



AGENDA ITEM 8E

MEETING: March 17, 2021
TO: Humboldt LAFCo Commissioners
FROM: Krystle Heaney, LAFCo Clerk/Analyst
SUBJECT: **Westhaven Community Services District Municipal Service Review and Sphere of Influence Update**
The Commission will review and consider approving the Westhaven Community Services District Municipal Service Review and Sphere of Influence Update. Staff proposes to maintain a coterminous SOI for 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 prior to making SOI determinations. 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.

DISCUSSION

Westhaven Community Services District (CSD) is a limited purpose special district located just south of Trinidad along the Pacific Ocean and encompasses land to the west and east of Highway 101. The District is currently responsible for providing potable water service to residents and is primarily funded through usage fees.

The District was formed from the reorganization of the Westhaven Mutual Water Company in 1988. The boundary encompasses approximately 400 acres consisting of primarily single family homes. The majority of parcels are zoned Residential Suburban with combing zone No Further Subdivision which greatly limits growth in the District. An income survey was conducted for the District in 2018 that determined the Median household Income for the District is \$47,000 which qualifies it as a DUC.

The District has two employees, a full-time General Manager/ Chief Operator and a part-time bookkeeper/ secretary. The water system has experience high amounts of loss in the past and continues to seek out and obtain funding to replace failing mains from the 1960's and increase overall system resiliency.

The District has been successful in obtaining several grants over the last decade to conduct system studies and fund capital improvements. This has included study of additional treatment stages in 2013, construction of a new 95,000 gallon tank (2013-2019), and replacement of one-third of aging 2" polyethylene pipe in 2014. Current grant efforts

are for additional replacement of 2" pipelines, groundwater exploration for additional well construction, and treatment studies to reduce disinfection byproducts.

RECOMMENDATION

This item has been agendaized for consideration as part of a noticed public hearing. Based on the District's current service area and capacity, staff recommends maintain a coterminous SOI for the District.

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) Discuss item and – if appropriate – close the hearing and consider action on recommendation:

"I move to adopt Resolution No. 21-08, thereby approving the Westhaven CSD Municipal Service Review and Sphere of Influence Update, as described in the staff report."

Alternative Action:

Should the Commission wish to further discuss the MSR/SOI and receive additional information from staff, the Commission can move to continue the public hearing to the next regularly scheduled meeting on May 19, 2021.

Attachments

Attachment A: Westhaven CSD MSR and SOI Update

Attachment C: Draft Resolution No. 21-08

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

Public Review Draft

March 2021



www.humboldtlafo.org

HUMBOLDT LOCAL AGENCY FORMATION COMMISSION

Commissioners:

Virginia Bass, District 4 Supervisor

Mike Wilson, District 3 Supervisor

Stephen Avis, City of Ferndale

Mike Losey, City of Fortuna

Troy Nicolini, Peninsula Community Services District

Debra Lake, Fruitland Ridge Fire Protection District

Ali O. Lee, Public Member

Alternate Members:

Michelle Bushnell, District 2 Supervisor

Gordon Johnson, City of Rio Dell

Dave Couch, McKinleyville Community Services District

Skip Jorgensen, Public Member

Staff:

Colette Santsche, AICP, Executive Officer

Krystle Heaney, AICP, Analyst/Clerk

Raquel Menanno, Analyst

Jason Barnes, GIS Analyst

Ryan Plotz, Legal Council

Acknowledgements:

LAFCo would like to thank Westhaven CSD staff and board member Dave Hankin for their assistance during the preparation of this MSR and SOI update.

TABLE OF CONTENTS

- 1.0 MSR/SOI Background.....4**
- 1.1 Role and Responsibility of LAFCo..... 4
- 1.2 Purpose of Municipal Service Reviews 4
- 1.3 Purpose of Spheres of Influence 5
- 1.4 Disadvantaged Unincorporated Communities..... 6
- 2.0 Westhaven Community Services District.....7**
- 2.1 Agency Overview 7
- 2.2 Formation and Development..... 7
- 2.3 Boundary and Sphere of Influence 7
- 2.4 Land Use and Zoning..... 10
- 2.5 Growth and Population..... 10
- 2.6 Disadvantaged Unincorporated Communities..... 11
- 2.7 Municipal Services 11
- 2.8 Organizational Structure 15
- 2.9 Accountability and Transparency..... 15
- 2.10 Financial Overview 15
- 3.0 Westhaven MSR Determinations.....19**
- 4.0 Westhaven SOI Determinations.....21**

List of Figures

- Figure 1: District Overview 8
- Figure 2: Land Use..... 9
- Figure 3: WCSD Water System.....14

List of Tables

- Table 1: Westhaven CSD Board of Directors15
- Table 2: Annual Operating Budget Summary 16
- Table 4: Audit Summary16

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.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

2.0 WESTHAVEN COMMUNITY SERVICES DISTRICT

2.1 Agency Overview

The Westhaven Community Services District (CSD) provides water service to the small community of Westhaven located adjacent to the coastline along Highway 101. It is approximately 10 miles north of Arcata and 2.5 miles southeast of Trinidad. The community is mainly single-family homes and features several beach access areas including Moonstone Beach.

Primary Contact	Paul Rosenblatt
E-mail	wcsd@suddenlinkmail.com
City Hall/ Mailing Address	P.O. Box 2015, Trinidad, CA 95570
Phone	(707)677-0798
Website	https://www.westhavencsd.org/

2.2 Formation and Development

Westhaven CSD was formed in May 1988 after an application for formation was submitted by the Westhaven Mutual Water Company. The water company sought reorganization to qualify for grant funding to update water infrastructure. The District was formed with the intent to provide water for domestic use, irrigation, sanitation, industrial use, fire protection, and recreation¹. The proposed boundary included developed properties on both the west and east side of Highway 101. There have been no recorded annexations since formation of the District due to lack of water availability.

2.3 Boundary and Sphere of Influence

The original District boundary followed the boundary lines of the former water company and included approximately 400 acres totaling 186 service connections². The current boundary remains the same and the Sphere of Influence (SOI) is coterminous. No changes are proposed to the SOI at this time.

¹ Humboldt County Planning commission, Petition for Formation of Westhaven CSD to the Board of Supervisors of the County of Humboldt. June 11, 1987.

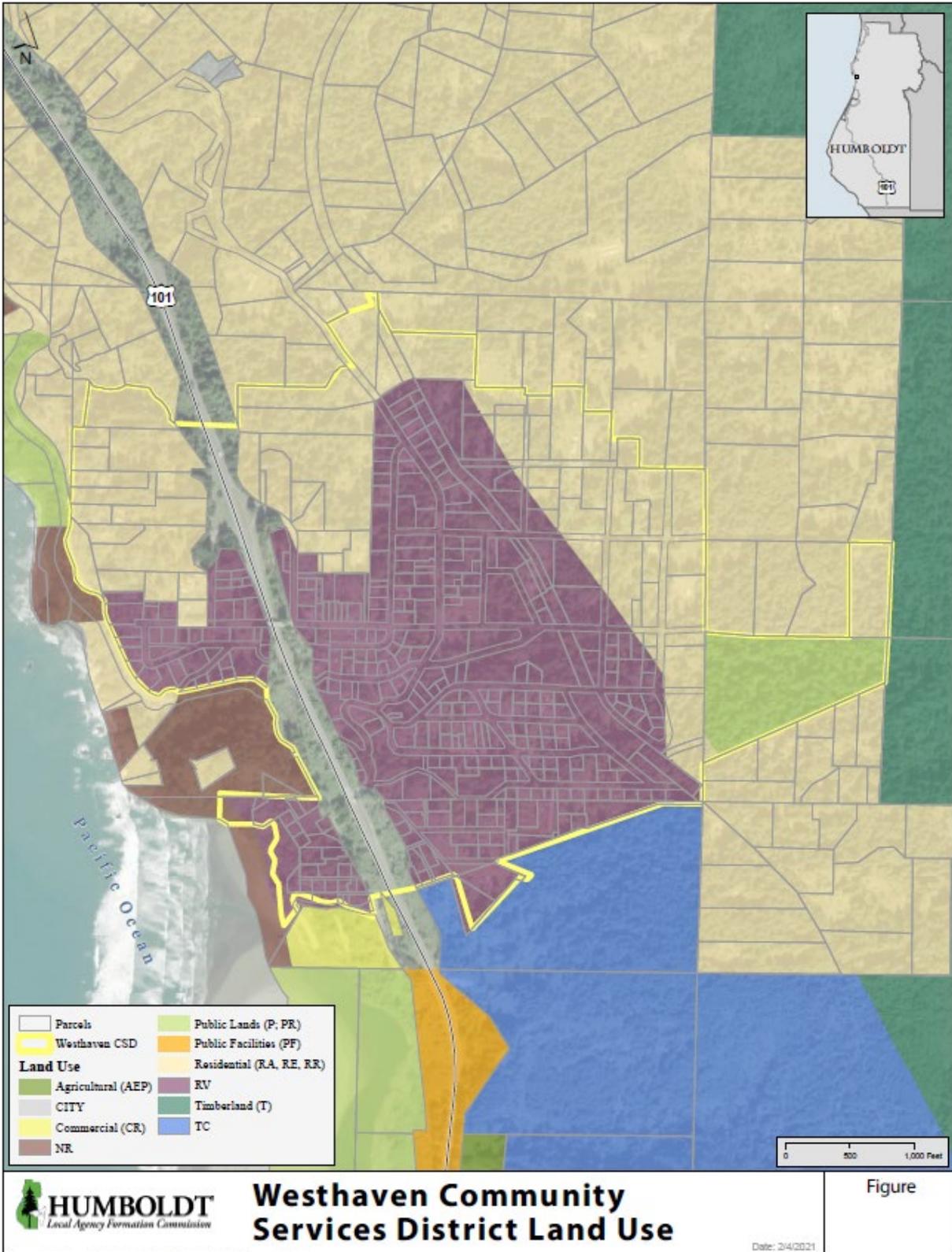
² Humboldt LAFCo, Proposal Justification for District Formation, Westhaven Community Services District. July 1987.

Figure 1: District Overview



Sources: Parcels - Humboldt County GIS, Roads - US Census TIGER.

Figure 2: Land Use



Sources: Parcels - Humboldt County GIS, Roads - US Census TIGER.



Westhaven Community Services District Land Use

Date: 2/4/2021

Figure

2.4 Land Use and Zoning

Land use within the District is subject to the Trinidad Area Local Coastal Plan within the designated coastal zone and the Humboldt County General Plan outside of the coastal zone. Designations are primarily Rural Village (RV) along with Rural Estates (RE), Rural Residential (RR), Residential Agricultural (RA), and Public Lands (P). Areas surrounding the District are primarily Coastal Commercial Timberland (TC), Timberland (T), Natural Resources (NR), Commercial Recreation (CR), Public Recreation (PR), RR, and RA³. According to the Trinidad Area Local Coastal Plan, no further subdivisions are to take place within the RV designation and any development of vacant parcels must show adequate water supply and an approved wastewater system⁴. Other rural designations within the District limit the density of development and as such, limited growth is anticipated.

Zoning within the District is predominately Residential Suburban (RS) with combining zones X – No further subdivision allowed, R- Streams and Riparian Corridor Protection, and M- Manufactured Home. Additional zoning includes Rural Residential Agricultural (RA) with combining zones SM- Modified Building Standards and D- Design Review, Unclassified (U), and Commercial Recreation (CR)⁵.

2.5 Growth and Population

Westhaven CSD is located within US Census Tract 102, Block Group 3. According to the 2018 American Community Survey 5-year Estimate there is a population of approximately 905. This is an increase of 81 persons from the 2013 estimate⁶. However, the District Boundary is smaller than that of the census boundary, therefore the District population is likely smaller. Additionally, sample sizes from the ACS are often small and do not capture an accurate representation of smaller communities.

An alternative method can be used to provide a population estimate for the District. Using the current number of residential water connections (229) and an average household size of 2.267, the District population can be estimated at approximately 517. Due to the restrictions on further subdivisions and limited development potential on vacant lots, the population is not expected to grow substantially over the next five to ten years.

³ Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Current General Plan Land Use. Accessed April 9, 2020.

⁴ Trinidad Local Coastal Program, Chapter 3, Section 21 - Rural Developments Subdivision Requirements. December 2014.

⁵ Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Zoning. Accessed April 10, 2020.

⁶ US Census, American Community Survey 5-year Estimates, Humboldt County Census Tract 102, Block Group 3, Table B01003 for 2013 and 2018.

⁷ US Census, 2018 ACS 5-year Estimates, Table S1101, Average Household Size for Humboldt County (2.43), Trinidad (2.16), and Census Tract 102 (2.22). Accessed April 10, 2020.

2.6 Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities, or “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 estimated 2018 MHI for Humboldt County Census Tract 102, Block Group 2 where the District is located was \$66,161⁸. This is 93 percent of the estimated California MHI of \$71,228⁹. However, as discussed under Population, ACS estimates often do not accurately represent smaller communities due to sample size.

In order to provide a more accurate income estimate for the District, an income survey was conducted within the Westhaven CSD's service boundaries in 2018. The survey determined the MHI for the District is \$47,000, which is 66% of the California MHI which qualifies the District as a DUC¹⁰.

Since there are many second homes and vacation rentals in the District, the survey only counted residences occupied for more than six months of the year. There are a total of 233 parcels within the Westhaven CSD's service area; eighteen (18) are vacant homes, fourteen (14) are vacant lots, eighteen (18) are vacation homes, and six (6) commercial; leaving 177 parcels (households) to survey. Of those, 125 responded to the survey for a 70.6 percent response rate. For a District with a number of households between 154 – 180 a sample size of 69 percent is required to meet state, and federal guidelines.

Nearby communities include the City of Trinidad to the northwest, which has a MHI that is 109% of the California MHI, and McKinleyville to the south, which has a MHI that is 73% of California MHI¹¹. McKinleyville is considered a DUC, however, the community is currently served by its own community services district and the Arcata Fire Protection District.

2.7 Municipal Services

Westhaven CSD is authorized to provide water services to the community of Westhaven. The District relies on local water sources from springs and streams for potable and non-potable water. Water originates from three combined surface water sources on the eastern edge of the community known as the springs and one groundwater source on 4th Avenue near Transit Avenue which is known as the 4th Avenue well¹². In 2020, the District experienced numerous leaks and a main water break which indicates the system is aging and in need of further assessment and repair.

⁸ US Census, ACS 2018 5-year Estimates, Table B19013 for Humboldt County Census Tract 102, Block Group 2. Accessed April 10, 2020.

⁹ US Census, ACS 2018 5-year Estimates, State of California, Table S1903. Accessed April 7, 2020.

¹⁰ WCSD Income Survey Final Report May 2018.

¹¹ US Census, ACS 2018 5-years Estimates, Table S1903 for City of Trinidad (MHI \$76,250) and McKinleyville CDP (MHI \$51,656). Accessed April 10, 2020.

¹² Consumer Confidence Report 2018.

Water Services

Supply and Treatment

In 1989, the District applied for a permit to appropriate water from two unnamed springs and an unnamed stream at a rate of 0.146 cubic feet per second (cfs). This water would be in addition to the 31,000 gallons per day the District is allocated from a previous application but would not exceed a combined total of 105.7 acre-feet per annum¹³. The District also maintains a well on 4th Avenue. The well is considered most vulnerable to animal operations, septic systems, storage tanks, housing, and wells while the spring sources are considered most vulnerable to managed forests.

The treatment process includes slow sand filtration and disinfection. Raw water from three surface water diversion collectors is fed by gravity flow through a sedimentation chamber followed by two slow sand filters run in parallel. After filtration, water is chlorinated inline prior to being stored. Treated water is stored in two storage tanks: an existing 100,000-gallon storage reservoir and a new 95,000-gallon glass-fused bolted steel tank constructed in September 2017¹⁴. Disinfection byproducts (DBP) exceeding the maximum contaminant level (MCL) have not been detected in the treated water from the 4th Avenue well, but have in the treated water from the springs¹⁵. DBPs are formed when chlorine is combined with naturally occurring organic carbon compounds in the water. The District is currently investigating treatment options to reduce disinfection byproducts. The current water treatment and distribution system requires qualified personnel with at least a T2 and D2 certification.

Demand

The District currently has 232 connections of which 229 are residential and 3 are public facility/ commercial¹⁶. In 2020, 9.7 million gallons of water was produced with 7.7 million gallons delivered to customers and 2 million gallons lost (20%). This production total represents 28.5% of the District's total permitted supply of 34.4 million gallons.

There are currently 70 houses on the waiting list for service, which have been in place since the District's formation. There has never been enough capacity to meet the need which has led to a moratorium on connections. The District is currently working with the California Coastal Commission to obtain permitting approval for well projects which may help with the DBP issue and increase resiliency. A newly proposed treatment process may allow the District to take advantage of more allotted surface water flows and provide service connections to additional homes on the waiting list. Prior to providing service to new customers, WCSD must prepare a technical report written by a professional civil engineer registered in the State of California with experience in water supply engineering, showing there is adequate capacity¹⁷.

¹³ State Water Resources Control Board, Division of Water Rights, Notice of Application to Appropriate Water, Application 29557. June 20, 1990.

¹⁴ SWRCB Inspection Report: Water System #1210024. December 18, 2020.

¹⁵ Consumer Confidence Report 2018.

¹⁶ Westhaven CSD, Fiscal Year 2020-21 Annual Budget. Adopted May 20, 2020.

¹⁷ SWRCB Inspection Report: Water System #1210024. December 18, 2020.

Recently, the Humboldt Bay Municipal Water District (HBMWD) has begun a preliminary feasibility study for a water line extension feasibility to the Trinidad Rancheria south of the City of Trinidad. Should a water line be extended to the Trinidad area it could provide potable water to the District which would help meet current demand. However, such a main line extension could induce more rapid growth in the area. Any such growth inducing impacts would need to be addressed before future connections are made and will likely be a focus of the study.

The Westhaven CSD's board has elected not to participate in this study but is closely monitoring developments in the process. They are encouraged to continue coordinating with HBMWD and others associated with the feasibility study. The City of Trinidad has also opted out of the HBMWD's request to participate in the feasibility study.

The District has also initiated conversations with the City of Trinidad concerning benefits of an inter-tie between WCSD and the Trinidad water systems. Mutual benefits include increased water storage for fire protection, and resiliency planning for catastrophic treatment plant failures and serious system leaks by short-term mutual support/augmentation of supply.

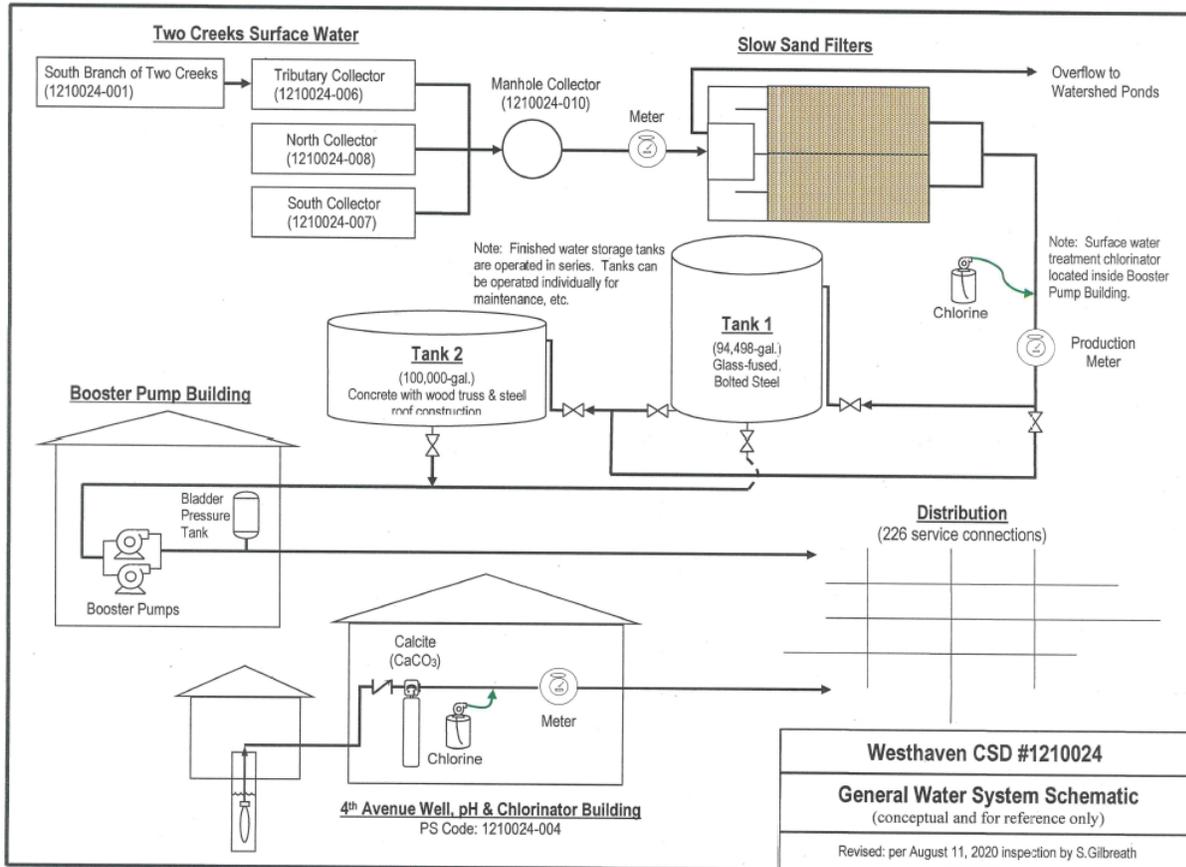
Recommendations:

In an effort to help improve the overall functionality, reliability, and resiliency of the system, the District is encouraged to take the following actions.

- Continue working with engineers to complete a system assessment in 2021 in order to address state fire code fire flows.
- As recommended by the DWR, continue to routinely inspect the filter media bed levels at least once per calendar quarter to ensure compliance with design standards¹⁸.
- It is highly recommended the District perform a leak detection survey and water loss audit to improve water supply management and upgrade existing emergency power generation capacities to ensure critical water system facilities are operational during extended periods of unplanned power outages or planned PG&E Public Safety Power Shutoffs.
- Continue assessing and taking corrective actions necessary to achieve compliance with disinfection byproduct contaminant levels in accordance with Compliance Order No.010117(R)004.
- Continue investigating feasible options for additional supply sources as it is potentially vulnerable to extended dry-weather periods.

¹⁸ SWRCB Inspection Report: Water System #1210024. December 18, 2020.

Figure 3: WCSD Water System



Other Service Providers

The community of Westhaven is provided fire services by the Westhaven Volunteer Fire Company and County Service Area #4 by way of contract of CalFire. Wastewater services are only provided by onsite wastewater systems. The Trinidad Area Local Coastal Program recommends development of a septic maintenance district or alternate system to ameliorate existing wastewater disposal problems¹⁹.

On January 1, 1988, the District took over operations from its predecessor, the Westhaven Mutual Water Corporation, who contributed all capital assets to the newly formed District. Included in the donation were 20 acres of land with standing redwood trees²⁰. The District has been able to manage this timberland with existing staff and coordinated with CalFire in 2019 to conduct an extensive defensible space project around critical infrastructure and buildings at the water treatment property.

The District previously inquired about activating park and recreation services to manage additional open space lands along riparian corridors for conservation purposes. Should the District wish to activate park and recreation powers, an application would need to

¹⁹ Trinidad Local Coastal Program, Chapter 3, Section 21 - Rural Developments Subdivision Requirements. December 2014.

²⁰ WCSD Annual Financial Report Years Ended June 30, 2018 and 2017 Financial Note 4, page 13.

be filed with LAFCo in accordance with GC §56824.10 et seq. As part of the application the District would need to submit a plan for services detailing what new infrastructure, if any, would be needed to provide the new services, the cost of providing new services and how they would be funded, and other items as identified in GC §56653(b). In order to approve the activation of powers, the Commission would need to determine that the District will have sufficient revenues to carry out the proposed new services.

2.8 Organizational Structure

The Westhaven CSD is an independent special district served by a five-member Board of Directors that is elected to four-year staggered terms. The board typically meets every third Wednesday of every month at 6:30pm at 446-B Sixth Avenue, which is the Westhaven Volunteer Fire Department Community Hall. Given the conditions of COVID-19, the District uses Zoom videoconferencing to meet. Instructions for attending meetings via ZOOM are provided in agenda packets and posted at the District office, the Westhaven Fire Hall, and online on the District's webpage. Meetings will be held via Zoom until the Board and staff members believe that it is again safe to meet in person.

Table 1: Westhaven CSD Board of Directors

Board Member	Background	Term Expiration
William Verick	President	December 2024
David Hankin	Member	December 2024
Richard Swisher	Member	December 2022
Steven Phipps	Member	December 2022
Barabara Cline	Member	December 2024

The District is currently staffed by one full-time and one part-time employee. The full-time General Manger also functions as the Chief Operator. The part-time bookkeeper also functions as the secretary and works approximately 15-18 hours per week.

2.9 Accountability and Transparency

The District is compliant with SB 929 which requires all special districts to maintain a website with basic information. Agendas and minutes are posted on the Districts website at least 72 hours in advance of District meetings. District budgets and audits are also posted on the website.

2.10 Financial Overview

Westhaven CSD is funded by water service fees and grants. The increasing need to replace components of the water system's aging infrastructure has compelled the District to seek additional revenues in the form of increased water rates. Effective July 2014, the District continued the regular practice of annual adjustments to the water rates based on projected expenses contained in the annual budget. The District currently charges a monthly base rate of \$54.14 with the average monthly water expense at \$40.63 (\$14.74

per 1,000 gallons) for a total of \$94.77 as the average a monthly bill for water service customers²¹. Administrative services, water treatment, and capital outlay account for most the District's expenditures. The District is having difficulty keeping up with payroll and has identified that additional connections would help with overall financial health. Even with increasing costs, the District has experienced a net gain in the past six financial years. Table 2 provides a summary of the District's Annual Operating Budgets over the past six financial years.

Table 2: Annual Operating Budget Summary

Category	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Water Sales	219,782	221,810	230,640	234,947	240,498	250,035
Water Services	4,988	4,992	5,218	5,229	5,431	3,275
Revenues	222,851	224,883	233,737	238,056	243,229	252,809
Source	2,330	2,515	2,551	2,580	2,199	2,648
Pumping	7,230	7,265	7,949	7,981	8,068	9,588
Treatment	31,467	32,280	33,632	35,044	31,417	35,167
Distribution	18,381	18,067	18,818	17,876	16,193	8,622
Accounts	7,538	7,631	-	-	7,995	9,404
Administrative	99,500	100,724	-	-	118,955	130,980
Capital	46,402	46,402	49,902	49,902	46,402	46,402
Expenditures	212,848	224,883	112,042	113,383	196,827	206,407
Gain/ (Loss)	\$10,003	-	\$121,695	\$124,673	\$46,402	\$46,402

Table 3: Audit Summary

Category	FY14-15	FY15-16	FY16-17	FY17-18
Operating Revenues	217,306	215,886	232,388	251,226
Operating Expense	204,991	230,230	233,075	234,897
Non-operating Revenue/Expense	40,554	425,443	35,233	181,332
Net Position – End of Year	\$958,512	\$1,369,611	\$1,404,157	\$1,601,818

The audits show the overall net position of the District has been increasing as shown in Table 4. This means the District can cover modest unexpected expenses without depleting reserves. In 1992, the State of California Department of Water Resources provided a \$470,000 loan to the District to assist with funding of water treatment facility construction project under the Safe Drinking Water Bond Law of 1986. The loan financed improved water collection and storage facilities, construction of a filtration facility, replacement of gravity-fed transmission mains in the distribution system, and acquisition of the 4th Avenue Well. The loan is to be paid off over 30 years with semi-annual payments of \$13,201 principal and interest at 3.41% per year. The remaining principal balance,

²¹ WCSSD Annual Operating Budget FY 2020-2021 page 2.

which does not include interest, was \$131,286 at the end of fiscal year 2018. The entirety of the loan, interest included at \$145,211 is expected to be paid off by 2024.

Grant Funding

Grant funding accounts for a portion of the District's annual revenues and continues to be an important source of revenue to fund system repairs and upgrades. The water distribution system was originally built in 1968 with inefficient materials, and repair/replacement cost is an ongoing concern for management.

In 1992, a Community Development Block Grant funded replacement of the 1.65-mile pressure-boosted portion of the distribution system. Comprising approximately 25% of the entire system, the pipe was upgraded from 2-inch polyethylene to 4-inch PVC. Approximately 2 miles of 2-inch polyethylene pipe dating from 1968 has been particularly prone to leaking. Since 2003, the system has experienced an average of eight water main repairs per year with most occurring in the old 2-inch polyethylene lines²². Since 2003, water loss averaged approximately 30% of total water production. This indicates a need to replace all the 2-inch polyethylene pipe.

In 2013, the District was awarded a \$360,000 California Department of Water Resources Proposition 84 grant and subsequent Proposition 84 grant for \$151,500 in 2015 for construction of a new glass-lined steel 95,000-gallon tank adjacent to the existing concrete tank and replacement of the roof on the existing tank with a new free-span aluminum roof. The project also constructed a new ring-wall foundation, installed station piping and a cathodic protection system, tank floats, and related controls. The project objective was to aid the District in meeting long-term water supply needs, protection of water quality, and augment/restore environmental conditions. This project was completed on May 20, 2019²³.

In 2013, the District was also awarded \$102,400 in grant funding and \$25,600 in loan funding from the California Department of Public Health Safe Drinking Water State Revolving Fund for developing an additional water treatment stage to remove the naturally occurring compounds known as disinfection byproducts. The first round of funding is intended for investigating options for treatment and planning for the solution. Although this study failed to produce a defined solution, a large amount of data from prolonged testing was gathered.

In 2014, the District was awarded a California Department of Water Resources Proposition 84 Drought Mitigation Project grant in the amount of \$493,500 for replacement of approximately one-third of the 2-inch polyethylene pipe with 4-inch PVC pipe. Additionally, the project installed shut-off valves and fire hydrants to reduce water losses and increase water supply reliability to the point where the existing 2006 moratorium on

²² WCDSD Annual Financial Report fiscal years 2015 and 2016 page 5.

²³ California Natural Resources Agency website bondaccountability.resources.ca.gov/Project.aspx?ProjectPK=11188&PropositionPK=4 Accessed April 7, 2020.

new connections is lifted. Customers targeted for connections when capacity is expanded have been previously identified as having inadequate or contaminated well water. The project was completed in December 2016 with the rate of water loss due to leaks in the distribution system decreasing dramatically for the next several years. However, the District is again experiencing high water loss of over 20% in many months due to leaks in the remaining polyethylene pipe which dates from 1968.

In 2019, the District collaborated with the City of Trinidad to submit a IRWM Proposition 1 grant to replace approximately 2,000 feet of distribution pipe in each system. While the grant was not awarded (ranked 21 of 20 grants funded), the District plans to resubmit an updated and stronger grant application with the City of Trinidad during the second round of Proposition 1 grant funding.

The District is currently working on a DWR Department of Financial Assistance (DFA) planning grant for groundwater exploration to drill new wells as a component of meeting a compliance order for DBPs, allowing the District to drill three groundwater test wells. If successful groundwater will be mixed with surface water prior to treatment, thereby reducing formation of DBPs. The District was also awarded a \$440,000 Technical Assistance grant in 2020 from DFA to conduct a pilot water treatment study to reduce the DBP pre-cursors (dissolved and total organic carbons) from the surface water and groundwater. Dry weather studies were conducted in October 2020 and wet weather studies were completed at the end of January and early February 2021. A small scale water treatment plant to field test a comprehensive water treatment process. This pilot study was successful, and a treatment process has been selected. A draft preliminary engineering report has been created with design of a new water treatment plant in process as of the time of publishing this MSR. A construction grant application will follow if the District adopts this plan. It is hoped by District staff that this will result in construction of a new water treatment plant within the next five years. The District will then be in compliance with state and federal drinking water standards for DBPs and may also be in a position to add additional customers to its water system.

The District will continue to upgrade infrastructure and seek to enhance capacity to ensure water supply reliability and climate change adaptability for the community of Westhaven. The District also hopes to expand collaboration/ cooperation on these issues with the City of Trinidad.

3.0 WESTHAVEN MSR DETERMINATIONS

As set forth in Section 56430(a) of the CKH Act- To prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

(1) Growth and population projections for the affected area

- a) The estimated population of the District is 517. It is unlikely that the area will see substantial growth in the next five to ten years due to service limitations and restrictions on further development.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

- a) Westhaven CSD conducted an income survey in 2018 that indicated the MHI for the District is \$47,000. This is 66% of the California MHI and qualifies the District as a DUC.

(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

- a) The District currently has enough capacity to meet current demands from existing water connections. However, there is insufficient supply for waitlist connections.
- b) The District is encouraged to continue efforts to meet disinfection byproduct standards and develop additional sources of water to meet outstanding connection requests in the area.

(4) Financing ability of agencies to provide services

- a) The District is currently funded by fees for services in addition to grant and loan programs. The District has been able to maintain a positive budget and increase its net position over the last five fiscal years.

(5) Status of and, opportunities for, shared facilities

- a) The District has been exploring its future involvement in land preservation along the Two Creeks watershed and is encouraged to collaborate with local land trusts.
- b) The District has begun exploration of possible water resiliency cooperation projects that could be developed jointly with the City of Trinidad. The District is encouraged to continue with these collaboration efforts.

(6) Accountability for community service needs, including governmental structure and operational efficiencies

- a) The District is currently served by a five member Board of Directors that is elected to staggered four year terms and there are not current vacancies.
- b) The District maintains a website that is compliant with SB929 and posts pertinent District information in accordance with current regulations.

(7) Any other matter related to effective or efficient service delivery

- a) The District is encouraged to continue coordination efforts with other water service providers in the area, including the City of Trinidad, in order to provide more resiliency to the system.

4.0 WESTHAVEN SOI DETERMINATIONS

To carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city, as defined by G.C. Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

(1) Present and planned land uses in the area, including agricultural and open-space lands.

- a) Land uses surrounding the District are primarily Coastal Commercial Timberland, Natural Resources, and Recreation with limited Rural Residential and Rural Agriculture indicating a limited growth pattern for the area.

(2) Present and probable need for public facilities and services in the area.

- a) There is currently low-density residential surrounding the District. Residencies in the area use onsite wells where District service is not available. There have been requests for services made with the District based on health and safety concerns. The District maintains a waitlist for service connections indicating there is a need for expanded service in and near the District boundary.

(3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

- a) The District is unable to provide expanded water service to the Westhaven community due to limited water sources and funding for additional infrastructure. The District is encouraged to continue efforts to obtain additional water sources in order to provide a reliable source of water to current area residents.

(4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

- a) The City of Trinidad is located just north of the District along Highway 101 and provides access to grocery and other minor convenience services. McKinleyville is located southeast of the District and provides a full range of services and commodities for area residents.

(5) For an update of a sphere of influence 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.

- a) Based on the 2018 income survey, the District qualifies as a DUC. Based on recent American Community Survey data, surrounding areas such as Trinidad are not

considered to be DUCs. However, based on the limited sample size for ACS data, more DUCs may exist.

- b) The District currently provides water services to existing area residents, however, there is not enough source water to meet additional requests for services. The area is provided fire and emergency response services by the Westhaven Volunteer Fire Department and CSA #4. There is currently no community wastewater collection and treatment in the area.

RESOLUTION NO. 21-08

**APPROVING THE WESTHAVEN COMMUNITY SERVICES DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE**

WHEREAS, the Humboldt Local Agency Formation Commission, hereinafter referred to as the "Commission", is authorized to conduct municipal service reviews and establish, amend, and update spheres of influence for local governmental agencies whose jurisdictions are within Humboldt County; and

WHEREAS, the Commission conducted a municipal service review to evaluate the availability and performance of governmental services provided by Westhaven Community Services District, hereinafter referred to as the "District", pursuant to California Government Code Section 56430; and

WHEREAS, the Commission conducted a sphere of influence update for the District pursuant to California Government Code Section 56425; and

WHEREAS, the Executive Officer gave sufficient notice of a public hearing to be conducted by the Commission in the form and manner provided by law; and

WHEREAS, the staff report and recommendations on the municipal service review and sphere of influence update were presented to the Commission in the form and manner prescribed by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at a public hearing held on the municipal service review and sphere of influence update on March 17, 2021; and

WHEREAS, the Commission considered all the factors required under California Government Code Section 56430 and 56425.

NOW, THEREFORE, BE IT RESOLVED by the Commission as follows:

1. The Commission, as Lead Agency, finds the municipal service review is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations Section 15306. This finding is based on the use of the municipal service review as a data collection and service evaluation study. The information contained within the municipal service review may be used to consider future actions that will be subject to additional environmental review.

2. The Commission, as Lead Agency, finds the sphere of influence update is exempt from further review under the California Environmental Quality Act pursuant to Title 14 California Code of Regulations Section 15061(b)(3). This finding is based on the Commission determining with certainty the update will have no possibility of significantly affecting the environment given no new land use or municipal service authority is granted.
3. This municipal service review and sphere of influence update is assigned the following distinctive short-term designation: "Westhaven CSD MSR/SOI Update 2021".
4. Pursuant to Government Code Section 56430(a), the Commission makes the written statement of determinations included in the municipal service review, hereby incorporated by reference.
5. Pursuant to Government Code Section 56425(e), the Commission makes the written statement of determinations included in the sphere of influence update, hereby incorporated by reference.

BE IT FUTHER RESOLVED that the Westhaven MSR/SOI Update 2021 is hereby approved and incorporated herein by reference and the sphere of influence for the District is reaffirmed as coterminous to the District boundary as shown in Exhibit "A", attached hereto.

PASSED AND ADOPTED at a regular meeting of the Humboldt Local Agency Formation Commission on the 17th day of March 2021, by the following roll call vote:

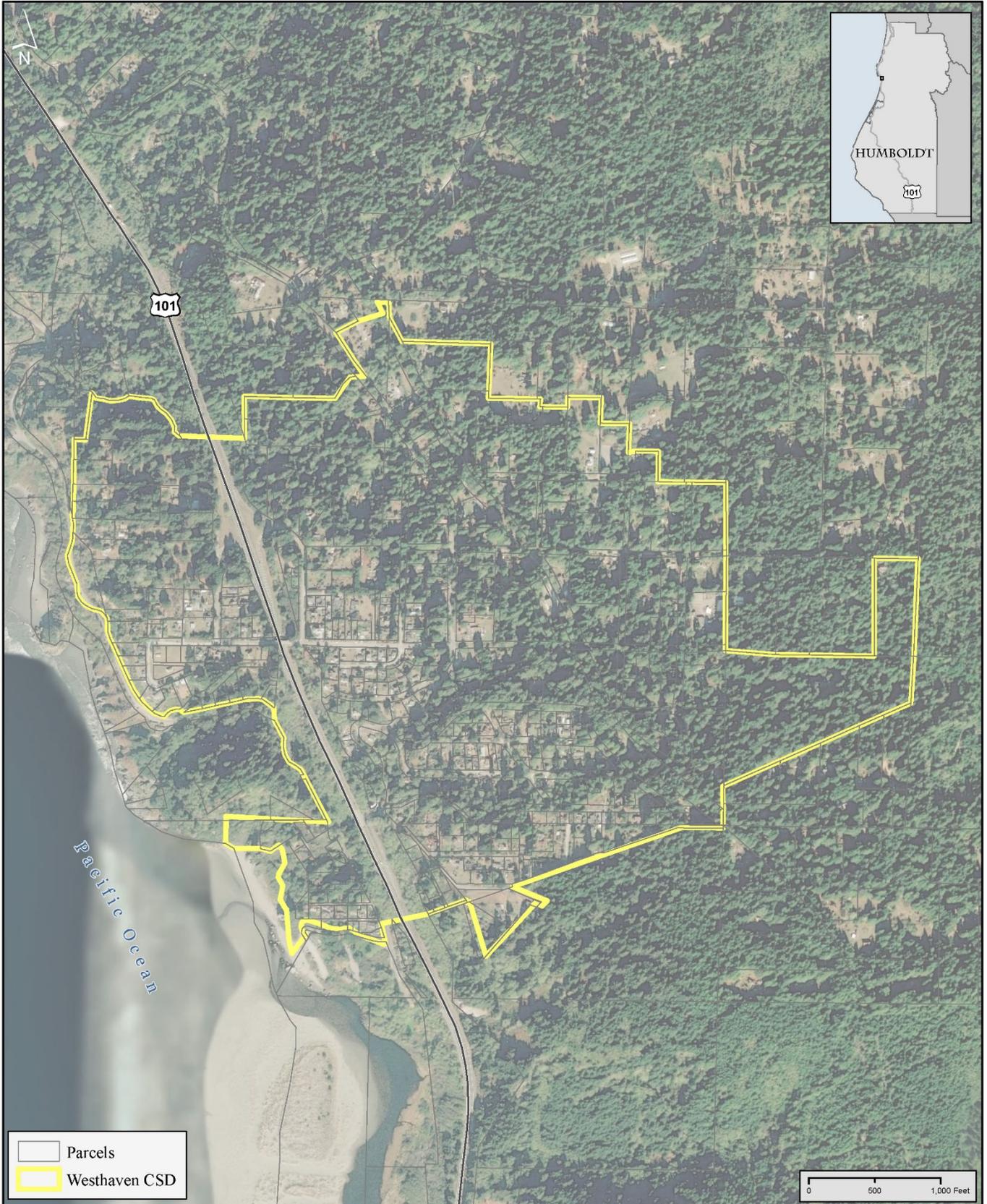
AYES:
NOES:
ABSENT:
ABSTAIN:

Attest:

Virginia Bass, Chair
Humboldt LAFCo

Colette Santsche, Executive Officer
Humboldt LAFCo

Exhibit A



Parcels
Westhaven CSD

0 500 1,000 Feet



Westhaven Community Services District

Figure

Date: 5/19/2020

Sources: Parcels - Humboldt County GIS, Roads - US Census TIGER.