



# Willow Creek Community Services District Municipal Services Review and Sphere of Influence Update



Adopted  
May 19, 2021



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## **RESOLUTION NO. 21-11**

### **APPROVING THE WILLOW CREEK 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 Willow creek 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 May 19, 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: "Willow Creek 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 FURTHER RESOLVED** that the Willow Creek 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 19<sup>th</sup> day of May 2021, by the following roll call vote:

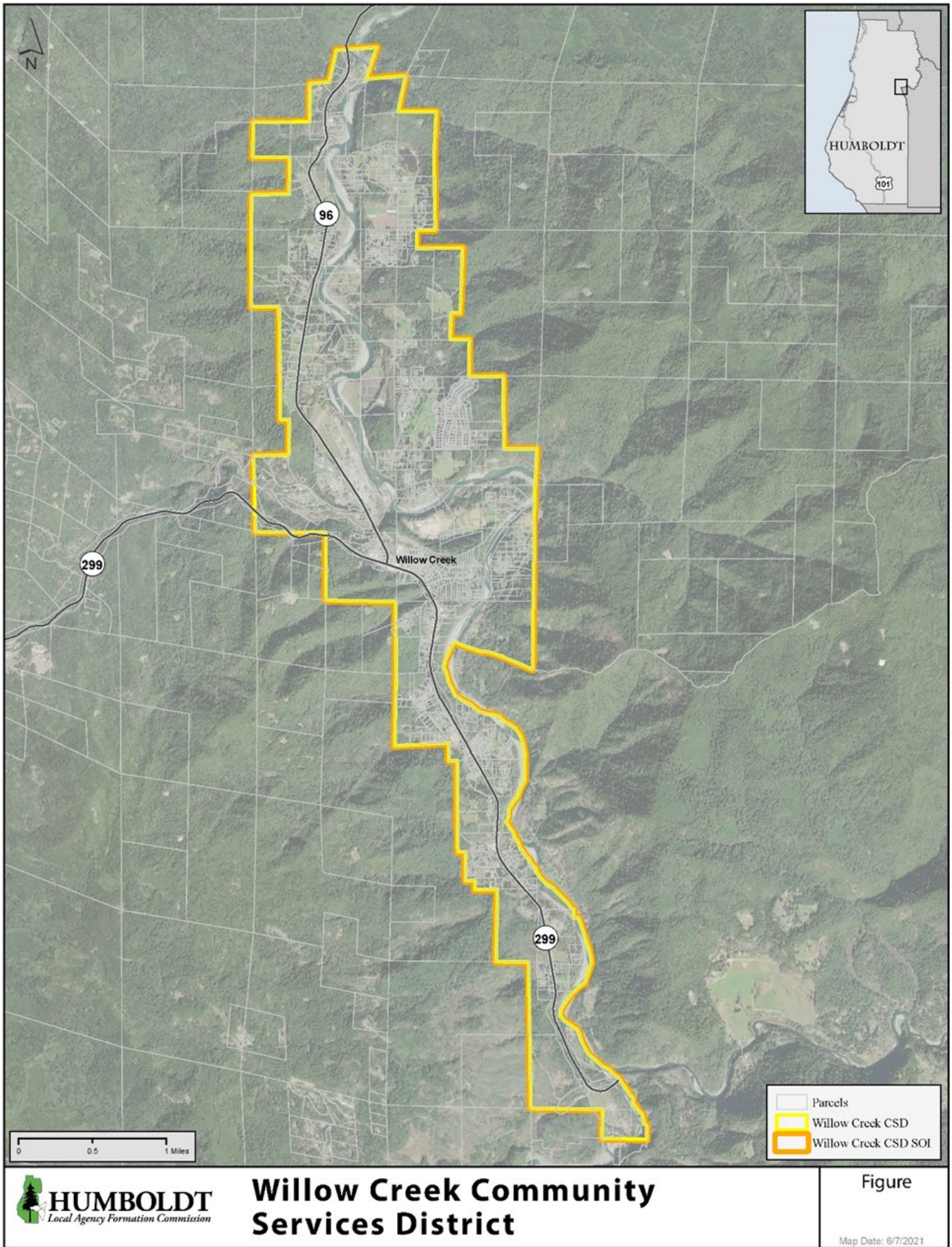
AYES: Commissioners: Avis, Bass, Couch, Jorgensen, Losey, Nicolini, and Wilson  
NOES: None  
ABSENT: Commissioners: Lake and Lee  
ABSTAIN: None

Attest:

  
Virginia Bass, Chair  
Humboldt LAFCo

  
Colette Santsche, Executive Officer  
Humboldt LAFCo

**Exhibit A**



## **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, Samoa Peninsula Fire Protection District

Debra Lake, Fruitland Ridge Fire Protection District

Ali 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, LAFCo Analyst/Clerk

Jason Barnes, GIS Analyst

Ryan Plotz, Legal Council

### **Acknowledgements:**

LAFCo would like to thank Willow Creek CSD General Manager Susan O’Gorman for her assistance during the preparation of this MSR and SOI update.

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## 1.0 MSR/SOI BACKGROUND

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### 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 (5) 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).

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## 2.0 WILLOW CREEK COMMUNITY SERVICES DISTRICT

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### 2.1 Agency Overview

The Willow Creek Community Services District (WCCSD) provides water, street lighting, and parks and recreation services to a small community located approximately 45 miles northeast of the City of Eureka in eastern Humboldt County at the junction of US Highway 299 and US Highway 96.

<b>Primary Contact</b>	Susan O’Gorman, General Manager
<b>Secondary Contact</b>	Lynn White, Office Manager
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<b>Address</b>	P.O. Box 8, 135 Willow Road, Willow Creek, CA 95573
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<b>Website</b>	<a href="http://www.willowcreekcsd.com">www.willowcreekcsd.com</a>

### 2.2 Formation and Development

WCCSD was originally organized in 1965 under Government Code Section 616100 by Humboldt County Board of Supervisors Resolution No. 2101. The District was formed in May after a successful special election was held to supply the community of Willow Creek with potable water<sup>1</sup>. The District later requested activation of recreation powers in 1976<sup>2</sup> and street lighting powers in 1988<sup>3</sup>.

Since that time, SOI reports for the District have indicated that active powers are potable water supply and distribution, streetlighting and recreation. All other powers are therefore considered latent and must be activated by LAFCo before provision of service begins.

### 2.3 Boundary and Sphere of Influence

The District is centered around US Highway 299 and the Trinity River from the confluence of the South Fork Trinity and Trinity Rivers in the south up to the confluence of Coon Creek and Trinity River along Highway 96 to the north. The boundary encompasses the central Willow Creek business district and many of the surrounding neighborhoods including Terrace, Bigfoot Avenue, Oak Lane and Patterson Road. The current boundary remains the same as when the District was formed in 1965 and the SOI is coterminous.

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<sup>1</sup> Humboldt County Board of Supervisors Resolution No.2101, 2064, and 2065.

<sup>2</sup> Willow Creek CSD, Letter to LAFCO RE: Activation of Latent Powers. April 19,1976.

<sup>3</sup> Humboldt LAFCo, Resolution No. 88-06. April 27, 1988.

Figure 1: Willow Creek CSD Boundary and SOI

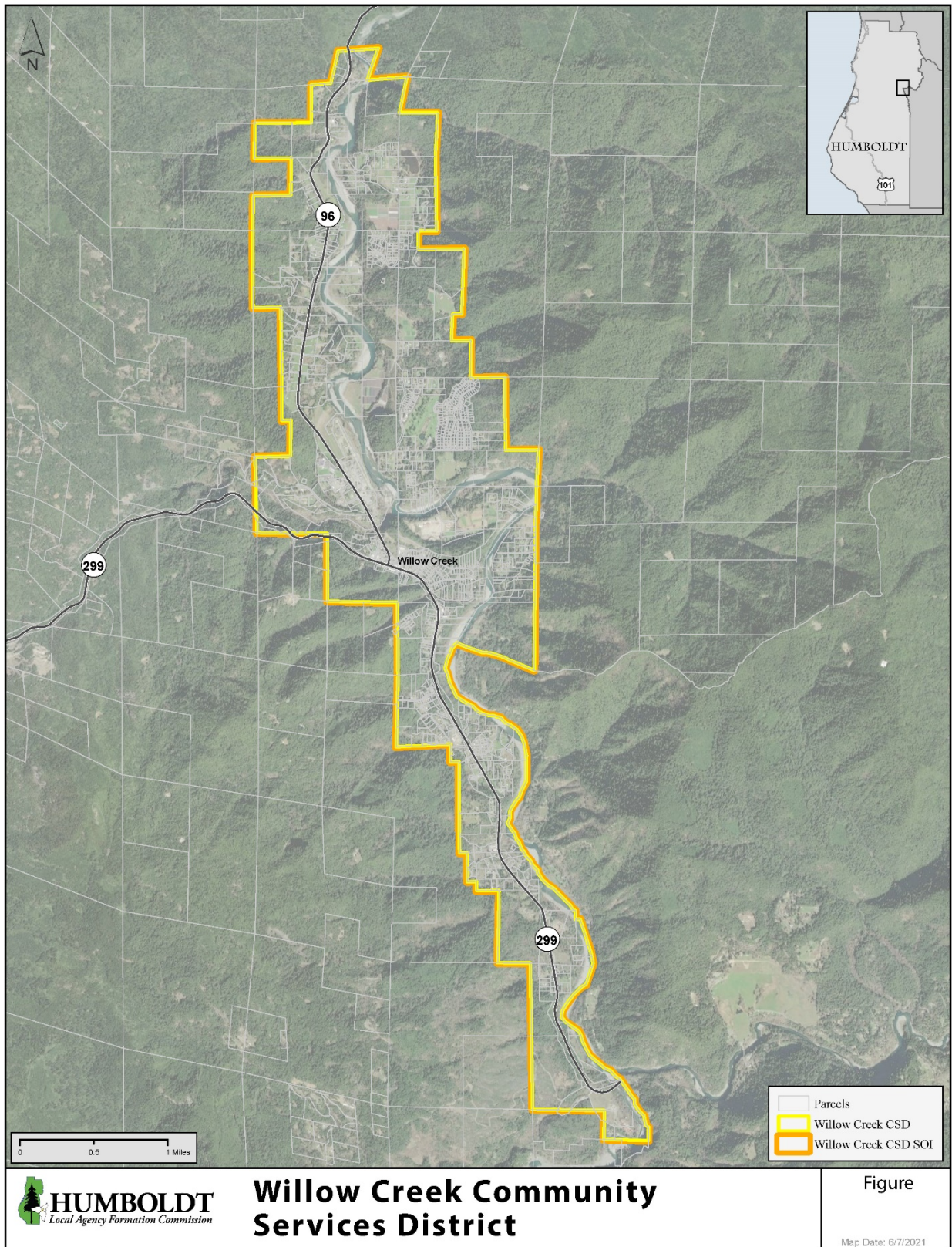
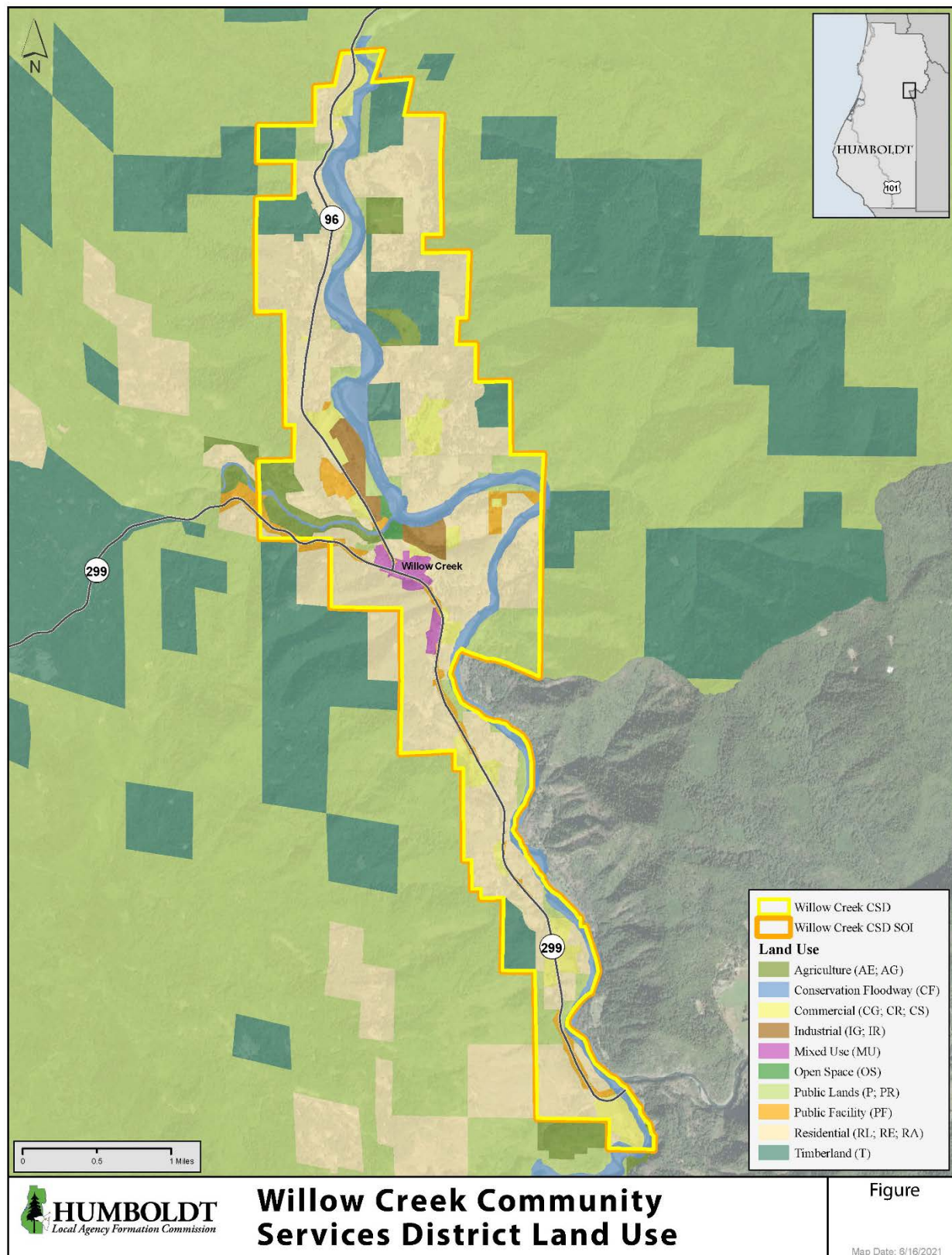


Figure 2: Willow Creek CSD Land Use Designations



## 2.4 Land Use and Zoning

Land uses within the District are currently subject to the Humboldt County Framework General Plan (Volume 1), Willow Creek Community Plan (Volume II), and Zoning Regulations (Humboldt County Code Title III, Division 1).

Under the Humboldt County General Plan, land uses within the District are primarily Residential Estates (RE) and Residential Agriculture (RA). Other land uses include a combination of Timberland (T), Conservation Floodway (CF), Public Lands (P), Public Facility (PF), Public Recreation (PR), Commercial Recreation (CR), Commercial Services (CS), Commercial General (CG), Mixed Use (MU), Agricultural Exclusive (AE), Agricultural Grazing (AG), Residential Low Density (RL), and Industrial General (IG)<sup>4</sup>. The surrounding area is predominantly P and T which are both low density, growth limiting designations.

Under Humboldt County Zoning Regulations, zoning within the District is a mix of Agriculture General (AG), Forestry Recreation (FR) with combining zones Special Building Site (B-7/5(2.5/10)), Residential Suburban (RS) with combining zones Manufactured Home (T), Recreation (X), and Qualified (Q), Residential One-Family (R-1) with combining zones T and Design Control (D), Flood Plain (FP), Timberland Production (TPZ), Agriculture Exclusive (AE), Neighborhood Commercial (C-1), Community Commercial (C-2), Highway Service Commercial (CH), Heavy Industrial (MH) with combining zone Development Standard (S), and Unclassified (U)<sup>5</sup>. Zoning outside of the District's boundary is primarily TPZ and U. These zoning designations indicate low density development and limited growth.

## 2.5 Tribal Lands

The community of Willow Creek is located within the ancestral tribal lands of the Hupa (or Hoopa Valley Tribe). Native Americans belonging to the Hupa Tribe inhabited the area around Kimtu and had a notable village at the confluence of the Trinity River and its South Fork. The rich resources in the valley provided the tribe with elk, fish, berries, and nuts which sustained them year-round. As they had abundant resources, trade with other tribes was limited. However, the Yurok did trade redwood canoes to the Hupa for use along the river. Due to their sheltered mountain location, the Hupa did not have major contact with European settlers until the Gold Rush era. Fort Gaston was set up in the valley to facilitate law and order and the reservation was designated in 1864. Since then, the Hupa tribal lands have been restricted to 12 square miles within their original territory<sup>6</sup>.

Today, the Hoopa Valley Tribe Rancheria provides many services to tribal members and area residents including a library, museum, land management, potable water, low-income food distribution, and more. The Hupa museum houses many artifacts of the

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<sup>4</sup> Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Current General Plan Land Use. Accessed October 19, 2020.

<sup>5</sup> Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Zoning. Accessed October 19, 2020.

<sup>6</sup> Bushnell, John H. *From American Indian to Indian American: The Changing Identity of the Hupa*. American Anthropologist, June 18, 1968.

tribe that are still used for their originally intended purposes by tribal members during ceremonies and other gatherings<sup>7</sup>.

## 2.6 Growth and Population

WCCSD is located within the Willow Creek Census Designated Place (CDP). According to the 2018 American Community Survey 5-year Estimate there is a population of approximately 1,539. This is an increase of 126 persons from the 2013 estimate<sup>8</sup>. However, the District Boundary is smaller than that of the census boundary and may not provide an accurate estimate of population. According to the 2019 Consumer Confidence Report, the District serves a population of 1,710<sup>9</sup>. Due to limited development potential, the population is not expected to grow substantially over the next five to ten years.

## 2.7 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 Willow Creek CDP is \$48,796<sup>10</sup>. This is 69 percent of the estimated California MHI of \$71,228<sup>11</sup> which means the District qualifies as a DUC. To the north of the District is the Hoopa CDP, which has a MHI that is 52% of the California MHI<sup>12</sup>, qualifying the CDP as a DUC. Within this area, the Hoopa Valley Tribe is responsible for providing governmental services to residents.

In 2005 and again in 2010, the County passed a resolution naming Willow Creek a blighted community. In total, there were seven (7) community areas within Humboldt County that received this designation including portions of the unincorporated communities of Manila, Alton, Glendale, Fields Landing, Willow Creek, Samoa/Fairhaven, and Orick<sup>13</sup>. These areas had a variety of blight conditions resulting in deteriorated, substandard, obsolete or vacant buildings and other properties that were either not developed because of certain blight conditions or were necessary for inclusion as a blighted area to allow for the effective planning and redevelopment of the area as a whole. Their designation as a blighted community provides greater access to funding for redevelopment and infrastructure projects.

As with many communities in Humboldt County, Willow Creek’s blighted designation can be linked to the decline of the timber industry. With the restrictions of timber harvests in the 1990’s, downtown Willow Creek saw a once thriving retail district

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<sup>7</sup> Hoopa Valley Tribe, Tribal Departments and Tribal Enterprises. Accessed March 25, 2021 from <https://www.hoopan-sn.gov/>.

<sup>8</sup> US Census, American Community Survey 5-year Estimates, Willow Creek Census Designated Place, Table B01003 for 2013 and 2018.

<sup>9</sup> WCCSD Consumer Confidence Report 2019.

<sup>10</sup> US Census, ACS 2018 5-year Estimates, Table S1903 for Willow Creek Census Designated Place. Accessed October 19, 2020.

<sup>11</sup> US Census, ACS 2018 5-year Estimates, State of California, Table S1903. Accessed April 7, 2020.

<sup>12</sup> US Census, ACS 2018 5-years Estimates, Table S1903 for Hoopa CDP (MHI \$36,830). Accessed October 19, 2020.

<sup>13</sup> Five-Year Humboldt County Redevelopment Agency Implementation Plan. March 2006.

deteriorate. Approximately 28% of the “downtown” commercial area was reported to be in substandard condition. Redevelopment and expansion of housing and other development was limited due to an insufficient wastewater treatment system. Currently, most downtown Willow Creek businesses still have insufficient leach fields and are prohibited from expanding due to inadequate system capacity. Businesses with failed or failing septic systems include the Ostrander building (Pizza Factory), and the Bigfoot Motel. The Chevron station previously had a failing system which has since been repaired at great cost.

While many efforts have been taken to revitalize the Willow Creek area, development of a community wide wastewater system will allow for further redevelopment of the area and help improve overall community health.

## 2.8 Municipal Services

### Water Services

The District owns and operates a public water system that provides domestic water to a population of 1,710 people with approximately 930 service connections comprised of 792 residential connections, 13 multi-family connections, 82 commercial connections, 32 agricultural connections, 10 landscape connections, and 1 industrial connection<sup>14</sup>. Additionally, there are 79 inactive connections for parcels that have yet to be developed or that experience a loss of the structure due to fire or other circumstance. The source of the water supply is from Willow Creek, a tributary of the Trinity River. Source water is drawn through naturally filtered sand and gravels in the creek streambed. Additionally, water is collected during summer demand from a surface water collection system with a special protective intake.

Under permit No.15670 issued by the State Water Resources Control Board, total annual diversion is limited to 2,370 acre-feet. In the summer months, pumping speed is approximately 1,200 gallons per minute. The treatment facility can produce up to 3 million gallons of water per day at peak production. Normal production in the summer averages 1.2 million gallons per day (gpd) and in the winter averages 325,000 gpd<sup>15</sup>. The 2019 monthly average demand for water was 18,132,788 gallons per month with a high of 33,502,000 gallons in August and low of 9,636,560 gallons in February. Total water use in 2019 was 667.8-acre feet which is 28% of the District’s permitted amount.

The District’s current water treatment system was installed in the spring of 2017<sup>16</sup>. The facility is a modern, inline, direct filtration plant consisting of a control center with monitoring and controls equipment. There are three, multi-stage pressure filters with 720 square feet of surface filter media. In 2019, the District received a water quality violation for failure to remove giardia lamblia cysts 99.9% of the time and as a result has changed

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<sup>14</sup> WCCSD Consumer Confidence Report 2019.

<sup>15</sup> Ibid

<sup>16</sup> Ibid

their methods and increased chlorine levels by approximately 30% which has enabled the District to meet state requirements<sup>17</sup>.

**Table 1: 2019 Water Demand Summary**

Month	Gallons per Month	Acre-feet per Month
January	11,934,000	36.6
February	9,636,560	29.6
March	10,236,000	31.4
April	10,934,000	33.6
May	18,147,000	55.7
June	26,101,900	80.1
July	32,343,000	99.3
August	33,502,000	102.8
September	23,202,000	71.2
October	15,812,000	48.5
November	13,093,000	40.2
December	12,652,000	38.8
<b>Total Gallons</b>	<b>217,593,460</b>	<b>667.8</b>

The District has 1,080,000 gallons of water storage disbursed over three storage tanks. The District adopted Ordinance Number 44 which describes implementation measures to follow if its water supply is significantly depleted. No major issues or depletions have been experienced to date.

With the assistance of Cal Rural Water, the District has recently submitted a design and construction grant to the State Water Resource Control Board Proposition 1 grant program, for a new 450,000-gallon water tank on Brannan Mountain. While the grant has not been awarded yet, it is expected to be finalized in 2021. Additionally, the size of the tank was determined by population. However, a larger tank would be more beneficial for the District based on actual summer demand. As such, the District may opt to construct a 650,000 gallon tank and fund the remaining cost from District reserves. This tank would be at the same elevation as the District's current main pressure zone, which would allow for an easy addition into the system.

A formal Strategic Plan for the Water Department was completed and approved by the Board in February 2012. This plan included the replacement of three large water tanks in the District, all which have since been completed. The District is working on a draft CIP plan for both water and recreation services and plan to finalize the draft CIP in the summer of 2021.

### **Wastewater Services**

The community of Willow Creek does not currently have a community-wide wastewater collection system, and all the residences and businesses rely solely on individual septic systems to provide for their wastewater treatment needs. Many of these septic systems

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<sup>17</sup> Ibid

are decades old, and some are beginning to fail, impacting ground and surface water in the area and negatively affecting public health and the environment. This is of particular concern in the downtown Willow Creek area, as there is insufficient room to construct new or reserve leach fields to replace existing failing leach fields. A feasibility study conducted by Oscar Larson & Associates (2008) reported that many of the onsite systems have degraded with time, are substandard or undersized, and frequently overloaded. Numerous permits for repair of failed septic systems have been issued by the Humboldt County Division of Public Health (Oscar Larson & Associates, 2008). As noted earlier, in 2005 and again in 2010, the County passed a resolution naming Willow Creek a blighted community; the lack of wastewater infrastructure was identified as a contributing factor to this blight determination.

A new wastewater collection and treatment system is planned that will serve the downtown area of Willow Creek. Grant funding has been used to complete the planning and design work for the project and more grant funding has been secured to cover 95% of the construction costs, including lateral connections to residential users<sup>18</sup>. The remaining 5% of costs for lateral connections to commercial users will be covered by the District. The proposed wastewater rates will cover the estimated recurring costs that the District will have after construction of this project, which includes costs associated with operation, maintenance, and future replacement of system components. A rate study for wastewater services was completed in 2019 and the District did not receive any protests to the proposed rates. A public hearing notice was issued for the proposition 218 process, which was completed in January 2020. Wastewater fees were only assessed to those within the wastewater service boundary connected to the system. A Final Environmental Impact Report was completed in September 2015 (State Clearinghouse #2015012014).

The collection system will be gravity sewer lines with small pump stations<sup>19</sup>. The project will include working with landowners within the downtown service area to remove their existing septic tanks and install new sewer laterals to the main street lines. The treatment plant will be a recirculating gravel filter. It will have a large primary tank which settles out the solids, and then water will be pumped (recirculated) through two gravel beds (40 feet by 40 feet and approximately 4 feet in depth). Micro-organisms will grow in the gravel and essentially clean and treat the water. After being treated, the water will be disposed into a large leach field. No water will be discharged into the river. The whole treatment process is similar to what happens in a standard home septic system with the addition of the gravel beds to clean the water to the standards established and permitted by the California State Water Resources Control Board.

Based on the density of failing septic systems and lack of adequate space for new individual systems along Highway 299, the Wastewater Committee of the District

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<sup>18</sup> WCCSD Downtown Wastewater Development Preliminary Engineering Report-Wastewater Facilities, November 2014.

<sup>19</sup> Ibid

recommended, and the Board approved that the initial collection system/sewer service area be limited to the downtown core and surrounding area<sup>20</sup>.

**Figure 3: Proposed Wastewater Treatment and Collection Area**



The following is a summary of the previous studies that have been completed and steps that have been made by the WCCSD towards a wastewater solution<sup>21</sup>:

- o **2002** The District received Community Development Block Grant (CDBG) funding to conduct a wastewater feasibility analysis. Guy Conversano was hired and completed a report titled "Preliminary Wastewater/Septage Engineering Feasibility Report" (2002). This report recommended a phased approach, sewerage the downtown area first, and suggested a Phase 1 STEP system. The estimated construction cost was \$1 million and estimated user rates were \$30 per month. It is important to note that since this report was completed, there have been many changes to regulatory requirements for effluent treatment. These additional requirements add significantly to the cost of construction.
- o **2003** Trinity Valley Consulting Engineers was hired to complete a study of the Jurin property or "Mill Site". The site was determined suitable as an effluent disposal field, as detailed in their report "Central Wastewater Disposal System Evaluation of Disposal Site".

<sup>20</sup> Ibid

<sup>21</sup> WCCSD Downtown Wastewater Development Preliminary Engineering Report-Wastewater Facilities, November 2014.

- **2004** The District was pledged \$250,000 in a Small Community Wastewater Grant by the California State Water Regional Control Board (SWRCB); however, the pledge was rescinded due to a competing state project. Also in 2004, the District was pledged an \$80,000 design grant from Humboldt County Association of Governments (HCAOG) but was unable to secure additional funds, and the grant agreement was never executed.
- **2005** Humboldt County completed a Blight Designation report in preparation for Redevelopment. WCCSD was found to be a blighted community.
- **2008** The District received an additional CDBG grant to conduct further wastewater feasibility analysis. Oscar Larson & Associates was hired and completed their report titled "Wastewater Feasibility Analysis". This report recommended an expanded collection system and a natural treatment system. The estimated capital cost was \$6.65 million, and estimated user rates were \$75 per month for residential and \$1,500 for commercial.
- **2010** Streamline Planning secured \$40,000 from the Headwaters Grant Fund on behalf of the WCCSD with the goal of developing the Willow Creek Downtown Community Septic Improvement Program (WCSIP) to access revitalization options for businesses restricted by septic system limitations.
- **2011** GHD was hired to assist in the process of developing a wastewater solution for the downtown area of Willow Creek.
- **2012** Trinity Valley Consulting Engineers completed a soils study of Veterans Park to determine the percolation rate.
- **2015** An Environmental Impact Report (EIR), as outlined by Title 14 of the California Environmental Quality Act (CEQA), for the Downtown Wastewater System Development Project will begin after the approval of the PER by the District Board. The EIR process will address and evaluate the potential environmental impacts of the project and incorporate mitigation measures where feasible. A required and critical piece of the EIR process is public input. CEQA does not require public meetings at any stage of the environmental review process, however, an initial scoping meeting and a public hearing on the Draft EIR are recommended. These meetings will provide the opportunity to inform the public of the project and receive input on environmental issues associated with the project.
- **2017** The District obtained funding from the State Water Resources Control Board Proposition 1 Small Community Grant program for land purchase and project construction.
- **2020** Report of Waste Discharge (RWD) Application filed by District. This is a necessary part of the wastewater system development and implementation. The Regional Board will issue a new National Pollutant Discharge Elimination System (NPDES) permit and associated waste discharge requirements (WDRs), which will be based in part on the RWD, which will describe the new collection system,

treatment facilities, and disposal practices. This process also includes a Hydrogeologic/Anti-Degradation Analysis.

- o **2020** The District purchased lands at 450 County Club Drive to accommodate the sewage treatment facility.
- o **2020** The District completed the 218 process for setting wastewater rates in service areas.

The wastewater system is in its final stages of design. The District hopes to start construction in 2022 and be online in 2023. The wastewater system only covers a small portion of the District in the downtown Willow Creek area (Figure 3).

### ***Activation of Powers for Wastewater Services***

WCCSD does not currently have wastewater conveyance and treatment powers. While it is a service the District can provide under CSD law, it is considered a latent power since it was not exercised prior to adoption of the District's SOI (Section 56050.5 and 56425 of the CKH Act). To legally provide this service to the community, the District will need LAFCo authorization to activate this power.

Proceedings for activation of latent powers can be initiated by resolution of application by the legislative body of the special district. In this case, the Board of Directors of WCCSD can adopt the resolution to initiate LAFCo proceedings. The District would submit the resolution of application and a plan for providing services to LAFCo that contains the following:

1. The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.
2. The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class. An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.
3. A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.
4. Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.

Ongoing funding for wastewater services is subject to Proposition 218 proceedings that were completed by WCCSD in 2020. As required by Article XIID of the California Constitution (Proposition 218), this included a Preliminary Engineering Report and a public hearing to consider new fees to cover wastewater services for the next five (5) years (fiscal years 2021-2026). The sewer rates will cover the estimated recurring costs that the District will have after construction of this project, which includes costs

associated with operation, maintenance and future replacement of system components.

### **Recreation Services**

The District owns and operates Veterans Park, a nineteen-acre general purpose facility located on Kimtu Road in Willow Creek. The District also owns and operates Creekside Park, a four-acre park near downtown and has recently purchased a 19-acre parcel upstream from the park to expand the park system and provide watershed protection and fire protection to the community. Creekside park has a toddler playground, a walking trail and a frisbee golf system. While existing facilities are generally in good condition and adequately accommodate community recreation needs, there has been input from the community indicating a desire to additional amenities such as a skate park and basketball court.

In addition to WCCSD owned parks, the District leases Camp Kimtu and Kimtu Beach from the US Forest Service. Recreation services were transferred from the County to the District in 1981 due to County budget constraints and the District's prior interest in taking over management of these areas<sup>22</sup>.

The District also maintains trees and grass areas on Highway 299 in downtown Willow Creek through the Recreation Department. This is part of the Caltrans right-of-way but is maintained through a maintenance agreement implemented when the trees were planted in the early 2000s.

In response to the Covid-19 pandemic, the United States Forest Service temporarily closed recreation facilities in the area which created a small reduction in the District's recreation budget. However, facilities have since been reopened and no other impacts to recreation services have been experience.

### **Lighting Services**

The District continues to facilitate street lighting in downtown Willow Creek which consists approximately 20 lights. The lights are maintained by PG&E and the electrical bill is paid for by the District. The District then in turn bills each business in downtown Willow Creek for the streetlights on a quarterly basis. There are no planned changes to service at this time.

### **Other Service Providers**

Fire protection services are provided to the unincorporated community of Willow Creek, through the Willow Creek VFD and Willow Creek Fire Protection District. The Willow Creek FPD is an independent, single-purpose special district authorized to provide fire protection, rescue, and emergency medical services. Federal, state, and tribal agencies providing wildland fire protection in the East County Region include: the US Forest Service (USFS) – Six Rivers National Forest, Hoopa Wildland Fire Department, and CAL FIRE. In addition to CAL FIRE providing wildland fire protection services, CAL FIRE

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<sup>22</sup> Humboldt Count Department of Public Works, Letter to Board of Supervisors RE: Transfer Operation of Camp Kimtu to Willow Creek Community Services District. May 29, 1981.

also provides dispatch services to the majority of local fire departments in Humboldt County – including the Blue Lake, Kneeland, and Willow Creek FPDs – through the Fortuna Interagency Command Center (FICC), also known as the dispatch center. The FICC is located in Fortuna on the grounds of the CAL FIRE Humboldt-Del Norte Unit Administrative Headquarters. Personnel from CAL FIRE and the USFS jointly staff the FICC. CAL FIRE staff is available 24 hours a day, 7 days a week.

As noted previously, all the houses within WCCSD are hooked up to on-site septic systems which are operated and maintained by individual homeowners. The District will begin construction on a community septic system in 2021 that will service the central business district.

## 2.9 Organizational Structure

The WCCSD is an independent special district served by a five-member Board of Directors that is elected to four-year staggered terms. Typically, board meetings are held once a month on the fourth Thursday at the District office located at 135 Willow Creek Road at 8:00 am. In the months of November and December, board meetings are held on the third Thursday of the month. Due to COVID-19, meetings have been held outside on the lawn of the District office. Currently, meetings are being held every other month on the even months via Zoom video conference. The District has four full-time employees including the District Manager, Office Manager, Senior Operator, and Operator II. There are also two part-time employees including a Recreation Technician.

Table 2: Willow Creek CSD Board of Directors

Board Member	Title	Term Expiration
<b>Ed Duggan</b>	Board Member	2023
<b>Judy Gower</b>	Board Chair	2025
<b>Joe O'Hara</b>	Board Member	2023
<b>Shannon Hughes</b>	Board Member	2025
<b>Riley Morrison</b>	Board Member	2025

## 2.10 Accountability and Transparency

The District maintains a website in accordance with SB929 regulations (<https://www.willowcreekcsd.com/>). Board agendas and notices are posted at the District office and on the bulletin board at the Post Office at least 72 hours in advance of scheduled Board meetings and meeting minutes are posted on the District's website<sup>23</sup>. 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.

<sup>23</sup> <https://www.willowcreekcsd.com/category/meeting-minutes/>

## 2.11 Financial Overview

### Fees for Services

WCCSD is funded by service fees, property tax, and grants. In fiscal year 2020-2021, wastewater revenue is expected to be \$5,755,000, accounting for majority of the District's overall revenue through two grants and property tax. Wastewater expenses account for most the District's overall expenditures at \$5,741,644 through proposed construction work for the wastewater project. As a result, the District is projected to experience a loss of \$98,294. The District experienced a gain in three out the past 5 financial years. Overall, revenues and expenditures have increased from fiscal year 2016-2021.

Table 3: Annual Budget Summary

Category	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
Water	816,104	711,000	710,000	710,000	700,000
Recreation	61,500	43,500	43,700	39,200	39,700
Lighting	3,600	3,600	3,600	3,600	3,600
Wastewater	5,000	5,000	6,515,000	6,215,000	5,755,000
<b>Revenues</b>	<b>886,204</b>	<b>763,100</b>	<b>7,272,300</b>	<b>6,967,800</b>	<b>6,498,300</b>
Water	764,940	700,100	726,800	766,500	801,450
Recreation	61,150	65,583	55,210	52,210	53,500
Lighting	3,600	3,600	3,600	3,600	3,600
Wastewater	5,000	2,500	6,501,500	6,201,500	5,741,644
<b>Expenditures</b>	<b>834,690</b>	<b>771,783</b>	<b>7,287,110</b>	<b>7,023,810</b>	<b>6,600,194</b>
<b>Gain/ (Loss)</b>	<b>\$51,514</b>	<b>(\$8,683)</b>	<b>(\$14,810)</b>	<b>(\$56,010)</b>	<b>(\$101,894)</b>

### District Audits

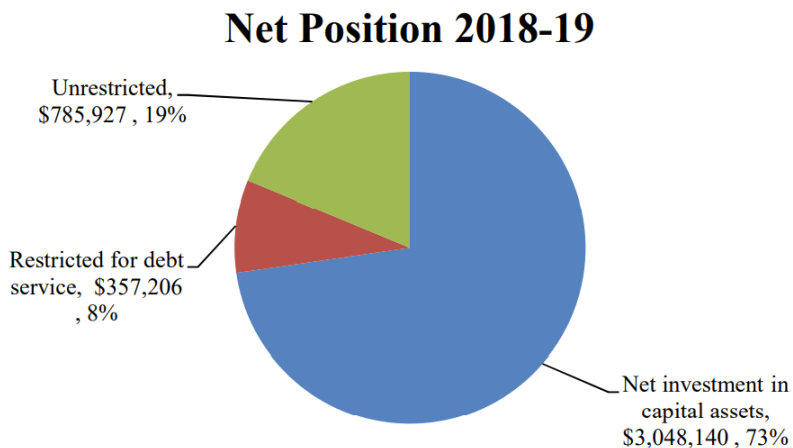
Table 4: Willow Creek CSD Audit Summary

Category	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Operating Revenues	773,639	788,225	760,087	728,210	708,886
Operating Expenses	782,136	872,269	722,691	903,068	827,206
Non-operating Revenues	98,011	96,466	132,847	436,677	320,844
<b>Net Assets – End of Year</b>	<b>\$3,302,064</b>	<b>\$3,314,486</b>	<b>\$3,484,729</b>	<b>\$3,747,077</b>	<b>\$4,191,273</b>

As of June 30, 2019, the District's net position increased \$444,196 from \$3,747,077 to \$4,191,273 from the prior fiscal year ended on June 30, 2018. Operating revenues decreased by \$19,324 primarily due to a cooler summer which resulted in fewer water sales. Otherwise, the District has experienced few major changes to its financial health in the past year.

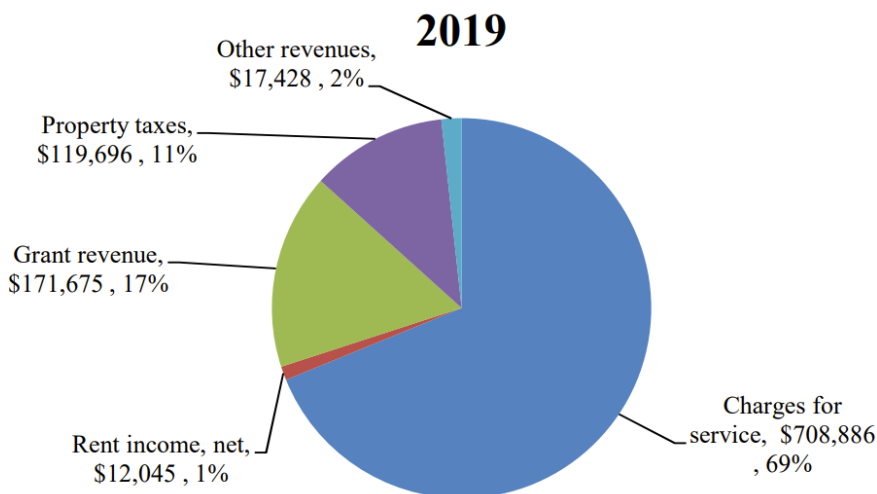
The District has budgeted losses over the last four fiscal years due to investment in the new wastewater system. Once online, charges for wastewater services will help offset costs of the system and help provide a more balanced budget. Overall, net assets have increased each fiscal year for the past five years.

Figure 4: Net Position



The District's long-term debt service is \$37,743. This amount relates to the annual payment on the Davis/Grunsky loan (State of California Construction Loan), and the semi-annual payments on the SWRCB loan (Department of Health and Human Resources). The Davis/Grunsky loan is scheduled to mature in 2034 and the SWRCB loan is scheduled to mature in 2027.

Figure 5: Revenues by Source (Both Operating and Non-Operating)

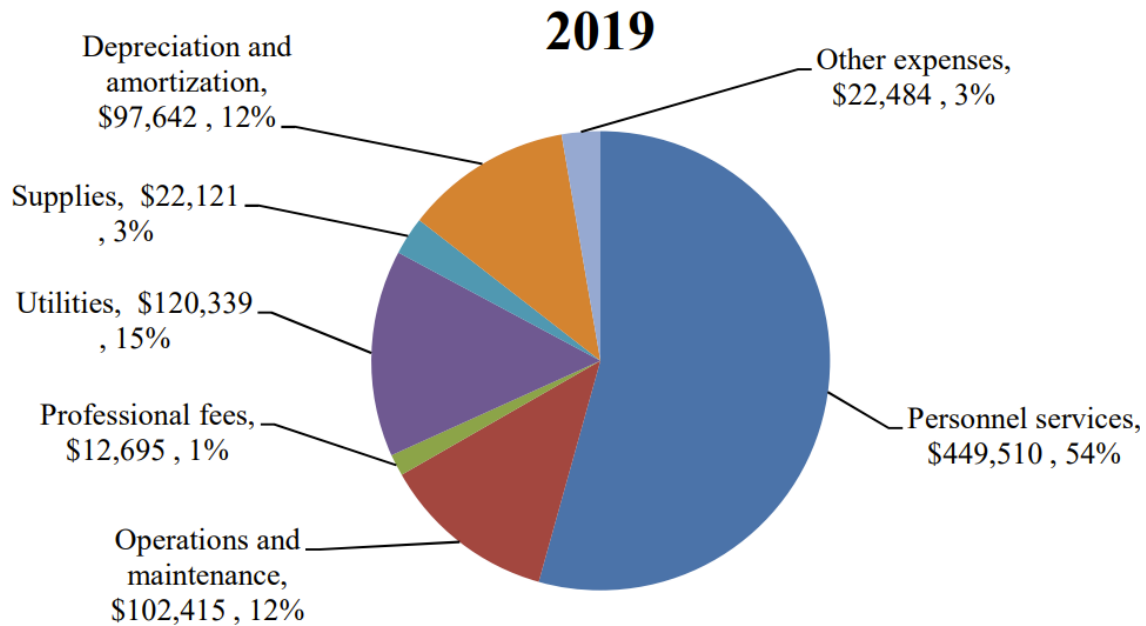


The District's projected water sales are expected to remain at approximately \$700,000 annually. The Water Department continues to profit each year from these water sales. The profitability is decreasing with the increase in utility and labor costs. Profit from each year is used to complete capital improvement projects. The last water rate increase was in 2013. A water rate increase should occur within the next 5 to 10 years, to maintain savings for future improvement projects.

The Recreation Department is expected to continue operating at low budget levels due to low income and minimal expenses. The Wastewater Department is the main

department that will see future changes. The wastewater treatment and collection systems are expected to begin construction in 2022. The District does not currently collect fees for wastewater services but will start to collect wastewater fees from users and have a wastewater maintenance budget each year when the system comes online.

**Figure 6: Operating Expenses**



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### 3.0 WILLOW CREEK MSR DETERMINATIONS

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As set forth in Section 56430(a) of the CKH Act- In order 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) According to the 2019 Consumer Confidence Report, the District serves a population of 1,710. Due to limited development potential, the population is not expected to grow substantially over the next five to ten years.

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

- a) The estimated 2018 MHI for Willow Creek CDP is \$48,796. This is 69 percent of the estimated California MHI of \$71,228 which means the District qualifies as a DUC. To the north of the District is the Hoopa CDP, which has a MHI that is 52% of the California MHI<sup>24</sup>, qualifying the CDP as a DUC.
- b) The District is encouraged to conduct a District wide income survey to more accurately determine the MHI.

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

- a) The District is working on a draft CIP plan for both water and recreation services and plan to finalize the draft CIP in the summer of 2021.
- b) The community of Willow Creek does not currently have a community-wide wastewater system, and all the residences and businesses rely solely on individual septic systems to provide for their wastewater treatment needs.
- c) A new wastewater collection and treatment system is planned to be constructed to serve the downtown area of Willow Creek.
- d) WCCSD does not currently have wastewater conveyance and treatment powers. While it is a service the District can provide under CSD law, it is considered a latent power since it was not exercised prior to adoption of the District's SOI (Section 56050.5 and 56425 of the CKH Act). To legally provide this service to the community, the District will need to activate this power.

**(4) Financing ability of agencies to provide services**

- a) Overall, revenues and expenditures have increased from fiscal year 2016-2021 with budgeted losses over the last four fiscal years due to work on the new wastewater collection system.

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<sup>24</sup> US Census, ACS 2018 5-years Estimates, Table S1903 for Hoopa CDP (MHI \$36,830). Accessed October 19, 2020.

- b) The District has experienced few major changes to its financial health in the past year. Overall, net assets have increased each fiscal year.

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

- a) At this time there are currently no opportunities for shared facilities.

**(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 are elected at large to staggered four-year terms.
- b) The District maintains a website in accordance with SB929 regulations. Board agendas and notices are posted at the District office and the bulletin board at the Post Office at least 72 hours in advance of scheduled Board meetings and meeting minutes are posted on the District's website.

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

- a) The current boundary remains the same as when the District was formed in 1965 and the SOI is proposed to remain coterminous.
- b) There are no other matters affecting services at this time.

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## 4.0 WILLOW CREEK SOI DETERMINATIONS

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In order 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 local agency, 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) Under the Humboldt County General Plan, land uses within the District are primarily Residential Estates (RE) and Residential Agriculture (RA). These land uses limit the potential for substantial growth in the area.

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

- a) The additional systems and residential uses in the area indicate there is continued need for services.

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

- a) The District currently has adequate water supply to support demand and will be looking to increasing storage in the near future.
- b) Recreation services are available to the surrounding area and are sufficient based on current demand.

**(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 Hoopa community to the north of the District offers several services to the area including a library, fire and emergency response, a museum, and minor retail.

**(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) Unincorporated territory surrounding the District may qualify as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo policy.