhead fire burned 1,403 acres just west of the District along the Eel River. This was one of several fires that occurred in the area due to lightning strikes and were difficult to battle due to steep and uneven terrain. In total there were seven structures destroyed and 14 injuries during these fires<sup>10</sup>. Severe wildfires pose a substantial threat to District operations. They could result in direct losses from infrastructure damages and indirect losses due to a decrease in the customer base if homes are destroyed in the area.

## 2.0 MUNICIPAL SERVICES

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### 2.1 Water Services

The District's sole source of water is the Eel River by way of an infiltration gallery and wet well. The District is permitted to divert up to 0.25 cubic feet per second (CFS) with a maximum annual

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<sup>6</sup> National Weather Service, Eel River (CA) Near Fort Seward. Accessed April 21, 2022 from [https://water.weather.gov/ahps2/hydrograph.php?gage=ftsc1&hydro\\_type=2&wfo=eka](https://water.weather.gov/ahps2/hydrograph.php?gage=ftsc1&hydro_type=2&wfo=eka)

<sup>7</sup> Humboldt County, Flooding. Accessed April 21, 2022 from <https://humboldt.gov/DocumentCenter/View/1376/Chapter-11-Flooding-PDF>

<sup>8</sup> USGS, Earthquake Hazards Program, M 4.0 – 20km ENE of Redway, CA (2021-04-20 09:48:34 UTC). Accessed from <https://earthquake.usgs.gov/earthquakes/eventpage/nc73552000/executive> on November 30, 2022.

<sup>9</sup> Humboldt County, Web GIS. Hazards – Fire. Accessed from <https://webgis.co.humboldt.ca.us/HCEGIS2.0/> on November 30, 2022.

<sup>10</sup> CALFIRE, Humboldt Lightning Fires Incident (last updated 08/19/15). Accessed from <https://www.fire.ca.gov/incidents/2015/7/30/humboldt-lightning-fires/> on November 30, 2022.



diversion of 116 acre-feet per year<sup>11</sup>. However, due to a major drought in 2014, the District was issued a curtailment order that directed them to stop diverting water from the river and utilize an alternative source of water. This was due to the limited amount of water flowing in the Eel River and the presence of more senior water rights holders upstream. Since the District had no other source of water, they continued to rely on the Eel River and had a temporary moratorium on new connections<sup>12</sup>.

The following information regarding the District's water system was obtained from the District's March 18, 2019 inspection report provided by the SWRCB (except where noted). Water is diverted from the river by an infiltration gallery and wet well to a 5,000-gallon raw water storage tank located at the treatment plant which was upgraded in 2014. Raw water is treated with a coagulant to help separate out solids and disinfected with chlorine before being sent through a two-stage filtration system with a filtration rate of 50gpm (100 gpm if both filter trains are used at once). After going through the filters, the water is checked for residual chlorine and turbidity using online equipment. The water then enters the chlorine contact tank (CT) before being pumped into the distribution system. Most of the water is pumped into the 160,000-gallon main storage tank before entering the distribution system. However, there are approximately nine connections that receive water directly from the transmission line to the main tank.

The District has four storage tanks and one post-filter chlorine contact time tank. The River Wet well is a 4,000-gallon concrete tank that is used in the infiltration gallery portion of the system. The raw water tank is a 5,000-gallon polyethylene plastic tank that is used prior to treatment. The main storage tank is a 160,000-gallon welded steel tank that was constructed in 2016. The backwash water holding tank is a 6,000-gallon polyethylene plastic tank that is used at the treatment plant. Altogether, the District has a total storage capacity of 186,725 gallons. However, the backwash tank does not hold water intended for distribution. This water is held to allow for sediment settling and then flushed out a waste line.

The distribution system is made up of two types of materials, asbestos cement (AC) pipe and polyvinyl chloride (PVC). The AC mains are between four to six inches in diameter and the PVC mains are ¾, 2, 3, and 4 inches in diameter. These pipes are considered to be in fair condition and are likely nearing the end of their useful life. The District is currently seeking funding to begin a full replacement of the Distribution system.

In 2019, the date of the District's last state inspection, the annual usage was 22.92 MG with a maximum month in July of 3.62 MG and a maximum day of 116,580 gallons. In 2020, the District reported an annual usage of 57.33 acre-feet (18.68 MG) with a maximum diversion of 110.30 gpm with an average of 71.88 gpm<sup>13</sup>. Based on the source capacity of 0.25cfs, the District could pump up to 161,582 gallons in a 24 hour period. However, the District's maximum treatment capacity is 100 gpm (144,000 gallons per day). As such, on average the District is using approximately 72% of its treatment capacity and 64% of its source capacity. At maximum demand, the District is exceeding its treatment capacity and utilizing 98% of its source capacity.

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<sup>11</sup> State Water Resources Control Board, Division of Water Rights. License for Diversion and Use of Water: Application 21803 – Permit 14644 – License 9571. February 10, 1970.

<sup>12</sup> SWRCB, Compliance Order No. 01\_01\_14R\_002 for Violation of California Health and Safety Code Section 116555(a)(3): Alderpoint County Water District 1200501. Issued on October 17, 2014.

<sup>13</sup> ACWD, Report of Licensee for Reporting Period: January 1, 2021 to September

This indicates that the District has adequate water to support current and future average demand but has reached its capacity for maximum demand. This combined with the past drought curtailment order issued by the state indicates that there is a need for a secondary source of water to support emergency drought needs and high demand time periods.

### **State Water Resource Control Board**

During the last routine inspection conducted by the SWRCB on January 16, 2019, there were a number of items listed as deficiencies including:

1. Annual test for perchlorate and nitrate due December 31, 2019.
2. Need T2 certified water treatment operator.
3. Routine TTHM/HAA5 sampling due September 30, 2019.
4. Perform Cross Connection Control (CCC) survey, develop and adopt CCC ordinance, send sample forms for CWD all due December 31, 2017.
5. Single sample for Asbestos in distribution due December 31, 2018.
6. Complete 2018 Consumer Confidence Report due April 19, 2019.
7. Add daily chemical dosing records, backwash recycle, CT calculations, etc. to treatment reporting form due May 1, 2019.
8. Perform annual filter cell inspections and write report, send copy of reports to DDW, send Guidance due May 17, 2019.
9. Update Emergency Notification Plan due April 1, 2019.
10. Develop a regular alarm and emergency generator testing schedule, note tests on monthly records due May 1, 2019.
11. Ask for copy of valve exercise plan, all valves at WTP and in distribution turned at least once every calendar year.
12. Require line flushing, ask for a copy of line flushing records, may be performed by APVFD due June 1, 2019.
13. Request CWD to send a copy of the Water Treatment Plant Operations Manual from manufacturer.
14. Prepare and submit Electronic Annual Report to DDW due April 19, 2019.
15. Confirm that the clear well booster pump does not exceed 100 gpm of free chlorine residual is less than or equal to 0.6 PPM exiting the clear well due April 1, 2019.

### **Rates**

Alderpoint CWD last updated water rates in the early 2010's. Customers are charged a base rate of \$51.32 and then a volumetric charge for any water use over 1,000 cubic feet as shown in the table below.

<b>Volume of Water Used (cu.ft.)</b>	<b>Additional Charge</b>
1,000-1,999	\$4.08
2,000-3,999	\$5.83
4,000-7,999	\$8.16
8,000-11,999	\$10.50
12,000-19,999	\$12.83
20,000+	\$15.16

## 2.2 Other Service Providers

### Fire Protection and Emergency Response

Fire protection and emergency response services are primarily provided by the Alderpoint Volunteer Fire Department, which serves approximately 107 square miles or 69,000 acres. CAL FIRE also maintains a seasonal fire station in the area that is staffed during the wildfire season. The Alderpoint CWD water system improvement project constructed in 2016 was designed to provide adequate storage for fire protection and almost the entire Alderpoint CWD is located within 1,000 feet of the 13 hydrants. The Alderpoint VFC does not have an ISO rating.

According to the Humboldt County Fire Chiefs' Association 2020 Annual Report, the Alderpoint VFC has a total of 17 volunteers including nine first responders and three EMTs, and three fire engines. The Alderpoint VFC responded to 52 incidents in 2020 including 10 vegetation fires, one structure fire, and four vehicle accidents<sup>14</sup>. Top challenges and needs for the Alderpoint VFC include obtaining a vehicle specifically for medical calls (transport to medical calls in the fire truck is very time consuming so volunteers tend to take personal vehicles for faster response times) and remodeling the fire hall to provide storage for volunteers and a training space for the department. Because the Alderpoint VFC is not associated with a local agency it is not eligible to receive property tax revenue and has no ability to raise revenue through special taxes or special assessments, the primary sources of ongoing revenue for fire protection.

### Solid Waste Disposal

The County Public Works Department contracts for the operation of ten sites, including Alderpoint, where residents in rural communities may dispose of household solid waste at noticed days and times. Material is disposed into 40-yard roll-off bins that are then hauled to a designated transfer station<sup>15</sup>.

## 3.0 GOVERNANCE & FINANCE

### 3.1 Governance

The District is an independent small district served by a five member Board of Directors that is elected to staggered four-year terms. However, due to the low population in District and limited interest in serving on the Board, members are regularly appointed by the County Board of Supervisors when applications are received.

**Table 2: Board of Directors**

Board Member	Term Ends
<b>Kim Hintz, President</b>	December 2024
<b>Leonard Ward</b>	December 2026
<b>Geoff Davis</b>	December 2024
<b>Rosealee Crenshaw</b>	December 2024
<b>Stacy Coleman</b>	December 2026

<sup>14</sup> Humboldt County Fire Chiefs' Association, 2020 Annual Report. November 2021.

<sup>15</sup> Humboldt County General Plan Revised Draft EIR, Chapter 3.3 Utilities and Services Systems. April 20, 2017.ra

## Staffing

The District currently employs a secretary/billing clerk and a plant treatment operator.

## Accountability and Transparency

The District has a simple website ([www.alderpointcwd.com](http://www.alderpointcwd.com)) with limited information about the District including contact information, links to Consumer Confidence Reports and monitoring results, and minimal information about the water system. In order to come into compliance with state regulations per SB929, the District would also need to post the date and time of Board meetings, agendas and minutes, and information on the District's financial status. However, due to limited staff capacity and funding for regular website updates, the District may want to consider adopting regular and ongoing annual resolutions claiming hardship in order to maintain compliance with SB929.

Meetings of the Board of Directors are subject to the Ralph M. Brown Act which requires agendas must be posted at least 72 hours in advance of scheduled Board meetings in a location that is freely accessible to members of the public.

## 3.2 Financial Overview

Alderpoint CWD is primarily funded by fees for services including water sales, service calls, and connection fees. As there are limited staff for the District, major expenses are for water pumping and treatment. Based on financial information retrieved from the State Controller's Office, the District has been operating at a loss for most of the years reviewed.

The District does not currently adopt an annual budget and there are no recent audits. 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's office. The District is encouraged to begin adopting budgets for the fiscal year (July 1 to June 30) and begin filing regularly with the County Auditor.

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 schedule<sup>16</sup>. 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.

The District is aware of the need to improve their financial reporting practices and is seeking an independent accountant. They will also be discussing the need for a rate increase in 2023 to

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<sup>16</sup> California Government Code Section 26909 (5)(b)(1-3).



help cover the rising costs of doing business. The District is encouraged to seek out other sources of funding such as technical assistance programs and infrastructure grants to help cover the cost of system improvements. Additionally, the District may want to reach out to the local CSDA chapter for extra resources and training pertaining to best administrative and accounting practices.

**Table 3: Alderpoint CWD State Controller Summary**

Category	2017	2018	2019	2020*	2021	2022
Revenues						
Residential Water Sales	\$84,917	\$89,552	-	\$69,212	\$75,736	\$83,153
Business Water Sales	-	\$1,757	-	\$1,441	\$1,232	\$821
Other Water Sales	\$11,213	\$5,748	-	\$18,144	-	
Non-Operating	\$2,374	\$11,785		\$2,988		\$2,137
<i>Total Revenue</i>	<i>\$98,504</i>	<i>\$108,842</i>	<i>N/A</i>	<i>\$91,785</i>	<i>\$76,968</i>	<i>\$86,111</i>
Expenses						
Pumping	\$34,636	\$31,493	-	\$52,534	\$55,378	\$41,311
Treatment	\$6,093	\$4,288	-	\$30,863	\$31,829	\$4,294
General & Admin	\$11,629	\$4,274	-	\$30,460	\$25,858	\$30,754
Customer Accounting	\$1,260	\$16,696	-	\$1,375	\$8,005	-
Transmission & Distribution	\$32,469	\$20,769	-	-	\$7,290	\$14,116
Depreciation	\$950	\$50,000	-	\$50,000	-	-
Interest Expense	\$5,000	-	-	-	-	-
<i>Total Expense</i>	<i>\$92,037</i>	<i>\$127,520</i>	<i>N/A</i>	<i>\$165,232</i>	<i>\$128,360</i>	<i>\$90,475</i>
<b>Net Gain/(Loss)</b>	<b>\$6,467</b>	<b>(\$18,678)</b>	<b>-</b>	<b>(\$73,447)</b>	<b>(\$51,392)</b>	<b>(\$4,364)</b>

\* Data for FY 2020 was obtained from the District's profit and loss accounting spreadsheet.

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# PHILLIPSVILLE COMMUNITY SERVICES DISTRICT

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## 1.0 DISTRICT BACKGROUND

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### 1.1 Agency Overview

The Phillipsville Community Services District (CSD) provides water services to the community of Phillipsville located just east of Highway 101 and the South Fork Eel River. The community is surrounded by various outdoor recreation activities due to the surrounding Humboldt Redwoods State Park and is located on the ancestral tribal lands of the Sinkyone and Lassik peoples.

**Table 1: Contact Information**

<b>Primary Contact</b>	Bonnie Mullaney
<b>E-mail</b>	<a href="mailto:operations.pcsd@gmail.com">operations.pcsd@gmail.com</a>
<b>Address</b>	2831 Ave. of Giants, Phillipsville, CA 95559
<b>Phone</b>	707-943-1650
<b>Website</b>	N/A

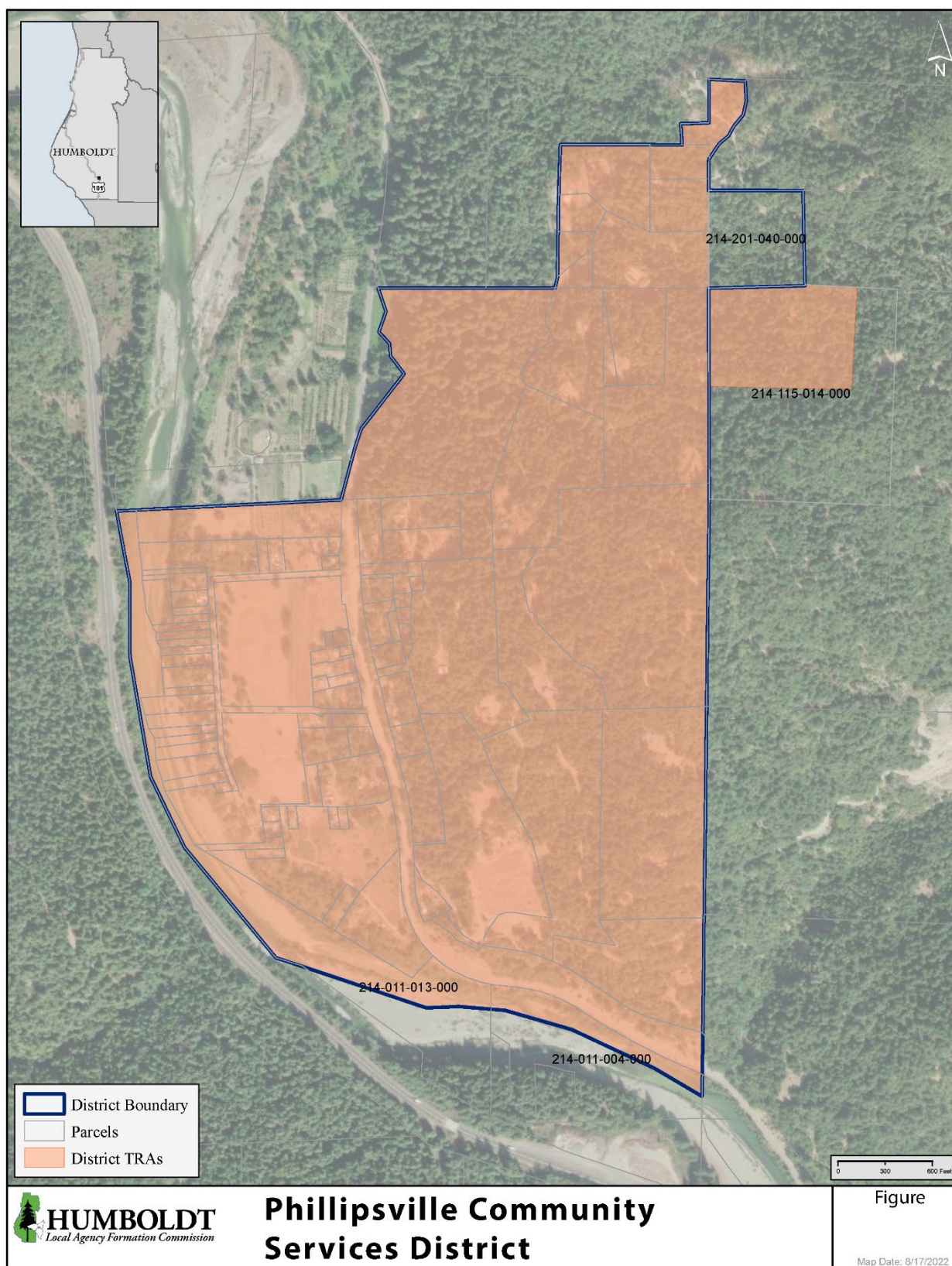
### 1.2 District Principal Act

The District's principal act is the Community Services District Law (Government Code §61000, et seq.) which authorizes CSDs to provide up to 31 types of governmental services within their boundaries. Phillipsville CSD is authorized to provide water services only. Other services, facilities, functions or powers enumerated in the District's principal act but not identified in the formation resolution are "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCo authorization as indicated in Government Code §25213.5.

### 1.3 Formation and Development

The original water service provider for the area, Phillipsville Mutual Water Association, required water system facility improvements in order to comply with Federal and State water drinking standards. The community was offered a grant for \$279,400 if they formed a CSD prior to August 10, 1990. The District was formed in September 1989 under Government Code Section 61100 by the Humboldt LAFCo Resolution No. 89-09. The CSD was formed after a successful special election to provide the community with water. Since that time there have been no annexations or detachments from the District.

**Figure 1: District Boundary Map**



## 1.4 Boundary and Sphere of Influence

The District's boundary and coterminous SOI encompass a total of 768 acres (1.2 square miles). Within the District boundary the majority of parcels are developed with single family homes and large agricultural lots. The northern and western boundaries of the District are surrounded by Humboldt Redwoods State Park, on its western boundary is the South Fork Eel River.

## 1.5 Land Use and Zoning

The land uses in the District are subject to the Humboldt County General Plan and Zoning Regulations (Humboldt County Code Title III, Division 1). Under the Humboldt County General Plan, the District's land uses are Public Facility (PF), Residential Agriculture (RA), Commercial Recreation (CR), Mixed Use (MU), Residential Estates (RE), Residential Low Density (RL), Public Lands (P), and Conservation Floodway (CF).

Under Humboldt County Zoning Regulations, the District's zoning is Agriculture General (AG) with combining zone Special Building Site of 5 acres (B-5(5)), Highway Service Commercial (CH) with combining zone Design Control (D) and Qualified (Q), Agriculture Exclusive (AE), State Park, Rural Residential Agriculture of 1 to 5 acres (RA(1-5)), (R-3) with combining zone Q, Flood Plain (FP), and FP with combining zone Q.

The mix of uses described above allows for small town rural development with limited commercial development to support community needs and visitors. It is unlikely that any major development will occur that could cause a large increase in demand for water services.

## 1.6 Growth and Population

The District is located right off of the South Fork Eel River just south of Miranda. According to a recent inspection report prepared by the California State Water Resources Control Board, the population of the District in 2021 was approximately 300<sup>1</sup>. However, based on 2020 Census data and the District's boundary, GIS analysis estimates the current population to be approximately 120<sup>2</sup>. Since accurate population data can be difficult to obtain in remote rural areas, this report will utilize an approximate population of 130. Based on the historical and estimated population growth for the area, it is unlikely the District will grow substantially over the next five to ten years. In order to provide more accurate estimates for the area, it is recommended that the District consider conducting a District specific population and income survey as needed for grant funding.

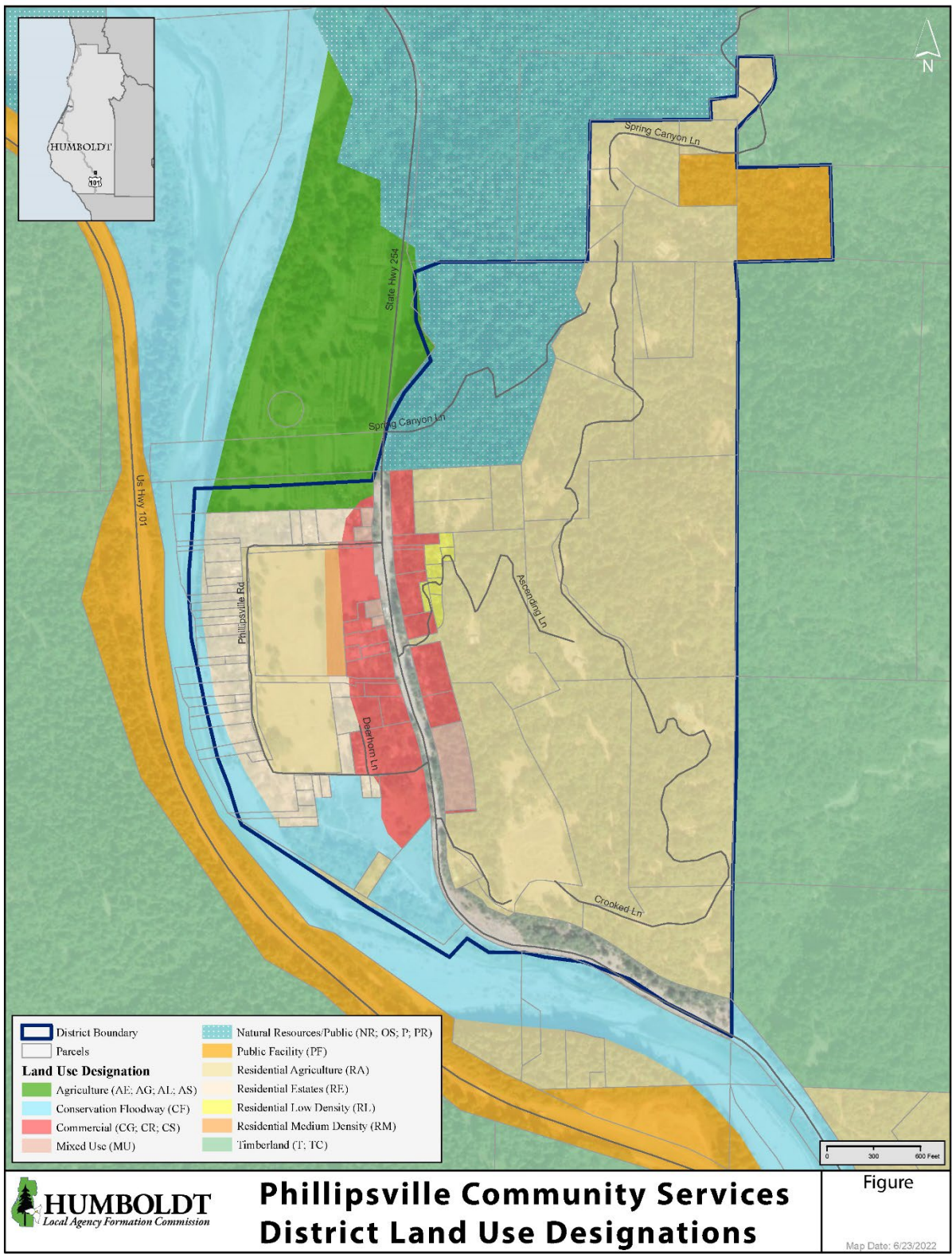
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<sup>1</sup> State Water Resources Control Board: Division of Drinking Water, Phillipsville Community Service District Inspection. Print.

<sup>2</sup> U.S. Census American Community Survey (ACS) 2015-2019 5-year estimates.



**Figure 2: Phillipsville CSD Land Use**



## 1.7 Disadvantaged Unincorporated Communities

While the community of Phillipsville is a census designated place (CDP), there is no accurate MHI data available for the CDP or block group on the DWR DAC mapping tool. Therefore, the census tract that includes Phillipsville will be used instead which DWR does consider a severely disadvantaged community. The estimated MHI for the larger area is \$35,884<sup>3</sup> which is 46 percent of the 2020 California MHI of \$78,672. The community is also listed by Humboldt County as an Unincorporated Legacy Community.

As noted previously, DUCs are assessed for three primary services: water, wastewater, and fire/emergency response. Phillipsville CSD provides water services to the area and wastewater services are provided by onsite wastewater treatment systems as there is no community wastewater system available in the area.

Emergency response and fire services are primarily provided by the Phillipsville Volunteer Fire Company (VFC). According to the Humboldt County Fire Chiefs' Association Annual Report, the VFC was unable to respond to calls in 2020 due to a lack of volunteers. When the VFC is unable to respond to calls, nearby providers including Miranda CSD will respond when available. However, this greatly reduces response time for incidents.

## 1.8 Hazards

As noted previously, the community of Phillipsville is located in a densely forested area adjacent to the Eel River. Due to this setting, the area may experience several different types of hazards including flooding, wildfire, landslides, and earthquakes.

The South Fork of the Eel River has experienced major flooding in the past. The historic flood of 1964 devastated several communities in the county and severely damaged Phillipsville. At its highest, the water rose to 46 feet which is 13 feet higher than the flood stage of 33 feet. Currently, the portion of the District west of Highway 254 is within the FEMA designated 100-year floodplain. Should a major flood even occur, it could disrupt services in the area. The largest, most recent flood was recorded at 32.47 feet on January 11, 2017. This is just below the actual flood stage of 33 feet. The second largest flow in recent history reached 29.99 feet on February 27, 2019<sup>4</sup>.

Phillipsville is located along an unnamed fault that runs from northwest to southeast through the District. The soil in the western portion of the District has low instability, while the eastern portion has moderate instability. The soil stability can dictate how catastrophic an earthquake can be. Due to the low potential for liquefaction in the area and its distance from major fault zones, it is unlikely that an earthquake would have a major impact on district service. **Error! Bookmark not defined..** Most recently on December 20, 2022, a magnitude 6.4 earthquake took place 9.3 miles off the coast from Ferndale. While the majority of damage occurred in the Rio Dell/ Fortuna area, it was felt as far away as San Francisco. In the Phillipsville area, community responses indicated that

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<sup>3</sup> U.S. Census American Community Survey (ACS) 2016-2020 5-year estimates for Census Tract 011600. Accessed December 4, 2022 from <https://gis.water.ca.gov/app/dacs/>.

<sup>4</sup> National Weather Service, South Fork Eel River Near Miranda. Accessed April 25, 2022 from [https://water.weather.gov/ahps2/hydrograph.php?gage=mrnc1&hydro\\_type=2&wfo=eka](https://water.weather.gov/ahps2/hydrograph.php?gage=mrnc1&hydro_type=2&wfo=eka)

there was likely moderate to strong shaking with light damage<sup>5</sup>. A year prior, on December 20, 2021, a magnitude 6.2 earthquake took place near Petrolia that resulted in similar reports<sup>6</sup>.

Due to its location within a densely forested area, Phillipsville has a higher risk for wildfire. The majority of the District is within a high severity fire hazard zone with a moderate severity zone located to the southwest along the river and adjacent floodplain**Error! Bookmark not defined..** Historic fires include the Bushnell fire one mile east of the District which occurred in July 2013 and burned approximately 22 acres. Four miles northeast of the District the Wildcat 1-51 fire burned 283.22 acres of land in July 2015**Error! Bookmark not defined..** Major fires have the potential of damaging District infrastructure and severely impacting communities.

Within the District's boundary slopes range from less to 15% to more than 50%. Steeper slopes are more likely to result in landslides but due to the relatively stable nature of soils the possibility of a major slide is lower. Currently, there are no historic landslides within the District's boundary, but there are many outside of the boundary.

## 2.0 MUNICIPAL SERVICES

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### 2.1 Water Services

Phillipsville CSD obtains water from two sources including a groundwater well and a seasonal spring. The District's well, which was drilled in 2017, has a capacity of approximately 50 gallons per minute (gpm) while the spring has a variable capacity from 10 to 40 gpm depending on the season. When the spring has lower capacity, it only supplies the upper most area of the District on the hill east of Highway 254. The well has enough capacity to supply the whole system if necessary but the current infrastructure does not allow well water to reach the upper portion of the District that is currently supplied by the spring.

Water from the well is treated with chlorine for precautionary reasons before entering the distribution system. Water from the spring is obtained through collection pipes buried in the spring depression. Previous turbidity issues were reported after the spring collection system was upgraded in 2012 but was improved after community members made some minor adjustments including overflow piping and addition of native clay soil along the front of the depression to help prevent seepage from the collection area. Water flows from the collection area through a 6 inch pipe to the 500 gallon polyethylene (plastic) tank. From there, the water will either flow through the overflow piping or flow to the treatment building where it is sent through bag filters and injected with chlorine before flowing into storage and distribution. The plant was designed to process up to 40 gpm under proper configuration and operation. Unfortunately, due to the current pipe configuration of the collection tank, air sometimes enters the treatment line which prevents the filters from operating properly. Additional issues have been reported with the treatment system including improper manual cleaning of filters, overloading of filters,

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<sup>5</sup> USGS, M 6.4 – 15km WSW of Ferndale, CA. Accessed December 28, 2022 from <https://earthquake.usgs.gov/earthquakes/eventpage/nc73821036/executive>.

<sup>6</sup> USGS, M 6.2 – 7km N of Petrolia, CA. Accessed April 25, 2022 from <https://earthquake.usgs.gov/earthquakes/eventpage/nc73666231/executive>



malfunctioning monitoring equipment, lack of adequate chlorine contact time, and inadequate operator oversight.

The District has a total of five storage tanks including three polyethylene 5,000 gallon tanks located in the spring zone; one welded steel 140,000 gallon tank located in the main-lower zone and a 250 gallon polyethylene spring source surge tank. The main tank (140,000 gallons) did not have a lock on the tank hatch during its last inspection and the top screen needed to be repaired.

The District's distribution lines are a mix of 2 inch to 6 inch pipelines including approximately 550 feet of above ground 2 inch pipe that runs from the spring to the treatment plant. There are currently a total of 66 connections all of which are metered. The annual production reported in 2020 was 11.46 million gallons (MG). Surface water (the spring) produced 4.347 MG, and groundwater produced 7.118 million gallons. The maximum recorded month was in June 2017 at 1.95 MG which results in approximately 65,000 gallons per day. Using a minimum production amount of 50 gpm (based on well production only), the District could produce up to 72,000 gallons per day. With the addition of a minimum of 10gpm from the spring source, this amount would increase to 86,400 gallons. Based on the reported demand and production capacity of the system, the District is currently using approximately 75% of its capacity. However, during peak day flows, such as when residents are filling individual water storage tanks or irrigating, the District may not have enough water to meet demand.

### **State Water Resources Control Board**

During the last routine inspection conducted by the SWRCB in September 2020, there were a number of items listed as deficiencies which included the following:

1. Adopt a Cross-Connection Control Ordinance, perform Hazard Survey, contact the California Rural Water Association to help develop the ordinance due December 2022.
2. Perform Disinfection byproduct sampling due March 1, 2022.
3. Collect lead and copper samples from five locations in the distribution system due September 1, 2022.
4. Develop Consumer Confidence Report due March 1, 2022.
5. Repair screening holes on air vent and place a lock on the top hatch of the 140,000 gallon tank due March 1, 2022.
6. Perform source water sampling on spring and well.

## **2.2 Other Service Providers**

### **Fire Protection and Emergency Response**

The Phillippsville VFC station is located at 2973 Highway 254 in Phillippsville. The three bay station houses the available equipment for the VFC including a water tender that is used to respond to wildfires when necessary. As noted previously, the VFC currently has a lack of volunteers and is unable to respond to calls. As such, calls for service are handled by nearby providers including Miranda CSD will respond when available. Because the Alderpoint VFC is not associated with a local agency it is not eligible to receive property tax revenue and has no ability to raise revenue through special taxes or special assessments, the primary sources of ongoing revenue for fire



protection. The Phillipsville VFD could join the Phillipsville CSD to provide consistent funding, administration, and increased operations and emergency response services. Formalizing fire protection services under the Phillipsville CSD would require the activation of Phillipsville 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 provided by the Phillipsville VFD would be forming 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. Consolidation through annexation with a neighboring fire service provider may also be a feasible alternative to building capacity to improve fire services in the Phillipsville area.

### 3.0 GOVERNANCE & FINANCE

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#### 3.1 Governance

The District is an independent small district served by a five member Board of Directors that is elected to four year staggered terms. Meetings are held on the first Wednesday of the month at 9:00 a.m. at the firehouse located at 2973 Hwy 254 in Phillipsville.

**Table 2: Board of Directors**

Board Member	Title
Chris Valk	President
Jennie Beebe	Director
Andrew Van Nort	Director
Debbie Richards	Director
Vacant	Director

#### Staffing

The District currently employees four staff including a General Manager/ Chief Operator, Office Manager, and two operators.

#### 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 recommend that the District adopt annual resolutions claiming hardship in order to come into compliance with current state regulations regarding special district websites (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 years 2020 to 2022.

### 3.2 Financial Overview

The District has been submitting annual reports to the State Controller's Office. However, due to lack of funding, audits have not been conducted in several years. The District also does not have recent budgets on file, but is in the process of developing a budget for FY2023-24. Based on the available reports from the State Controller's Office, the District has been operating with both losses and gains. Additional information will be required from the District to make accurate determinations about the financial health of the District.

**Table 3: Phillipsville CSD State Controller Summary**

Category	2017	2018	2019	2020	2021
Revenues					
Operating	\$73,213	\$95,661	\$84,738	-	\$63,771
Non-Operating	-	\$12,468	\$132,870	-	-
<i>Total Revenue</i>	\$73,213	\$108,129	\$217,608	N/A	\$63,771
Expenses					
Operating	\$84,978	\$162,777	\$58,448		\$59,232
<i>Total Expense</i>	\$84,978	\$162,777	\$58,448	N/A	\$59,232
<b>Net Gain/(Loss)</b>	<b>(\$11,765)</b>	<b>(\$54,648)</b>	<b>\$159,160</b>	<b>-</b>	<b>\$4,539</b>

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's office. The District is encouraged to begin adopting budgets for the fiscal year (July 1 to June 30) and begin filing regularly with the County Auditor.

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 schedule<sup>7</sup>. 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.

<sup>7</sup> California Government Code Section 26909 (5)(b)(1-3).