

**CALAVERAS
LOCAL AGENCY FORMATION
COMMISSION**

Hearing DRAFT

**VALLEY SPRINGS PUD
SPHERE OF INFLUENCE
*July 2014***

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1 INTRODUCTION

1.1 Sphere of Influence Description

The Calaveras Local Agency Formation Commission is charged with developing and updating the Sphere of Influence (SOI) for each city and special district within the county. Since LAFCO has adopted the MSR determinations, it must now update the SOI for the Valley Springs Public Utility District (VSPUD).

An SOI is a LAFCO-approved plan that designates an agency's probable future boundary and service area. The definition for a Sphere of Influence in Government Code Section 56076 is a "*Sphere of Influence*" means a plan for the probable physical boundaries and service area of a local agency, as determined by the Commission. Spheres are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCO to a city or district unless it is within that agency's sphere. The purposes of the SOI include the following:

- To ensure the efficient provision of services
- To discourage urban sprawl and premature conversion of agricultural and open space lands
- To prevent overlapping jurisdictions and duplication of services

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

While SOIs are required to be updated every five years, as necessary, this law does not necessarily define the planning horizon of the SOI. The term or horizon of the SOI is determined by each LAFCO. In the case of Calaveras LAFCO, the Commission's policies state that an agency's near term SOI shall generally include land that is anticipated to be annexed within the next five years, while the agency's long-term SOI shall include land that is within the probable growth boundary of an agency and therefore anticipated to be annexed in the next 20 years.

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

In determining the SOI, LAFCO is required to complete an MSR and adopt six determinations. The MSR for Valley Springs Public Utility District was adopted by Calaveras LAFCO Resolution 2012-02 on June 18, 2012.

1.2 Sphere of Influence Requirements

In determining the Sphere of Influence for each local agency, LAFCO must consider and prepare a statement of determinations with respect to each of the following:

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 which 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 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 of Influence.

Additionally, the CKH Act stipulates several procedural requirements in updating SOIs. It requires that special districts file written statements on the class of services provided and that LAFCO clearly establish the location, nature and extent of services provided by special districts.

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

1.3 Calaveras LAFCO Sphere of Influence Policies

In addition to State requirements for SOIs, Calaveras LAFCO has adopted policies regarding Spheres of Influence in the County and minimum requirements necessary in order to update or adopt an agency's SOI. Six highlighted requirements are summarized as follows:

1. The Sphere of Influence Plan must be consistent with LAFCO's policies, State law, other agencies' SOI plans, the municipal service review, and long range planning goals of the area.
2. LAFCO will not include lands that are unlikely to require the services of the agency or which cannot be feasibly served within a time frame consistent with the sphere plan.

3. Agencies are encouraged to keep the supporting documentation for their SOI plans up to date.
4. Sphere of Influence Plans have to be updated every five years or more frequently.
5. If an agency is unable to provide an adequate level of service within a portion of its service area boundaries within the time frame provided for that boundary, the Sphere of Influence Plan has to be updated so that the probable service boundaries are consistent with the determinations in the Municipal Service Review.
6. A District Sphere of Influence Plan shall contain the following:

Proof that the territory within the District's SOI is likely to require the district's services and that the district has or will have the capacity to serve the area at the appropriate level.

In the case of multi-service districts, LAFCO has to adopt an SOI plan for each distinct function or class of service provided by a district. These sphere plans may or may not be coterminous. Each sphere shall establish the nature, location, and extent of the functions or classes of services provided by the district.

LAFCO adopts a sphere of influence plan for a newly formed district within two years of the completion of formation proceedings.

Amendment proposals involving sphere expansion to include open space or prime agricultural land will not be approved by LAFCO if there is sufficient alternative land available for annexation within the existing sphere of influence.

1.4 Possible Approaches to the Sphere of Influence

LAFCO may recommend government reorganizations to particular agencies in the county, using the SOIs as the basis for those recommendations. Based on review of the guidelines of Calaveras LAFCO as well as other LAFCOs in the State, various conceptual approaches have been identified from which to choose in designating an SOI. These seven approaches are explained below:

1) Coterminous Sphere:

A Coterminous Sphere means that the sphere for a city or special district that is the same as its existing boundaries.

2) Annexable Sphere:

A sphere larger than the agency's boundaries identifies areas the agency is expected to annex. The annexable area is outside its boundaries and inside the sphere. This is the recommendation for the Valley Springs PUD to include territory for future wastewater treatment expansion and to include territory zoned for industrial uses.

3) Detachable Sphere:

A sphere that is smaller than the agency's boundaries identifies areas the agency is expected to detach. The detachable area is the area within the agency bounds but not within its sphere.

4) Zero Sphere:

A zero sphere indicates the affected agency's public service functions should be reassigned to another agency and the agency should be dissolved or combined with one or more other agencies.

5) Consolidated Sphere:

A consolidated sphere includes two or more local agencies and indicates the agencies should be consolidated into one agency.

6) Limited Service Sphere:

A limited service sphere is the territory included within the SOI of a multi-service provider agency that is also within the boundary of a limited purpose district which provides the same service (e.g., fire protection), but not all needed services. Territory designated as a limited service SOI may be considered for annexation to the limited purpose agency without detachment from the multi-service provider.

This type of SOI is generally adopted when the following four conditions exist:

- a) The limited service provider is providing adequate, cost effective and efficient services
- b) The multi-service agency is the most logical provider of the other services
- c) There is no feasible or logical SOI alternative, and
- d) Inclusion of the territory is in the best interests of local government organization and structure in the area

Government Code §56001 specifically recognizes that in rural areas it may be appropriate to establish limited purpose agencies to serve an area rather than a single service provider, if multiple limited purpose agencies are better able to provide efficient services to an area rather than one service district.

Moreover, Government Code Section §56425(i), governing sphere determinations, also authorizes a sphere for less than all of the services provided by a district by requiring a district affected by a sphere action to "establish the nature, location, and extent of any functions of classes of services provided by existing districts" recognizing that more than one district may serve an area and that a given district may provide less than its full range of services in an area.

7) Sphere Planning Area:

LAFCO may choose to designate a sphere planning area to signal that it anticipates expanding an agency's SOI in the future to include territory not yet within its official SOI.

1.5 SOI Amendments and CEQA

LAFCO has the discretion to limit SOI updates to those that it may process without unnecessarily delaying the SOI update process or without requiring its funding agencies to bear the costs of environmental studies associated with SOI expansions. Any local agency or individual may file a request for an SOI amendment. The request must state the nature of and reasons for the proposed amendment, and provide a map depicting the proposal.

LAFCO may require the requester to pay a fee to cover LAFCO costs, including the costs of appropriate environmental review under CEQA. LAFCO may elect to serve as lead agency for such a review, may designate the proposing agency as lead agency, or both the local agency and LAFCO may serve as co-lead agencies for purposes of an SOI amendment. Local agencies are encouraged to consult with LAFCO staff early in the process regarding the most appropriate approach for the particular SOI amendment under consideration.

Certain types of SOI amendments are usually exempt from CEQA review. Examples are SOI expansions that include territory already within the bounds or service area of an agency, SOI reductions, and zero SOIs. SOI expansions for limited purpose agencies that provide services (e.g., fire protection, levee protection, cemetery, and resource conservation) needed by both rural and urban areas are typically not considered growth-inducing and are likely exempt from CEQA. Similarly, SOI expansions for districts serving rural areas (e.g., irrigation water) are typically not considered growth-inducing.

Remy et al. write

In City of Agoura Hills v. Local Agency Formation Commission (2d Dist.1988) 198 Cal.App.3d480, 493-496 [243 Cal.Rptr.740] (City of Agoura Hills), the court held that a LAFCO's decision to approve a city's sphere of influence that in most respects was coterminous with the city's existing municipal boundaries was not a "project" because such action did not entail any potential effects on the physical environment.¹

¹ Remy, Michael H., Tina A. Thomas, James G. Moose, Whitman F. Manley, Guide to CEQA, Solano Press Books, Point Arena, CA, February 2007, page 111.

2 VALLEY SPRINGS PUBLIC UTILITY DISTRICT

2.1 Valley Springs PUD Background²

2.1.1 Valley Springs PUD History

VSPUD was formed in April of 1948 as a public utility to provide water to the community of Valley Springs. A separate district, the Valley Springs Sanitary District (VSSD), was formed in January of 1940 to provide wastewater services to Valley Springs. In October of 1998, LAFCO adopted Resolution No. 98-01 approving a reorganization of VSPUD and VSSD. This action and a subsequent action by the Calaveras County Board of Supervisors consolidated VSSD with VSPUD and designated VSPUD as the successor district to assume the functions of VSSD. The reorganization also provided for the annexation of additional territory to VSPUD.³

The boundaries of VSPUD extend from just north of Sequoia Avenue, south to Jean Street in the east and Daphne Street in the west, and from the end of Daphne Street in the west to just west of Lime Creek Road, as shown on the map at the end of this report. The District has a boundary area of approximately 0.44 square miles or 190 acres.

2.1.2 Valley Springs PUD Water Service

VSPUD provides groundwater extraction, treatment and distribution, for domestic use directly with district staff. The District does not use recycled water.

VSPUD provides services within its bounds to the unincorporated Town of Valley Springs. In addition, the District serves one single family residence outside of the District's boundaries and SOI in the south. The District received permission from Calaveras LAFCO to provide services to this connection in 2002.⁴

Unserved areas within the Valley Springs Public Utility District's boundaries include the undeveloped land in the northwest corner of the District and two lots where there are private wells in use.

2.1.3 Valley Springs PUD Wastewater Collection and Treatment Service

VSPUD provides wastewater collection, treatment and disposal services to the unincorporated Town of Valley Springs. All services are provided directly by the agency with District staff.

VSPUD provides wastewater services only within the District's boundaries. Wastewater services are not provided outside of the boundaries. Unserved areas include the undeveloped portion of the District in the northwest corner of the District's bounds and approximately eight parcels with septic systems that are on the outskirts of the town.

² Calaveras LAFCO, Water and Wastewater Municipal Services Review, Beverly Burr, Jennifer Stephenson and John Benoit, Adopted June 18, 2012, Pages 277-301.

³ Calaveras LAFCO, *Wastewater MSR*, 2005, p. IX-1.

⁴ LAFCO Resolution 02-02.

2.2 Valley Springs PUD Area

Valley Springs (formerly, Spring Valley and Valley Spring) is an unincorporated census-designated place (CDP). The population was 3,553 at the 2010 census, up from 2,560 at the 2000 census. The town is located at the intersection of State Route 12 and Route 26. It is registered as California Historical Landmark #251.⁵

In 1885 the San Joaquin and Sierra Nevada Railroad completed a narrow-gauge railroad from Brack's Landing to Valley Springs. The line eventually became the property of Southern Pacific Railroad, and a standard-gage line into Valley Springs was substituted. A post office was opened here in 1872, closed in 1879, and re-established in 1882.⁶

The 2010 US Census reported that 3,553 people lived in Valley Springs area in 1,343 households, out of which 455 households (33.9%) had children under the age of 18 living in them, 249 households (18.5%) were made up of individuals and 101 households (7.5%) had someone living alone who was 65 years of age or older. The average household size was 2.65. There were 1,017 families (75.7% of all households); the average family size was 2.97.

The Census Designated Place (CDP) includes La Contenta and other places not within the community of Valley Springs. The VSPUD serves the established area in Valley Springs. According to the district the Valley Springs PUD serves a population of around 700 residents much less than reported by the 2010 Census for the entire CDP.

The population was spread out in age as follows:

VALLEY SPRINGS AREA CDP AGE DISTRIBUTION 2010

Under the age of 18	886 people	24.9%
Aged 18 to 24	254 people	7.1%
Aged 25 to 44	734 people	20.7%
Aged 45 to 64	1,060 people	29.9%
Aged 65 years of age or older	<u>619 people</u>	<u>17.4%</u>
TOTAL	3,553 people	100.0%

The median age was 42.7 years. For every 100 females there were 98.0 males. For every 100 females age 18 and over, there were 95.0 males.

In the Valley Springs CDP, there were 1,530 housing units of which 1,007 (75.0%) were owner-occupied, and 336 (25.0%) were occupied by renters. The homeowner vacancy rate was 4.0%; the rental vacancy rate was 9.8%. There were 2,552 people (71.8% of the population) living in owner-occupied housing units and 1,001 people (28.2%) living in rental housing units. A 2011 income survey prepared by the VSPUD indicates there are 283 houses in the district, which is considerably less than in the entire CDP⁷

⁵ Office of Historic Preservation, California State Parks. Retrieved 2012-10-06.

⁶ Durham, David L. (1998). *California's Geographic Names: A Gazetteer of Historic and Modern Names of the State*. Quill Driver Books. p. 841. ISBN 9781884995149.

⁷ Adams and Ashby Group Valley Springs PUD Income survey May 2011

3 SPHERE OF INFLUENCE (SOI) DETERMINATIONS FOR VALLEY SPRINGS PUBLIC UTILITY DISTRICT

3.1 SOI Options for Valley Springs PUD

Three options for the Valley Springs PUD Sphere of Influence are explained below.

3.1.1 *Option 1: SOI Reduction*⁸

An SOI option would be to align the SOI with areas of potential higher density development according to the updated community plan land use designations. The District's existing SOI includes territory designated as agricultural rural in the Valley Springs Community Plan (October 2010). It is unlikely that the District would extend service to rural areas that lack density to finance capital investments needed to serve the area. The Valley Springs Community Plan recently underwent revision as part of the County's General Plan update. SOI Option #1 would include developable land according to the existing land use designations in the updated community plan. Some territory with agricultural designations are included to form a contiguous SOI. The Valley Springs Public Utility District is currently completing a grant funded project to determine options to mitigate deficiencies at its existing wastewater treatment plant (WWTP). The selected preferred alternative is to relocate the WWTP outside the town of Valley Springs to a location on property located north of the existing Sphere of Influence.

3.1.2 *Option 2: SOI Expansion and Reduction (SOI Clean-up)*⁹

This SOI would indicate that LAFCO anticipates the eventual annexation of the single parcel to which VSPUD is providing extraterritorial water service. In addition, this option would adjust the existing SOI to exclude a proposed development which is only partially within the existing SOI. The District serves one single family residence outside of its boundaries and SOI in the south. The District received permission from LAFCO to provide services to this connection in 2002.¹⁰

The MCP Industries development is south of SR 12 adjacent to CCWD's La Contenta service area. A small portion of the proposed development lies within VSPUD's SOI, and is the only territory south of SR 12 west of the Valley Springs community core. As the proposed development is adjacent to CCWD's existing infrastructure, it is more likely that CCWD would serve the proposed development, should it come to fruition.¹¹

⁸ Calaveras LAFCO, Water and Wastewater Municipal Services Review, Beverly Burr, Jennifer Stephenson and John Benoit, Adopted June 18, 2012, Page 298.

⁹ Calaveras LAFCO, Water and Wastewater Municipal Services Review, Beverly Burr, Jennifer Stephenson and John Benoit, Adopted June 18, 2012, Page 298.

¹⁰ LAFCO Resolution 02-02.

¹¹ With respect to the Ponte Ranch project (1,000+ units), the developer had asked that CCWD sell treated water to VSPUD to distribute to the proposed development.

3.1.3 Option 3: Confirm Existing SOI ¹²

The Valley Springs Public Utility District's SOI was originally adopted in 1990 and was last updated by LAFCO in 2005. The previously adopted SOI extends beyond the District's boundaries in the west to Quail Oaks Road, in the north to the Watertown Road and Paloma Road intersection and in the east to South Petersburg Road and the Pacific Placer Reservoir.¹³ The SOI is coterminous with the District's bounds in the south. The SOI encompasses approximately 2.9 square miles or 1,826 acres.

3.1.4 Option #4 Confirm existing SOI and with additional area

This option includes affirming the existing SOI including territory to the east which at one time was the Ponte Ranch development. The district is currently discussing with the landowner the possibility of using this land for additional spray fields. The Sphere would include additional territory to the south based on possible future development as well as to the north to include the Coe property west of Watertown Road, which is planned and zoned for industrial purposes. In addition, territory for district facilities including the site of the district's future wastewater treatment facility (the Coe property generally between Watertown and Paloma Roads) would be in the recommended Sphere of Influence.

3.1.5 SOI Options Analysis

The preferred option is the confirm the existing SOI which includes territory that may be developed in the next 10 years as well as to include a proposed wastewater treatment facility on property located north of the existing district boundary. Also included is an industrial area to the north of the existing boundary known as the Coe property.

3.2 Present and Planned Land Uses in the Valley Springs PUD Area, Including Agricultural and Open Space Lands

3.2.1 Calaveras County General Plan and Zoning for Valley Springs PUD Area

The Valley Springs Public Utility District boundary includes residential, commercial, and public land uses. Residential areas are located north of SR 12. Local business activities primarily consist of commercial shopping areas located south of SR 12. Within the existing SOI, land uses include single-family residential, agricultural rural and commercial areas. Local business activities include Senders Hardware, Umpqua Bank, Mar-Val Food Stores, CVS and Round Table Pizza in the main shopping center area and a Napa Auto Parts on SR 12 in the District.

Population growth within the Valley Springs Public Utility District has been minimal (approximately five percent) between 2000 and 2010. During that period, the District added only seven additional connections to its system. In 2005 and 2006, developers showed interest in several locations within the District and SOI, and immediately adjacent to the SOI; however, many of these developments have been put on hold until the economy recovers from the recent recession.

¹² Calaveras LAFCO, Water and Wastewater Municipal Services Review, Beverly Burr, Jennifer Stephenson and John Benoit, Adopted June 18, 2012, Pages 298-299.

¹³ Calaveras LAFCO Resolution 2005-01.

Based on planned and proposed developments that were in the application process prior to the recession, growth has the potential to be significant in the future with the possibility of more than doubling the District's current number of connections; however in the short-term, the District reported that it does not anticipate any new connections during FY 11 and FY 12.

The Valley Springs Public Utility District reported that it has reserved capacity for 12 connections for in-fill and has 63 will serve letters from 2006 for the Charboneau Estates development, by Old Golden Oaks, that was on hold as of the drafting of this report.

The three developments of Charboneau Estates, Gann/White House and Castle Rock would add a total of 613 connections to the District's existing 272 connections. With the addition of these connections over the next 15 to 20 years, the projected population growth rate from 2010 to 2030 is 225 percent, which is significantly higher than the countywide projected growth of 40 percent over that period.

3.2.2 SOI Determinations on Present and Planned Land Use for Valley Springs PUD

- 1-1] The Valley Springs Public Utility District is not a land use authority, and does not hold primary responsibility for implementing growth strategies.
- 1-2] The estimated number of residents within VSPUD in 2010 was 650, based on analysis of the 272 existing connections served and average household size.
- 1-3] Population growth within the District's bounds has been minimal (approximately five percent) between 2000 and 2010.
- 1-4] Based on planned and proposed developments that were in the application process prior to the recession, growth has the potential to more than double the District's current number of connections.
- 1-5] Three planned or proposed developments within the District's bounds or SOI would add a total of 613 connections to the District's existing 272 connections. With the addition of these connections over the next 15 to 20 years, the projected population growth rate from 2010 to 2030 is 225 percent.
- 1-6] The Valley Springs Public Utility District should stay in close contact with the Calaveras County Planning Department regarding proposed developments.

3.3 Municipal Services—Present and Probable Capacity and Need

3.3.1 Present and Probable Capacity and Need Background

As of 2010, the Valley Springs Public Utility District provided water and wastewater services to 272 connections—172 single family residential (18 standby), 13 multi-family

residential (135 units), 74 commercial or public (three standby), and 13 agricultural or outside watering. The estimated number of residents in 2010 was 650, based on analysis of connections served and average household size.

There is a need for the Valley Springs PUD to provide water and sewer service for the existing residents and the proposed additional 75 units within the District boundaries. There is a need to mitigate deficiencies at its existing wastewater treatment facility. Therefore, the district is contemplating a relocation of its WWTP outside the town of Valley Springs to an area adjacent to Paloma and Watertown Roads.

The District reported that the current financing level is minimally adequate to deliver services, and indicated that it anticipates challenges in the future in maintaining the existing level of service due to a decline in property tax revenue and upcoming loan payments on a well that is in the process of being installed.¹⁴ Due to State financing issues and the resultant impact of the suspension of Proposition 1A, the District experienced a decline in property tax revenues during the recent recession of approximately \$9,600 or one percent of total revenues in FY 08-09.

The District clearly practices appropriate fund accounting for separate water and wastewater enterprise funds, as demonstrated by its FY 10-11 audited financial statement.

3.3.2 *SOI Determinations on Present and Probable Capacity and Need for Valley Springs PUD*

2-1] The need for the Valley Springs PUD will continue and increase in the future.

3.4 *The Present Capacity of Public Facilities and Adequacy of Public Services Provided by Valley Springs PUD*

3.4.1 *Adequacy of Services Provided by Valley Springs PUD*

Water Service

Key infrastructure for water service includes the District's groundwater supplies, two wells, approximately five miles of distribution mains, and three storage tanks. The District owns, operates and maintains wellhead treatment equipment for groundwater, which treats with chlorination at the site of each active well prior to pumping to the storage tanks. There were no needs identified with the treatment system.

The well and distribution system have a capacity of approximately 0.598 mgd. Based on the District's average daily demand, the District is using on average 20 percent of its capacity; however, during periods of peak demand, the District uses up to 47 percent of

¹⁴ Interview with Dee Myshrall, VSPUD Administrative Secretary, July 13, 2010.

its capacity. Based on the current peak demand rate of use among the existing connections, the system has space for approximately 300 additional connections. Other improvements to the treatment system that were completed with the USDA funds include installing SCADA for the whole system and standby generators. The total USDA project cost approximately \$1.82 million.

The water distribution system consists of five miles of mains that were originally installed in 1950 with galvanized steel pipes. Since then the entire system has been replaced with asbestos cement pipes and more recently with PVC pipes. The existing system is composed primarily of asbestos cement with nine percent composed of PVC and three percent of galvanized steel. The pipelines range in size from one to 10 inches in diameter. The system is considered to be in good condition according to DPH. The District did not specify the existing needs or deficiencies of the distribution system. According to DPH, the VSPUD water system is well maintained and operated.¹⁵

Wastewater Collection and Treatment

The District's key wastewater infrastructure include 3.5 miles of sewer pipelines, a WWTP, which includes a headworks and an aeration tank, two aeration ponds, a polishing pond, and a 92 acre-foot clay lined effluent storage reservoir. Effluent is disposed of by spray irrigation on 33 acres of land. Dried sludge is disposed of at a local landfill.

The WWTP and ponds were constructed in 1956. The District reported that the treatment plant and ponds are generally in good condition. Influent enters the WWTP through a comminutor, a machine which automatically cuts the coarse sewage solids into small settleable solids, which then settle out in a settling tank. After sewage has gone through the comminutor, it enters an Aeration Tank. Sewage discharged from the Aeration Tank enters two treatment ponds (Aeration Pond Nos. 1 and 2) and a polishing pond (Pond No. 3) in succession and finally stored in the storage reservoir. VSPUD has historically disposed of wastewater on approximately 15 acres of hillside east of the wastewater treatment and storage system. To increase its disposal capacity, the District expanded the spray disposal area to approximately 22 acres in 2004 and then to 33 acres in 2006. The Valley Springs PUD has a lease agreement with a local farmer to allow horses to graze within the spray field boundaries.

Infrastructure needs and deficiencies at the treatment plant and ponds include improvements to the storage reservoir to allow the District to keep pH and BOD levels within required levels. Presently, the District reported that the size of the reservoir makes it difficult to control levels, and consequently, RWQCB issued a Notice of Violation to the District for multiple months in excess of mandated maximum levels. In FY 09-10, the District budgeted \$107,500 for a lift station upgrade and fencing, a roof blower room, painting the WWTP, and other WWTP improvements.

As of 2009, ADWF was 60,000 gpd. Based on the ADWF, the District is using 77% of the system's permitted capacity. The district is planning an expansion and has selected

¹⁵ DPH, Annual Inspection Report Memorandum, March 2007, p. 1.

a preferred site location north of the town of Valley Springs adjacent to Paloma and Watertown Roads.

3.4.2 SOI Determinations on Adequacy of Services Provided by Valley Spring PUD

- 3-1] Due to positive coliform tests and high iron and manganese levels at three wells, the District has recently constructed a new well.
- 3-2] The Valley Springs Public Utility District is in need of a surface water source to supplement the area's groundwater. The District has approached CCWD regarding a surface water supply to serve proposed large subdivisions in the vicinity of VSPUD; however, these discussions have been put on hold until development picks up again.
- 3-3] Based on the Valley Springs Public Utility District's average daily water demand, the District is using on average 20 percent of its capacity; however, during periods of peak water demand, the District uses up to 47 percent of its capacity.
- 3-4] The water distribution system is considered to be in good condition according to DPH.
- 3-5] VSPUD reported that its financing level is minimally adequate to deliver services.
- 3-6] The Valley Springs Public Utility District has a healthy rate of capital investment in its water enterprise. VSPUD has a low rate of wastewater capital reinvestment, having invested substantially less in its capital assets than was consumed due to wear and tear.
- 3-7] VSPUD should consider substantively updating its water rates, which were thoroughly reviewed in 2006, and its wastewater rates, which were last adjusted in 2006, to ensure that necessary capital improvements are fully funded.
- 3-8] The Valley Springs Public Utility District reported that the WWTP and ponds are generally in good condition.
- 3-9] The effluent storage reservoir needs improvements to allow the Valley Springs Public Utility District to keep pH and BOD levels within required levels. The District reported that the size of the reservoir makes it difficult to control levels, which has led RWQCB to issue a Notice of Violation to the District for multiple exceedances.
- 3-10] The Valley Springs Public Utility District was using 77 percent of the wastewater system's permitted capacity as of 2009.
- 3-11] There is a shortfall of land area for disposal, which will limit the system's long-term growth potential. Options to manage long-term growth include 1) collecting and discharging to CCWDs La Contenta WWTP (contingent upon expansion of

- the La Contenta system), 2) discharging into Cosgrove Creek during winter months, and 3) acquisition of additional land, which has been identified to mitigate deficiencies at its existing WWTP.
- 3-12] The collection system is considered to be in good condition. The Valley Springs Public Utility District had infiltration and inflow challenges, but has since fixed many of the problem areas and instituted a regular replacement schedule for the system.
- 3-13] Wastewater services offered by the Valley Springs Public Utility District appear to be adequate based on low infiltration and inflow rates, regulatory compliance status, treatment effectiveness rate, and response times. The District could improve upon its capital planning and long-term growth planning which are minimal.¹⁶

3.5 Social or Economic Communities of Interest

3.5.1 Valley Springs PUD Community Background

The community of Valley Springs includes the following school:

Valley Springs Elementary School
240 Pine Street, Valley Springs, CA 95252, (209) 754-2141

The community of Valley Springs includes five churches and numerous businesses so Valley Springs is clearly both a social and an economic community.

3.5.2 SOI Determinations on Social or Economic Communities of Interest for Valley Springs PUD

- 4-1] It is important for Valley Springs PUD to maintain water and wastewater collection and treatment services to serve the community of Valley Springs.

3.6 Disadvantaged Unincorporated Community Status

3.6.1 Disadvantaged Unincorporated Communities

SB 244 defines disadvantaged unincorporated community as any area with 12 or more registered voters, or as determined by commission policy, where the median household income is less than 80 percent of the statewide annual median.

¹⁶ Calaveras LAFCO, Water and Wastewater Municipal Services Review, Beverly Burr, Jennifer Stephenson and John Benoit, Adopted June 18, 2012, Pages 296.

SB 244 also requires LAFCOs to consider disadvantaged unincorporated communities when developing spheres of influence. Upon the next update of a sphere of influence on or after July 1, 2012, SB 244 requires LAFCO to include in an MSR (in preparation of a sphere of influence update):

- 1) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere; and
- 2) The present and planned capacity of public facilities, adequacy of public services and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated community within or contiguous to the sphere of influence.

In determining spheres of influence, SB 244 authorizes LAFCO to assess the feasibility of and recommend reorganization and consolidation of local agencies to further orderly development and improve the efficiency and affordability of infrastructure and service delivery.

While the entire CDP is not considered a disadvantaged unincorporated community, the community of Valley Springs is as documented in a 2011 Income Survey.

3.6.2 Valley Springs PUD Disadvantaged Unincorporated Community Status

5-1] Based on the income survey in May 2011, the community of Valley Springs is considered a Disadvantaged Unincorporated Community with a median household income of \$14,500, which is significantly lower than the statewide median household income of \$60,883 for 2010.¹⁷

¹⁷ Adams and Ashby Group, Valley Springs Community Income Survey May 2011

ABBREVIATIONS

ADWF	Average Dry Weather Flow (Wastewater collection/treatment)
BOD	Biological Oxygen Demand
CCWD	Calaveras County Water District
CEQA	California Environmental Quality Act
CKH Act	Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000
District	Valley Springs Public Utility District
DOF	Department of Finance (California)
DPH	Department of Public Health (California)
DUC	Disadvantaged Unincorporated Community
FY	Fiscal Year
LAFCO	Local Agency Formation Commission
MSR	Municipal Service Review (LAFCO)
pH	Measure of the acidic or basic (alkaline) nature of a solution.
PUD	Public Utility District
RWQCB	Regional Water Quality Control Board
SCADA	Supervisory Control and Data Acquisition
SOI	Sphere of Influence (LAFCO)
SR	State Route
USDA	United States Department of Agriculture
VSPUD	Valley Springs Public Utility District
VSSD	Valley Springs Sanitary District (dissolved)
WWTP	Wastewater Treatment Plant

REFERENCES

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