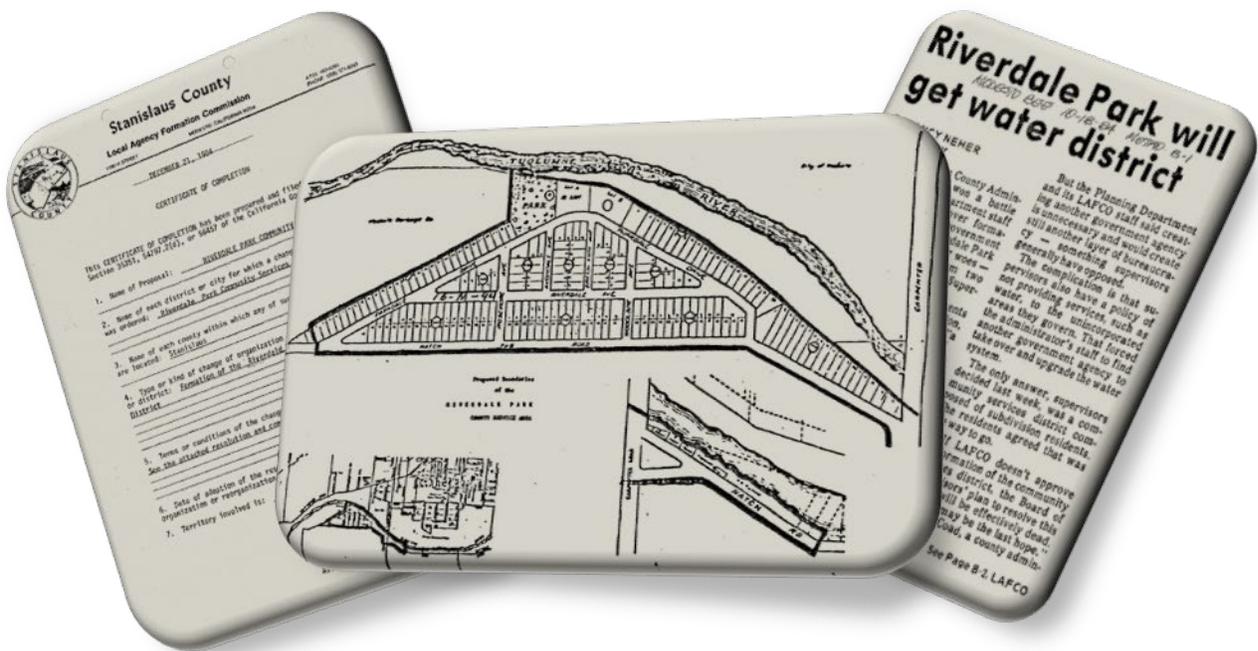


MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE:



RIVERDALE PARK TRACT COMMUNITY SERVICES DISTRICT

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Adopted: October 26, 2022

STANISLAUS

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Municipal Service Review and Sphere of Influence Update For the Riverdale Park Tract 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 (SOI) for all applicable jurisdictions in the County. A Sphere of Influence is defined by 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 Service Reviews 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..." A Service Review must have written determinations that address the following factors:

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 and adequacy of public services, including 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 Service Review will analyze the Riverdale Park Tract Community Services District. The most recent Sphere of Influence (SOI) update for the District was adopted in 2017 and proposed no changes to the District's SOI. The current update serves to comply with Government Code Section 56425 and also proposes no changes to the SOI for the District.

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 the Service Review 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 Service Review 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. The Sphere of Influence will delineate the service capability and expansion capacity of the agency, if applicable.

Service Review – Riverdale Park Tract Community Services District

Authority

This review will cover the Riverdale Park Tract Community Services District, which 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.

Background

Special districts are local governments that are separate from cities and counties, yet provide public services such as fire protection, sewers, water, and street lighting. California has over 3,300 special districts, which provide over 30 different types of services. There are 50 major types of special districts ranging from airports to fire protection to mosquito abatement to water conservation. To date, there are 325 Community Services Districts (CSDs) in California.

Purpose

Community Services Districts may be formed to provide water, sewer, 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.

Governance

Five Board members, elected by the registered voters within the District boundaries, govern the District. Meetings are held on the first Thursday of each month at 4:00 p.m. at the Veterans of Foreign Wars (VFW) Hall located at 2801 W. Hatch Rd.

Formation

The Riverdale Park Tract Community Services District was formed on December 18, 1984. The District was formed to replace County Service Area (CSA) No. 3. The CSA had been inactive since its inception in 1982. LAFCO dissolved CSA No. 3 on April 27, 2016, under Resolution No. 2016-07.

Location and Size

The District is located in rural Stanislaus County, southwest of the City of Modesto and is defined by the Tuolumne River on the north, Parkdale Drive on the west, Hatch Road on the south and Carpenter Road on the east. The District encompasses an area of approximately 58 acres.

Sphere of Influence

The District's Sphere of Influence is coterminous with its current boundaries. The entire District's boundaries are within the City of Modesto's Sphere of Influence. This overlap ultimately contemplates that the entirety of the Riverdale Park Tract will be annexed into Modesto at some point in the future. In the interim, if City annexations of District territory are piecemeal, operational problems could result for both the District and the City.

The City of Modesto's General Plan includes the Riverdale Park Tract Community Services District (RPTCSD), and designates the area for residential land uses, which is consistent with the County's General Plan designations.

Personnel

The District does not have any direct employees. It utilizes independent contractors for its secretarial, accounting and water operator services.

Classification of Services

The District is authorized to provide the functions or classes of services (e.g. domestic water) as identified in this report. Due to recent changes in the Cortese-Knox-Hertzberg Act, the District would have to seek LAFCO approval to exercise other latent powers not currently provided

Services

The District was formed for the purpose of providing domestic water services to the residents of the unincorporated Riverdale Park Tract community. The District operates one groundwater well and storage tanks, with emergency back-up provisions from the City of Modesto.

Support Agencies

Self-Help Enterprises, a non-profit entity, has been assisting the District with a plan to bring the water system into compliance with State and local regulations. The District is currently in the process of a water system consolidation project with the City of Modesto.

Funding Sources

The District's main source of revenue is derived from monthly service charges and connection fees. In 2019, the District approved a rate increase from \$25 to \$30 in compliance with Proposition 218. An emergency rate of \$74 was also approved should the community well fail or be out of compliance. The emergency rate is intended to cover the cost to use the City of Modesto emergency connection if needed.

Service Review Determinations:

The following provides an analysis of the six categories or components required by Section 56430 for a Service Review for the Riverdale Park Tract Community Services District:

1. Growth and Population Projections for the Affected Area

The District serves a small, rural residential subdivision known as the Riverdale Park Tract. The area is designated as Rural Residential in the Stanislaus County General Plan. No significant population growth is expected within the District in the near future. The District currently serves approximately 178 water service connections with a population of approximately 500.

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

Based on annual median household income, the area within Riverdale Park Tract Community Services District (RPTCSD) is considered a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000. Directly north of and across the Tuolumne River from the RPTCSD is the West Modesto DUC. No additional DUCs have been identified within or contiguous to the District's sphere of influence.

3. Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including 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.

The Riverdale Park Tract Community Services District (RPTCSD) provides potable water to approximately 500 residents through 178 residential connections. The water system is classified as a Small Community Water System (SCWS) and has one active groundwater well referred to as Well 03, constructed in 1981. The RPTCSD water supply system also includes a second well that is inactive and inoperable. Parcels within the District currently utilize private septic tanks for sewer systems and fire protection service is provided by the Burbank Paradise Fire Protection District.

The District's water source is from one groundwater well that must be continually monitored in order to meet state water quality regulations. The RPTCSD has an alternative source of water supply that consists of an emergency connection to the City's water system. The emergency connection was installed in 1993 and delivered water during the 1997 floods. At this time, the emergency connection to the City needs backflow repairs and is not functioning properly.

The District's Well 03 has periodically exceeded the State Maximum Contamination Level (MCL) for uranium, as specified in the Domestic Water Quality and Monitoring Regulation, Chapter 15, Title 22, California Code of Regulations. In 2016, DER issued a Compliance Order (No. DER-16CO-002), requiring that the District provide a Corrective Action Plan to bring the system into compliance.

The State provided technical assistance funding to conduct a Feasibility Study for the District, administered by Self-Help Enterprises. The Feasibility Study was completed in 2018 and evaluated four alternatives to mitigate the water quality issues: 1) construct a new well, 2) construct a treatment system, 3) blend with a new water source, or 4) connect to the City of Modesto's water system (on a permanent basis). Due to cost concerns, a uranium treatment system was ruled out and the State did not see long-term reliability in a water system with a new single-well as a viable solution, even if a new well could produce potable water. As a result, the City of Modesto was approached with the solution to consolidate the District's water system and become the sole water provider for Riverdale.

Uranium concentrations in the groundwater have remained below the Maximum Contaminant Level since August 2016; however, the DER and the State Water Resources Control Board (SWRCB) are requiring the RPTCSD address the uranium violations in the long term. More recently, the water has exceeded allowable levels of perfluorooctanesulfonic (PFOS) and perfluorooctanoic acid (PFOA). Monitoring of these chemicals is mandated by the State Water Resources Control Board, Division of Drinking Water.

Health and Safety Code §116682 authorizes the State Water Resources Control Board (SWRCB) to mandate consolidations¹ of water systems where one system has consistently failed to provide drinking water meeting State standards. The consolidation process begins with the SWRCB first requesting that the two water systems voluntarily consolidate. The SWRCB provides specific timelines for this to occur and, if not completed, can mandate the consolidation. The SWRCB's mandate also extends to LAFCO actions, requiring LAFCO to process and approve an application to effectuate the consolidation (e.g., an out-of-boundary application or annexation). A consolidation agreement has been approved by the City of Modesto and RPTCSD.

In 2019, the City conducted additional water system hydraulic analysis to identify specific capital improvement program projects (CIPs) necessary to serve the Riverdale Park Tract. The analysis identifies the need for a new 12-inch water main in W. Hatch Road to replace the existing 8 inch pipe and upsize all existing 6 inch mains within the Community 8 inch. In total, approximately 9,500 feet of existing pipe (approximately 80% of the water system) will need to be replaced.

The RPTCSD is currently in the process of consolidating its water services with the City of Modesto and is working with the City on a grant application with the State for the required improvements. The State has indicated that it expects to award this project. Pending State approval, construction of improvements will begin. Once the project is completed and accepted, residents will then become City of Modesto water customers.

The District has received Technical Assistance grants through the Prop 1 and Safer TA programs and is currently applying for emergency funding to continue District repairs and maintenance until consolidation with the City of Modesto is complete. In addition, the RPTCSD has increased usage rates to strengthen the stability of the water system until

¹ "Consolidation" as used in the Health and Safety Code and referenced in this Municipal Service Review means the combining of a failing public water system (a subsumed system) by a receiving public water system that has a reliable supply of drinking water and improved managerial and technical ability. This differs from the LAFCO definition of "consolidations" which refers to the joining of two agencies into a new agency.

consolidation has been finalized. The RPTCSD continues to maintain the water system and will assist the community in transitioning to the City's water system.

Consolidation of District's water services with the City of Modesto will result in the District no longer providing water services. The City of Modesto is a full-service provider which has the capacity to provide water, sewer, fire, police, roads and maintenance, and additional services associated with an incorporated city. Once consolidation occurs and the District is no longer providing its sole service (water), LAFCO policies support dissolution of the District. Likewise, the RPTCSD, Self-Help, and City of Modesto have each recognized dissolution of the RPTCSD as part of the consolidation process.

4. Financial Ability of Agencies to Provide Services

According to 2017-2018 Stanislaus County Civil Grand Jury Case #18-25C the Riverdale Park Tract Community Services District's (RPTCSD) operating reserves have significantly decreased in recent years. Monthly water rates, which were \$25 for residential uses and \$50 for business uses, had not increased since the District was established in 1984.

In 2019, the District increased its rates to \$30 for all connections. An emergency rate of \$74 was also approved should the District need to use the City of Modesto emergency connection. The rate is intended to sustain the water system until the consolidation project is completed and the community residents become City of Modesto water service customers. Currently, the District's expenses are greater than its revenue. The financial shortfall may be a result of COVID-19 impacts, customers failing to pay, and the need for an additional rate increase to cover all costs.

5. Status of, and Opportunities for, Shared Facilities

As mentioned previously, the District has a connection to the City of Modesto for water to be used in emergency situations only. However, at this time the emergency connection to the City needs backflow repairs and is not functioning properly.

Currently, consolidation of water services with the City of Modesto is in the design phase. The project will replace and upgrade the Riverdale Park Tract Community Services District (RPTCSD) water system and tie into the City's water system near the intersection of Hatch and Carpenter Roads. The project includes the replacement of water mains, valves, fittings, and fire hydrants, where required. The project also includes destruction of the RPTCSD's two existing wells.

Upon completion of these improvements, the City will install meters in the service connection boxes throughout the neighborhood. As part of the water system consolidation, dissolution of the District will be proposed.

The District does not share any facilities with other districts or agencies.

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 Riverdale Park Tract Community Services District was included as part of the 2017-2018 Stanislaus County Civil Grand Jury Report (Case #18-25C). The Grand Jury Report noted a number of findings related to governance including the Board of Directors not having any bylaws on how to conduct meetings, failure to properly post monthly meetings to the public, chairman having no control of meetings, agendas and minutes not being provided to the general audience, other Brown Act violations and other findings related to conduct at meetings. The Grand Jury report also mentioned that operating expenses are outpacing revenues and significantly reducing operating reserves.

The Grand Jury Report recommended training and support for the District related to operating an effective board, the Brown Act, parliamentary procedures, team building and conducting effective meetings. The Report also recommended the adoption of bylaws for conducting business and creating a website for transparency. Last, the Report recommended residential and business water rates be increased to maintain a positive cash flow position.

The District's Board of Directors has since taken steps to address the items mentioned in the Grand Jury Report. The Board has received assistance and training from both Stanislaus County and Self Help Enterprises on accounting processes, running meetings, project management, and agency management. The District has also raised its water rates to increase cash flow.

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

The District is receiving assistance from Self Help Enterprises, a non-profit community development organization, on its Corrective Action Plan. Self Help Enterprises, the Riverdale Park Tract Community Services District and the City of Modesto all support consolidation of the District with the City for water services.

Sphere of Influence Update for the Riverdale Park Tract Community Services District

In determining the 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 and 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 they are relevant.
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.

This document proposes no changes to the District's existing Sphere of Influence. A map of the current District boundary and Sphere of Influence is attached.

Currently, the RPTCSD is in the process of consolidating water services with the City of Modesto. As part of consolidation, dissolution of the District will be proposed and the Sphere of Influence will be removed. Until staff processes an application for dissolution of the District, the sphere of influence will remain.

The following determinations for the Riverdale Park Tract Community Services District's Sphere of Influence update are made in conformance with Government Code §56425 and Commission policy.

Determinations:

1. The present and planned land uses in the area, including agricultural and open-space lands

The District's Sphere of Influence (SOI) encompasses a land area of approximately 58 acres and is coterminous with its boundaries. Territory within the District consists of rural residential land uses, which are not expected to change. In addition, the District does not have the authority to make land use decisions, nor does it have the authority over present and planned land uses within its boundaries. The responsibility for land use decisions within the District boundaries is retained by the County, which consults with the City of Modesto, as the area lies within the boundary of the City's Sphere of Influence.

2. The present and probable need for public facilities and services in the area

The present and probable need for this service is not expected to change, as the District was formed to provide water service within its boundary.

The District's water has periodically exceeded the Maximum Contamination Level (MCL). In order to remedy this, the District and City of Modesto are currently in the process of consolidating water services. Consolidation will provide the District with an efficient, dependable and compliant water source.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.

The District's water has periodically exceeded the Maximum Contaminant Level for uranium produced by Well 03. As mentioned previously, the District and City of Modesto are currently working on consolidation of water services to allow the City of Modesto to provide water to the District. Dissolution of the district will be part of the consolidation process.

4. The existence of any social or economic communities of interest in the area if the Commission determines they are relevant.

The Riverdale Park Tract was created by a County-approved subdivision map in 1947 and is the only community within the boundaries of the District. The District's boundaries are also fully within the City of Modesto's Sphere of Influence.

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.

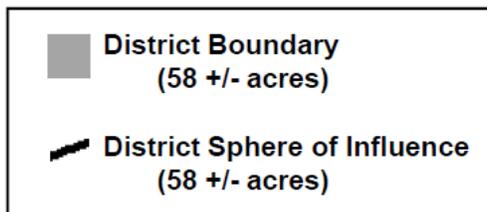
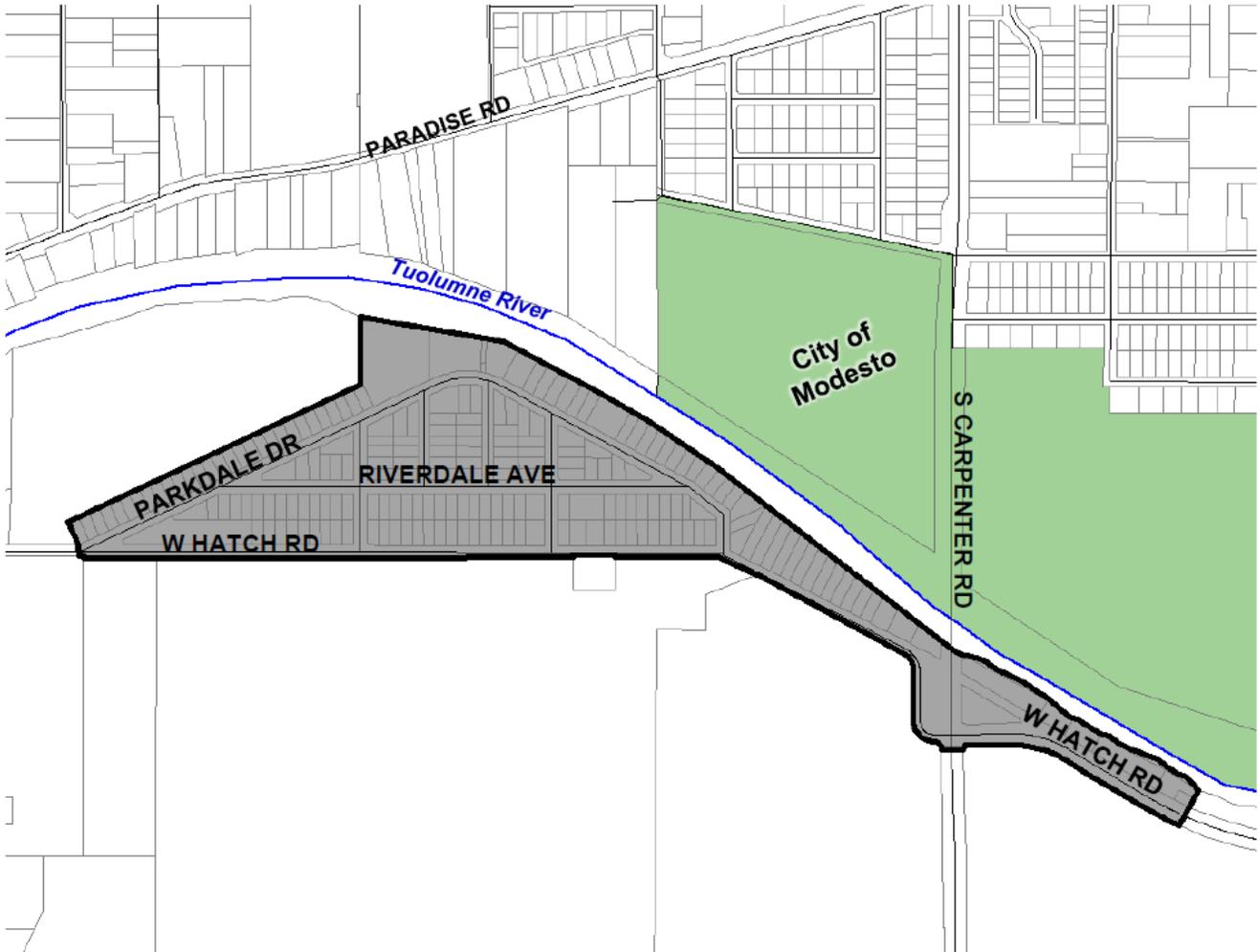
The Riverdale Park Tract is identified as a Disadvantaged Unincorporated Community (DUC) as defined in Section 56033.5 of the Cortese-Knox-Hertzberg Act of 2000.

The Riverdale Park Tract Community Services District provides municipal water service for the District. Additional services, such as sewer and structural fire protection, are provided through other special districts or by way of private systems.

DISTRICT SUMMARY PROFILE

District:	RIVERDALE PARK TRACT COMMUNITY SERVICES DISTRICT
Location:	Southwest of the City of Modesto, south of the Tuolumne River
Service Area:	Approximately 58 acres
Population:	500 persons (estimate)
Land Use:	Rural Residential
Date of Formation:	December 18, 1984
Enabling Act:	California Government Code, Section 61000, et. seq.
Governing Body:	Five Member Board of Directors, elected by the registered voters within the District
District Services:	Domestic Water
Total Income:	\$67,195 (2021-2022)
Revenue Sources:	Monthly service fees and connection fees

RIVERDALE PARK TRACT COMMUNITY SERVICES DISTRICT BOUNDARIES AND SPHERE OF INFLUENCE



Source -- LAFCO files
Date: April 2009



REFERENCES

1. Previous MSR/SOI Update for the Riverdale Park Tract Community Services District, Adopted by LAFCO on May 24, 2017.
2. California State Controller's Office, "Special Districts Annual Report", April 26, 2011.
3. City of Modesto – Initial Study / Mitigated Negative Declaration for the Riverdale Park Tract Community Services District Water System Consolidation Project, Modesto, Stanislaus County, California, Prepared by SWCA Environmental Consultants, January 2022.
4. 2017-2018 Stanislaus County Civil Grand Jury Report – "Is Modesto City Water in Riverdale's Future?", Case #18-25C.
5. "Central Valley continues marathon fight for clean water", Sacramento Bee article, August 19, 2009.
6. Riverdale Park Tract Community Services District – Profit and Loss Budget vs. Actual July 2021 through June 2022.
7. "Isolated Stanislaus County enclave struggles with search for clean water", Modesto Bee article, January 18, 2010.
8. Stanislaus County adopted 2015-2023 Housing Element.
9. Stanislaus County Civil Grand Jury Special District Audit Requirement, Case #11-32GJ.
10. U.S. Environmental Protection Agency website (www.epa.gov/safewater).