Final Report

City of Dos Palos
Municipal Service Review

The Economics of Land Use

Prepared for:

Merced County Local Agency Formation Commission

Prepared by:

Economic & Planning Systems, Inc.
in association with
Berkson Associates

As approved by LAFCO on December 13, 2017
by Resolution No. 2017-2.

EPS #151046

Economic & Planning Systems, Inc.
One Kaiser Plaza, Suite 1410
Oakland, CA 94612-3604
510.841.9190 tel
510.740.2080 fax

Oakland
Sacramento
Denver
Los Angeles

www.epsys.com

Table of Contents

1. INTRODUCTION 3

Background and Purpose 3
Approach and Methodology 4
Reorganization and Service Issues 4
Projected Growth and Development 5
Fiscal Conditions 9
City of Dos Palos Governance 9

2. POLICE DEPARTMENT 11

3. FIRE DEPARTMENT 12

4. STORM DRAINAGE 14

5. WATER 15

6. SEWER 17

7. DETERMINATIONS 18

List of Figures

Figure 1 City of Dos Palos General Plan Map 7

Figure 2 City of Dos Palos Sphere of Influence 8

Figure 3 Organizational Chart 10

1. INTRODUCTION

This Draft Report updates the Municipal Service Review (MSR) prepared for the City of Dos Palos in 2010.[1] The MSR presents revised findings and conclusions along with updated research. This MSR addresses the City of Dos Palos and includes the required data and analysis linked to organizational issues facing the City.

Dos Palos is located 23 miles south-southwest of Merced and its incorporated city limits encompass 1.49 square miles.[2] 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 preparation of municipal service 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] City of Dos Palos Municipal Service Review, Final Report as Approved by LAFCO March 25, 2010.

[2] Dos Palos (City) QuickFacts, United States Bureau.

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 Dos Palos 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 and presented in **Chapter 7**.

Reorganization and Service Issues

The prior 2010 MSR identified a number of issues. Following is a summary of the current status or resolution of those issues.

1. Land Use Planning

The City of Dos Palos General Plan was adopted in 1991, and the Housing Element was updated in 2003, and the City is overdue for submittal of the State Department of Housing and Community Development 5th planning period update. Although the City was considering an update to the General Plan in 2010, it has yet to complete the update due to ongoing financial constraints.[3] The current document pinpoints areas identified for future development, which are a combination of areas to the south and west of the community.[4] Other areas are identified as having development potential; however, the City is focusing on those areas with some development and infrastructure in place, already served with City water and sewer services, rather than predominantly agricultural lands. The outcome of the planning process may influence future service provision, especially any desire to annex land to the east which was formerly part of Fresno County.

2. Contract Service Provision

In April 1988, the City entered into the "Water Quality Improvement Joint Powers Agency for the Dos Palos Area" for the City provision of potable water supplies to five other agencies and the "Wastewater Disposal Joint Powers Agency for the Dos Palos Area" for the City provision of sewer service to three other agencies. In addition to the City, the Water Quality Joint Powers Authority (JPA) involves Merced County, Midway Community Services District, North Dos Palos Water District, and South Dos Palos County Water District. The Wastewater Disposal JPA involves the City, the Midway Community Services District and the South Dos Palos County Water District.

3. Future Infrastructure Funding

Although the City of Dos Palos is currently charging development impact fees (fire, park, police, storm drainage, traffic, wastewater, and water), the fees have not been updated since 1991. The

[3] Provided by returned initial data request, May 2017.

[4] City of Dos Palos General Plan, 1991.

fees have also not been adjusted for inflation. No update for the fees are in progress, however, studies to increase infrastructure fees may be considered as funding becomes available. In addition to potential development impact fee updates, the City is applying to State and Federal programs to support infrastructure funding.

4. Future Growth

The City of Dos Palos experienced the fastest growth rate in Merced County for the 2011 to 2016 time period at 7.6% based on State Department of Finance data (an increase of 380 people). The second fastest growth rate was in nearby Los Banos which grew by 7.25% over the same period.

The City's current General Plan identifies growth areas to the south and west. Other areas are identified as having development potential; however, the City is focusing on those areas with some development and infrastructure in place, already served with City water and sewer services, rather than predominantly agricultural lands.[5]

In 2007, the boundary between Merced and Fresno Counties was modified through the annexation of 6.5 square miles into Merced County located southeast of the Dos Palos city limits. This area would now qualify for annexation although it is not reflected in the City's current General Plan or sphere of influence. As mentioned in the 2010 MSR, the City should update their General Plan to indicate plans for future growth and annexation given this County boundary change.

5. Sphere of Influence Amendment

During the 2017 MSR update effort, it was discovered that the City's 39 acre sewage treatment plant site located west of town on Swift Road was never reflected in the City's sphere of influence or city limit maps by LAFCO, even though it was annexed into the City in 1975. Therefore, following adoption of this MSR Update, the Commission should approve a sphere of influence amendment to include this territory within the sphere as reflected in **Figure 2**.

Projected Growth and Development

The City of Dos Palos is responsible for the full range of municipal services and provides storm drainage services as well as police, fire, and general government services. As mentioned earlier, the City entered into the Water Quality Improvement Joint Powers Agency for the Dos Palos Area" for the provision of potable water supplies and the "Wastewater Disposal Joint Powers Agency for the Dos Palos Area" for the provision of sewer service to other districts and a portion of unincorporated Merced County east of the City.

The City of Dos Palos is located in western Merced County near the Fresno County border along State Route 33. The existing jurisdiction covers approximately 954 acres or 1.49 square miles. See **Figure 1** for the City of Dos Palos General Plan map. The City of Dos Palos' General Plan encompasses the City and the unincorporated communities of Midway and South Dos Palos.[6] The City's Sphere of Influence is shown in **Figure 2**.

---

[5] City of Dos Palos General Plan, 1991.

[6] Storm Drainage Master Plan for the City of Dos Palos, September 2009.

The majority of the land in Dos Palos consists of residential development. The areas identified for future development in the General Plan are primarily in agricultural use to the east and northwest, and contains partially developed and fallow land to the southwest within the boundaries of the Midway Community Services District and the South Dos Palos County Water District.[7]

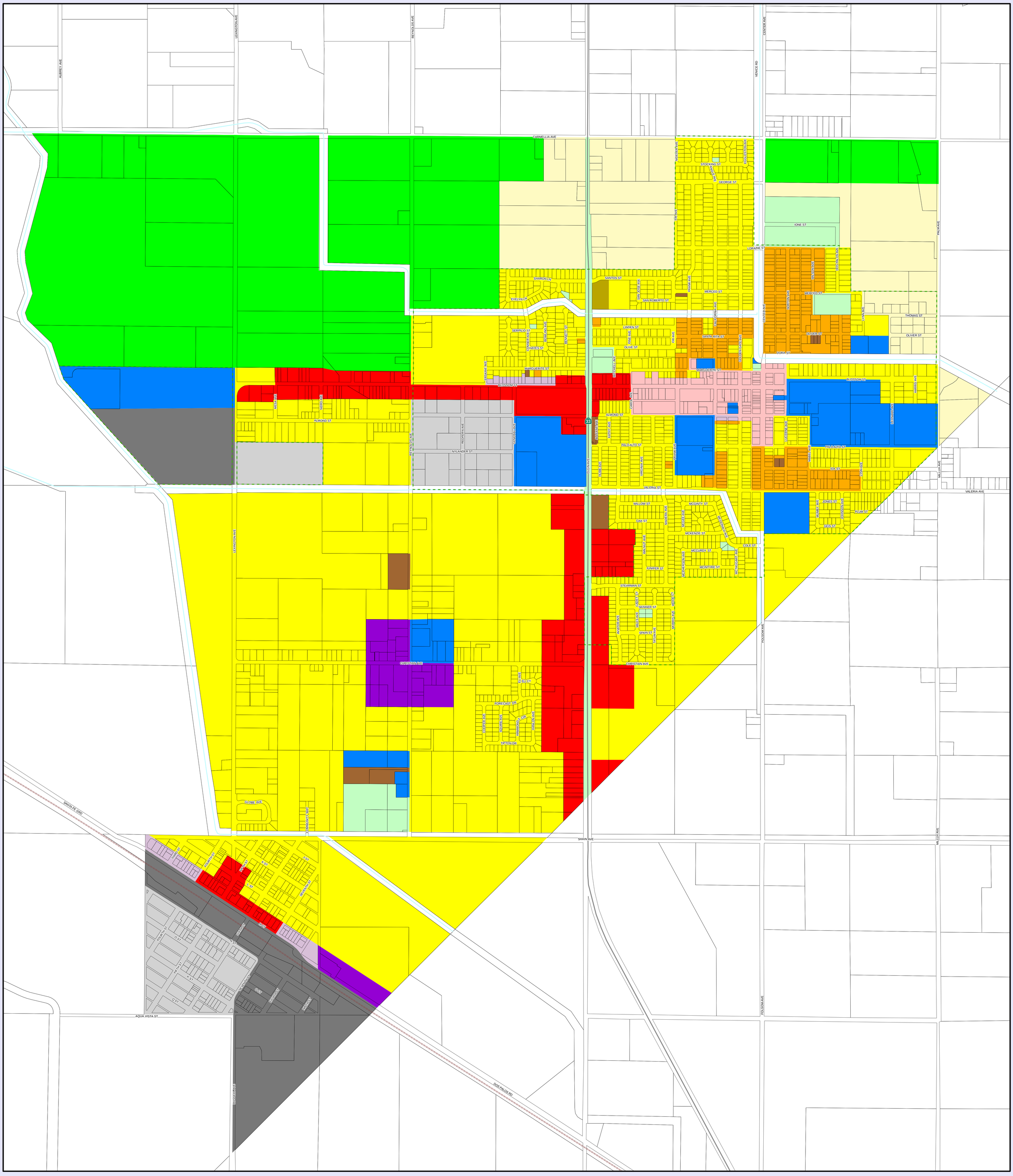
The City of Dos Palos had a population of approximately 5,400 people in January 2017, increasing approximately 1 percent annually from 2009.[8] According to MCAG, the City of Dos Palos is projected to have a population of approximately 5,600 by 2020, although annexation of the existing Midway and/or South Dos Palos communities would add more population based on existing development.[9] In 2060, the City is projected to have a total population of 8,900. [10] The General Plan had a time horizon of 2010 with an estimated buildout population of 12,476 (including anticipated annexation of the Midway and South Dos Palos Communities) and projected City growth. Updated population projections and corresponding land use needs would be components of a general plan update effort."

[7] City Review, August 31, 2017.

[8] California Department of Finance, 2009 and 2017.

[9] The 2010 MSR estimate was based on the assumption that the City would be able to annex Midway and South Dos Palos.

[10] Merced County Association of Governments, Growth Projections, 2016.



Legend

City Limit Line

General Plan

- LDR - Low Density Residential (R1-10)
- MDR - Medium Density Residential (R-1)
- MHDR - Medium-High Density Residential (R-2)
- HDR - High Density Residential (R-3)
- AG/G - Greenbelt / Ag
- CBD - Central Business District (C-1)
- CGS - Commercial General Service (C-2)
- CT - Commercial Transition
- CN - Commercial Neighborhood
- PUD - Planned Unit Development
- LI - Light Industrial
- HI - Heavy Industrial
- PU - Public Use/School
- Parks/Open Space

Figure 1

CITY OF DOS PALOS GENERAL PLAN

MERCED DATA SPECIAL SERVICES

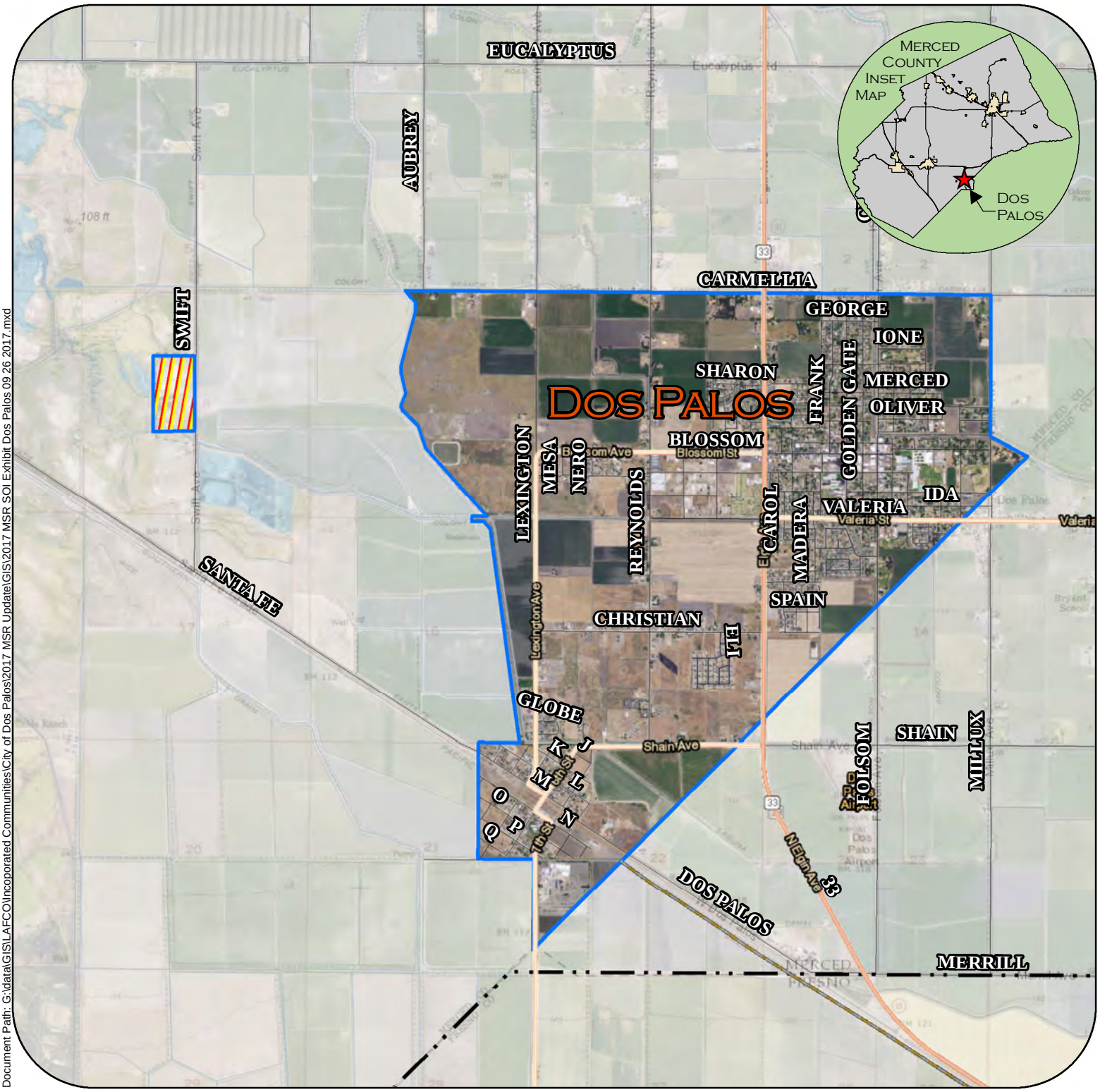
Merced Data
Special Services, Inc.
369 W. 18th Street
Merced, Ca 95340
(209) 723-3153
FAX (209) 723-0322

N W E S

500 250 0 500 1,000 Feet

September 10, 2012

Figure 2



Document Path: G:\data\GIS\LAFCO\Incoporated Communities\City of Dos Palos\2017 MSR Update\GIS\2017 MSR SOI Exhibit Dos Palos 09 26 2017.mxd

SPHERE OF INFLUENCE AMENDMENT MAP
for the
CITY of
DOS PALOS
in
MERCED COUNTY

N

Merced County GIS

Date: 9/27/2017

SOI Boundary

Proposed SOI Amendment Area

0 1,750 3,500 7,000 Feet

LAFCo of Merced County

Fiscal Conditions

The City of Dos Palos operates under an adopted balanced General Fund budget of $1.17 million for FY 2017/18. Since 2015/16, the total budget has increased approximately 3 percent from $3.4 million to $3.5 million. Of the total budget, approximately 62 percent of revenues come from utility bills including water, sewer, and refuse. Sales and property taxes make up 21.6 percent of the total revenues. Police makes up the highest annual cost at 23 percent of total budget expenditures and 70 percent of General Fund expenditures.

City of Dos Palos Governance

The City of Dos Palos was incorporated May 24, 1935 as a General Law City, under the California Government Code and the Constitution of the State of California. The City is governed by a Council-Manager form of government with five elected council members, one of whom is elected by the public as mayor. The mayor serves a four-year term, council members serve four-year terms. The council selects the City Manager who is also the chief executive officer and police commissioner for the city.[11]

City of Dos Palos Contact Information

Darrell Fonseca, City Manager
(209) 392-2174
2174 Blossom Street
Dos Palos, CA 93620
city@dospalos.org

[11] Provided by returned initial data request, May 2017.

Figure 3. Organizational Chart

2017 City of Dos Palos Officials

28th Mayor	**APRIL HOGUE**
Mayor pro Tem	**ALICE THOMPSON**
Councilmember	**JOE LERNER**
Councilmember	**MICHAEL McGLYNN**
Councilmember	**THOMAS PIGG**
City Attorney	Edward Amaral
City Engineer	Garth Pecchenino
City Treasurer	Lori L. Lima
Independent Auditor	James M. Stofle, CPA

City Manager/CEO/PC DARRELL FONSECA

PUBLIC SAFETY
Director Dewayne Jones

Building
Tracy Mosby

Planning Commission
Chair John Gamboni
Ron Tucci
David Castillo
Cindy Enriquez

Recreation
Becky Navarro
Travis Jones

Paid Call Firefighters
John McCarthy
Dave Jordan
Michael Bryant
Martin Meraz
Anthony Figeroa
Sean Davis
Ray Echavarria
Eulisis Gutierrez
Chris Zuspan

FINANCE & PERSONNEL
Director Manuela Sousa
Lori Winters

PUBLIC WORKS/Parks
Director Michael Smith
Gordon Bonds
Jason Teeter
Ramiro Gamino
Will Steele

UTILITIES/Water-Wastewater
Director Rick Marshall
Ignacio Cervera
Bobby Martinez

POLICE/Animal Control
Chief Barry Mann

Police Officers
Lisa Areias
Melisa Gutierrez
Cliff Battles
John Taylor
Gerardo Chavez
Johnny Mathis

Dispatch
Supervisor Kathy Mathis
Jessica Hammerslough
Felicia Hernandez
Brandy Randol
Danielle Vause

Reserve Officers
Steven Choi
Jose Ramos
Jorge Zaragoza *
Emanuel Beccera
Rob Peladeau

*will serve as paid contract reserve until Officer Taylor returns

2. POLICE DEPARTMENT

The Police Department employs seven sworn officers, five reserve officers, and five dispatchers (four part-time and one full-time employee).[12] The department headquarters is housed in the City-County Building at 1546 Golden Gate Avenue in Dos Palos. Both Fire and Police dispatch units include recording systems utilizing 911-enhanced calling, and the systems are linked with county emergency services for efficient delivery and backup.

In 2009, the City purchased a former bank branch building and moved its City Hall operations to the new location. As a result, the Police Department located in the back of the City-County Building was expanded within the building to include the front office. The Police Department tripled its footprint at the City-County Building and now includes a street-facing Police lobby, a double bay state of the art dispatching center, a 911 Tech equipment room, a supervisor's office, a briefing room, a staff break room, a chief's office, an exercise room, two evidence rooms, and several smaller storage rooms.[13]

Since 2010, the City added an officer by obtaining a COPS Grant to fund an additional position. The grant has since expired and the City is now bearing the full cost of the extra position. In 2010, the City had six officers and a population of 4,950 which results in 1.2 officers per 1,000 residents. [14] With a seven percent increase in population, the ratio has increased to 1.3 sworn police officers per 1,000 residents, still exceeding the City's policy of 1 officer per 1,000 residents.[15] A typical service standard in an urban setting can range from 1.0 to 1.5 sworn offers per 1,000 residents.

Currently, the majority of police costs are funded through the City's General Fund. In December 1991, the City adopted a residential development impact fee of $100 per unit and has not been updated since. However, due to the low growth rate, Police Impact Fees would generate little funding given the small size of Dos Palos. Other funding options would include special state funding. The Department has requested $2.0 to $4.0 million in state funding with State Senator Anthony Canella shepherding the process. The Department also looks forward to applying for Federal or State COPS funding in the future. In 2016, the Department received $24,000 in RAND Technology and will be applying the upcoming years.

[12] 2017 City of Dos Palos Officials.

[13] Per LAFCO interview with Darrell Fonseca, City of Dos Palos.

[14] City Review, October 2017.

[15] Per LAFCO interview with Darrell Fonseca, City of Dos Palos.

3. FIRE DEPARTMENT

The Fire Department provides fire protection and emergency medical service to areas within the City of Dos Palos. Currently, the City of Dos Palos operates the Fire Department with ten paid per call firefighters.[16] The Fire Chief reports to the City Manager and to the elected City Council. The City Council approves the Fire Department's budget annually. For FY 2017/18, the Fire Department's budget is estimated to be $32,000, a 40 percent decrease from the last assessment in 2008/09.[17]

The Dos Palos area is protected by two fire stations: Dos Palos Fire Station 76, located at 1540 Golden Gate Ave, and Dos Palos Wye Fire Station 75, located at 8047 W, Dairy Lane.[18] The City shares Station 76 with Merced County while the Dos Palos Wye Station is operated by Merced County. Since the 2010 MSR, the City of Dos Palos and Merced County Fire updated the concrete pad on one Engine Apparatus bay.

The Dos Palos Fire Department, under a contract with CAL FIRE has the equivalent of one 24-hour firefighter, supported by ten "paid per call" firefighters funded by the City. In addition, the Fire Department has an Automatic Aid agreement with the Fresno County fire Protection District and Merced County to provide fire protection services. [19]

In 2016, the Dos Palos Fire Department responded to 596 calls for service in the city limits, an increase of 37 percent from 2008. The Dos Palos Fire Station responded to 1,148 calls for service in 2016 and 554 calls for service in the County Response Area. Response time within the city limits is generally within three to five minutes.[20] In 2011, Dos Palos earned an ISO rating of 4.[21] Dos Palos is also served by a countywide emergency response system, including ambulance service. The cities of Dos Palos, Los Banos, and Gustine are dispatched by the county command center in Mariposa.

---

[16] Provided by returned initial data request, May 2017.

[17] City of Dos Palos Fiscal Year 2017/18 Budget.

[18] http://www.co.merced.ca.us/BusinessDirectoryII.aspx?lngBusinessCategoryID=26.

[19] Fire protection service is defined as firefighting capacity to contain, control, extinguish structure fires, and responses to unknown type fires, priority one and two medical emergencies, and special call emergency incidents. Source: Agreement for Fire Protection Services between Fresno County Fire Protection District and County of Merced, April 26, 2005.

[20] Provided by returned initial data request, May 2017.

[21] ISO collects information on municipal fire-protection efforts in communities throughout the United States. In each of those communities, ISO analyzes the relevant data using its Fire Suppression Rating Schedule. Then, a Public Protection Classification between 1 and 10 is assigned. Class 1 generally represents superior property fire protection, and Class 10 indicates that the area's fire-suppression program doesn't meet ISO's minimum criteria. Source: Ibid.

Although the Department is collecting Fire Development Impact Fees, no updates or increases in fees are in progress. However, the Current City Council has indicated a willingness to consider fee increases. Staff intends to study this issue during 2017 and bring the information for council consideration later in the year.[22]

[22] Ibid.

4. STORM DRAINAGE

The City of Dos Palos operates the storm drainage system in coordination with the Dos Palos Drainage District (DPDD) and the Central California Irrigation District (CCID).[23] The City of Dos Palos, DPDD, and CCID operate together to provide storm drainage service within the City's sphere of influence.[24] The City pays the Dos Palos Drainage District to operate three area pumps as needed to reduce the area's high water table as needed. The recent drought reduced the need significantly. The City's General Plan encompasses the communities of Midway and South Dos Palos. The City and the Central California Irrigation District (CCID) formed an agreement regarding drainage service provision in August 1988.[25]

The City's storm drainage system comprises multiple small networks that drain into a canal that is owned and operated by the CCID. The City pays the CCID to accept the City's Storm Drainage runoff into their irrigation canal system. Based on the existing system layout and flow paths, the Dos Palos area is divided into individual drainage sub-basins. The storm water runoff from each of these areas is either collected and pumped into a nearby canal, flows to a nearby ditch, or has no existing storm water collection/storage system.[26] Specifically, many developed areas in the older portions of the communities of Dos Palos, Midway and South Dos Palos do not have a drainage system. As development in these areas increases, the City will need to expand the storm drainage system to serve these areas. Since the last MSR, there have been major changes and improvements to the City's storm drainage system. Prior to 2010 many of the City's streets frequently flooded with even moderate rainfall. Since 2010, the City built two new pumping stations, added a large collection basin, replaced single pump station with two or three pump stations at nine new locations. Collection backups now occur within only two conjunction locations and only after several days of continuous rainfall.[27] In addition, storm drainage fees have not been increased or adjusted by an inflation factor. [28]

---

[23] Provided by returned initial data request, May 2017.

[24] Ibid.

[25] City of Dos Palos Storm Drainage Master Plan, prepared by Fremming, Parson, and Pecchenino, September 2009. Section 1.1.

[26] Ibid. Section 1.1.

[27] City Review, August 31, 2017.

[28] Ibid.

5. WATER

For the provision of potable water supplies, the City of Dos Palos has entered into the "Water Quality Improvement Joint Powers Agency for the Dos Palos Area" (JPA) agreement involving Merced County; the Midway Community Services District; the North Dos Palos Water District and South Dos Palos County Water District.[29] The purpose of the JPA is to establish a common water supply and delivery system for participating agencies relying on surface water from the California Aqueduct. The water is delivered to the City by a 20-inch, 17.5-mile pipeline, and is treated at a plant and operated by the City's Utilities Department. The City, each district and the County have an allotment of capacity from the system as part of the JPA agreement, but landowners within the district boundary must receive approval directly from the City, respective district, or County for water connections. Monthly billing is paid directly to the City of Dos Palos, which operates and maintains the water treatment plant and water distribution system. [30]

Due to the recent drought, the quality of water provided from the California Aqueduct varied as the quantity of water from the California Aqueduct was reduced. Water was supplied instead from the San Luis Reservoir which was low at the time and very high in organics. At one point its algae clogged both the City's intake screens and the plant's filtration system. Congressman Jim Costa was able to arrange to have the Aqueduct intake screens cleaned. The City Manager and City Engineer were able to obtain almost $300,000 in State grant money to replace the entire filtration system.[31]

From time to time, the increased algae levels forced the City's plant treatment process to exceed acceptable levels of THM's (Trihalomethanes). With increased rainfall, water quantity has improved in the California Aqueduct. Water quality has shifted from problems of algae to silt. With the extreme runoff, fine silt is found in the Aqueduct. This problem has been treated; however, the water briefly exceeded State turbidity levels. The plant is currently passing all State acceptance levels.[32]

The City is currently utilizing 60 to 75 percent of its allotted water capacity from the Aqueduct depending on the time of year, and has consistently had one of the Valley's best water conservation rates since 2013.[33] The City, along with its JPA partners, is looking to build a new water plant to meet new state standards. The current water plant is near capacity. Once the

[29] Joint Exercise of Powers Agreement Providing for Water Supply Delivery System from the California Aqueduct, April 26, 1988. The agreement was modified in 2010 to replace the County of Fresno with the County of Merced as a party following the County boundary change effective in 2008.

[30] Draft Initial Study/Negative Declaration, Merced County and Fresno County Minor Boundary Change, January 2007.

[31] Provided by returned initial data request, May 2017.

[32] Ibid.

[33] Ibid.

remaining vacant lots in the City are built, the City's allotment of the treatment plant will reach peak capacity. [34]

Although the City has a current water connection fee, it also looks towards other funding mechanisms.[35] In late 2016, the City was awarded a $500,000 State Drinking Water planning grant to prepare for a new water plant, drill test wells for possible water blending, and study the best method of plant treatment to meet new state standards. Separately, the City was notified by the (Federal) U.S. Department of Agriculture that it was eligible for a $4 million loan and $2 million grant toward a new water plant. Although funding availability may be subject to Federal political decisions, the City does not believe it can handle taking on such a large debt as a new water plant is estimated to cost approximately $8 million. The City intends to proceed with its State grant compliance and efforts to make it eligible for a 100% State Grant as a disadvantaged community to build a new water treatment plant. [36] This was again verified on August 31, 2017 by State of California Water officials reviewing the City's State Drinking Water Planning Grant compliance.

Although the Water Distribution System Study in 2007 recommended construction of water lines and three new pumping stations, the City has since assessed that only one new pumping station is necessary for maximum pressurization at the most distant location (near South Dos Palos.) The City is currently preparing a planning grant application to achieve funding for replacement of water distribution lines.[37]

[34] Ibid.

[35] City of Dos Palos Development Impact Fee Schedule, 1991.

[36] Provided by returned initial data request, May 2017.

[37] Provided by returned initial data request, May 2017.

6. SEWER

The City entered into the "Wastewater Disposal Joint Powers Agency for the Dos Palos Area" (JPA) involving the Midway Community Services District and the South Dos Palos County Water District for the provision of sewer service since 1990.[38] The City provides the JPA and its members with sewer collection and wastewater treatment. The JPA reimburses the City for operations and maintenance of their respective sewer and wastewater services.

The existing sewer system is comprised of sewer lines with diameters between 4 and 15 inches.[39] There are seven lift stations that help convey the wastewater to the WWTF for processing. The WWTF is located on the west side of Swift Road, on a 39 acre parcel within the City limits, but discontiguous from the City limits approximately one mile to the west. For the most part, the existing sewer lines and lift stations are adequate for flows at the present time. The current average daily flow to the facility is about 500,000 gallons per day (gpd), or 0.5 MGD. The maximum capacity of the wastewater treatment facility is 0.77million gallons per day.[40] Expansion capacity can be doubled with the addition of two new large-berm post treatment basins (earth moving construction). All post treatment water is available and used onsite for non-edible agricultural farming.

The City's Wastewater Collection System Study reports that for the most part, the existing sewer lines and lift stations are adequate given current flow levels. The South Dos Palos sewer mainline that runs from South Dos Palos along Lexington Avenue to the Lexington Lift Station is flat and has experienced flow problems due to low usage. The JPA has provided funding for sulfide treatments to assist the South Dos Palos district. Since the last MSR, upgrades were made to the Lexington Lift Station at a cost of approximately $300,000 and the Aeration Basin of the Wastewater Treatment Facility was upgraded in 2011.[41] In addition, lines on Marguerite Street and on Almond Street have been replaced with increased flow size. The City Engineer and City Manager are working with Self Help Enterprises on a planning grant to achieve funding for replacement of sewer collection lines.[42] Wastewater fees have not been updated since the last MSR, however, a study to increase facility fees will be considered as funding becomes available to conduct a study.

---

[38] Joint Exercise of Powers Agreement Providing for Wastewater Treatment and Disposal Systems, February 8, 1990.

[39] The sewer material in the older part of town is mostly vitrified clay pipe (VCP) with some plastic pipe. Pipe materials used in the last 20 years include VCP and polyvinyl chloride pipe (PVC). Source: Wastewater Collection System Study for the City of Dos Palos, prepared by Fremming, Parson, and Pecchenino, May 2007, Section 3-1.

[40] Wastewater Collection System Study for the City of Dos Palos, prepared by Fremming, Parson, and Pecchenino, May 2007. Section 3-3.

[41] Provided by returned initial data request, May 2017.

[42] Provided by returned initial data request, May 2017.

7. DETERMINATIONS

1. Growth and Population Projections for the affected area

Although the City has grown slower than projected in the 2007 MCAG estimations, the most recent projections (2016) estimate that Dos Palos will have a projected population in 2020 of 5,600. [43]

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

Dos Palos has three disadvantaged unincorporated communities contiguous to its sphere of influence. Dos Palos "Y" is located in southern Merced County, approximately four miles north of the City of Dos Palos at the junction of Highway 152 and Highway 33. It is approximately 35 acres. It has its own water service provided by low capacity wells. North Dos Palos is located in southern Merced County, situated on the northern city limit line of the City of Dos Palos, adjacent to Highway 33. Its boundaries are W. Carmellia Avenue to the south, Reynolds Avenue to west, and Palm Avenue to the east. The DUC encompasses approximately 141 acres and is provided water service from Joint Powers Agreement with two additional districts, Merced County and the City of Dos Palos, to receive potable domestic water. Unincorporated Community #5 is located in central Merced County, approximately 0.75 mile south of Dos Palos "Y" and is approximately 8 acres in size. Its boundaries are the Arroyo Canal to the north, Highway 33 to the east, and the Paso Slough Drain to the west. Unincorporated Community #5 has individual private wells to serve its residents. All three of these communities rely on individual septic systems and receive fire service from the Merced County Fire Department.[44] In addition, the neighboring unincorporated Communities of Midway and South Dos Palos, which each correspond with the boundaries of their respective urban service special districts, are also identified as DUCs. These two communities are located within the City's sphere of influence, while the other three communities referenced above are not.

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

Currently, the City believes it only requires one new water pumping station for maximum pressurization near South Dos Palos. A new surface water treatment plant is also needed, and the City, working with the Water Quality Improvement Joint Powers Authority (JPA), is pursuing funding through a 100% State Grant as a disadvantaged community (DAC) for its construction. Replacement of water distribution lines and sewer collection lines are also needed. Growth will likely require the addition of staff for a variety of City services.

---

[43] Merced County Association of Governments, Growth Projections, 2016.

[44] 2030 Merced County General Plan, Adopted July 12, 2016.

As mentioned earlier, the City in its role with the Water Quality Improvement JPA intends to build a new water treatment plant through efforts to make it eligible for a 100% State Grant as a disadvantaged community (DAC). DACs are classified by communities with an annual median household income (MHI) that is less than 80 percent of the Statewide annual MHI (PRC Section 75005(g)). Through operation of both the "Water Quality Improvement" JPA and "Wastewater Disposal" JPA, the disadvantaged communities within the City sphere receive the same level of sewer and water service as the city residents. Similarly, with the mutual aid arrangement for fire protection and the shared Fire Station No. 76 with Merced County, the unincorporated fringe areas of the City receive comparable structural fire protection service.

4. Financial ability of agencies to provide services

In 2014, the Dos Palos Police Department expanded from six to seven officers by obtaining a COPS Grant to fund the additional position. However, the grant has since expired and the City is now bearing the full cost of the extra position. The City has requested $2 to $4 million in special state funding. The City will continue applying for Federal or State COPS funding and RAND Technology funds. As for financing for Water Utilities, the City was awarded a $500,000 State Drinking Water Planning grant to prepare for a new water plant. The City was also notified from the Federal Department of Agriculture that it is eligible for a $4.0 million loan and $2.0 million grant towards a new water plant.

Despite collecting fire, park, police, storm drainage, traffic, wastewater, and water development impact fees, the fees have not been updated since 1991 or adjusted for inflation. Staff intends to study this issue during 2017 and will bring information to the Council for consideration. These development impact fees should be revised continuously to assure rates are consistent with changes in costs.

5. Status of, and opportunities for, shared facilities

No new opportunities for shared facilities have been identified; however, the City has a long history of achieving efficiencies in service delivery through their shared Fire Station 76 with the County, and through the regional water and wastewater JPAs with the neighboring Midway Community Services District, the South Dos Palos County Water District, the North Dos Palos Water District and Merced County.

6. Evaluation of Local Accountability, Government Structure, and Operational Efficiencies

No issues have been identified relating to local accountability, government structure, and operational efficiencies. Although the City has only recently experience some growth since the previous MSR, the City is able to maintain a balanced budget and maintain staffing levels.

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

The City's website should be updated with staff contacts. Currently, only department heads are listed and the viewer is directed to contact City Hall as a central one stop shop. Budget documents are also lacking, but the City indicated that they will provide more detail in the next fiscal year. In addition, the existing budget structure lacks description and narrative detail for the public. Other means of transparency on the website should include documents such as the City's General Plan.

When possible, the City should complete its Housing Element Update and obtain approval from the State Department of Housing and Community Development in order to obtain affordable housing grants and similar benefits. Similar to earlier comments regarding completing a comprehensive update to the 1990 General Plan, the City should seek grant and other creative funding sources to complete the Housing Element update.

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

No other matters have been identified at this time.