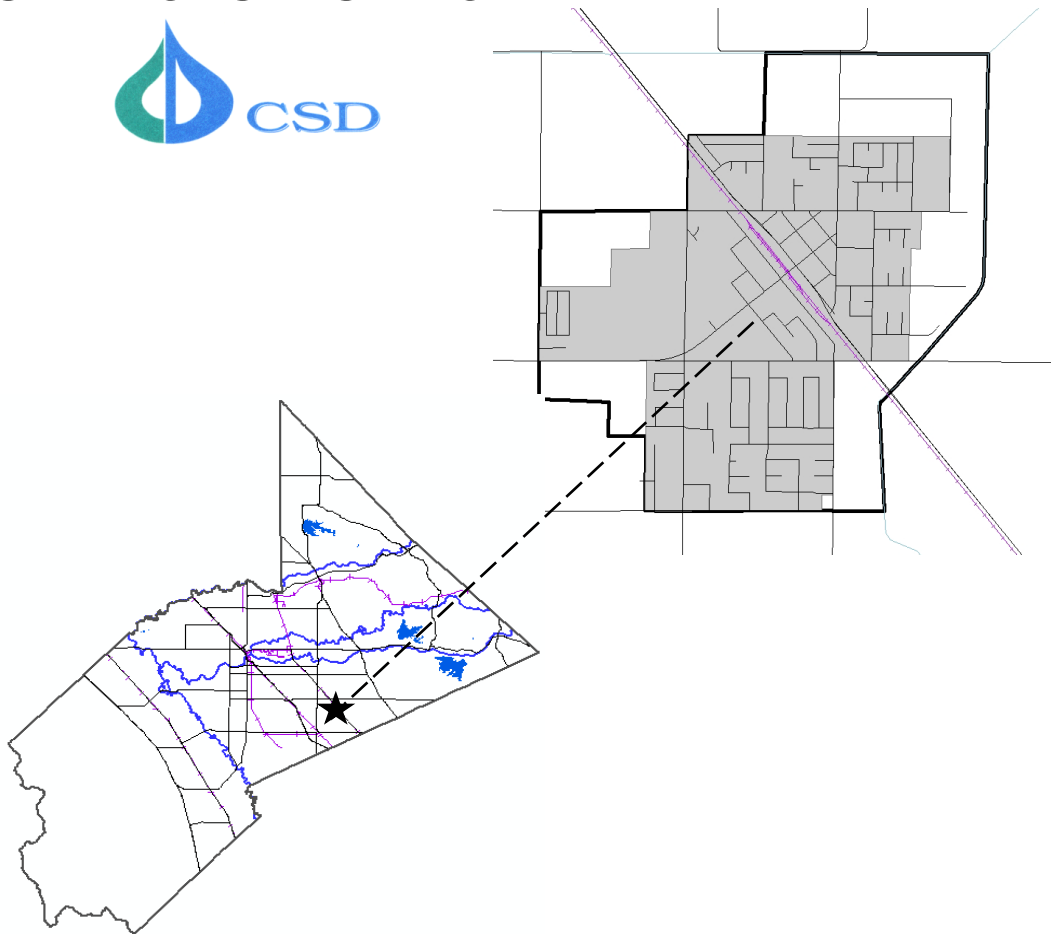


MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR:

DENAIR COMMUNITY SERVICES DISTRICT



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STANISLAUS

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Municipal Service Review and Sphere of Influence Update for the Denair Community Services District

Introduction

The Cortese/Knox/Hertzberg Local Government Reorganization Act of 2000 Act (CKH Act) requires the Local Agency Formation Commission (LAFCO) to update the spheres of influence Government Code 56076 as "...a plan for the probable physical boundary and service area of a local agency, as determined by the Commission." The Act further requires that a municipal service review (MSR) be conducted prior to or, in conjunction with, the update of a sphere of influence (SOI).

The legislative authority for conducting a municipal service review is provided in Government Code Section 56430 of the CKH Act. The Act states, that "in order to prepare and to update spheres of influence in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area..." MSRs must have written determinations that address the following factors in order to update a Sphere of Influence. These factors were recently amended to include the consideration of disadvantaged unincorporated communities within or contiguous to the sphere of influence of an agency.

Municipal Service Review Factors to be Addressed

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
6. Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies
7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

This MSR will analyze the Denair Community Services District. The MSR will also provide the basis for LAFCO to reaffirm the District's Spheres of Influence.

Sphere of Influence Update Process

A special district is a government agency that is required to have an adopted and updated sphere of influence. Section 56425(g) of the CKH Act calls for spheres of influence to be reviewed and updated every five years, as necessary. Stanislaus LAFCO processes municipal service reviews and sphere of influence updates concurrently to ensure efficient use of resources. For rural special districts, which do not have the typical municipal-level services to review, this document will be used to determine what type of services each district is expected to provide and the extent to which they are actually able to do so. For these special districts, the spheres will delineate the service capability and expansion capacity of the agency, if applicable.

The Sphere of Influence for the Denair Community Services District was originally adopted by the Commission in 1984. The most recent Municipal Service Review and Sphere of Influence Update, adopted in 2019, proposed no changes to the District's SOI. The current update serves to comply with Government Code Section 56425 and will reaffirm the SOI for the district.

Sphere of Influence Determinations

In determining a sphere of influence (SOI) of each local agency, the Commission shall consider and prepare determinations with respect to each of the following factors, pursuant to Government Code Section 56425:

1. The present and planned land uses in the area, including agricultural open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Authority

This review will cover the Denair Community Services District. The District was organized under Section 61000 et. seq. of the Government Code. In addition, the District is considered a "registered voter district", as the board members are elected by the registered voters residing within the district's boundaries.

Purpose

Community Services Districts may be formed to provide water, sewer, or garbage services, fire protection, public recreation, street lighting, mosquito abatement, police services, library services, street improvements, conversion of overhead electric and communication facilities to underground locations, ambulance services, airport facilities, flood control and transportation services.

Classification of Services

As part of the previous municipal service review, the District provided a listing of the services provided within its boundaries. The District is authorized to provide the functions or classes of services (e.g. water and sewer) as identified in this report. In order to exercise other latent powers not currently provided, the District would have to seek LAFCO approval.

Municipal Service Review – Denair Community Services District

Formation

The Denair Community Services District was formed on October 3, 1961.

Services

The District provides sewer and domestic water services to the community of Denair. In addition, the District has a contractual agreement with the City of Turlock for sewer disposal services.

The District also owns and operates the following community service buildings: Community Center, Gaslight Theatre, Library Building, Senior Center, and Scout Hall.

Capacity

The District currently has the necessary sewer capacity from the City of Turlock to serve existing and future development within its sphere of influence. City of Turlock is currently in the process of raising its water treatment rates for the Denair CSD and Keyes CSD by 130%. The District is currently working on a Prop 218 vote to adjust rates accordingly to help pay for the increase.

With regards to domestic water, the District currently has four groundwater wells, five lift stations, and an above-ground steel water tank to serve customers within the existing District boundaries. Water produced from the District's wells has consistently met the State's Title 22 (Code of Regulations) drinking water standards. In order to accommodate significant future growth within the District's sphere of influence, installation of additional groundwater wells and/or pipelines would be necessary.

Location and Size

The District is located in the unincorporated community of Denair, east of the City of Turlock, in eastern Stanislaus County, and encompasses approximately 694 acres.

Sphere of Influence

The District's Sphere of Influence (SOI) incorporates approximately 1,056 acres (see Map - District Boundaries and Sphere of Influence). The original SOI boundary was established by LAFCO in 1984 to correspond with the Denair Community Plan. In 1998, the County approved updates to the Denair Community Plan, which maintained the same community planning boundaries (see Map - Denair Community Plan).

Governance

A five member Board of Directors, elected by registered voters within the District boundaries, governs the District. Meetings are held on the third Tuesday of each month at 6:00 p.m., at the District Office, located at 3850 N. Gratton Road, Denair.

The District also has established a website that current information on District programs and activities (www.denaircsd.org).

Personnel

The District has 8 full-time employees. The District also contracts with outside consultants for engineering, legal, and financial (auditor) services.

Support Agencies

The District maintains collaborative relationships with other agencies, such as the: the City of Turlock, State Water Resources Control Board, Department of Water Resources, California Rural Water Association, California Special Districts Association, National Rural Water Association, and American Water Works Association.

Funding Sources

The District receives funds from monthly user and connection fees, as well as a very small portion of the shared property tax revenues from Stanislaus County.

Municipal Service Review Determinations Denair Community Services District

The following are determinations related to the seven factors required by Section 56430 for a Service Review for the Denair Community Services District:

1. Growth and Population Projections for the Affected Area

The District serves the unincorporated community of Denair. The area is designated in the Stanislaus County General Plan and Denair Community Plan for residential, commercial, and industrial uses. The District currently serves an estimated population of 4,865 persons with water and sewer service.

The Denair community is expected to experience some growth. Stanislaus County has recently approved subdivision maps which are in the process of meeting conditions of approval and being recorded. Once these maps are recorded, the community will add approximately 150 lots which could increase the community population by approximately 400-500 residents.

2. The Location and Characteristics of Any Disadvantaged Unincorporated Communities Within or Contiguous to the Sphere of Influence

Upon review of available Census data, there does not appear to be any communities meeting the criteria for disadvantaged within or contiguous to the Sphere of Influence of the District.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies Related to Sewers, Municipal Water and Industrial Water, and Structural Fire Protection in Any Disadvantaged, Unincorporated Communities Within or Contiguous to the Sphere of Influence

The present water and sewer demand within the District's current boundaries is being met with existing facilities and infrastructure.

Construction of an above-ground steel water tank (Water Tank No. 1) and associated booster pumps was completed to help minimize capacity constraints during peak flows, and to increase fire-flow requirements for the Denair Middle School and surrounding community. The water tank is adjacent to the existing trunk system which was designed and constructed in 2005 to provide the District with increased capacity.

The District is finishing a 12-inch water main loop system throughout the entire community to eliminate pressure zones. The District also plans on switching the water system to a Supervisory Control and Data Acquisition (SCADA) system, which would allow staff to collect data to a central location.

The District is also planning on constructing an 8-inch fill line. The line will begin at well No. 8, located at Riopel Avenue and Zeering Road, go west along Zeering Road, south along Story Road and end at the Corp yard located at the southwest intersection of Kersey and Story Roads.

Within the next three years the District plans on installing a one million gallon water storage tank at its corporation yard in order to have sufficient water stored for the community.

4. Financial Ability of Agencies to Provide Services

At the present time, the District has the necessary financial resources to fund existing levels of water and sewer services within the District's boundaries. There is no overlapping or duplication of services within these boundaries. The District, on an annual basis, reviews its rate and fee schedule and attempts to keep the rates and fees as minimal as possible.

The District is currently in the process of completing a Proposition (Prop) 218 vote to increase rates for both sewer and water. The proposed rates are to respond to a rate increase from the City of Turlock which treats wastewater for the district.

5. Status of, and Opportunities for, Shared Facilities

The District shares facilities with other agencies as necessary and continually reviews new opportunities to continue these efforts. For example, the District owns, operates and maintains the following community facilities: Community Center, Gaslight Theater, Library Building, Senior Center, and Scout Hall.

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

A five-member Board of Directors, elected by the registered voters, governs the District. The District conforms to the provisions of the Brown Act requiring open meetings. The District website includes meeting agendas and minutes. It appears that the District has the necessary resources and staffing levels to operate in a cost-efficient and professional manner.

7. Any Other Matter Related to Effective or Efficient Service Delivery, as Required by Commission Policy

None.

SOI Update – Denair Community Services District

The following determinations for the Denair Community Services District Sphere of Influence update are made in conformance with Government Code Section 56425 and local Commission policy.

Determinations:

1. Present and Planned Land Uses in the Area, Including Agricultural and Open-Space Lands

The District's Sphere of Influence (SOI) includes approximately 1,056 acres. Territory within the District boundaries consists of residential, commercial, and industrial land use areas. These uses are not expected to change. In addition, the District does not have the authority to make land use decisions within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County.

2. Present and Probable Need for Public Facilities and Services in the Area

The District is presently meeting the water and sewer needs of its customers within its existing service area boundary. The District is planning and making improvements throughout the district to enhance efficiency, monitoring and maintenance of its infrastructure.

3. Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide

The District currently has adequate capacity to provide the necessary water and sewer services to customers within its existing service area boundary. As mentioned previously, the District has purchased sewer capacity from the City of Turlock to serve existing and future development within its sphere of influence. The District is currently working on completing a Proposition (Prop) 218 vote to adjust its rates accordingly to address City of Turlock rate increases.

4. The Existence of Any Social or Economic Communities of Interest in the Area if the Commission Determines That They are Relevant to the Agency

The unincorporated community of Denair is the only community of interest within the District boundaries. The Turlock city limit is approximately 1.3 miles west of the District's current boundaries. The two entities' Spheres of Influence are approximately 680 feet apart.

5. For an Update of a Sphere of Influence of a City or Special District That Provides Public Facilities or Services Related to Sewers, Municipal and Industrial Water, or Structural Fire Protection, the Present and Probable Need for Those Public Facilities and Services of Any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence

As current Census data did not identify any areas qualifying as disadvantaged unincorporated communities within the District's Sphere of Influence, no analysis is required for this determination.

DISTRICT SUMMARY PROFILE

| | |
|--------------------|---|
| District: | DENAIR COMMUNITY SERVICES DISTRICT |
| Location: | East of the City of Turlock, in the unincorporated community of Denair. |
| Service Area: | Approximately 694 acres |
| Population*: | 4,865 |
| Land Use: | Residential, commercial, and industrial |
| Date of Formation: | October 3, 1961 |
| Enabling Act: | California Government Code, Section 61000, et seq. |
| Governing Body: | 5 directors, elected by registered voters within District boundaries |
| Administration: | 7 full-time employees (8 as of July 1, 2025) |
| District Services: | Municipal water and sewer services |
| Total Revenues: | \$3,419,332.59 (Projected for Fiscal Year 2024-2025) |
| Revenue Sources: | Monthly service and connection fees; property taxes |



**Source: 2020 Decennial Census for Denair CDP*

DENAIR COMMUNITY SERVICES DISTRICT
BOUNDARY AND SPHERE OF INFLUENCE



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6. Stanislaus LAFCO. *Municipal Service Review and Sphere of Influence Updates for the Denair and Keyes Community Services Districts*. January 22, 2020.
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