

The Economics of Land Use



Draft Report

City of Livingston Municipal Service Review Update

Prepared for:

Merced County Local Agency Formation Commission

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in association with
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Table of Contents

1.	INTRODUCTION.....	1
	Background and Purpose	1
	Approach and Methodology	2
	Reorganization and Service Issues	2
	Other Issues	2
	Projected Growth and Development	3
	Fiscal Conditions	3
	City of Livingston Governance	6
2.	POLICE DEPARTMENT	8
3.	FIRE DEPARTMENT	9
4.	STORM DRAINAGE	10
5.	WASTEWATER	11
6.	WATER	13
7.	DETERMINATIONS.....	14

List of Figures

Figure 1	Existing City Limits and General Plan Land Use Designations	4
Figure 2	City of Livingston Sphere of Influence.....	5
Figure 3	Organizational Chart.....	7

1. INTRODUCTION

This Draft Report updates the Municipal Service Review (MSR) prepared for the City of Livingston in 2005.¹ The MSR presents revised findings and conclusions along with updated research. This MSR addresses the City of Livingston and includes the required data and analysis linked to organizational issues facing the City.

Livingston, situated in north Merced County, is located northwest of the City of Merced on Highway 99, about halfway between Atwater and Delhi. In general, issues involved in this MSR include the City's potential annexation of unincorporated territory into the City, and the City's ability to provide adequate and efficient governmental services for existing and future residents.

Background and Purpose

In 1997, the State Legislature convened a special commission to study and make recommendations about how to accommodate California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century focused on empowering the already existing County LAFCOs governed by the Cortese-Knox Local Government Reorganization Act of 1985. The Commission's final report, *Growth within Bounds*, recommended various changes to local land use laws and LAFCO statutes to allow LAFCOs more influence in shaping California's growth. Assembly Speaker Robert Hertzberg encompassed the recommendations of the Commission in Assembly Bill 2838, which passed into the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The law endows LAFCO with both more responsibilities and more influence to direct growth in California.

One of LAFCO's responsibilities requires municipal services reviews (MSRs) prior to or in conjunction with reviews of city and district spheres of influence (SOIs). Government Code Section 56425 directs LAFCOs to review and update agencies' SOIs, as necessary. Section 56430 requires MSRs to be conducted before or in conjunction with the sphere updates. The Local Government Reorganization Act requires that this MSR address the following factors:

1. Growth and population projections for the affected area
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence
3. 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 communities within or contiguous to the sphere of influence
4. Financial ability of agencies to provide services
5. Status of, and opportunities for, shared facilities

¹ Final Report, City of Livingston Municipal Service Review, Prepared for Merced County LAFCO by Economic & Planning Systems, Inc., 2005.

6. Accountability for community service needs, including governmental structure and operational efficiencies
7. Any other matter related to effective service delivery, as required by commission policy

Approach and Methodology

Economic & Planning Systems, Inc. (EPS) has been retained by LAFCO to update the MSR for the City of Livingston in Merced County. EPS reviewed the various plan documents provided by LAFCO and City staff, the City's current budget, the prior MSR document, and other readily available information, to prepare this Report. The Report presents a summary of service issues and trends, and provides details of each service in subsequent sections of the report. The seven State-mandated issue areas are reviewed for each service category examined in the Report.

Reorganization and Service Issues

The prior 2005 MSR identified a number of issues. Following is a summary of the current status or resolution of those issues.

1. Interest in annexations beyond current Sphere of Influence

In 2005, the City was involved in public discussions about future growth and annexation directions. At the time, developers showed an interest beyond the current Sphere of Influence boundary. Currently, no discussions have taken place regarding growth beyond the current city limits or expanding the SOI.²

2. Time horizon

The City General Plan has a 2050 time horizon, but detailed planning and infrastructure plans only cover the 2020 timeline (which was used for the current SOI). The City may have a desire to expand the SOI but information would be needed to justify the expansion or to expand the MSR to the areas not currently reviewed.

Other Issues

1. Outdated Infrastructure Master Plan and General Plan

The prior MSR identified the need to update master plans prepared in 1992. In 2007, the City adopted an updated Water, Wastewater, Storm Drainage, Traffic, and Parks Master Plan. The City Administration is trying to set aside money for a General Plan update in approximately three years, but the update has not yet been scheduled. In 2016, the City adopted an update to the Housing Element of the existing General Plan.³

2. Future Infrastructure Financing

The current Master Plans include costs associated with required improvements, and make recommendations for a Capital Improvement Program to fund those improvements. Since the last MSR in 2005, Livingston has adopted development impact fees for municipal facilities, police service, fire service, water/sewer connection. There is no fee schedule in place for streets,

² Provided by initial data request, January 10, 2017.

³ Ibid.

bridges, and storm drainage. The last fees collected were based on Development Agreements. The City had no impact fees previously.

3. Development Pressure

The prior MSR reported significant pressure for development outside the current City limits, totaling approximately 1,000 acres with a development potential of up to 4,000 residential units and some additional commercial development. The City's 1999 General Plan identified growth areas for a 40 year horizon, but no detailed infrastructure plans were completed, and the SOI adopted by LAFCO in 1999 covered only a 20-year growth boundary. As noted above, the City is striving to update its 1999 General Plan in order to accommodate future development proposals. Development pressures have significantly eased since the recession that started in 2007.

Projected Growth and Development

The City of Livingston is located northwest of the City of Merced on Highway 99, about halfway between Atwater and Delhi. The City of Livingston covers 2,329 acres. There are currently three developments underway: 111 single-family lots, a 75-room Motel 6, and a 26,000-square foot Panda Express. Pending projects include a 5.9-acre Livingston Community Health Campus, an additional 21 single-family lots at the Davante Villas, and another 62 single-family lots in Rancho Estrada.⁴

As of January 2016, Livingston had a total population of approximately 13,800 residents. MCAG projects that in 2020, there will be 18,200 residents.⁵ This forecast appears to be optimistic, as it represents an annual rate of growth exceeding 7 percent. For comparison, the City's population grew at a 1 percent annual rate between 2010 and 2016, based on Department of Finance data. **Figure 1** shows the City's General Plan land use designations within its growth areas. **Figure 2** illustrates the City's current SOI and City boundaries.

Fiscal Conditions

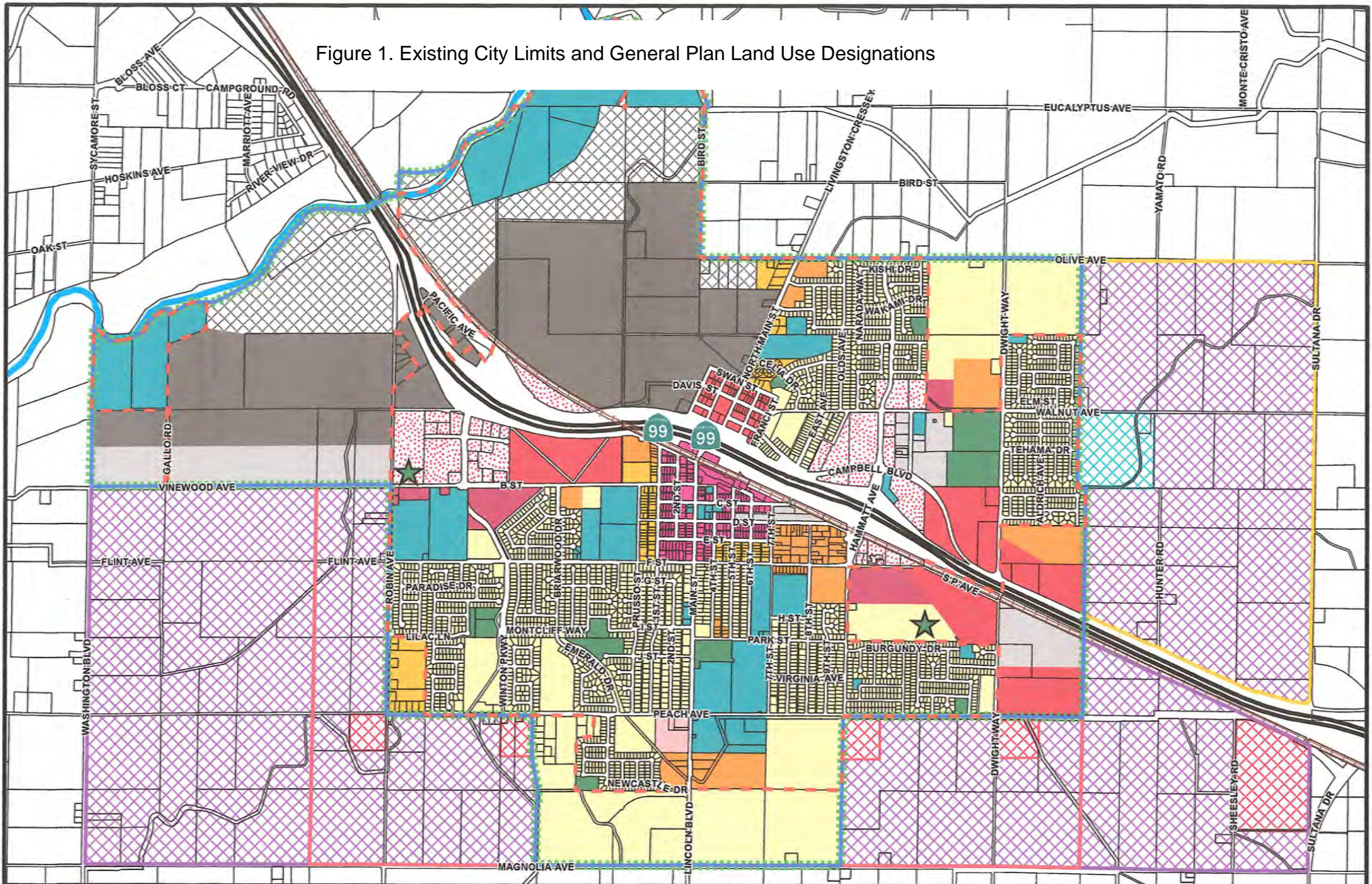
From 2004 to 2012, the City of Livingston incurred annual operating deficits in its General Fund, which significantly impacted the City's fund and cash balances, staffing levels, and municipal services. However, the City has experienced a positive recovery since 2011 and has increased general fund revenues by over \$1.3 million. Overall, General Fund revenues are projected at \$5.7 million and expenditures are expected at \$5.65 million with a net operating surplus of \$64,000 for FY2016/17.⁶

⁴ Ibid.

⁵ Department of Finances, 2016; MCAG RHNA Projections (adopted June 18, 2015), derived from the County's 2014 Regional Transportation Plan.

⁶ City of Livingston FY2016/17 Adopted Budget.

Figure 1. Existing City Limits and General Plan Land Use Designations



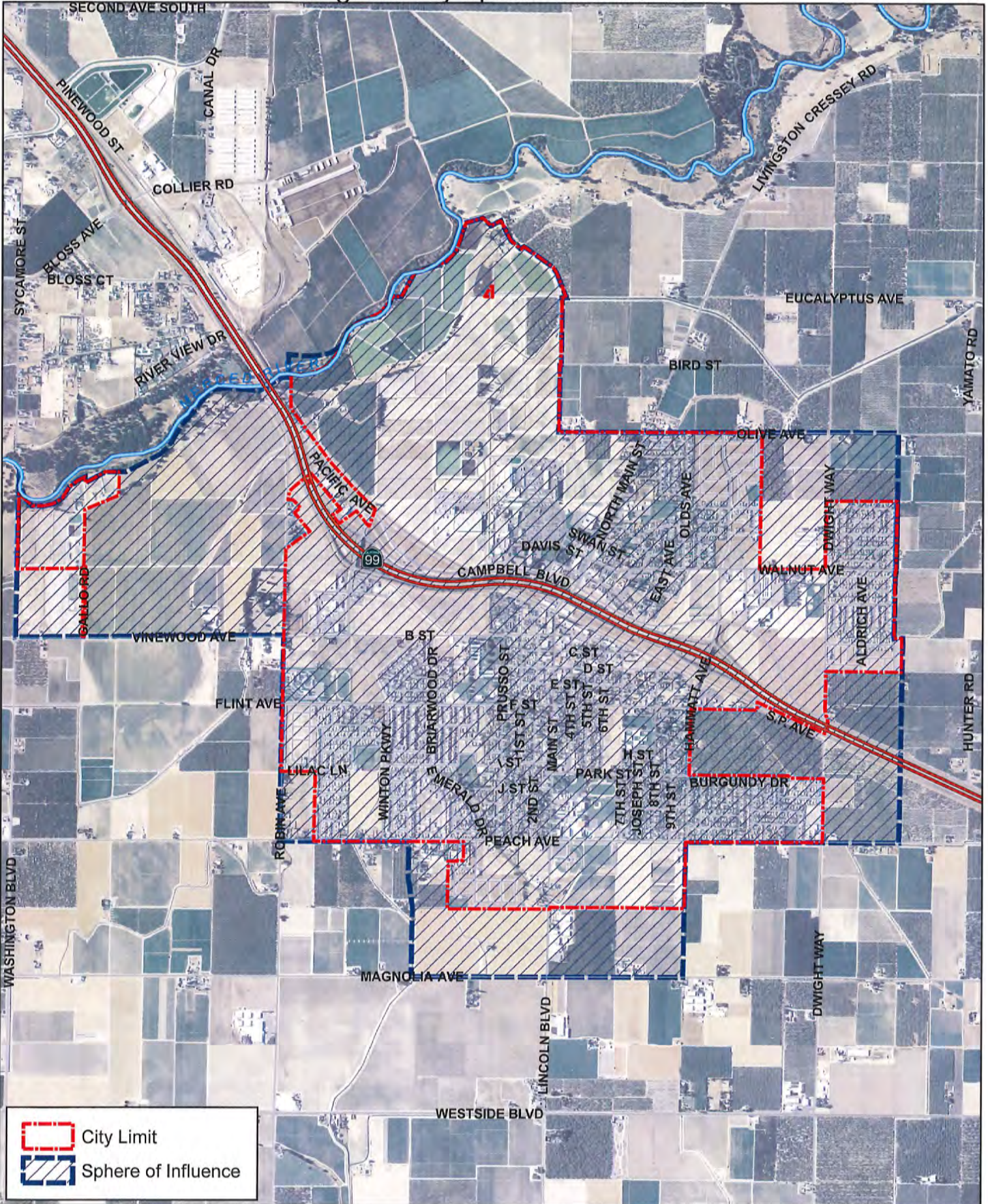
- Legend**
- Railroad
 - River
 - Highway
 - City Limits
 - Growth Boundary - Year 2020
 - Growth Boundary - Year 2030
 - Growth Boundary - Year 2040
 - Growth Boundary - Year 2050
 - Sphere of Influence
 - SC - Service Commercial
 - NC - Neighborhood Commercial
 - CC - Community Commercial
 - CR - Commercial Reserve
 - DC - Downtown Commercial
 - HC - Highway Commercial
 - LI - Limited Industrial
 - GI - General Industrial
 - IR - Industrial Reserve
 - LD - Low Density Residential
 - MD - Medium Density Residential
 - HD - High Density Residential
 - P - Park/Open Space
 - PF - Public Facility
 - PFR - Public Facility Reserve
 - UR - Urban Reserve
 - Park Reserve



City of Livingston General Plan

Figure 2

Livingston City Sphere of Influence

Date: 3/31/2014 User Name: gis2



 City Limit
 Sphere of Influence

City of Livingston Governance

The City of Livingston was founded in 1871 and incorporated in 1922. The City's water and sewer systems were built six years later in 1928. The City has a Council/Manager form of government. Under this municipal governmental form, the citizens elect four members of the City Council for four-year overlapping terms and a Mayor (who is also considered a City Council Member) for a two-year term. City Council members choose the mayor pro tempore from among themselves. The City Manager is appointed by the five-member City Council by majority vote. The City Manager acts as the City's chief executive officer as well as its budget and financial officer. The City Council is assisted by the Livingston Planning Commission and the Citizens Advisory Committee, both appointed by the City Council. City residents also elect the City Clerk and the City Treasurer. The City supports the following eight departments:

- Administration
- Police
- Recreation
- Engineering
- Parks
- Public Works
- Fire (by partial contract)
- Streets
- Building (by contract)
- Planning (by contract)

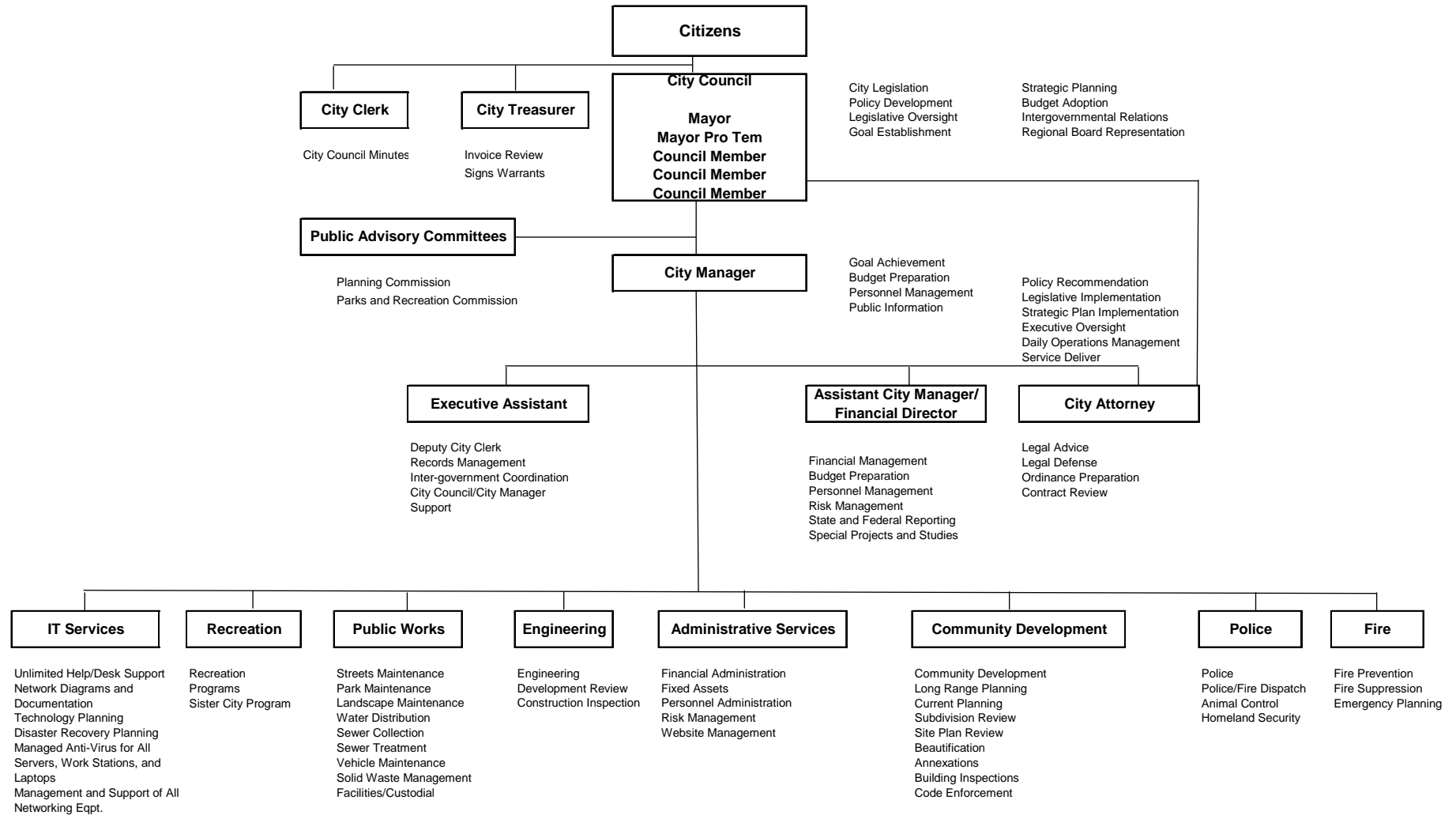
See **Figure 3** for the City's organization chart.⁷

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⁷ City of Livingston Website: www.livingstoncity.com

Figure 3 Organizational Chart



2. POLICE DEPARTMENT

In 2005, the City adopted a policy to maintain a ratio of 1.5 officers per 1,000 residents. With 2016's population, the City would require 21 sworn officers to uphold the ratio, but currently the City has 20 filled positions and hopes to fill the remaining position. At this time, two full-time officers are assigned as School Resource Officers being paid by outside sources. One officer is full-time at Livingston High School and through a Memorandum of Understanding (MOU), is covered by the Merced Union High School District. The other officer is full-time at Livingston Middle School paid for by a grant from the Merced County Office of Behavioral Health and Recovery Services.

Relative to the 2005 MSR, the police staff has one lieutenant and three sergeants; however, one sergeant was reallocated to a police officer position. The City also employed three corporals, which were reduced to two positions with one also being reallocated to a police officer position. The City has recently reallocated two officer positions to corporal positions, bringing the total to four corporals. In 2016, City Council approved the position of Administrative Office Assistant II. As a result of a budget reduction measure, the City laid off two filled positions in 2012; a Public Services Officer and a Police Assistant. The City brought back a combination of two positions to assist administratively.⁸

In 2012, the City of Livingston entered into an agreement to provide dispatch services to the City of Gustine. The service required City staff to answer 9-1-1 calls and business lines after hours. Police staff in turn directed all front line public safety personnel to calls in Gustine. In 2015, the City extended the agreement with Gustine to the end of FY 2021/22. In addition to providing services to the City of Gustine, over the last decade there have been two developments in the south portion of the City and other recent commercial developments that have impacted the need for services. The New Castle Apartment complex is a large lower-income residential complex accompanied by the Sun Valley residential development, which increased the demand for the department's services. The Rancho San Miguel supermarket and accompanying development have also drawn significant resources from the police personnel.

The City has not updated or expanded the police facility built in 1999 since the last MSR, but there is a plan to add a second story to the facility. The funding source would need to be identified. While the City has identified department needs for the next six years, there is no updated master plan or adopted capital improvement plan.⁹

The Police Department is the largest General Fund department in the City. FY2016/17 projects General Fund expenditures of approximately \$3.1 million, about 57 percent of the General Fund expenditure budget. Since the last MSR, police development impact fees have been enacted. The City budget projects that \$36,000 will be generated by development impact fees in FY2016/17.¹⁰

⁸ Provided by the City of Livingston's administrative draft review on November 21, 2017.

⁹ Initial data request to Police Department. August 30, 2016. Ruben Chavez, Chief of Police.

¹⁰ City of Livingston FY2016/17 Adopted Budget.

3. FIRE DEPARTMENT

Fire protection, rescue, and emergency medical response service are provided to the citizens of the City of Livingston by the Livingston Fire Department. Livingston Fire Department is managed through a contractual agreement with the County of Merced. The agreement consists of staffing for one CALFIRE full time position 24 hours a day, 7 days a week, and 15 volunteer members in the City. The Department operates one station, owned by the County, serving residential, commercial, and industrial structures.¹¹ Over the course of 2015, the Fire department responded to 1,468 calls for services. In 2016, Livingston maintained a ratio of slightly greater than one volunteer per 1,000 residents.¹²

Over the last few years, emergency calls have been steadily increasing. In 2016, the Fire Department responded to 1,581 calls for services. In 2015, the Fire Department responded to 1,468 calls for services. In 2014, the Fire Department responded to 1,214 calls for services. Emergency calls in 2016 rose approximately 10 percent and are projected to grow in the upcoming years. Medical emergencies make up approximately 54 percent of the call volume. To accommodate new growth or annexations, construction of additional fire stations may be required.¹³

While there have been no major improvements to the facilities since the 2005 MSR, the City currently is updating the sleeping arrangements for the station personnel. In addition, the City is in the process of addressing staffing and apparatus concerns, as well as identifying a location for a new fire station.¹⁴

In 2014, the fire department went through an Insurance Services Office (ISO) analysis and review. The assessment reviewed the fire department's fire suppressing capabilities and evaluated the fire flows in the City, emergency communications, operations/training, prevention, and water supplies. The department maintained a level 4 rating in public protection classification.¹⁵

Funding of operations have not changed since the prior MSR and are based on a contractual agreement between the County of Merced and the City of Livingston. In FY2016/17 the City's General Fund allocated \$53,000.¹⁶

¹¹ Provided by the City of Livingston's administrative draft review on November 21, 2017.

¹² Initial data request to Fire Department. September 23, 2016. Baraka Carter, Battalion Chief.

¹³ Provided by the City of Livingston's administrative draft review on November 21, 2017.

¹⁴ Ibid.

¹⁵ City of Livingston Website: www.livingstoncity.com

¹⁶ City of Livingston FY2016/17 Adopted Budget.

4. STORM DRAINAGE

Livingston's storm water is managed through a program with the Merced Irrigation District (MID). Storm water is temporarily stored in detention basins, which serve as watersheds within the urbanized area. Each watershed has a lift station that drains the storm water at a controlled rate to available MID canals. The detention basins store storm runoff during peak periods, allowing the pump stations to discharge over a longer period of time to the MID canals. The practice has resulted in the installation of a large number of local detention basins, many of which the City now considers to be undesirable for a variety of aesthetic, environmental and maintenance reasons. The City has expressed a desire to provide for the phasing out of several of these detention basins and to provide for the consolidation of storm drainage from new development areas into a limited number of larger detention basins that will also have an opportunity to be utilized, at least in part, for recreation.^{17, 18}

Runoff from land with largely residential uses has less potential for contamination than runoff from industrial land uses. MID must review each industrial parcel separately in order to grant special permission to discharge industrial runoff into MID's facilities. The City of Livingston has developed an Urban Storm Water Quality Management Program as part of its Phase II MS4 Permit to regulate the discharge of pollutants from the City's Storm Water System.¹⁹

Livingston's General Plan recommends that the City's undeveloped areas be served by new detention basins, because MID has indicated that additional transport capacity in MID canals is unavailable. The City will continue to use MID facilities as a part of the storm drainage solution, but also plans to identify locations for new retention basins. Costs in 2007 have assumed a total right-of-way and easement acquisition cost (where needed) of \$50,000/acre for any land located within the Merced River floodplain and \$250,000/acre for all other lands.²⁰ As part of the Draft AB 1600 Study in 2014, the City implemented a storm drainage fee of \$0.80 per square feet of commercial developments and \$2.01 per square feet of industrial developments.^{21,22,23}

¹⁷ Storm Drainage Master Plan (2007).

¹⁸ City of Livingston FY2016/17 Adopted Budget.

¹⁹ Provided by the City of Livingston's administrative draft review on November 21, 2017.

²⁰ Storm Drainage Master Plan (2007).

²¹ City of Livingston Municipal Code, Chapter 24, *Development Impact Fee*.

²² Provided by initial data request, January 10, 2017.

²³ Provided by the City of Livingston's administrative draft review on November 21, 2017.

5. WASTEWATER

In 2007, the City Council approved a Wastewater Collection System Master Plan. This plan outlines existing system conditions, existing capacity deficiencies, and proposed improvements to serve future growth. Future development will be served by new wastewater conveyance infrastructure including collectors, trunks and interceptor sewer lines and appurtenances. Expansion of the Domestic Wastewater Treatment Plant could occur entirely on the existing treatment plant property while percolation ponds required for the effluent discharge would need to be constructed outside the current treatment plant boundary.²⁴

Livingston operates its own wastewater collection system and domestic wastewater treatment plant. This collection system consists of approximately 29 miles of 6-inch through 27-inch diameter sewer pipe. The existing Domestic Wastewater Treatment Plant has sufficient capacity to treat an average daily maximum month flow (ADMMF) of 2.0 million gallons per day (mgd). Wastewater flows could exceed the capacity of the existing treatment plant when the City's population approaches 21,000 people. Under the terms of the Regional Water Quality Control Board (RWQCB) Order Number R5-2014-0147, Waste Discharge Requirement for the City of Livingston Wastewater Treatment Facility, the monthly average dry weather flow shall not exceed 2.0 million gallons per day (mgd).²⁵

In 2006, the City submitted a "Revised Groundwater Work Plan" to the Regional Water Quality Control Board. The purpose of the work plan was to describe the groundwater monitoring program that will help identify and evaluate potential impacts to the groundwater quality resulting from the Domestic Wastewater Treatment Plant discharges.²⁶

The City's current wastewater flows average 0.9 mgd, which is less than 50 percent of its treatment capacity. The City's next WWTP expansion will increase the capacity from 2.0 million to 4.0 million gallons per day (mgd). This expansion will provide the City with the ability to provide wastewater service to approximately 43,000 residents. The time when the WWTP needs to be expanded is unknown at this time. ²⁷

Livingston had a 121-acre industrial wastewater treatment plant that treated and disposed of wastewater generated by the City's Foster Farms processing plants. In 2007, a comprehensive settlement agreement between the City and Foster Farms became effective. The settlement stated that under the agreement, the City of Livingston would continue to operate its existing Facility until construction of the Foster Farms Waste Water Treatment Plant was complete. Upon completion and initiation of operations at the new WWTP, Foster Farms agreed to remediate the existing site as directed by the Central Valley Water Board, including removal of accumulated sludge from the existing ponds. In December 10 2010, Foster Farms completed construction of the new wastewater treatment plant which disposes via percolation on approximately 223 acres

²⁴ Wastewater Master Plan, 2007.

²⁵ Provided by the City of Livingston's administrative draft review on November 21, 2017.

²⁶ Ibid.

²⁷ Ibid.

of Foster Farms' existing Reclamation Area. During wet weather, effluent is stored in a 35 million-gallon unlined storage reservoir adjacent to the WWTP. Currently, Foster Farms is working under the Pond Closure Plan which describes an orderly clean-up of the ponds and the remediation of underlying soils. The Plan cites the end of December 2017 as the last set of cleanup efforts.²⁸ Once the plant is cleaned up, the land will revert back to public use for Livingston.^{29, 30}

²⁸ 2016 Annual Pond Closure Status Report

²⁹ Order Number R5-2009-0086

³⁰ Paul Dotson, California Regional Water Quality Control Board.

6. WATER

Livingston's water comes from nine groundwater wells (eight active) and is distributed through 36 miles of City-maintained water transmission lines. The City must rely on the underlying groundwater basin as a source for future water supply. The City's water system facilities include eight active groundwater wells, a 1 million-gallon water storage tank, and over 36 miles of pressured pipes ranging from two inches to 16 inches in diameter. Since 2003, the City has been installing individual water meters.³¹

In 2008, the City spent approximately \$3.2 million to install 18,936 feet of new water line. \$1,906,700 of the cost of the improvements was paid for by a State Proposition 13 water grant. In addition to replacing aging water lines, the City has finished installing water meters to promote water conservation and ensure that all residential, commercial and industrial customers are billed the correct amount for the water they are using.³² In addition to water meters, the City has been requiring commercial customers, industrial customers, multi-family residential customers and other users to install backflow prevention devices to protect the water system from contamination.³³

In 2013, the City entered into a Service Contract with Kennedy Jenks at an estimated cost of over \$100,000 to explore effective, efficient, and affordable water treatment and distribution solutions. The final version of the analysis was published in 2013 and recommendations are currently being implemented. In upcoming years, the City is expected to construct additional Trichloropropane (TCP- treatment systems to comply with regulation.³⁴

In 2016, the City completed the construction of a new arsenic removal treatment facility at Well No. 13. In 2017, the City completed construction of Well No. 17, a new well with an arsenic and manganese removal facility.

Future water system improvements include the construction of a new centralized treatment facility at Well No.16, and the construction of a new centralized TCP treatment facility at Arakelian Park. The City will be applying for external financing to assist funding the Capital Improvement Projects.

The City is a member of the Merced Groundwater Subbasin Joint Powers Authority in eastern Merced County, and is involved in data collection and preparation of a Groundwater Sustainability Plan under the Sustainable Groundwater Management Act (SFMA). Other JPA members include the cities of Atwater and Merced, all water and irrigation districts in the sub-basin, and Merced County.

³¹ Provided by the City of Livingston's administrative draft review on November 21, 2017.

³² City of Livingston Website: www.livingstoncity.com

³³ City of Livingston FY2016/17 Adopted Budget.

³⁴ Ibid.

7. DETERMINATIONS

1. Growth and population projections for the affected area

Since 2003, Livingston has grown from approximately 11,000 residents to 13,800 in 2016 at an annual average rate of 1.6 percent. Households grew from 2,600 households in 2003 to 3,400 households, at an average annual rate of 2.14 percent. Growth has increased since the economic recovery and may require additional infrastructure.

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

No Disadvantaged Unincorporated Communities were identified in the Livingston area.³⁵

There are very few areas on the fringe of the City containing existing residences, and none meet the definition of "Disadvantaged Unincorporated Community" in Government Code section 56033.5.

3. 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 communities within or contiguous to the sphere of influence

Since the last MSR, updated master plans for water, wastewater, storm drainage, and parks include capital and infrastructure improvement plans for future growth. However, the Police and Fire Departments do not currently have a master plans or capital improvement programs. The City has identified police department needs for the next six years. The fire department is also in the process of updating sleeping arrangements for the station personnel, as well as identifying a location for a new station. There are no disadvantaged unincorporated communities in the fringe areas around the City, although the City has extended water service to residences in the County, where wells have gone dry.

4. Financial ability of agencies to provide services

Livingston's policy is that new growth should pay for itself. That is, needed facilities and new demands on existing facilities will be paid for through fees on new development. The City adopted an updated development impact fee schedule to help the City with its future expansion and growth. However, it is recommended that the fee studies be updated to adjust current fees to assure financial adequacy in the future, and the fees be expanded to cover facilities which do not have established fees (streets, bridges, and storm drainage).

5. Status of, and opportunities for, shared facilities

The City discharges its storm water into MID facilities. The City shares a fire station with Merced County, and contracts with CALFIRE for staffing reached agreement to share police dispatch services with the City of Gustine. No other opportunities for shared facilities have been identified at this time.

³⁵ California Unincorporated: Mapping Disadvantaged Communities in the San Joaquin Valley, PolicyLink, 2013, see pg. 38.

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

The City's website publishes city council agenda, minutes and public notices, and city council meetings are streamed over the internet. The website enables citizens to submit complaints and concerns. Email addresses and phone numbers are published for city council members and city staff.

No changes in governmental structure or operational efficiencies have been identified.

7. Any other matter related to effective service delivery, as required by commission policy

No other matters have been identified at this time.