

The Economics of Land Use



Final Report

City of Los Banos Municipal Service Review

Prepared for:

Merced County Local Agency Formation Commission

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As Approved by LAFCO March 22, 2012

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Table of Contents

1.	INTRODUCTION.....	1
	Background and Purpose	1
	Approach and Methodology	2
	City of Los Banos Governance	2
2.	SUMMARY OF SERVICE ISSUES AND TRENDS	4
	City General Plan and Sphere of Influence Expansion	4
	Growth and Development	4
	Fiscal Conditions.....	8
3.	POLICE DEPARTMENT	11
	Description.....	11
	Determinations.....	12
4.	FIRE DEPARTMENT	14
	Description.....	14
	Determinations.....	14
5.	STORM DRAINAGE.....	17
	Description.....	17
	Determinations.....	18
6.	WASTEWATER	20
	Description.....	20
	Determinations.....	20
7.	WATER	23
	Description.....	23
	Determinations.....	24

List of Tables

Table 1	Municipal Service Providers for the City of Los Banos.....	3
Table 2	City of Los Banos Historical and Projected Population Growth	8
Table 3	City of Los Banos Historical and Projected Employment Growth.....	9

List of Figures

Figure 1	City of Los Banos: Existing Boundaries and Land Use Designations.....	5
Figure 2	City of Los Banos: Existing and Proposed Sphere of Influence.....	6

1. INTRODUCTION

This Report updates the Municipal Service Review (MSR) prepared for the City of Los Banos in 2004.¹ The MSR presents revised findings and conclusions along with underlying research. This MSR addresses the City of Los Banos, including the required data and analysis and linking this to organizational issues facing the City in consideration of the City's 2009 General Plan update and updates to several master plans. In general, issues involved in this MSR include the City's proposed 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 new law endows LAFCO with both more responsibilities and more influence to direct growth in California.

One of LAFCO's responsibilities requires regional studies of municipal services (or MSRs) every five years, 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, every five years. Section 56430 requires MSRs to be conducted before or in conjunction with the sphere updates. A more recent change to the Local Government Reorganization Act reduced the number of factors to be addressed in MSRs from nine to six. According to current state law, this MSR addresses the following factors:

1. Growth and population projections for the affected area
2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies
3. Financial ability of agencies to provide services
4. Status of, and opportunities for, shared facilities
5. Accountability for community service needs, including governmental structure and operational efficiencies
6. Any other matter related to effective service delivery, as required by commission policy

¹ Final Report, City of Los Banos Municipal Service Review, Prepared for Merced County LAFCO by Economic and Planning Systems, approved by LAFCO September 23, 2004

Approach and Methodology

Economic & Planning Systems, Inc. (EPS) has been retained by LAFCO to update the MSR for the City of Los Banos 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 was reviewed by the City and subsequently published for public comment prior to adoption by the Commission. The Report presents a summary of service issues and trends then provides details of each service in subsequent sections of the report. The six State-mandated issue areas are reviewed for each service category examined in the Report.

City of Los Banos Governance

The City of Los Banos, incorporated in 1907, is governed by the elected City Council. The council is made up of the Mayor, who serves a two-year term, and four council members who serve four-year terms. City Council meetings are held the first and third Wednesday of each month. Two council seats, as well as the Mayor, are up for election at the general elections on even-numbered years. The City Clerk and Treasurer are also elected positions and serve four-year terms. The City supports the following departments:

- Administration
- Building
- Finance
- Fire Protection
- Human Resources
- Community Development
- Police
- Public Services
- Public Works

As shown on **Table 1**, Los Banos provides a wide range of municipal services to the population within its City limits.

Table 1
Municipal Service Providers for the City of Los Banos
City of Los Banos Municipal Service Review; EPS #21089

Municipal Service	Service Provider
General Government	
Governing Board	City Council
Manager	City of Los Banos
Attorney	Contract City Attorney
Finance/Clerk/Administrative Services	City of Los Banos
Public Protection	
Traffic Control/Accident Investigation	City of Los Banos
Law Enforcement	City of Los Banos
Fire Protection	City of Los Banos
Animal Control	City of Los Banos
Land Use and Planning	
Regulation & Planning	City of Los Banos
Building Inspection	Contract (Precision)
Community Services	
Local Parks/Recreation Facilities	City of Los Banos
Library	County of Merced
Public Works	
Roads, Local Drainage, Bridges, Signals	City of Los Banos
Domestic Water	City of Los Banos
Wastewater Treatment/Disposal	City of Los Banos
Solid Waste Management/Disposal	Contract (BFI)
Flood Control	City of Los Banos
Street Lighting	City of Los Banos
Public Education	
K-12 Grade Levels	Los Banos Unified School District
Other Services	
Electricity	Pacific Gas & Electric
Gas	Pacific Gas & Electric
Cable Television	Comcast
Public Transit	County of Merced

2. SUMMARY OF SERVICE ISSUES AND TRENDS

The City of Los Banos provides a full range of municipal services, including water, sewer, and storm drainage systems as well as police, fire, and general government services. The City of Los Banos is located in the western part of Merced County, near the communities of Dos Palos, Gustine and Santa Nella. Highway 152 transects the City, and serves as a major connection between Interstate 5 to the west and Highway 99 to the east. The City experienced substantial growth during the first half of the past decade, and revised its General Plan to accommodate growth while providing mechanisms to help fund expansion of services. The current recession, however, has slowed growth and contributed to constrained fiscal conditions similar to most other California cities.

City General Plan and Sphere of Influence Expansion

The General Plan for the City of Los Banos, adopted in July 2009, proposes an expanded SOI. **Figure 1** shows a map of the City's existing boundary and land use designations. **Figure 2** shows the expansion proposal compared to the existing SOI. Adoption of the revised MSR is required before LAFCO approval of an expanded SOI. The City's proposed SOI is 3,511 acres larger than the current SOI for a total of approximately 14,600 acres; most of the proposed expansion area is located south and west of the current City boundary. The City submitted an application to expand the SOI which will be acted upon following adoption of this MSR update. The LAFCO Commission will analyze this increase in the Sphere in accordance with Section 56425 of the Cortese/Knox/Hertzberg Act.

The current recession has slowed the City's rate of growth, which may extend anticipated buildout of the SOI, as described below.

Growth and Development

Population

As of 2010, the population of the City was 35,972.² A large number of new housing developments were built in the City during the economic boom of the mid-2000s. Since the onset of the national economic recession, development and annexation activity which was significant during the preparation of the 2004 MSR is largely on hold.

The City of Los Banos's General Plan projects a City population of approximately 90,000 by 2030, an increase of 54,000, or 150 percent. However, this projection was based on growth trends from prior years. In 2008, the City's estimate for 2010 population was 36,198 while the U.S. 2010 Census counted 35,972 residents. The recession has caused development and population growth to slow considerably. EPS adjusted the 2010 estimate and calculated population

² U.S. 2010 Census.

Figure 1 City of Los Banos: Existing Boundaries and Land Use Designations

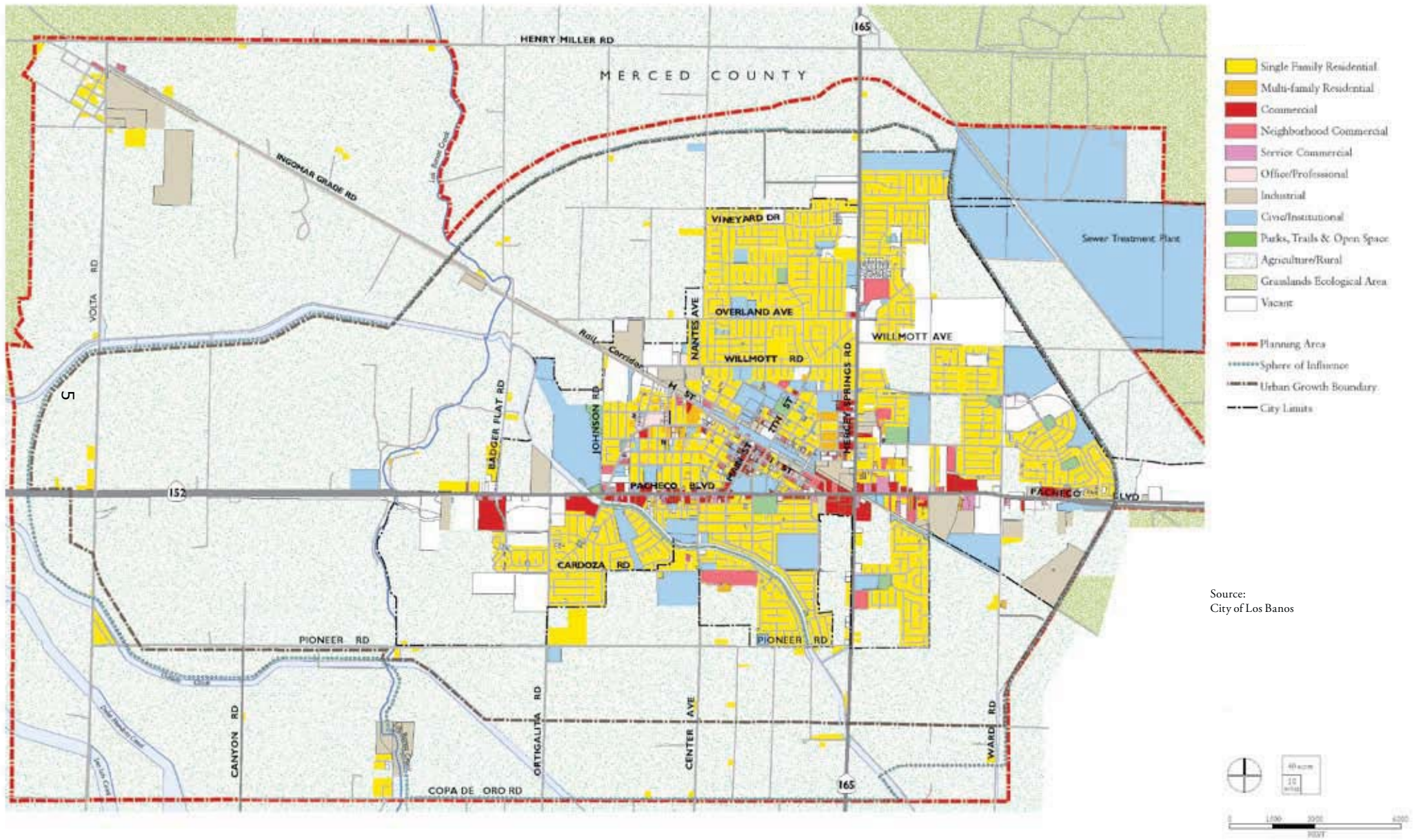
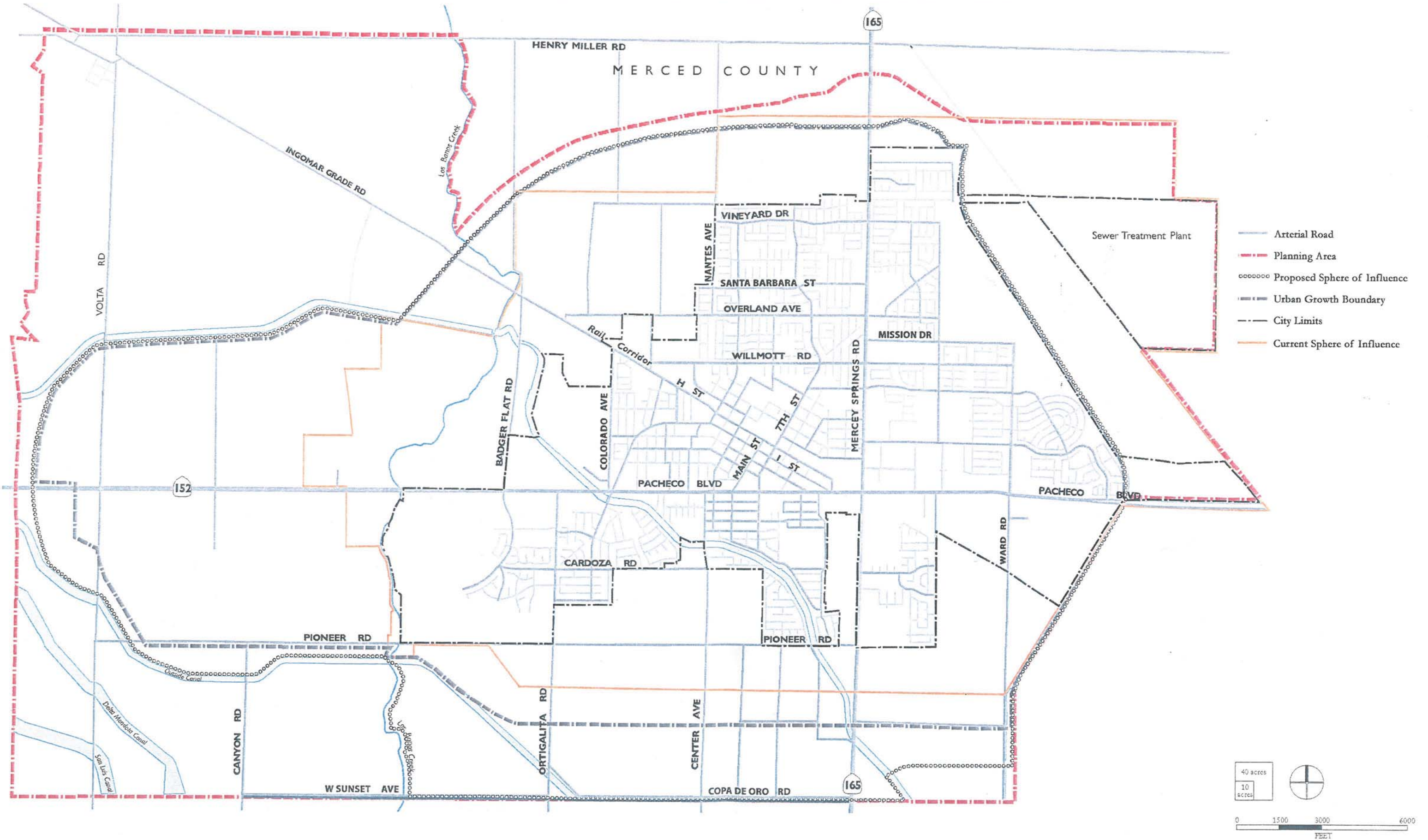


Figure 2 City of Los Banos: Existing and Proposed Sphere of Influence



estimates using three different growth rates based on a) the rates found in the General Plan, b) trends over the last ten years, and c) trends over the past four years (see **Table 2**). The General Plan uses the highest growth rate, 4.1 percent annually, and will yield nearly 40,000 more people than a continuation of the growth rate experience over the past four years, 1.5 percent annually. While it is likely that eventual economic recovery will improve growth prospects, it is not likely that previous high growth rates will return on a sustained basis for many years.

Household size has increased, and is anticipated to continue to increase, as multi-generational households become more prevalent in Los Banos. The population growth will consist mainly of planned subdivisions on the edges of the current City, especially to the north, east and west where suitable land is available, though no significant residential development is expected to occur in the near term. Small commercial developments will lead as well as accompany this growth, as economic conditions improve. Pending annexations are to the south and west of the existing City limits.

Employment

The General Plan anticipates that the City will be able to accommodate an additional 41,900 jobs at full buildout though it does not expect to reach this level by 2030. To achieve this level by 2030, employment would have to grow by an unprecedented 10.2 percent per year. The City instead uses a lower growth rate, 6.3 percent (see **Table 3**), that is based on historical trends as well as the Plan's new ambitious economic development initiatives. Using this rate, complete buildout of employment-related land should be reached around 2055.

In the 2030 General Plan, the City has set aside a significant amount of land for employment-related land uses. The City currently has 24 acres of developed land used for professional office; however the Plan designates 515 acres for professional office and 820 acres for employment park uses. The City hopes to attract firms with long-term growth potential by providing a significant amount of land. The Plan describes where the land is and how it can be used:

Three employment centers are planned; the first is located on large undeveloped areas to the southwest of the Planning Area near the intersection of Volta Road and SR-152, the second is located near Merced Community College (Los Banos Campus), and the third is west of City center at the site of the Los Banos Municipal Airport. All three sites are envisioned as a master-planned, regionally-oriented development that may include business and office parks, light industries, incubator or research and development (R&D) laboratories, testing, packaging or publishing centers, and employee-supporting uses such as cafeterias and retail stores.

Using the lower growth rate identified in the General Plan, employment in the City is projected to grow by approximately 17,700 by 2030, an increase of nearly 400 percent (see **Table 3**). Data since 2005, however, show a lower growth rate of 3.7 percent (see **Table 3**) which would generate nearly 9,000 jobs by 2035. The City will likely need to succeed in attracting new businesses to one of the Employment Parks described in order to achieve the growth rate identified in the 2030 General Plan.

Table 2
City of Los Banos Historical and Projected Population Growth
City of Los Banos Municipal Service Review; EPS #21089

Year	2030 General Plan ^[1]		Past 10-Year Trend ^[2]		Past 4-Year Trend ^[3]	
	Population	Growth	Population	Growth	Population	Growth
2000	25,869		25,869		25,869	
2005	32,300	-	32,300	-	32,300	-
2010	35,972	-	35,972	-	35,972	-
2015	44,000	22.3%	42,100	17.0%	38,800	7.9%
2020	53,800	49.6%	49,300	37.1%	41,900	16.5%
2025	65,700	82.6%	57,700	60.4%	45,200	25.7%
2030	80,300	123.2%	67,600	87.9%	48,800	35.7%
2035	90,400	151.3%	79,100	119.9%	52,700	46.5%

[1] Assumes a 4.1 percent growth rate as outlined in the General Plan

[2] Assumes a 3.2 percent growth rate based the average growth rate, according to the DOF, since 2000.

[3] Assumes a 1.5 percent growth rate based the average growth rate, according to the DOF, since 2007.

Sources: Los Banos 2030 General Plan; U.S. 2010 Census; Economic & Planning Systems, Inc.

Table 3
City of Los Banos Historical and Projected Employment Growth
City of Los Banos Municipal Service Review; EPS #21089

Year	2030 General Plan-High ^[1]		2030 General Plan-Low ^[2]		2005-2009 Trend ^[3]	
	Population	Growth	Population	Growth	Population	Growth
2005	4,823	-	4,823	-	4,823	-
2009	4,540	-	4,540	-	5,582	-
2015	8,131	79.1%	6,550	44.3%	6,942	24.4%
2020	13,215	191.1%	8,890	95.8%	8,324	49.1%
2025	21,476	373.0%	12,067	165.8%	9,983	78.8%
2030	34,904	668.8%	16,378	260.7%	11,971	114.5%
2035	46,440	922.9%	22,229	389.6%	14,356	157.2%

[1] Assumes a 10.2 percent growth rate as outlined in the General Plan

[2] Assumes a 6.3 percent growth rate as outlined in the General Plan.

[3] Assumes a 3.7 percent growth rate based the average growth rate, according to the US Census Bureau since 2005.

Sources: Los Banos 2030 General Plan; U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2009); Economic & Planning Systems, Inc.

Fiscal Conditions

Like other cities in the state of California, Los Banos has faced a challenging fiscal environment in recent years because of the national economic downturn. The median sales price for homes in Los Banos for May 2010 was \$131,800, a 64 percent total decline over the last 5 years.³ Because of the relationship between housing prices and property tax revenues, the City's General Fund has experienced a significant decrease in revenue. The recession has also affected residents' spending; they are shopping less frequently, buying fewer big ticket items, and in general spending less. These changes in shopping patterns have significantly decreased the revenues the City collects from sales taxes.

In addition to reduced tax revenue, the State's fiscal difficulties have flowed down to Los Banos in a number of ways. Since taking office, Governor Jerry Brown has made many cuts to the state budget and in particular has approved cuts in aid to municipalities. Los Banos anticipates the following issues may affect the City's budget: the elimination of the COPS/SLESF program which funds one officer, replacement of Prop 42 transportation funds in FY2011-2012 with Motor Vehicle Fuel Tax funds, and the elimination of redevelopment agencies. While these issues are of concern to the City, the Los Banos Budget does attempt to address them in ways that maintain current service standards.

Community Facilities Districts (CFD) special taxes were instituted by the City to provide funding for public protection services needed for new development. Revenues received from the CFDs are split between police and fire to pay for additional personnel that cover newly annexed areas of the City. The CFD special taxes increase each year based on the Consumer Price Index (CPI). However, increases in staff-related costs have outpaced CPI making it difficult to sustain current personnel levels.

The City voters approved by 77.9 percent a one-half percent sales tax, Measure P, in November 2004 to pay for 911, fire protection, and police. In 2009, voters approved Measure A which added a provision to the expenditure plan to maintain the level of police and fire personnel for an additional five years. This measure has helped address the General Fund shortfalls caused by increased personnel costs and decreased revenues. While the revenues from this tax have been a source of vital funds, Measure A has experienced reductions in revenues since it was approved as a result of declining retail sales.

The City has utilized residential subdivision landscape and lighting districts since 1988 to provide funding for services. Currently the City maintains sidewalks, landscaping, parks, street signs, street lights, trees, fences, storm drains and professional services needed in 19 districts. Funding for these districts comes from an assessment that is added to the homeowner's annual property

³ Los Banos 2010-2011 Budget.

tax bill. The City charges the actual costs for personnel including equipment and vehicle usage when working in the districts. Because of the limitations on fee increases in these districts, several districts have incurred shortfalls.⁴

⁴ Los Banos 2011-2012 Budget. p. 26-27.

3. POLICE DEPARTMENT

The Los Banos Police Department (LBPD) plans to expand its facilities in line with residential and commercial development, and the corresponding increase in residents and business activity in the City. The LBPD receives funding for services related to new development from special taxes collected by Los Banos CFD No. 2002-01, which assesses special taxes for fire and police public safety services.

Description

The department employs 39 sworn officers, 19 non-sworn staff, and 6 part-time employees,⁵ including clerks, maintenance staff and office support to provide public safety services within the City limits. In 2010, the department received over 26,000 calls for service. The department headquarters includes a communications center that handles requests for services and dispatches staff to respond to calls and is housed in the City's municipal building. Despite growth in the Police Department, it has been located in the same building since 1969. In 1999, the Redevelopment agency helped the Department acquire the Police Annex to address this growth. The Annex housed administration for a number of years but now also accommodates the Special Services Unit, Information Technology and a training classroom. These facilities are near capacity and utilizing the separate facilities creates an inefficient use of space. There are no immediate plans for expansion because of funding limitations.

Growth in prior years on the west side of the City has increased demands on an antiquated holding cell area and more capacity will likely be needed in the future. To address this issue, the City is interested in creating an agreement with the County to provide jail duties. However, construction of a new holding facility is not anticipated for the next five to ten years.⁶ Funding will come from various sources including Capital Improvement funds, a half cent sales tax and other identified sources.

The police department has a total operating budget of \$8,293,600⁷ and like most cities, police protection is one of the largest General Fund expenditure, accounting for nearly 60 percent of the budget.⁸ Additional funding is received from a number of sources including Grants, Community Facility Districts and City-approved tax measures.

⁵ Police Department's Presentation to City Council. 18 March, 2011.

⁶ Correspondence with City's Community Development Director. November 21, 2011.

⁷ Los Banos 2011-2012 Budget.

⁸ Los Banos 2011-2012 Budget.

Determinations

1. Growth and population projections for the affected area

With a projected population of 90,000 for buildout conditions, the City will need to add about 82 additional sworn officers to maintain the current ratio of sworn police officers to population, 1.34 officers per 1,000 residents. If the City decides instead to decrease the ratio to one police officer per 1,000 residents, the City would only need to add about 51 additional sworn officers to its current staff.

New demand for police services will be driven primarily by new development. The City's impact fee is structured to provide funding for the capital improvements, such as equipment, communications facilities and new substations, necessary to provide such services. The City has also created a CFD, required for all new development, which provides annual funding for police operations.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

The Police Department does not have a current master plan or capital improvement program. A master plan was previously proposed when the City and County were considering joint facilities. Capital equipment is acquired as needed to accommodate additional officers or replace equipment that has exceeded its useful life. Capital equipment is funded through a law enforcement development impact fee.

If residential growth returns to the west side of the City as anticipated in the General Plan, there will be increased demands on an antiquated holding cell area. The jail facilities are currently operating near capacity so a new facility will be needed to accommodate the growth. A new addition to the police headquarters will also be necessary to address the larger anticipated population.

3. Financial ability of agencies to provide services

The majority of the Police Department's revenue comes from the City's General Fund and from Los Banos CFD No. 2002-01. Approval of final residential subdivision maps is conditioned upon the annexation of new subdivisions into the CFD. This CFD is intended to provide public safety operations revenue to offset the cost of providing services to new development, net of property tax and sales tax revenue generated by the new development. The special tax is adjusted annually according to the CPI for the San Francisco Bay Area. The increases in health and retirement benefits have outpaced CPI making it difficult to sustain its current personnel level.

The expenditures of the City of Los Banos per police officer are roughly in line with expenditures for similar jurisdictions in other parts of California, so there are no obvious opportunities to avoid costs without reducing the level of service.

In November 2004, the City voters approved by 77.9 percent a one-half cent sales tax, Measure P, to pay for 911, fire protection, and police. In 2009, voters approved Measure A which added a provision to the expenditure plan to maintain the level of police and fire personnel for an

additional five years. While the revenues from this tax have been a source of vital funds to cover the City's shortfall, Measure A has experienced reductions in revenues since it was approved because of declining retail sales.

Capital facilities are funded through development impact fees. The law enforcement development impact fee was \$2,559.19 per low-density residential unit, \$2,104.60 per medium-density residential unit and \$1,515.31 per high-density residential unit as of June 2011. Fees for commercial space are calculated by a set formula. Fees are adjusted annually to account for changes in infrastructure costs. In 2010-11 the law enforcement capital facilities fee was expected to generate \$62,175 because of low development activity.

The City already has a development impact fee in place to help fund police facilities required for new development. The City has also established a CFD to assist in the funding of public safety operations required for new development. These fees are indexed to inflation and therefore will adjust over time to reflect approximately any increase in the cost of providing services. No additional measures appear to be necessary at this time.

4. Status of, and opportunities for, shared facilities

Many police activities overlap with fire activities, including radio needs, the dispatch center, emergency notification capability. The police dispatchers receive and direct calls from multiple sources, including 911, police, fire and ambulance calls. Efforts to co-locate jail or other law enforcement activities with the County are currently on hold.

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

The City has not prepared a master plan or asset management plan for police services, apart from what was prepared in connection with the police impact fee and special taxes. Given the expenditures per officer, the management efficiencies appear reasonable.

The Police Department currently serves the entire City, and will serve additional areas as they are annexed by the City. As of the date of this report the Police Department does not provide any services to areas outside the City.

The police department appears accountable; the Police Chief reports to the City Manager and elected City Council, and no changes to governance are pending or contemplated at this time.

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

No other matters have been identified at this time.

4. FIRE DEPARTMENT

The Los Banos Fire Department (LBFD) provides fire protection and ambulance services within the City limits. The Department plans on constructing up to three additional fire stations to provide services to anticipated new development over the next ten years, depending on the rate and amount of future development.⁹ The funding for these stations will come from impact fees charged to new development, monies from Measure P, and the General Fund.

Description

The Fire Chief reports to the City Manager and to the elected City Council, which approves the Fire Department's budget annually. The Fire Department provides fire protection and first responder services to the citizens of Los Banos.

The firefighting staff consists of volunteers and paid full-time firefighters operating out of two fire stations. Station No.1 is located at 333-7th Street and Station No. 2 located at 1150 West "I" Street. Both stations operate on a 24-hour basis with 16 career firefighters, along with 28 volunteers responding to their respective stations.¹⁰ Los Banos currently exceeds its desired ratio of 1 fire fighter per 1,000 residents with its current ratio of 1.45 firefighters (including volunteers) per 1,000 residents.¹¹

In addition, the department employs an administrative clerk and shares a vehicle mechanic with the police department. In 2009 the Fire Department responded to 3,750 calls. The Fire Department currently has a service standard of five to six minutes average response to each call, and maintains an ISO rating of three.¹² Property has been secured for a new Training Tower at Station No.1.¹³

Determinations

1. Growth and population projections for the affected area

With a projected population of 90,000 at buildout, the City will need to add about 87 new firefighters to maintain the current ratio of firefighters (including volunteers) per 1,000 residents. If the City instead chooses to lower the ratio to one fire fighter per 1,000 residents, the City would need to add only about 46 additional firefighters to its current staff.

⁹ Correspondence with City's Community Development Director. November 21, 2011.

¹⁰ Correspondence with City's Community Development Director. November 21, 2011.

¹¹ City of Los Banos 2030 General Plan. Section 7.5 Health and Safety Services.

¹² City of Los Banos 2030 General Plan. Section 7.5 Health and Safety Services.

¹³ City of Los Banos Adopted Budget FY 11-12.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

New development will necessitate the construction of additional facilities, including up to three new fire stations. Based on the development guidelines in the General Plan, the stations are anticipated to be located at Mercey Spring/Pioneer Road, and Merced College/Pacheco.¹⁴ These new stations and associated equipment needs are contemplated in the City's impact fee program and the funds to acquire them will be provided by impact fees; however, no time frame for growth has been provided.

3. Financial ability of agencies to provide services

Lbfd derives operating revenue from a number of sources, including the City's general fund, fees for services, and state and federal funds. Operating costs for new development will be funded in part by special taxes assessed on new development through a CFD. The Fire Department was projected to expend \$2,705,163 in 2010-11, or \$169,072 per paid firefighter. This amount is typical for a Fire Department in the San Joaquin Valley.

The City approved by 77.9 percent a one-half cent sales tax, Measure P, in November 2004 to pay for 911, fire protection, and police. In 2009, voters approved Measure A which added a provision to the expenditure plan to maintain the level of police and fire personnel for an additional five years. While the revenues from this tax have been a source of vital funds to cover the City's shortfall, Measure A has experienced reductions in revenues since it was approved because of declining retail sales.

The City imposes a development impact fee for fire services to pay for the additional infrastructure required to serve new development. The fire impact fee for low-density residential units was \$912.39 per unit, \$729.91 per medium-density residential unit and \$437.94 per high-density residential unit as of June 2011. In 2010-11 the impact fee was expected to generate \$34,712 because of low development activity.

The City has both an impact fee for fire capital facilities and a CFD for fire operations costs. These revenues are tied to inflation, and therefore increase roughly in line with costs. However, in recent years staff-related costs have grown at a greater rate.

4. Status of, and opportunities for, shared facilities

Many fire activities overlap with police activities, including radio needs, the dispatch center, emergency notification capability. The police dispatchers receive and direct calls from multiple sources, including 911, police, fire and ambulance calls.

Lbfd is party to a County-wide agreement to cooperate in regional emergencies as part of the Standardized Emergency Management System, a project of the California Office of Emergency Services.

¹⁴ City of Los Banos General Plan, 1999. P PF-7.

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

The Fire Chief is hired and evaluated by the City Manager and the Los Banos City Council. No changes to government structure have been identified at this time.

The majority of expenditures of the department go to personnel and the department employs a number of volunteer firefighters. The department appears to provide fire protection cost effectively, and no additional management efficiencies have been identified.

The fire department appears reasonably accountable and no changes to governance are pending or proposed at this time.

6. Any other matter related to effective or efficient service delivery, as required by commission policy

No other matters have been identified at this time.

5. *STORM DRAINAGE*

The City's storm drain system currently has only minor capacity issues, mostly relating to the need to separate the storm and waste water systems. Going forward, the goal is to contain storm flows within the drainage pipelines, with minimal ponding in City streets during the 10-year design storm event will be addressed by separating these two systems.¹⁵

Description

Los Banos installed its first storm drain system in 1962, discharging storm runoff into the San Luis Canal. Subsequent development in the north of the City discharged storm runoff into Johnson Field Drain No. 1. As the City developed further, the storm drainage demands on these facilities increased and the City entered into agreements with the Central California Irrigation District (CCID) for additional discharge points into the CCID Main Canal. The majority of storm runoff is captured in storm detention basins and later discharged into water conveyance systems under agreement with the CCID and the Grassland Water District (GWD), following historic drainage patterns. The City renegotiated the agreement with CCID in 2005 and with GWD in 2007 to provide for sufficient discharge capacity to serve the anticipated buildout under the General Plan.

The City streets serve as collectors for most stormwater, and a network of channels guide the runoff to detention basins and afterwards to discharge sites. Los Banos Creek Detention Reservoir has a flood storage capacity of 13,900 acre-feet, according to a study prepared by the City's consultant, Stoddard & Associates, in February 2003. Flow through Los Banos Creek is limited to 1,000 cubic feet per second, and the reservoir holds discharge in excess of this flow rate until the reservoir in turn can be drained.

The City's storm water system primarily has sufficient capacity to convey runoff generated during the design storm. In areas such as west of downtown around K Street, storm drains either lack the capacity or are connected to the wastewater collection system. These areas are susceptible to flooding or may cause sudden increases in the wastewater flow because storm runoff is routed directly into the sewer collection system.

The Wastewater Collection System Master Plan¹⁶ was completed under the assumption that the City would implement the downtown storm drain projects to separate the two systems. By implementing the storm drain projects and removing storm runoff from the collection system, there are fewer sewer capital projects that must be implemented.

¹⁵ Master Plan for the City of Los Banos Storm Drainage System. Carollo Engineers. March 2010.

¹⁶ Master Plan for the City of Los Banos Storm Drainage System. Carollo Engineers. March 2010.

Determinations

1. Growth and population projections for the affected area

The Master Storm Drain Plan addresses the needs created by development in the next 20 years plus improved standards for drainage basins to serve dual uses park and recreation spaces as well as storm drain facilities.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

Existing storm drains will need to be upgraded or new detention basins will need to be built to mitigate existing flooding, in particular in the Central City sub-basin. In order to serve future users, new storm drains, pump stations, and detention basins will be necessary.

3. Financial ability of agencies to provide services

The City obtains funds for stormwater maintenance from fees charged by the City's 19 Landscaping and Lighting Districts. Capital needs are constructed by each development project or the City collects an impact fee. As of June 2011, this fee was set at \$22.49 per residential unit, with commercial development assumed to equal 4.3 residential units per acre. An annual report setting the fees is prepared for the City Council by the City Engineer. No cost avoidance opportunities have been identified at this time.

4. Status of, and opportunities for, shared facilities

The City has already entered into agreements with the CCID for additional discharge points into the CCID Main Canal to handle the increase in demand. The City renegotiated the agreement with CCID in 2005 and with GWD in 2007 to provide for sufficient discharge capacity to serve the anticipated buildout under the General Plan.

The City's general goal for placement of storm detention basins is to place them where future parks or open space were identified in the 2030 General Plan. This will allow the City to take advantage of future parks or open space to serve a dual use as a recreation facility and detention basin. This practice is consistent with the City's policy to construct all basins as multiple purpose basins to maximize open space and recreational opportunities.

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

The City's Public Works Department manages the Los Banos storm drain system. No changes to the governmental structure are pending or proposed.

The City has recently completed a storm drainage study which identified areas where additional infrastructure will be needed. The system appears to be managed reasonably and responsibly. The storm drainage system appears reasonably accountable and no changes to governance are pending or proposed at this time.

6. Any other matter related to effective or efficient service delivery, as required by commission policy

No other matters have been identified at this time.

6. WASTEWATER

The Los Banos wastewater treatment plant has completed its planning stages, which includes future land acquisition for an expansion of treatment pond area and a new head works at the treatment plant. This expansion is planned to provide sufficient capacity for the buildout of the City under the current General Plan.¹⁷ The future pump station has been designed but not constructed because of the slowdown in growth, financial considerations and existing capacity availability.¹⁸

Description

Wastewater service is provided by the City of Los Banos. Water quality is governed by the California Water Code, which requires that the City implement its regional water quality control plan, the *Water Quality Control Plan for the Sacramento River Basin and San Joaquin River Basin* (Basin Plan). One of the two highest priorities of the Basin Plan is its *Wastewater Reuse Policy*, which encourages the reuse of wastewater where practicable (e.g. crop irrigation, landscape irrigation, and wetland restoration). Another high priority is the Plan's anti-degradation directives, stating that any discharge of waste to high quality waters must prevent pollution or nuisance and must maintain a high quality of water beneficial to the region's population. A high priority of the Tulare Lake Basin Plan, which governs the southern portion of the Central Valley Region, is the consolidation of wastewater management rather than a proliferation of small treatment plants in small communities, which lack adequate resources to properly manage, treat, and dispose of wastewater in urban environments.

The City's public works department operates its wastewater collection and treatment function as an enterprise fund, meaning that the cost is covered by revenue from users, such as connection charges and monthly use charges. The public works department is supervised by the City's manager and the City Council. The City maintains approximately 124 miles of sewer mains, which drain into seven treatment ponds covering approximately 500 acres. The City also uses 600 acres of pasture for irrigation and disposal of treated effluent. In total, the City processes approximately 3.0 million gallons of effluent per day.

Determinations

1. Growth and population projections for the affected area

The Master Wastewater Plan addresses the needs created by development in the next 20 years plus improved standards for drainage basins to serve dual uses park and recreation spaces as well as storm drain facilities.

¹⁷ Master Plan for the City of Los Banos Wastewater Collection System. Carollo Engineers. March 2010.

¹⁸ Correspondence with City's Community Development Director. November 21, 2011.

As shown on **Table 1**, the City of Los Banos 2030 General Plan anticipates that the population will grow to 90,000 residents by buildout. Serving this population will require additional transmission and treatment infrastructure that separates wastewater from the storm water drainage system. The Meadowlands lift station also will need to be upgraded to meet buildout flow requirements.¹⁹ Furthermore, the City has acquired 185 acres for disposal of treated effluent. Los Banos is in the process of acquiring an additional 565 acres for disposal, which is projected to serve the disposal needs for General Plan buildout.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

Most of the existing wastewater collection system has sufficient capacity to convey existing design flows. However, in some locations, such as the City's downtown, existing storm drain connections cause sudden increases in wastewater flow during a storm event. The storm water inflow could cause a few sewers to surge and potentially overflow during a large storm. The City had the option to either upsize the sanitary sewer system to convey storm water runoff, or to construct storm drain pipelines and separate the storm runoff from the wastewater system. The projects presented in the Master Plan assume that downtown storm drain projects would also be implemented.

3. Financial ability of agencies to provide services

Capital facilities needs generated by additional development are funded through a Wastewater development impact fees. As of June 2011 the impact fee was set at \$3,764 per very-low-density residential unit, \$5,420 per low-density residential units, and by a set formula for higher density residential and commercial development.

This Master Plan concluded that if the City implements storm drain projects to separate the inflow connections, then a large downtown wastewater sewer project could be avoided. The City would also reduce the capital costs required to install large diameter sewers necessary to convey combined sanitary and storm water flows.

As of June 2009, the City collects a flat charge of \$11.92 from residential development for wastewater collection and treatment.²⁰ This charge is low compared to other wastewater providers, according to a national survey of the 50 largest cities conducted by Black and Veatch that found the average monthly residential wastewater charge in Fresno to be \$21.01, and \$20.03 for the national average in 2010.²¹ Rates for collection and treatment of commercial wastewater are a combination of a monthly flat rate plus a graduated rate based on type of

¹⁹ Master Plan for the City of Los Banos Wastewater Collection System. Carollo Engineers. March 2010.

²⁰ Wastewater collection charge is \$9.53 and wastewater treatment charge is \$4.15. From Los Banos Finance Dept., as of November 22, 2011.

²¹ Black & Veatch Corporation, "50 Largest Cities Water/Wastewater Rate Survey," 2009/2010.

business. Los Banos may have capacity for rate increases as necessary to fund operations and maintenance costs.

4. Status of, and opportunities for, shared facilities

The nearest sewer facilities in the City of Dos Palos are ten miles away; there does not appear to be any opportunity to share facilities.

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

The City's Public Works Department operates the wastewater collection and treatment system. No changes to the City's government structure are pending or proposed.

With \$3.1 million in operating costs and approximately 12,730 connections, operating costs are about \$250 per connection. These costs are generally in line with comparable jurisdictions, and reflect reasonable management efficiencies. The operators of the sewer system, the City's Public Works Department, appear accountable and no changes to governance are pending or proposed at this time.

6. Any other matter related to effective or efficient service delivery, as required by commission policy

No other matters have been identified at this time.

7. WATER

With 100 percent of its potable water coming from groundwater extraction, Los Banos may be required to address groundwater contamination and groundwater recharge issues in the near future.²²

Description

The Public Works Department Water Services operates and maintains the water services for the City of Los Banos. The City of Los Banos pumps, treats, and delivers potable groundwater to city residents and commercial and industrial users, with a total of 12,730 connections. This system includes 13 wells, 13 sewer lift stations and 17 storm stations. The City monitors water quality to assure that standards are met. Water Services staff annually visit local elementary school classrooms to share information about water and its value as a natural resource. Staff have developed, implemented and annually monitor the City's Water Conservation Program.

The City prepared a Water Master Plan in March 2011 that identified current supplies and demand, as well as expected future demand based on buildout assumptions made in the 2030 General Plan and sources for that demand.

Though the City's maximum day demand projections technically exceed capacity, the drop in development from the recession has kept water demand at relatively constant levels through 2009. Three new 2.0 million gallons per day (mgd) wells are required by 2015, assuming General Plan rates of growth and development. Seven new wells are required through the year 2025. The first storage tank should be on-line in 2012 with subsequent tanks being installed every five to eight years. Approximately 16 miles of pipeline replacement is necessary to correct existing deficiencies.

To meet future capacity, the City plans to improve its pipeline by building a Surface Water Treatment Plant (SWTP) by 2025. The City prefers to blend groundwater with the treated surface water before distribution to achieve uniform water quality throughout the system.²³ This method, while preferential, is more complex because the City itself does not have any natural sources for surface water. Therefore, it will have to obtain water from a nearby source as well as work with CCID to secure water supply contracts from the State Water Project. The California Aqueduct/San Luis Canal (California Aqueduct), which is approximately two miles from the study

²² Master Plan for the City of Los Banos Water Distribution System. Carollo Engineers. March 2010.

²³ Executive Summary. Master Plan for the City of Los Banos Water Distribution System. Carollo Engineers. March 2010. Page ES-16.

area, is the most likely potential surface water supply for the City.²⁴ When the SWTP does come online, it will have sufficient capacity to serve the City's demands during most of the year, except during the peak summer demand when the City will rely on its wells.²⁵

There are approximately 100 unmetered water users in the City though the City has plans to install meters on each of these customers.

Determinations

1. Growth and population projections for the affected area

According to Carollo Engineers, the average per capita demand ranged between 161 gallons per capita per day (gpcd) to 240 gpcd, and averaged 210 gpcd, based on metered water deliveries between 2000 and 2007.²⁶ Based on development criterion outlined in the General Plan and typical industry standards, the buildout demand could range between 22.4 to 24.9 mgd. If the City achieves build-out of the SOI by 2030, then the water demand will increase at an annual rate of about 5.0 percent between now and buildout of the study area.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies

The City needs to develop methods to mitigate arsenic levels at well #15 by blending, treating, or finding a new water source.

According to the Water Distribution Master Plan completed by Carollo Engineers, three new 2.0 mgd wells are required by 2015, and seven new wells are required through 2025. These improvements may not be necessary in the short-term because the steep drop in development has kept water demand constant.

In some locations, such as the City's downtown or in more mature neighborhoods, the distribution system does not meet minimum fire flow and pressure requirements.²⁷

To meet future capacity needs, particularly capacity generated from employment growth, the City will need to build a Surface Water Treatment Plant (SWTP) by 2025. The preferred method of water treatment for this plant will require the City to work with CCID to secure water supply contracts.

²⁴ Capacity Evaluation and Proposed Improvements. Chapter 6. Master Plan for the City of Los Banos Water Distribution System. Carollo Engineers. March 2010.

²⁵ Executive Summary. Master Plan for the City of Los Banos Water Distribution System. Carollo Engineers. March 2010. Page ES-17.

²⁶ Master Plan for the City of Los Banos Water Distribution System. Carollo Engineers. March 2010.

²⁷ City of Los Banos Master Plan for Water Distribution System. Amended March 2010.

3. Financial ability of agencies to provide services

New water supply facilities for new development will be funded through a water supply development impact fee. As of June 2011 the fee was set at \$3,127.13 per very-low and low-density residential unit, and by formula for higher density residential and commercial development. When the market was stronger, the fees were expected to generate over \$1 million in capital funding for infrastructure to serve new development.

Los Banos collects a monthly flat rate of \$16.34 for water service to residential development plus a graduated rate of \$1.26 per hundred cubic feet over the allowance of 1,500 cubic feet. The rate is slightly different for multifamily units and is based on meter size for commercial development.²⁸ The rate for water service, like the Los Banos wastewater charge, is low compared to other cities, such as Fresno who has a monthly water charge of \$22.87.²⁹ Los Banos may have capacity for gradual water rate increases as needed to cover the cost of operations and maintenance of its water system.

4. Status of, and opportunities for, shared facilities

The SWTP will require a transmission main to get surface water from the nearest source. The City may be able to partner with other agencies to share in the building and use of the pipeline.

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

The City's Public Works Department operates the Los Banos water system. With nearly \$4.1 million in operating costs for FY 11-12, and 12,730 connections, the City of Los Banos provides water at an approximate cost of \$325 per household.

The City prepared a Water Master Plan in March 2011 that identified current supplies and demand, as well as expected future demand based on buildout of the General Plan and sources for that demand. The system appears to be managed reasonably and responsibly.

6. Any other matter related to effective or efficient service delivery, as required by commission policy

No other matters have been identified at this time.

²⁸ City of Los Banos Finance Dept.

²⁹ Black & Veatch Corporation, "50 Largest Cities Water/Wastewater Rate Survey," 2009/2010.