

8. GRAEAGLE COMMUNITY SERVICES DISTRICT

Graeagle Community Services District (GCSD) provides funding for community projects and street lighting in the Graeagle area. An abbreviated Municipal Service Review (MSR) for the District was last conducted in 2003.

AGENCY OVERVIEW

Background

GCSD was formed on November 12, 1974²⁸ in response to the Subdivision Map Act requirement that any new development must be accompanied by an entity capable of providing wastewater collection and treatment. GCSD is legally authorized to provide a wide array of municipal services, including water supply, wastewater, solid waste, police and fire protection, street lighting and landscaping, airport, recreation and parks, mosquito abatement, library services, street maintenance and drainage services, ambulance service, utility undergrounding, transportation, graffiti abatement, flood protection, weed abatement, and hydroelectric power, among various other services. The District, however, was not operational until 1998. Currently, GCSD delivers park and recreation services by providing financing for some community projects in the area and also provides funding for street lighting.

The principal act that governs the District is the State of California Community Services District Law.²⁹ CSDs may potentially provide a wide range of services listed above, but are required to gain LAFCo approval to provide those services permitted by the principal act but not performed by the end of 2005 (i.e., latent powers).³⁰

GCSD is located in southern Plumas County and encompasses the community of Graeagle. The Graeagle Land and Water Company (GLW) provides water and street lighting to the community. Graeagle Fire Protection District provides fire suppression services, while the County maintains roads. Eastern Plumas Recreation and Park District provides parks and recreation services.

Boundaries

The GCSD boundary is entirely within Plumas County. The present boundaries encompass approximately 5.27 square miles. Since its formation, the District has undergone four annexations, with the most recent annexation occurring in 2003. For a complete list of the District's boundary reorganizations refer to Figure 8-1.

²⁸ LAFCO Resolution 74-09.

²⁹ Government Code §61000-61226.5.

³⁰ Government Code §61106.

Figure 8-1: GCSD List of LAFCo-approved Boundary Changes

Project Name	Type of Action	Year
Annexation No. 3 (Graeagle Land & Water Co.)	Annexation	1980
Annexation No. 4 (Dawson Subdivision Area)	Annexation	1980
Mohawk Annexation	Annexation	1983
Graeagle Central Annexation	Annexation	2003

Sphere of Influence

The sphere of influence (SOI) for the District was first adopted in 1978 and last updated in 2003, when the SOI was expanded. Currently, the District’s SOI is larger than its boundary area and contains 7.58 square miles. The 2003 Abbreviated MSR for GCSD explains that the SOI changes were implemented to “include sufficient territory to bring the bulk of the current Graeagle community into the jurisdiction and include contiguous territory available for development that will need wastewater sewer treatment plant services.” The District, however, never started providing sewer services.

The District’s boundaries and sphere of influence are shown in Figure 8-2.

Extra-territorial Services

No extra-territorial services are provided by the District. GCSD only finances projects within its boundaries.

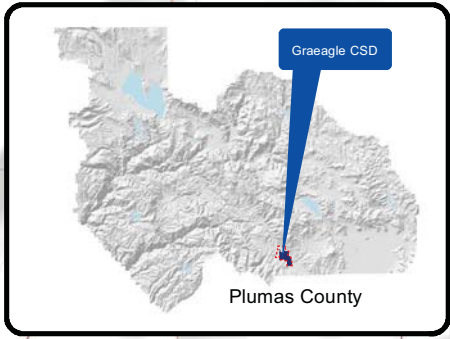
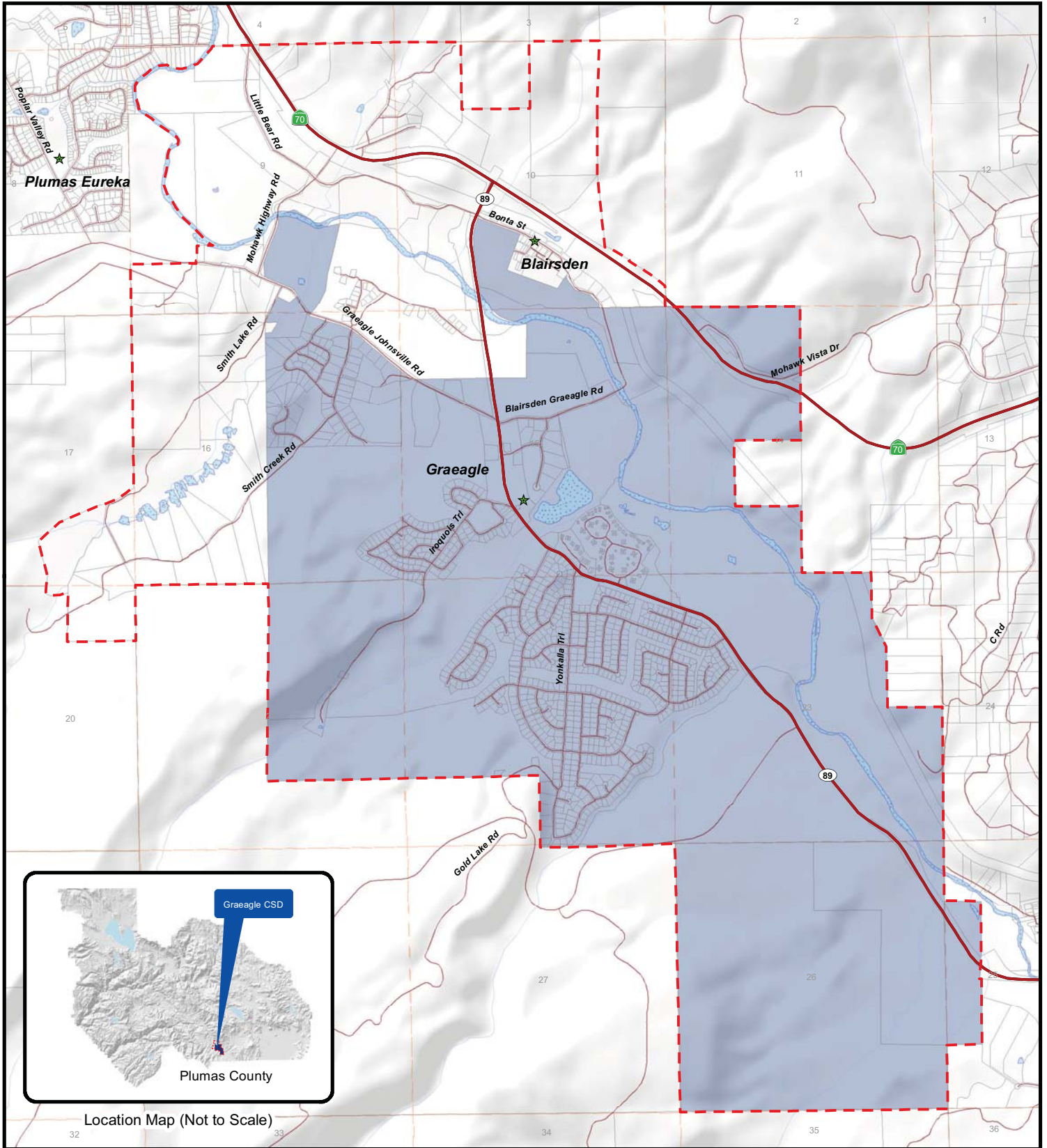
Areas of Interest

No areas of interest have been identified for GCSD.

Graeagle Community Services District

Range 12 East

Township 22 North



Location Map (Not to Scale)

Legend

Highways	Parcels	Graeagle Community Services District
Major Roads	Sectional Grid (MDB&M)	Graeagle Community Services District Five Year Sphere Horizon Boundary
Stream / River	Communities	
Waterbodies		

Graeagle Community Services District
 Resolution:
 Adopted:
 Graeagle Community Services District
 Sphere of Influence (5 Year Horizon)
 Resolution: 2003-008
 Adopted: February 24, 2003
 Source: Plumas LAFCo Map Created 12/3/2016

Accountability and Governance

GCSD is governed by a five-member Board of Directors who are elected at-large to staggered four-year terms. There is currently one vacancy on the Board. Current board member names, positions, and term expiration dates are shown in Figure 8-3.

Prior to 1998 the District was non-operational, with multiple Board vacancies and no regular meetings. Currently, the Board meets on the fourth Thursday of every month at the Mohawk Resource Center. Meeting times vary from month to month. Board meeting agendas are posted at the U.S. Post Office. Minutes are available upon request and emailed to interested parties.

Figure 8-3: Graeagle CSD Governing Body

Graeagle Community Services District		
Governing Body and Board Meetings		
<i>Manner of Selection</i>	Elected at large	
<i>Length of Term</i>	Four years	
<i>Meetings</i>	On the fourth Thursday of every month at the Mohawk Resource Center. Meeting time varies from month to month.	
<i>Agenda Distribution</i>	Agendas are posted at the post office.	
<i>Minutes Distribution</i>	Minutes are available upon request and by email to interested parties.	
Board of Directors		
<i>Board Member</i>	<i>Position</i>	<i>Term</i>
Thomas Balestri	President	12/6/13 - 12/1/17
Candy Caskie	Director	12/4/15 - 12/6/19
Annie Fischer	Director	12/4/15 - 12/6/19
William J. Keese	Director	12/4/15 - 12/1/17
Cheryl Brennan	Director	8/24/16 - 12/1/17
Contact		
<i>Contact</i>	Tom Balestri, Director	
<i>Mailing Address</i>	P.O. Box 1484, Graeagle, CA 96103	
<i>Phone</i>	530-836-4040	
<i>Email/Website</i>	balestrite@sbcglobal.net	

The District's Board members are not compensated. They are entitled to be reimbursed for their expenses, but generally do not file for reimbursements.

Government Code §53235 requires that if a district provides compensation or reimbursement of expenses to its board members, the board members must receive two hours of training in ethics at least once every two years and the district must establish a written policy on reimbursements. It was reported that the District's Board members last received ethics training in 2016. The District has not established a written policy on Board member expense reimbursement.

In addition to the required agendas and minutes, the District performs other outreach activities. Certain announcements are published in the newspaper. Additionally, the residential development homeowner's association (HOA) sends regular newsletters to residents that contain information on CSD projects. Signs on CSD-financed projects contain information regarding the District's involvement in these projects.

If a customer is dissatisfied with the District's services, complaints may be submitted at regular Board meetings. The President of the Board is generally responsible for tracking complaints to resolution. There is no formal policy regarding the complaint process. GCSD reported that it had never received any complaints, but regularly receives requests for project sponsorship.

Government Code §87203 requires persons who hold office to disclose their investments, interests in real property and incomes by filing appropriate forms each year. Unlike other counties in the State, the Plumas County Clerk-Recorder does not act as the filing officer for the special districts. Each district holds responsibility for collecting the Form 700s and maintaining copies in their records. All the District's Board members filed Forms 700 for 2016.

GCSD demonstrated accountability in its disclosure of information and cooperation with Plumas LAFCo. The District responded to the questionnaires and cooperated with interview and document requests.

Planning and Management Practices

The District employs one part-time administrative secretary who works about 10 to 12 hours a month and submits regular time sheets to track the workload. GCSD's audits are performed through the County-hired vendor. The District is currently looking for an accountant that would perform audits for multiple districts at a discounted bulk rate. Project work financed by the District, for example, tennis court resurfacing, environmental assessments, and bridge construction, is contracted out through a bidding process.

The administrative secretary reports to the Board of Directors that is also responsible for employee evaluations. Although no formal evaluations are performed, wage increases are considered to be an indicator of at least satisfactory performance.

Similarly, the District does not perform any formal evaluations of its own performance, but is aware of its projects' success among the public. GCSD reported that it frequently receives supportive and appreciative letters.

The District's financial planning efforts include annually adopted budgets and financial statements audited every five years. The last audit was for the FYs 03-04 through 08-09. As of the drafting of this report, the District has not yet performed an audit for FYs 09-10 through 14-15. GCSD does not adopt a formal Capital Improvement Plan (CIP). At the start of this review the District was solely focused on the construction of a pedestrian bridge; all of the goals and objectives for the project have been developed during Board meetings.

Government Code §53901 states that within 60 days after the beginning of the fiscal year each local agency must submit its budget to the county auditor. These budgets are to be filed and made available on request by the public at the county auditor's office. All special districts are required to submit annual audits to the County within 12 months of the completion of

the fiscal year, unless the Board of Supervisors has approved a biennial or five-year schedule.³¹ GCSD is on a five-year audit schedule. The District should ensure that it is meeting the adopted audit requirements as determined by the Board of Supervisors.

Special districts must submit a report to the State Controller of all financial transactions of the district during the preceding fiscal year within 90 days after the close of each fiscal year, in the form required by the State Controller, pursuant to Government Code §53891. If filed in electronic format, the report must be submitted within 110 days after the end of the fiscal year. The District has complied with this requirement.

Existing Demand and Growth Projections

Land uses within the District are primarily residential, suburban, commercial, and recreational. The District's bounds encompass nearly 5.27 square miles.

Population

According to the District's estimates, the population within GCSD is approximately 737 residents. During the summer months, the number goes up to over 7,500 people, including guests at the camp grounds and Gold Lake. The District's population consists primarily of part-time residents.

Existing Demand

GCSD reports that about 50 percent of the District's residents make use of the CSD's projects. There has been little growth due to a weak economy since the most recent economic recession; only a few homes have been built in the last five years. There are many lots that are still available for sale. However, demand for District's projects is influenced by the increase in tourism that has occurred over the last two years.

Projected Growth and Development

The District does not make any formal or informal population projections. Only minimal population growth is expected in the next 10 years since there have been no interested developers. The District does not anticipate any significant change in service demand unless there is a future change in the types of services provided.

The State Department of Finance (DOF) projects that the population of Plumas County will decrease by four percent in the next 10 years. Thus, the average annual population growth in the County is anticipated to be approximately negative 0.4 percent. Based on these projections, the District's population would decrease from 737 in 2010 to approximately 708 in 2020. It is anticipated that demand for service within the District will stay the same or minimally decrease based on the DOF population growth projections through 2020.

Growth Strategies

The District is not a land use authority, and does not hold primary responsibility for implementing growth strategies. The land use authority for unincorporated areas is the County.

³¹ Government Code §26909.

Financing

Although the District reported that its financing was inadequate because the pedestrian bridge that has been in the planning stages for five years, could potentially deplete GCSD's resources and restrict its ability to finance other future projects, GCSD has accumulated a considerable financial reserve. The District is encouraged to adopt a plan for services to allocate the funds to specific projects or services to be offered for the benefit of resident taxpayers. At the end of FY 15-16, GCSD had about \$823,906 in accumulated funds.

The District reported that due to the most recent economic recession it had experienced a decline in revenues of about 25 percent. The situation, however, has been gradually improving.

The District's annual revenues amount to approximately \$30,000 to \$40,000. The sources include property taxes and investment earnings. There is a use fee for the tennis courts but the revenue goes to Graeagle Land and Water Company for the maintenance of the courts. The District does not collect any benefit assessment or special tax income.

As was already mentioned the District's last financial audit occurred in FY 08-09 for the previous five fiscal years. In FY 08-09, GCSD collected \$57,322 in revenues, including 65 percent from property taxes and 35 percent from interest income. According to the FY 15-16 budget, in FY 14-15 the District's actual revenues were \$29,334 that included 93 percent from property taxes and seven percent from interest income.

Expenses in FY 08-09 amounted to \$19,497 and consisted mainly of capital improvements (57 percent), contract services (17 percent), and insurance (five percent). The rest of the funds were spent on payroll taxes, clerical wages, membership dues, office expenses, rents and leases, county tax administration charges, utilities, and miscellaneous expenses. In FY 14-15, expenses were \$10,342 and consisted of 21 percent for salaries and benefits and 79 percent for services and supplies (48 percent for contractors, 16 percent for insurance; and the rest was spent on memberships, office expenses, tax admin fee, travel, utilities, and miscellaneous expenses).

GCSD does not have any long-term debt.

The District does not have a policy regarding maintaining a minimum financial reserve, but portions of GCSD's cash balance are designated as an unassigned reserve and emergency reserve. At the end of FY 14-15 the unassigned reserve was \$299,464, the emergency reserve was \$75,000, while \$450,000 was committed to the construction of the pedestrian bridge.

GCSD does not adopt a formal CIP; all projects are planned for at the District's Board meetings and financed by the District's regular revenues.

The District does not participate in any joint power authorities (JPAs).

SERVICES

Service Overview

The District was originally organized with the vision of eventually taking over sewer services in the Graeagle area. As was previously mentioned, until 1998 GCSD was not operational, while wastewater services were and still are provided by individual septic tanks. Graeagle Land and Water Company has been operating two sewage systems serving community businesses, each feeding the leachfield system. The systems were built with limited capacity and now the District's growth is constrained until the sewer system is expanded. According to the 2003 Abbreviated MSR, the District had the intention of developing a wastewater treatment feasibility study and examining the possibility of constructing and operating a wastewater treatment plan, but has not made any steps in this direction to date other than paying a \$23,498 share for an aerial survey jointly done with Graeagle Land & Water preparatory to planning projects such as wastewater treatment. Most recently, Graeagle Land & Water has obtained State approval for a waste treatment facility and is starting construction this summer. Consequently, GCSD will not be initiating wastewater services, but will retain funds to assist the public in connecting with the system.

GCSD started functioning in 1998 and assumed the role of sponsor of community (predominantly capital) projects. The District receives and reviews sponsorship requests, plans projects, finances them, and hires contractors to perform the work. The District put in park benches, resurfaced tennis courts owned and maintained by the Graeagle Land and Water Company, paid for defibrillators for Graeagle Fire Protection District, installed street signs, and organizes fireworks during holidays. GCSD is currently working towards building a pedestrian bridge east of SR 89 along Graeagle Creek brought about by safety concerns for pedestrians using the current narrow bridge that allows for truck traffic. The project was originally expected to be completed by the summer of 2018 and total approximately \$450,000 financed by the District's fund balance. However, the District went out for bids at the end of 2016 and all bids were over the estimated budget. The District is applying to the State of California for a matching grant to construct the Bridge. The plan after construction is that the Graeagle Land and Water Company will be in charge of the bridge maintenance.

The District has a memorandum of understanding (MOU) with the Graeagle Land and Water Company according to which GCSD makes improvements to certain capital assets that belong to the Company, while GLW provides further maintenance. GCSD additionally collaborates with Plumas County Special District Association, California Special District Association, and the Chamber of Commerce.

Staffing

The District employs one administrative secretary who works 10 to 12 hours a month performing basic clerical services.

Facilities and Capacity

The District does not own any facilities. GCSD's capacity to provide services is defined by its funding capabilities. Given the District's sizeable reserve balance, it is apparent that GCSD has the capacity to deliver more extensive services than are already being provided.

Infrastructure Needs

As GCSD does not own any facilities, there are no related infrastructure needs. However, the District is looking into possible future projects, and noted the possibility of helping to establish a robust sewer system for the community and extending paths out from the planned pedestrian bridge.

Challenges

Challenges identified by the District include lower financing levels due to the most recent economic recession, and inadequate funding to cover all of the projects for which GCSD receives sponsorship requests. The statement of inadequate funding could not be confirmed.

Service Adequacy

It is difficult to assess adequacy of services provided by GCSD since existing services are hard to define and categorize. The District's current services have never been clearly defined by nor approved by LAFCo. Several of the projects funded by the District may be categorized as parks and recreation. Should the District choose to provide services outside of parks and recreation, then it will have to seek LAFCo approval to add a new service.

The District provides desired services to the community by sponsoring multiple projects for the benefit of the public and its residents. However, there is a need for a long-term plan for services to identify a strategy for sustainable and necessary services to the public.

The District's primary funding source is property taxes, and these funds are paid by the public with the assurance that the money is being used to pay for public services rendered, not retained for a long period of time with no defined purpose. Additionally, the District needs a service plan to thoroughly define what services are to be provided, given that the intent for which the District was formed was never realized. A long-term strategy to make use of the District's fund balance would ensure transparency and accountability of public money utilization and aid GCSD in identifying necessary funding levels for future services, projects, and plans. The District is advised to come to LAFCo for authorization of current and future services.

GOVERNANCE ALTERNATIVES

As mentioned, EPPRD overlaps with the District. Given that both agencies provide services in the category of parks and recreation, they should coordinate to ensure there is no duplication services and discuss the possibility of ways in which the two agencies could partner up to more efficiently use public funds.

With regard to possible governance alternatives, there is an option for dissolution of the District. At present the GCSD to a degree offers the same category of services to the area as

EPRPD, which creates the potential for a duplication of services. Without the a long-term plan for services and a plan to make use of the overly abundant reserve fund, LAFCo may wish to consider dissolution of GCSD.

GRAEAGLE COMMUNITY SERVICES DISTRICT DETERMINATIONS

Growth and Population Projections

- ❖ The population within Graeagle Community Services District (GCSD) is approximately 737 residents, according to district estimates. During the summer months, the number goes up to over 7,500 people, including guests at the camp grounds and Gold Lake.
- ❖ Based on State Department of Finance (DOF) countywide projections, the District's population is estimated to decline to 708 in 2020.
- ❖ Only minimal population growth is expected in the next 10 years since there have been no interested developers. The District does not anticipate any significant change in service demand unless there is a future change in the types of services provided.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

- ❖ The District does not own any facilities. GCSD's capacity to provide services is defined by its funding capabilities. Given the District's sizeable reserve balance, it is apparent that GCSD has the capacity to deliver more extensive services than are already being provided.
- ❖ It is difficult to assess adequacy of services provided by GCSD since existing services are hard to define and categorize. The District's current services have never been clearly defined by nor approved by LAFCo.
- ❖ There is a need for a long-term plan for services to identify a strategy for sustainable and necessary services to the public. The long-term plan for services should include a strategy to make use of the District's significant fund balance to ensure transparency and accountability of public money utilization and aid GCSD in identifying necessary funding levels for future services, projects, and plans.
- ❖ As GCSD does not own any facilities, there are no related infrastructure needs. However, the District is looking into possible future projects, and noted the possibility of helping to establish a robust sewer system for the community and extending paths out from the planned pedestrian bridge.

Financial Ability of Agencies to Provide Services

- ❖ Although the District considers its financing to be inadequate because the pedestrian bridge is anticipated to deplete its reserves and restrict its ability to finance other future projects, GCSD has accumulated a considerable financial reserve.
- ❖ GCSD's revenues are entirely comprised of property taxes and interest revenue on the accumulated reserves. Due to the most recent economic recession, the District had

experienced a decline in revenues of about 25 percent. The situation, however, has been gradually improving.

- ❖ GCSD does not adopt a formal CIP; all projects are planned for at the District's Board meetings and financed by the District's regular revenues. The District is encouraged to adopt a plan for services to allocate the funds to specific projects or services to be offered for the benefit of resident taxpayers.
- ❖ At the end of FY 14-15 the unassigned reserve was \$299,464, the emergency reserve was \$75,000, while \$450,000 was committed to the construction of the pedestrian bridge. At the end of FY 14-15, GCSD had about \$823,906 in accumulated funds.

Status of, and Opportunities for, Shared Facilities

- ❖ The District practices resource sharing by making use of the Mohawk Resource Center for its meetings and by partnering with Graeagle Land and Water to ensure continued maintenance of certain projects.
- ❖ Given the overlap of GCSD with Eastern Plumas Recreation and Park District, it is recommended that the two agencies collaborate on projects and ensure that there is no duplication of services being offered.

Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

- ❖ GCSD demonstrated accountability in its disclosure of information and cooperation with Plumas LAFCo. The District responded to the questionnaires and cooperated with the document and interview requests.
- ❖ GCSD practices extensive outreach efforts which enhance transparency, including newspaper announcements, outreach to the local HOA, and informational signs on completed projects. A district website would further enhance transparency and accountability.
- ❖ Several of the projects funded by the District may be categorized as parks and recreation. The District also funds street lighting within its boundaries. Should the District choose to provide services outside of parks and recreation or street lighting, then it will have to seek LAFCo approval to add a new service.