
**SAN JOAQUIN
LOCAL AGENCY FORMATION COMMISSION**

LAFCo

509 W. WEBER AVENUE SUITE 420 STOCKTON, CA 95203

AGENDA

Thursday, September 8, 2022 9:00 A. M.

BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR STOCKTON,
CALIFORNIA

THIS WILL BE AN IN PERSON MEETING BUT IF YOU WISH TO
ATTEND VIA TELECONFERENCE SEE BELOW:

Join Zoom Meeting: [https://us02web.zoom.us/j/83196184198?](https://us02web.zoom.us/j/83196184198?pwd=cGN4MEc3LytiZzJTWjA4dVhYL0NCdz09)
[pwd=cGN4MEc3LytiZzJTWjA4dVhYL0NCdz09](https://us02web.zoom.us/j/83196184198?pwd=cGN4MEc3LytiZzJTWjA4dVhYL0NCdz09)

Meeting ID : 831 9618 4198

Passcode: 844365

Dial by phone: +1 669 900 6833 US

Note: If you don't have access to a smart device or a computer with a webcam & a mic, you can dial in using the teleconference number and meeting ID above.

Attention Callers: Please mute the call unless speaking.

**NOTICE
Coronavirus COVID-19**

In accordance with the Ralph M. Brown (Cal. Gov. Code § 54950 et seq.), as amended by Assembly Bill 361 (2021), the Local Agency Formation Commission and staff will be participating in this meeting via teleconference or at 44 N. San Joaquin Street, 6th Floor. Members of the public may attend in-person or may participate in the meeting electronically using the Zoom link. If participating using Zoom, please use the “raise hand” or chat feature to be recognized to speak.

We have also provided a call-in number, as identified on this Agenda, and encourage you to attend by telephone. To be recognized to speak, press *9 to signal the moderator.

The Local Agency Formation Commission is in compliance with the Americans with Disabilities Act of 1990 (42 U.S.C. # 12132) and the Ralph Brown Act (California Government Code # 54954.2) and will make all reasonable accommodations for the disabled to participate in employment, programs, and facilities. Persons requiring assistance or auxiliary aid in order to

participate during the meeting should contact Mitzi Stites at (209) 468-3197 at least 24 hours prior to the meeting.

Download Agenda Packet and Materials at: www.sjgov.org/commission/lafco

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Call to Order
Announce Date and Time of Meeting for the Record
Roll Call
Pledge of Allegiance

CONSENT ITEMS

1. SUMMARY OF MINUTES OF JULY 14, 2022
(Action by All Members)
Approve Summary Minutes of the Regular Meeting.
2. SUMMARY OF MINUTES OF JULY 28, 2022
(Action by All Members)
Approve Summary Minutes of the Special Meeting.
3. SUMMARY OF MINUTES OF AUGUST 25, 2022
(Action by All Members)
Approve Summary Minutes of the Special Meeting.
4. OUT-OF-AGENCY SERVICE REQUEST
(Action by Regular Members)
Requests from the City of Stockton to provide out-of-agency sewer service outside the City boundary under Government Code §56133 to 1135 E. Alpine Avenue Road and 1743 Stanford Avenue in Stockton.
5. DISCUSSION AND POSSIBLE ACTION REGARDING MEETINGS OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION UNDER AB 361 USING TELECONFERENCE DURING A PROCLAIMED STATE OF EMERGENCY
(Action by All Members)
Consider Resolution to conduct meetings of the San Joaquin Local Agency Formation Commission using teleconferencing pursuant to Government Code 54953 as amended by Assembly Bill 361 for the period September 8, 2022 to October 8, 2022.

ACTION ITEMS

6. REQUEST FOR TIME EXTENSION FOR PEREIRA REORGANIZATION TO THE CITY OF RIPON
(LAFB 11-20)
(Action by Regular Members)

Request for One-Year Time Extension to complete condition of approval for Pereira Reorganization to the City of Ripon with concurrent detachment from the San Joaquin County Resource Conservation District.

PUBLIC HEARING

7. THORNTON ROAD REORGANIZATION TO THE CITY OF STOCKTON
(L AFC 14-22)
(Action by Regular Members)
Request to annex approximately 2.18 acres to the City of Stockton

8. CITY OF LATHROP MUNICIPAL SERVICE REVIEW (MSR) AND SPHERE OF INFLUENCE PLAN (SOI) UPDATE (L AFC 24-22)
(Action by Regular Members)
The Commission will review and discuss the MSR Report and SOI Update for the City of Lathrop.

9. MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT MUNICIPAL SERVICE REVIEW (MSR) AND SPHERE OF INFLUENCE PLAN (SOI) UPDATE (L AFC 17-22)
(Action by Regular Members)
The Commission will review and discuss the MSR Report and SOI Update for the Mountain House Community Services District.

PUBLIC COMMENTS

10. Persons wishing to address the Commission on matters not otherwise on the agenda.

EXECUTIVE OFFICER COMMENTS

11. Comments from the Executive Officer

COMMISSIONER COMMENTS

12. Comments, Reports, or Questions from the LAFCO Commissioners

CLOSED SESSION

13. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7

14. CLOSED SESSION:
Public Employee Appointment Pursuant to Government Code Section 54957

Title: Executive Officer

15. Open Session Report on Closed Session pursuant to Government Code Section 54957.1

ADDITIONAL ACTION ITEMS

16. Discussion and Possible Action Regarding Consideration of Executive Officer Employment Contract.

ADJOURNMENT

LAFCo

44 N. SAN JOAQUIN STREET □ SUITE 374 □ STOCKTON, CA 95202

**SUMMARY MINUTES
July 14, 2020**

**BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA**

Chairman Breitenbucher called the meeting to order at 9:00 a.m.

MEMBERS PRESENT:	Commissioners Lincoln, Villapudua, Winn and Chairman Breitenbucher
MEMBERS ABSENT:	Commissioner Johnson
ALTERNATE MEMBERS PRESENT:	Commissioner Morowit
ALTERNATE MEMBERS ABSENT:	Commissioners, Diallo and Patti
OTHERS PRESENT:	James Glaser, Executive Officer; Rod Attebery, Legal Counsel; and Mitzi Stites, Commission Clerk

CONSENT ITEMS

Chairman Breitenbucher opened the floor for Commissioner Comments

Chairman Breitenbucher opened the floor for Public Comments.

Chairman Breitenbucher closed Public Comments

A motion was made by Commissioner Morowit and seconded by Commissioner Villapudua to approve the Consent Calendar.

The motion for approval of the Summary Minutes of June 9, 2022 meeting was passed by a unanimous vote of the Commission.

The motion for approval to adopt Resolution 1479 regarding out-of-agency service request to property located at 2343 Moreing Road in Stockton was passed by a unanimous vote of the regular voting members of the Commission.

The motion for approval to adoption of Resolution 1480 regarding AB 361 was passed by a unanimous vote of the Commission.

PUBLIC HEARING ITEMS

4. CITY OF MANTECA MUNICIPAL SERVICE REVIEW (MSR) AND INTERIM SPHERE OF INFLUENCE PLAN (SOI) (LAFC 15-22)

(Action by Regular Members)

Public Hearing to receive testimony and comments on the MSR Report and Interim SOI Update for the City of Manteca.

James Glaser, Executive Officer, provided a PowerPoint presentation which gave an overview of the process to update the MSR and the SOI. He stated that LAFCo is required to prepare an MSR for each of its incorporated cities and special districts and update the SOI's at least every five years. LAFCo requires that the SOI delineate where development is expected to occur within 5-10 year and 30-year time frames and that future annexations must be consistent with the SOI.

The Sphere of Influence and Municipal Service Review for the City of Manteca was last updated in 2015. The City has undertaken a significant long-range planning effort over the past five years and anticipates that it will culminate in a General Plan Update approval in the 3rd quarter of 2022. LAFCo cannot establish a Sphere of Influence (SOI) that supports land uses not yet approved. Separate from the General Plan Update, the City also has several annexation proposals currently under review with anticipated approvals in the 2nd quarter of 2022. As such, the City desires to review and update their existing SOI with an "Interim SOI" that could be used immediately by LAFCo to consider annexations in the near term (i.e., relying on the current general plan prior to the General Plan Update approval), and then subsequently establish an "Ultimate SOI" once the General Plan Update is approved.

The Interim SOI represents those lands that are ready for immediate development, which also corresponds to those lands in the existing SOI plus those lands that have pending development applications. The parcels that occur in the existing 30-year planning horizon would remain as such in the Interim SOI.

Mr. Glaser recommended that the Commission approve the Final Interim MSR and SOI Update for the City of Manteca.

Chairman Breitenbucher opened the floor to Commissioner Comments.

Commissioner Winn inquired clarification regarding the number police officers to population of the City of Manteca. The report states 79 police officers for 1000 should it be 100,000 with the recommended amount of officers being 84?

Chairman Breitenbucher stated that they have 79 officers, with one officer per 1000 residents recommended, the 84 is a recommendation as the population is 84,000 and there is the same recommendation for fire fighters but the current amount of fire fighters is much lower than that.

Commissioner Winn commented that he appreciated the detail of the water report as well as the fact the City of Manteca is incorporating some of the islands that are currently in the City.

Commissioner Morowit stated that he understands that the last Municipal Service Review and Sphere of Influence was completed in 2015 and now in 2022 why the Commission is approving an only an Interim Sphere of Influence to get through the third quarter.

Mr. James Glaser, Executive Officer, stated that 2015 was the last time the Sphere of Influence was approved. The City has not adopted a new general plan. No projects can come before the Commission until an updated Municipal Service Review and Sphere of Influence is adopted. This Sphere of Influence is an Interim Sphere of Influence until the City adopts the new General Plan. It can be modified if needed once the City of Manteca has finished their General Plan and that will become the finalized Sphere of Influence.

Chairman Breitenbucher asked if J.D. Hightower could address the Commission.

J.D. Hightower, Community Development Department, City of Manteca thanked the Staff for their assistance on these reports and hopes that the Commission approves it.

Commissioner Morowit inquired why the City started to update the General Plan in 2019 and why it is not finished as of yet.

J.D. Hightower, Community Development Department, City of Manteca, stated that the City had distributed the Draft EIR last year, reviewed the comments and revised the map. The revised document will considered by the Manteca City Council in the next few months.

Chairman Breitenbucher opened the floor to Public Comments.

Bob Bentz commented on the recommended number of firefighters for the City. He also commented on the delay of the Municipal Service Review and Sphere of Influence.

Chairman Breitenbucher stated that you need two firefighters for medical but you need four at the scene for a fire.

Chairman Breitenbucher closed Public Comments.

Mr. James Glaser, Executive Officer, stated that before a motion is made he wanted to clarify and amend the number of police officers in the report. On page 4-16 it states that

with a population of 84,800 that equates to a staffing level of 84 officers per 1,000. It should read .84 officers per 1000. This change also appears in the executive summary.

The motion was made by Commissioner Villapudua, seconded by Commissioner Morowit to approve Resolution No. 1481 Approving the City of Manteca Municipal Service Review as amended.

The motion was made by Commissioner Morowit, seconded by Commissioner Lincoln to approve Resolution No. 1482 Approving the City of Manteca Interim Sphere of Influence Plan Update as amended.

Both motions passed by a unanimous vote of the voting members of the Commission.

PUBLIC COMMENTS

5. Persons wishing to address the Commission on matters not otherwise on the agenda.

No one came forward.

CORRESPONDENCE

6. Written communication received from Trisa Martinez, Grand Jury Staff Secretary / Judicial Secretary, Superior Court of California, County of San Joaquin, dated June 27, 2022.

Mr. Glaser, Executive Officer, informed the Commission that staff has transmitted the correspondence to the Commission. The Commission has 90 days to respond to this letter. The 2020/ 2021 Grand Jury investigated Independent Special Districts and one of the recommendations was access to information regarding Special Districts and they suggested that LAFCo to take over this responsibility. There would be links to all Independent Special Districts on our website. To be clear, this is not due to any insufficiencies by LAFCo. This letter has extending the deadline from March to December. We have created a Summary Page for each Special District with contact information and map. We have 105 Independent Special Districts.

Commissioner Winn commented that it would be nice to have the public be able to have a way to type in their address and it would tell them every district that they were in. It would be nice to have all that information in one spot for the residents.

EXECUTIVE OFFICER COMMENTS

7. Comments from the Executive Officer

Mr. Glaser, Executive Officer, stated that there will be a CALAFCO Conference this year in Newport Beach. Staff will make conference and hotel reservations but the

Commissioners are responsible for their travel. LAFCo will pay for travel, parking, airport to hotel transfer and meals that are not included at conference. You will not need any meal receipts.

There will be a Special Meeting on July 28, 2022 at 9 a.m. The Commissioners will meet in Chambers to do administrative duties then adjourn to Closed Session to interview candidates for the Executive Officer position. Once that is done, the Commissioners will come back to chambers to close the meeting.

COMMISSIONER COMMENTS

8. Comments, Reports, or Questions from the LAFCO Commissioners.

No Comments were made.

Meeting adjourned at 9:42 a.m.

LAFCo

509 W. WEBER AVENUE SUITE 420 □ STOCKTON, CA 95203

**SUMMARY MINUTES
July 28, 2020**

**BOARD OF SUPERVISORS CHAMBERS
44 NORTH SAN JOAQUIN STREET, 6TH FLOOR
STOCKTON, CALIFORNIA**

Chairman Breitenbucher called the meeting to order at 9:00 a.m.

MEMBERS PRESENT: Commissioners Lincoln, Villapudua, Winn and
Chairman Breitenbucher

MEMBERS ABSENT: Commissioner Johnson

**ALTERNATE MEMBERS
PRESENT:** Commissioner Morowit

**ALTERNATE MEMBERS
ABSENT:** Commissioners, Diallo and Patti

OTHERS PRESENT: James Glaser, Executive Officer; Rod Attebery,
Legal Counsel; and Mitzi Stites, Commission Clerk

CONSENT ITEMS

Chairman Breitenbucher opened the floor for Commissioner Comments

Chairman Breitenbucher opened the floor for Public Comments.

Chairman Breitenbucher closed Public Comments

A motion was made by Commissioner Morowit seconded by Commissioner Villapudua for approval to adoption of Resolution 1483 regarding AB 361 was passed by a unanimous vote of the Commission.

PUBLIC COMMENTS

2. Persons wishing to address the Commission on matters not otherwise on the agenda.

No one came forward.

COMMISSIONER COMMENTS

3. Comments, Reports, or Questions from the LAFCO Commissioners.

Commissioner Johnson stated that it was nice to see everyone in person.

CLOSED SESSION

4. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7
5. CLOSED SESSION:
Public Employee Appointment Pursuant to Government Code Section 54957
Title: Executive Officer
6. Open Session Report on Closed Session pursuant to Government Code Section 54957.1

9: 10 a.m. Commissioner Breitenbucher called the meeting into Closed Session as pertaining to the matter that is on the agenda.

Chairman Breitenbucher called the meeting back to Open Session at 1:24 p.m.
Rod Attebery, Legal Counsel, stated that there was no reportable action.

The meeting adjourned at 1:24 p.m.

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95202

**SUMMARY MINUTES OF REGULAR MEETING
August 25, 2022**

VIDEO CONFERENCE

Chairman Breitenbucher called the meeting to order at 2:30 p.m.

MEMBERS PRESENT Commissioners, Johnson, Lincoln, Villapudua, Winn and
Chairman Breitenbucher

MEMBERS ABSENT: None

**ALTERNATE MEMBERS
PRESENT:** Commissioners Diallo, Morowit and Winn

**ALTERNATE MEMBERS
ABSENT:** Commissioners Diallo, Patti

OTHERS PRESENT: James Glaser, Executive Officer; Rod Attebery, Legal
Counsel and Mitzi Stites, Commission Clerk

CONSENT ITEMS

1. DISCUSSION AND POSSIBLE ACTION REGARDING MEETINGS OF THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION UNDER AB 361 USING TELECONFERENCE DURING A PROCLAIMED STATE OF EMERGENCY
(Action by All Members)

Chairman Breitenbucher opened the floor to Commissioner Comments

No Comments were made.

Chairman Breitenbucher opened the floor to Public Comments.

Rod Attebery, Legal Counsel, stated that Septembers LAFCo Meeting has a full agenda. There will also be several Commissioners will be out of town attending various conferences. By continuing AB 361 this allows for LAFCo to continue to have the right to have a Video Conference so we may include everyone.

A motion was made by Commissioner Johnson and seconded by Commissioner Morowit, to approve the Consent Calendar.

The motion for approval authorizing the San Joaquin Local Agency Formation Commission to conduct meetings using teleconferencing pursuant to Government Code 45953 as amended by AB 361 for the period of August 25, 2022 to September 24, 2022, was passed by a unanimous vote of the regular voting members of the Commission.

PUBLIC COMMENTS

3. Persons wishing to address the Commission on matters not otherwise on the agenda

No one came forward.

COMMISSIONER COMMENTS

Comments, Reports, or Questions from the LAFCO Commissioners

No comments were made but the Commission asked if Mr. James Glaser, Executive Officer had any comments before they went into Closed Session.

Mr. Glaser, Executive Officer, stated that there will be three projects that will be presented to the Commission next month. The City of Lathrop as well as Mountain House Community Services District both have Municipal Service Reviews and Sphere of Influence Updates and the City of Stockton will have Thornton Road Reorganization to the City of Stockton.

Rod Attebery, Legal Counsel, stated that there will also be a Closed Session and there more than likely be a reportable action at that time.

CLOSED SESSION

4. Open Session Disclosure Regarding Closed Session Items pursuant to Government Code Section 54957.7

5. CLOSED SESSION:

Public Employee Appointment Pursuant to Government Code Section 54957

Title: Executive Officer

6. Open Session Report on Closed Session pursuant to Government Code Section 54957.1

2:39 p.m. The Commissioners went into Closed Session

2:45 p.m. The Commission returned from Closed Session with no reportable actions.

2:45 p.m. Meeting adjourned

EXECUTIVE OFFICER'S REPORT

September 8, 2022

TO: LAFCo Commissioners

FROM: James E. Glaser, Executive Officer

SUBJECT: **CITY OF STOCKTON OUT-OF-AGENCY SERVICE REQUESTS**

Recommendation

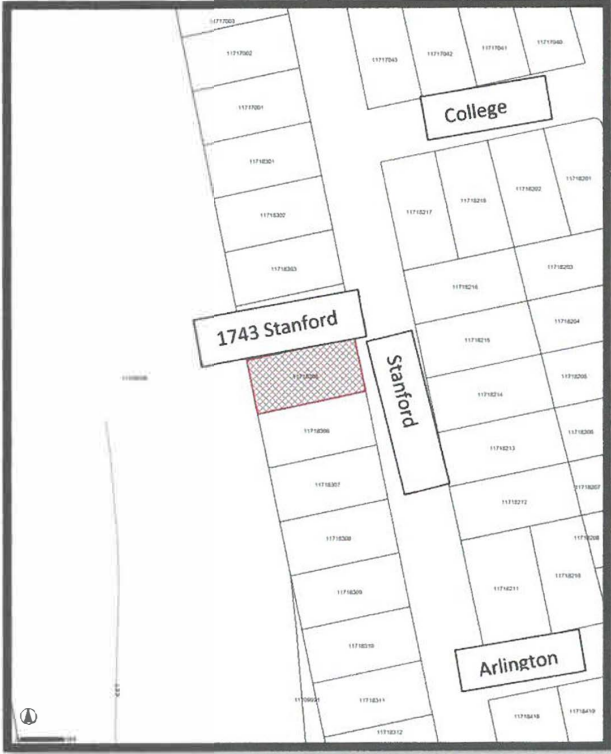
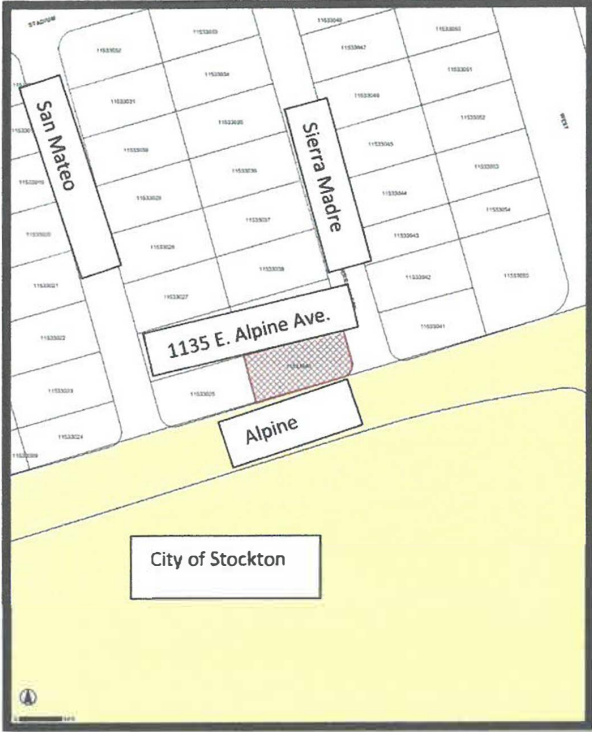
It is recommended that the Commission approve the requests from the City of Stockton to provide out-of-agency sewer service under the Government Code §56133 to properties located at 1135 E. Alpine Avenue and 1743 Stanford Avenue in Stockton.

Background

Government Code Section §56133 states that the Commission may authorize a city or special district to provide new or extended services outside its jurisdictional boundaries but within its sphere of influence in anticipation of a later change of organization and that prior to providing new or extended service, the city or district must first receive approval from LAFCo. The Commission adopted a policy that conditions their approval for out-of-agency service requiring the recordation of an agreement with the landowner consenting to annexation of their property when annexation becomes feasible.

The City of Stockton submitted requests for approval to extend sanitary sewer services to single-family residences outside the city limits but within the City's sphere of influence. A vicinity map is attached showing the locations of the out-of-agency requests. Connections to City sewer lines are available to the properties and the property owners have paid the appropriate connection fees to the City. The requests for out-of-agency services are in compliance with the Government Code §56133 and Commission policies. Staff recommends approval of the attached Resolution 1485 approving out-of-agency service.

Attachment: Resolution No. 1485
Vicinity Map



LAFCo

44 NORTH SAN JOAQUIN STREET, SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

DATE: September 8, 2022

FROM: Rod Attebery, General Counsel

SUBJECT: Discussion and Possible Action Regarding Meetings of the San Joaquin Agency Formation Commission Under AB 361 Using Teleconference During a Proclaimed State of Emergency

Recommendation

It is recommended that the Commission approve the attached LAFCo resolution 1486 authorizing Commission to conduct meeting of the San Joaquin Local Agency Formation Commission using teleconferencing pursuant to Government Code 45942 as amended by AB 361 for the period of September 8, 2022 to October 8, 2022.

Background

On September 16, 2021, Governor Gavin Newsom signed Assembly Bill 361 ("AB 361") into law, amending the Ralph M. Brown Act (Gov. Code, § 54950 *et seq.*) (the "Brown Act"). AB 361 codified certain modified requirements for teleconference meetings held by public agencies, similar to those previously authorized and extended by executive order during the COVID-19 State of Emergency.

AB 361 was introduced to provide a longer-term solution for teleconference meetings during states of emergency, effective until January 1, 2024. AB 361 amends Section 54953 of the Government Code to allow the legislative body of a local agency to meet remotely without complying with the normal teleconference rules for agenda posting, physical location access, or quorum rules. To do so, one of three scenarios must exist, all of which require that the Governor has proclaimed a State of Emergency pursuant to Government Code section 8625:

- A. State or local officials have imposed or recommended measures to promote social distancing;
- B. The agency is holding a meeting for the purpose of determining whether meeting in person would present imminent risks to the health or safety of attendees; or
- C. The agency is holding a meeting and has determined that meeting in person would present imminent risks to the health or safety of attendees.

(Gov. Code, § 54953(e)(1).)

An agency and any committee that is required to comply with the Brown Act, that holds a meeting under either of the three scenarios must continue to post its agenda in the time required by the Brown Act, and ensure that the public is able to address the agency or committee directly through teleconference means. (*Id.* at subd. (e)(2). If a disruption prevents the agency or committee from broadcasting the meeting or receiving public comments in real time, the agency or committee cannot take further action until those functions are restored; any actions taken during such a disruption are subject to legal challenge. (*Id.*)

Assuming the State of Emergency remains in effect, if the San Joaquin Local Agency Formation Commission (“LAFCo” or the “Commission”) or LAFCo committees wish to continue meeting under the modified rules, then the Commission, and each committee that wants to continue to meet using teleconference must each individually adopt an initial resolution within 30 days of the first teleconference meeting, and then must adopt an extension resolution at least every 30 days thereafter. (*Id.* at subd. (e)(3).) The resolutions must contain findings stating that the Commission or committee has reconsidered the circumstances of the State of Emergency and either (1) the State of Emergency continues to directly impact the ability of the members to meet safely in person; or (2) State or local officials continue to impose or recommend measures to promote social distancing. (*Id.*)

Where consecutive regular meetings fall outside the 30-day time frame, the Commission or committee should hold a special “AB 361” remote meeting within the 30-day window simply to reauthorize the AB 361 exceptions. Without the AB 361 exceptions, the Commission or committee will be required to return to normal in-person meetings or provide public access at each remote location under the traditional teleconference rules, as of October 1, 2021. Therefore, if the AB 361 authorization lapses and the Commission or a committee wishes to hold a teleconference meeting, it will be required to post agendas and provide public access at each remote location, identify those locations in the agenda, and maintain a quorum of the Commission within agency boundaries. If a meeting is not held in conformity with AB 361, commissioners may not teleconference from their residences or other locations, which are not open and accessible to the public.

FISCAL IMPACT:

None.

Attachment: Resolution 1486

Resolution No. 1486

**BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
AUTHORIZING COMMISSION TO CONDUCT MEETINGS OF THE SAN JOAQUIN
LOCAL AGENCY FORMATION COMMISSION USING TELECONFERENCING
PURSUANT TO GOVERNMENT CODE 54953 AS AMENDED BY AB 361 FOR THE
PERIOD SEPTEMBER 8, 2022 TO OCTOBER 8, 2022**

WHEREAS, the San Joaquin Local Agency Formation Commission (“LAFCo”) is committed to preserving and nurturing public access and participation in meetings of the Commission; and

WHEREAS, all meetings of LAFCo’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch LAFCo’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), as amended by AB 361 (2021), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on March 4, 2020, the Governor proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS, Cal-OSHA adopted emergency regulations (Section 3205) imposing requirements on California employers, including measures to promote social distancing; and

WHEREAS, an Order of the San Joaquin County Public Health Officer acknowledges that close contact to other persons increases the risk of transmission of COVID-19; and

WHEREAS, currently the dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations, therefore, meeting in person would present imminent risks to the health or safety of attendees.

NOW, THEREFORE, BE IT RESOLVED, that the San Joaquin Local Agency Formation Commission approves

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Finding of Imminent Risk to Health or Safety of Attendees. LAFCo does hereby find that the current dominant strain of COVID-19 in the country, is more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations has caused, and will continue to cause, conditions of peril to the safety of persons, thereby presenting an imminent risk to health and/or safety to LAFCo's employees and attendees of the Commission's public meetings; and

Section 3. Teleconference Meetings. LAFCo does hereby determine as a result of the State of Emergency proclaimed by the Governor, and the recommended measures to promote social distancing made by State and local officials that the Commission may conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e)(1)(A) and (B) of section 54953, and shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

Section 4. Direction to Staff. The Executive Officer and LAFCo staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption.

PASSED AND APPROVED this 8th day of September 2022, by the following roll call vote:

AYES:

NOES:

ABSENT:

DAVID BREITENBUCHER, Chairman
San Joaquin Local Agency
Formation Commission

LAFCo

44 N SAN JOAQUIN STREET SUITE 374 STOCKTON, CA 95203

EXECUTIVE OFFICER'S REPORT

September 8, 2022

TO: LAFCo Commissioners

FROM: James E. Glaser, Executive Officer

SUBJECT: Request for Time Extension for Pereira Reorganization to the City of Ripon
(LAFCo 11-20)

Recommendation

It is recommended that a one-year extension be granted to the Pereira Reorganization to the City of Ripon for the completion of the Condition of Approval.

Background

On July 8, 2021, the Commission approved the annexation of the Pereira Reorganization to the City of Ripon for the development of 47 single-family residential units. The annexation area consisted of two assessor parcels and portions of two adjacent parcels. The adjacent parcels consist of a full roadway width of John Roos Avenue and Shasta Avenue. (Exhibit A-Vicinity Map). The Commission conditioned its annexation approval that the applicant complete a lot line adjustment prior to recordation of the Certificate of Completion.

In order to meet LAFCo's policy that only full assessment parcels are annexed, a lot line adjustment was needed prior to filing the Certificate of Completion that would finalize the annexation. The Commission required the project applicant to execute agreements with the adjacent property owners for dedication of their land to complete the lot line adjustment. The landowners of these two adjacent properties have agreed to dedicate a portion of their land for the road extension. The project applicant experienced delays in reaching an agreement with the City of Ripon on the handling of the perimeter right-of-way. Although the issues have been resolved the project applicant will not be able to record a lot line adjustment and/or dedication prior to the October 9, 2022 date to complete the Commission's Condition of Approval.

If the Commission approves a one-year extension to complete the condition of approval, the extension will expire October 9, 2023.

A Motion is attached for Commission consideration.

Attachments: Motion
Exhibit A-Vicinity Map
Exhibit B-Request for Extension dated

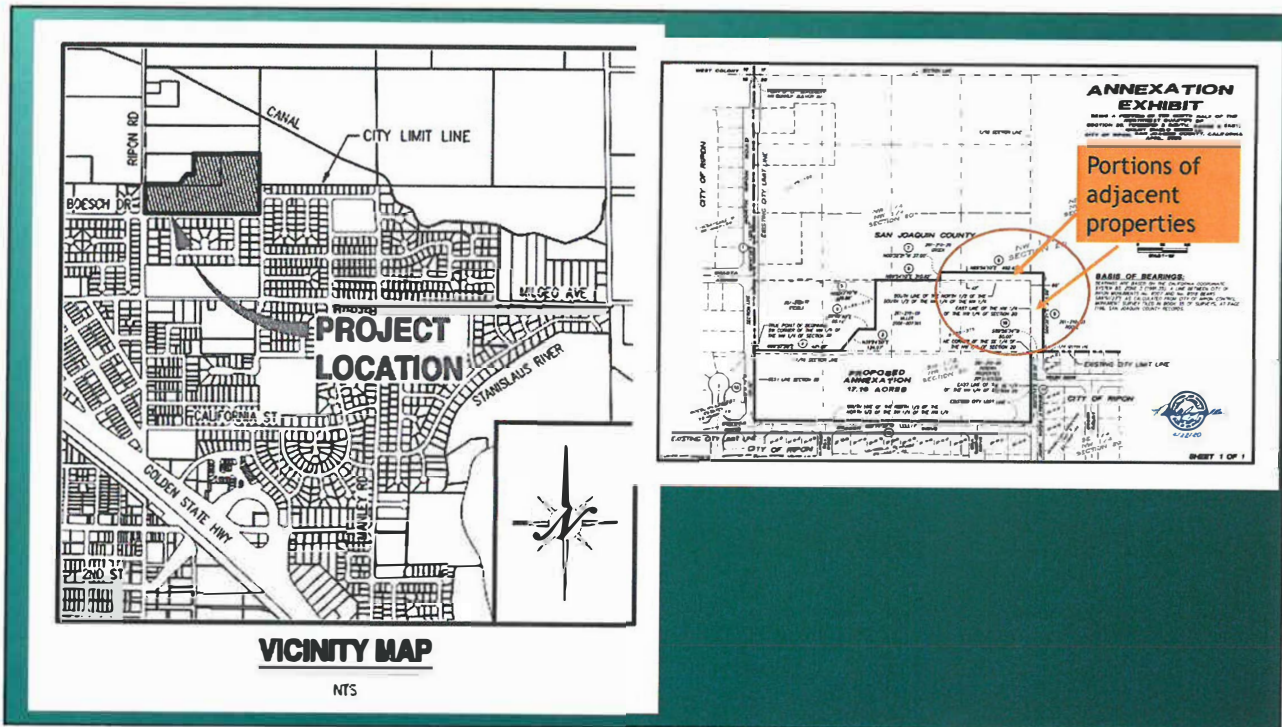
Request for Time Extension for Pereira Reorganization to the City of Ripon

September 8, 2022

San Joaquin Local Agency Formation Commission

Proposal

- Annexation of 17.19 acres to the City of Ripon
- Proposed annexation area consisted of 2 parcels and portions of 2 adjacent properties
- The Commission approved the annexation request to provide municipal services for the development of 47 single-family detached residential homes
- Approval was conditioned that the applicant complete a lot line adjustment prior to recordation of the Certificate of Completion



Background

- Property owners of adjacent properties have consented to the annexation and the dedication of their land to complete the lot line adjustment
- Developers experienced delays in reaching an agreement with the City of Ripon on the handing of the perimeter right-of-way have occurred
- Issues have been resolved but a lot line adjustment and/or dedication may not be completed by the October 9, 2022

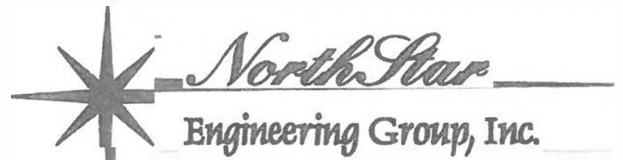
Recommendation

It is recommended that a one-year extension to October 9, 2023, be granted for the completion of the Condition of Approval for the Pereira Reorganization to the City of Ripon.

MOTION

Moved by Commissioner _____, seconded by Commissioner _____

__ to approve a one-year extension to October 9, 2023 to complete the Condition of Approval for the Pereira Reorganization to the City of Ripon.



• CIVIL ENGINEERING • SURVEYING • PLANNING •

620 12th Street Modesto, CA 95354
(209) 524-3525 Phone (209) 524-3526 Fax



VICINITY MAP

NTS



August 4, 2022

San Joaquin LAFCO
Mr. Jim Glaser, Executive Director
44 N. San Joaquin Street, Suite 374
Stockton, CA 95202

Re: Pereira Reorganization/Annexation to the City of Ripon, Resolution No. 1437

Dear Mr. Glaser,

I am writing to you regarding the above referenced Annexation that was conditionally approved by LAFCO on October 9, 2020, and subsequently extended until October 9, 2022. As you know, LAFCO's Resolution 1437 required lot line adjustments be recorded prior to filing a Certificate of Completion. The lot line adjustments are necessary to include perimeter streets which are required to be incorporated within the boundaries of our annexation. Unfortunately, it has taken considerably longer than expected to negotiate agreements with the adjacent property owners. However, we finally reached agreements earlier this year and the application for the lot line adjustments have been filed with the county

Due to these unanticipated delays, we respectfully request a continuance or extension for one-year to provide sufficient time to record our lot line adjustments and satisfy our conditions from LAFCO.

We thank you in advance for your consideration and please let me know if you need anything else from us to process our request.

Sincerely,


Doug Leddoer
HPG Ripon Development LLC

LAFCo

44 N. SAN JOAQUIN STREET SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER’S REPORT

- PROJECT:** THORNTON ROAD REORGANIZATION TO THE CITY OF STOCKTON (L AFC 14-22)
- PROPOSAL:** Annexation of 2.33 acres to the City of Stockton with concurrent detachments from the San Joaquin County Resource Conservation District and Lincoln Rural County Fire Protection District.
- APPLICANT:** City of Stockton
- LOCATION:** Northwest corner of the intersection of Waudman Avenue and Thornton Road, Stockton (Exhibit A: Vicinity Map)
- PURPOSE:** Annexation is required to extend city services for the proposed development
- PROCESS:** Project is uninhabited and has owner consent

RECOMMENDATION

It is recommended that the Commission approve Resolution No. 1487 approving the Thornton Road Reorganization to the City of Stockton.

BACKGROUND

A Resolution of Application was approved by the City of Stockton on January 25, 2022 authorizing an application submittal to LAFCo to annex 2.33 acres to the City. (Exhibit B: Stockton City Council Resolution). The annexation site consists of one parcel, APN 080-290-39, and the rights-of-way of the site frontages on Lucile Avenue and Waudman Avenue. The parcel is currently vacant and the proposed development for the parcel consists of a 7,000 square foot O’Reilly Auto Parts retail store (Exhibit C: Justification of Proposal). The annexation site is located in an existing unincorporated island. The annexation site is contiguous to the City boundary and within the City’s 10-year planning horizon.

ENVIRONMENTAL

The City of Stockton determined that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) and did not require additional environmental review per §15183. LAFCO as a Responsible Agency must consider the environmental documentation prepared by the City and must make findings regarding the environmental documentation. (Exhibit D: Notice of Exemption)

PROPERTY TAX EXCHANGE

Pursuant to the Revenue and Taxation Code, the City and County must have an agreement in place that would determine the exchange of property tax revenues from jurisdictional changes. The City and County executed a master tax sharing agreement on July 21, 2015, applicable to all annexations through 2025.

FACTORS

The Cortese-Knox-Hertzberg Local Government Reorganization Act requires factors to be considered by a LAFCO when evaluating a proposal for a change in organization or reorganization to a City. Factors to be considered shall include, but are not limited to the following (Government Code Sections 56668):

(a) Population and population density, likelihood of significant growth during the next 10 years

The annexation site is planned for urban use in the Stockton General Plan. It is located on Thornton Road, a commercial corridor. Surrounding land uses are developed and include single-family residences to the west and southwest. Uses to the northwest are a mix of residential and commercial. Land uses across Thornton Road to the east are commercial. Additional Low Density Residential neighborhoods are further east and northeast across the Thornton Road commercial corridor.

(b) The need for organized community services and present cost and adequacy of governmental services

Essential governmental services which are provided to the subject area at the present time, and which will be provided after the proposal is finalized, are indicated in the following chart:

SERVICE	CURRENT PROVIDER	AFTER ANNEXATION
Law Enforcement	County Sheriff's Office	City
Fire Protection	Lincoln Rural Fire District	City
Water	None	City
Sewer	None	City
Drainage	None	City
Irrigation	Stockton East Water District	Stockton East Water District
Schools	Lodi Unified School District	Lodi Unified School District
Planning	County	City

The subject site would require extension of City services. City ordinances and resolutions are in place to ensure that required public facilities fees are paid and that services can be maintained at appropriate levels for the project. The City determined that the expected annual revenues that would be generated from the annexation exceeded the annual cost to provide services to the annexation site. The City's Municipal Service Review and SOI Update determined that City municipal services are adequate to serve the proposed development.

(c) The effect of the proposed action and of alternative actions, adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

The proposed action will not have an effect on any social interests or any effect on economic interests. The property owner has consented to the annexation to the City. There will be no effect of the proposed action on the local governmental structure of the county.

(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities set forth in Section 56377.

The annexation site is within the Wagner-Heights South Unincorporated Island consisting of 68.19 acres of unincorporated land surrounded by the City. LAFCo policies encourages the annexation of the entire unincorporated island, however, LAFCo may determine that the application of their policy would be detrimental to the orderly development of the community and that reasonable effort has been made to include the entire island in the annexation, but that inclusion is determined not to be feasible at this time.

The City completed a feasibility analysis which studied improvement costs, service costs, and anticipated revenue if annexation of the entire island would be required under LAFCo policy. The analysis determined that improvement costs to bring the island area into compliance with City standards as required by the City's General Plan would result in a cost of approximately \$15 million. The overall costs associated with the construction and maintenance to bring the island into compliance would exceed the anticipated revenues collected. City standards do not let the City support projects that have not been fiscally planned or would result in negative impacts on the City's budget. Further analysis would need to be conducted to determine the method of financing for improvement costs. The Wagner-Heights Unincorporated Island Feasibility Study is provided as Exhibit E.

(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

Section 56016 defines agricultural lands that are currently used for the purpose of producing an agricultural commodity for commercial purposes. The parcels proposed for annexation are not in agricultural production and the annexation site will not convert land considered as prime agricultural land to urban uses.

(f) The definiteness and certainty of the boundaries of the territory.

The proposed annexation area consists of one tax assessor parcel consistent with LAFCo policy of avoiding split lines of assessment or ownership. The annexation boundary also includes the portions of Lucile Avenue and Waudman Avenue abutting the annexation site forming a logical city boundary.

(g) A regional transportation plan adopted pursuant to Section 65080 and consistency with city or county general and specific plans.

The San Joaquin Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS) serves as the region's long range transportation plan and provide guidance for decisions about transportation spending priorities. The City considered the regional plan and developed policies and actions in its General Plan that would build upon the regional plan to ensure adequate public transit, bicycle, and pedestrian facilities. The City found that implementation of its General plan measures would not conflict with the regional plan.

(h) The sphere of influence of any local agency, which may be applicable to the proposal being received.

The proposed territory is within the Lincoln Rural County Fire Protection District and the San Joaquin Resource Conservation District spheres of influence. The territory will be detached from these districts. It is also within County Service Area 53-Household Hazardous Waste and County Service Area 54-StormWater Pollution Prevention. The services provided by these county service areas are countywide and will continue to be provided to the annexation area.

(i) *The comments of any affected local agency or other public agency.*

The proposal was distributed to local and affected agencies for their review and comment. (Exhibit F: Referral Comments)

County Public Works Department: No Comment

County Environmental Health Department: Abandon existing wells and septic systems to be abandoned shall be destroyed under permit and inspection by EHD.

(j) *The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*

The City will extend municipal services to the proposed annexation area. As required by Government Code § 56653 the City submitted a plan for providing services (Exhibit G). GC 56653 requires that the plan address the following: 1) an enumeration and description of services to be provided; 2) the level and range of those services; 3) an indication of when those services can feasibly be extended; 4) improvements or upgrading of services or other conditions that would be imposed or required by the annexation; and 5) how the services will be financed. Detailed information can be found in the City's Services Plan.

Water: The City's water supply includes ground water and treated surface water. Based on the City's Water Master Plan Update (2021) and the 2015 Urban Water Management Plan there is sufficient water available to meet the demand for current and projected growth. The project currently proposes one tap from the existing 12-inch main within Waudman Avenue that will tee off to provide domestic service to the building and irrigation.

Storm Drainage: Currently storm drain runoff from the parcel to be annexed is directed south to Waudman Avenue and into an existing ditch that collects and infiltrates the flows. Development of the project site will require improvement to Waudman Avenue to include a curb and gutter as well as a storm inlet to better capture offsite flows. The collected flows will then discharge to an existing 12' culvert at the west end of the site.

Sewer: The City of Stockton does not currently provide wastewater collection and treatment for the unincorporated areas of Stockton. There is an existing sanitary sewer collection system within Thornton Road and with the Thornton Road Widening Project a 6-inch sanitary sewer stub was extended to the southeast corner of the O'Reilly site. It is the intent of this development to utilize this stub. The Regional Wastewater Control Facility has a design flow capacity of 55 mgd and an average daily flow of 31.7 mgd. There is sufficient capacity to serve the waste generated by the proposed development. The developer would be required to pay appropriate connection fees upon issuance of a building permit and will be billed for usage monthly.

Police: Law enforcement services are currently provided by the County Sheriff's Office and will be provided by the City's Police Department (SPD) upon annexation. Staffing level for the department is determined each year by City Council and is subject to change as the Council, City Manager, and Chief of Police determine the needs of the city. It is SPD's policy to respond to all emergency calls within a 3-5 minute time period. Public Facilities Fees for police facilities are collected by the City. The City will also collect a three-quarter cent sales tax to provide funding for law enforcement, crime prevention and other essential city services.

Fire: Fire services for the annexation site is currently being provided by the Lincoln Rural Fire District. Upon annexation the annexation will detach from Lincoln Rural Fire District and the City would provide fire services. The annexation site is located between Fire Stations 7 & 14 with both having an approximate 3-minute travel time. The City's Public Facilities fees will be attributable for capital costs of fire station expansion.

(k) Timely availability of water supplies adequate for projected needs as specified in Government Code Section 65352.5.

The City prepared a Statement of Timely Availability of Water Supplies. The City's 2020 Urban Water Management Plan evaluated potential population growth and the availability of water based on existing water use patterns including commercial activities. The City determined that an adequate water supply can be reasonably available for the proposed future development on the subject site, even in multiple dry years. Water can be readily provided from existing sources, without the need to acquire additional supplies or water rights.

(l) The extent to which the proposal will affect a city and the county in achieving their respective fair share of the regional housing needs

The Thornton Road Reorganization proposal will not affect the City's fair share of regional housing needs as it is planned for commercial uses.

(m) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

No information or comments have been received from landowners, voters, or residents of the affected territory.

(n) Any information relating to existing land use designations.

The subject site is currently within the jurisdiction of the County and has a General Plan designation of C/G General Commercial and a zoning designation of C-G (General Commercial). Under the City's General Plan, it is designated as Commercial. The annexation site has been pre-zoned to Commercial General to allow development of the proposed uses.

(o) The extent to which the proposal will promote environmental justice (fair treatment of people of all races cultures, and incomes with respect to the location of public facilities and the provision of public services).

The project does not result in the unfair treatment with respect to the location of public facilities and provision of public services.

DISCUSSION

The Cortese-Knox-Hertzberg Reorganization Act of 2000 provides guidance to local LAFCo's in the review of proposals for reorganizations. The staff report provides a summary of the factors which must be considered by the Commission when reviewing an annexation proposal.

The project represents a logical extension of the City boundary and provides for the orderly development of this area of the City. The annexation site is located inside the 10-year Planning Horizon. Storm drain and sanitary sewer utility connections have already been extended to the annexation area and water service is available via an existing main within Waudman Avenue.

The City provided reasonable effort to include the entire unincorporated island in the annexation but concluded in its Wagner-Heights Unincorporated Island Feasibility Study inclusion was not feasible at this time without further analysis.

Attachments: LAFCO Resolution No. 1487
 Exhibit A: Vicinity Map
 Exhibit B: Stockton City Council Resolution
 Exhibit C: Justification of Proposal
 Exhibit D: Notice of Exemption
 Exhibit E: Wagner-Heights Unincorporated Island Feasibility Study
 Exhibit F: Referral Comments
 Exhibit G: O'Reilly Annexation Project-City Service Plan

THORNTON ROAD REORGANIZATION TO THE CITY OF STOCKTON

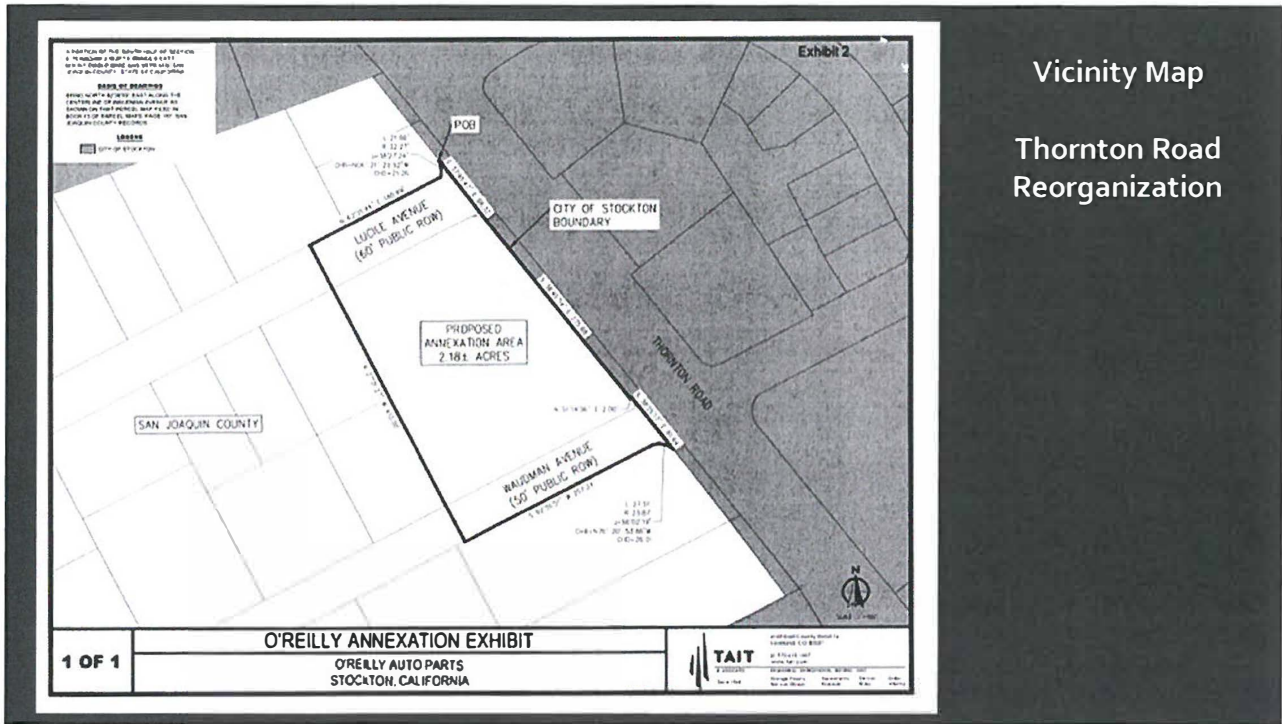
Public Hearing

September 8, 2022

San Joaquin Local Agency Formation Commission

PROPOSAL

- Annexation of 2.33 acres to the City of Stockton
- Annexation site will detach from Lincoln Rural Fire District and the San Joaquin County Resource Conservation District
- Annexation site consists of one parcel and the rights-of-way of site frontages on Lucile Avenue and Waudman Avenue
- Site is uninhabited and has property owner consent



Vicinity Map

Thornton Road Reorganization

BACKGROUND

- The City requests annexation to provide municipal services for the development of a 7,000 square foot O'Reilly Auto Parts retail store
- The annexation site is located in an existing 68.19 acre unincorporated island
- Parcel to be annexed is currently vacant and is contiguous to the City boundary and within the 10-year sphere of influence planning horizon

ENVIRONMENTAL

City:

As the Lead Agency, the City determined that the project was exempt from the provisions of CEQA under Section §15183 and 15183.3

(Section §15183: Projects which are consistent with the development density established by existing zoning, community plan, or general plan for which an EIR was certified)

LAFCo:

As a responsible agency the Commission must independently review and consider the City's environmental documentation

REVIEW FACTORS

GOV. CODE SECTION 56668

- Site is planned for urban development in the City's General Plan
- It is located within the Thornton Road commercial corridor and will continue the pattern of commercial development along Thornton Road
- Land uses surrounding the site include existing residential and other commercial development
- Annexation does not convert prime agricultural land
- The site will detach from the Lincoln Rural Fire District and no mitigation for loss of revenue is needed for a fire district contracting with the City
- No significant comments received from affected local and public agencies

REVIEW FACTORS

GOV. CODE SECTION 56668

Ability to Provide Services

- Developer will be responsible for designing and constructing the necessary infrastructure on-site and off-site to receive water, storm drainage, and sewer service
 - Water: The project will tap into an existing 12-inch main within Waudman Avenue for domestic water
 - Drainage: A curb, gutter and storm inlet will be installed by the developer
 - Sewer: An existing sanitary sewer stub installed as part of the Thornton Road Widening Project is available to the project

- The Developer will be required to pay into the City's Public Facility Fees program and pay development fees

- The City has determined there is sufficient capacity to serve the new development

UNINCORPORATED ISLANDS

- LAFCo policy encourages the annexation of the entire unincorporated island

- LAFCo can make a determination that application of its policy would be detrimental to the orderly development of the City and that reasonable effort has been made to include the entire island but inclusion is not feasible at this time

- The City conducted a feasibility study to comply with Commission policy

- The City studied the costs for improvement, service costs, and anticipated revenues for the island and concluded that improvement costs to bring the island into compliance with City Standards as required by the City General Plan would result in a cost of \$15 million

- Improvement costs far exceeded anticipated revenues from the unincorporated island

- City cannot support projects that would negatively impact the City's budget

DISCUSSION

- The City has demonstrated their ability to provide adequate services to the annexation area
- Annexation site is within the City's SOI and 10-year planning horizon
- The City made reasonable effort to include the entire unincorporated island and concluded that inclusion was not feasible at this time
- The annexation is a logical and orderly extension of the City boundary

RECOMMENDATION

It is recommended that the Commission approve Resolution No. 1487 approving the Thornton Road Reorganization to the City of Stockton.

RESOLUTION NO. 1487

**BEFORE THE SAN JOAQUIN LOCAL AGENCY FORMATION COMMISSION
APPROVING THE THORNTON ROAD REORGANIZATION TO THE CITY OF
STOCKTON WITH CONCURRENT DETACHMENTS FROM THE LINCOLN RURAL
FIRE DISTRICT AND THE SAN JOAQUIN COUNTY RESOURCE CONSERVATION
DISTRICT (LAFC 14-22)**

WHEREAS, the above entitled proposal was initiated by resolution by the City of Stockton and on August 2, 2022 the Executive Officer certified the application filed for processing in accordance with the Local Government Reorganization Act; and

WHEREAS, the Commission held a public hearing on the proposed reorganization on September 8, 2022 in the Board of Supervisors Chambers, 44 North San Joaquin Street, 6th Floor, Stockton, CA, pursuant to notice of hearing which was published, posted and mailed in accordance with State law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the proposal, and all persons were given an opportunity to be heard; and

WHEREAS, City of Stockton certified and adopted an Exemption for the project pursuant to the California Environmental Quality Act (CEQA) Guidelines Sections 15183 and 15183.3, and

WHEREAS, the subject territory is uninhabited and has 100% owner consent;

WHEREAS, the Commission has, in evaluating the proposal considered the report submitted by the Executive Officer, the factors set forth in Section 56668 of the California Government Code and testimony and evidence presented at the public hearing held on September 8, 2022.

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Certifies that, as a Responsible Agency, the Commission has independently reviewed and considered the City's CEQA Exemption as certified by the City;

Section 2. Finds that the proposal is uninhabited and has 100% owner-consent.

Section 3. Approves the Thornton Road Reorganization to the City of Stockton with concurrent detachments from the Lincoln Rural Fire District and the San Joaquin County Resource Conservation District with the boundary description as approved by the County Surveyor, attached hereto as Exhibit A.

Section 4. Finds that the City has considered the Commission policy on island annexations and made reasonable effort to include the entire unincorporated island in the annexation but that inclusion is not feasible at this time.

Section 4. Finds, pursuant to Government Code Section 56856.5, the reorganization is necessary to provide services to planned, well-ordered, and efficient urban development patterns that include appropriate consideration of the reservation of open-space lands within those urban development patterns.

PASSED AND ADOPTED this 8th day of September 2022 by the following roll call vote:

AYES:

NOES:

ABSENT:

DAVID BREITENBUCHER, CHAIRMAN
San Joaquin Local Agency
Formation Commission



VICINITY MAP

(NOT TO SCALE)

Resolution No. **2022-01-25-1001**

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION WITH THE LOCAL AGENCY FORMATION COMMISSION FOR THE ANNEXATION OF ASSESSOR'S PARCEL NUMBER 080-290-39, ABUTTING PORTIONS OF THORNTON ROAD, WAUDMAN AVENUE, AND LUCILE AVENUE WITH RELATED CITY SERVICES PLAN, INCLUDING DETACHMENT OF THE LINCOLN RURAL FIRE DISTRICT

On November 13, 2019, the applicant, O'Reilly Auto Enterprises, LLC submitted a request to, amongst other requests, annex Assessor's Parcel Number (APN) 080-290-39, abutting portions of Thornton Road, Waudman Avenue, and Lucile Avenue into the City of Stockton; and

The petition for annexation is for the purposes of obtaining general City services as outlined in the City Services Plan; and

The subject territory will, upon annexation, be able to receive normal City services as required by section 56653 of the Cortese/Knox Local Government Reorganization Act of 1985; and

In accordance with section 56375(a)(7) of the Cortese/Knox Local Government Reorganization Act of 1985 and the policies of the San Joaquin County Local Agency Formation Commission, the City Council has concurrently with this resolution adopted an ordinance to prezone APN 080-290-39 to Commercial, General (CG) Zone; and

The annexation action would also include the applicant's requested detachment from the Lincoln Fire District. The detachment will be subject to an agreement by the developer to mitigate the District's loss of property taxes. Future services will be provided by the City of Stockton; and

Pursuant to Stockton Municipal Code Section 16.216.070(H)(2), the following findings of fact are made to support the annexation request:

- a) The subject territory is located within the urban services area of the City, as shown in Exhibit 2: Prezone Map and Legal Description;
- b) APN 080-290-39 has been prezoned, as described above;
- c) The subject territory is contiguous to the existing City limits, as shown in Exhibit 2: Prezone Map and Legal Description;
- d) The proposed annexation does not split a line of assessment and would,

as described in the Addendum to the 2040 General Plan Environmental Impact Report, prepared for the overall project, include a future subdivision map application to ensure property ownership lines align with the City limit boundary established by the annexation. This finding is supported by San Joaquin County Local Formation Agency Commission Policy 10 (Definite and Certain Boundaries) which requires: (a) all boundaries shall be and certain and conform to lines of assessment or ownership; and (b) acknowledgement by the City of Stockton that the Commission may impose a condition on the annexation requiring the recordation of a parcel map to avoid creating remnants of legal lots.

- e) The proposal does not create islands or areas in which it would not be easy to provide City services. The subject territory includes a corner parcel abutting two public roads within the requisite infrastructure (e.g., water, sewer, stormwater) located within or in immediate proximity. The proposal utilizes said services without creating a feature that may make their delivery difficult to other areas.
- f) The 2040 General Plan Land Use Map designates the subject site Commercial. Pursuant to Table 2-1 (General Plan Relationship to Development Code) of the General Plan, the CG Zone is compatible with Commercial's Commercial General Plan Land Use Map designation.

The proposed annexation would further the following General Plan policies:

- Goal LU-4: Attract and retain companies that offer high-quality jobs with wages that are competitive with the region and state.
- Policy LU-4.2: Attract employment- and tax-generating businesses that support the economic diversity of the City.
- Policy LU-6.2: Prioritize development and redevelopment of vacant, underutilized, and blighted infill areas.

Consistency of the annexation proposed with these policies is demonstrated through its ability to enable development of a new commercial land use in a vacant and contiguous location to the existing City limits. Said commercial zoning is capable of providing high-quality jobs and tax-generating business(es) now absent from the subject site.

On January 25, 2022, the City Council held a duly noticed public hearing pursuant to Stockton Municipal Code Section 16.216.070, at which time all interested parties had the opportunity to be heard. After consideration of the project, the City Council considered and found no further environmental review is necessary under the California Environmental Quality Act (CEQA) pursuant to section 15183 (Projects

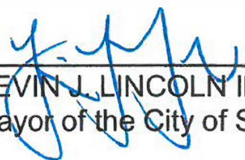
Consistent with a Community Plan, General Plan, or Zoning); now, therefore,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON,
AS FOLLOWS:**

1. As referenced above, per SMC 16.216.070(H)(2), all findings of fact can be made to approve the annexation request.
2. The City Manager is authorized to file with the San Joaquin County Local Agency Formation Commission, as illustrated in Exhibit 1 (Annexation Boundary) and described in Exhibit 2 (City Services Plan), to execute a Detachment agreement on behalf of the City between the City of Stockton, the Applicant, and Lincoln Rural Fire Protection District regarding detachment of property from the District to the City of Stockton.
3. The San Joaquin County Local Agency Formation Commission is hereby requested to approve: (a) the above-noted annexation of territory to the City of Stockton as depicted on Exhibit 2.
4. The City Manager is authorized to take all necessary and appropriate steps to carry out the purpose and intent of this resolution.


PASSED, APPROVED, and ADOPTED January 25, 2022.





KEVIN J. LINCOLN II
Mayor of the City of Stockton

ATTEST:



ELIZA R. GARZA, CMC
City Clerk of the City of Stockton

San Joaquin Local Agency Formation Commission

509 West Weber Avenue Stockton, CA 95203
209-468-3198 FAX 209-468-3199

JUSTIFICATION OF PROPOSAL

Please complete the following information to process an application under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000: (Indicate N/A if Not Applicable)

SHORT TITLE OF THE PROPOSAL: O'Reilly Auto Parts Annexation

TYPE OF PROPOSAL

- | | | |
|---|--|---|
| <input type="checkbox"/> City Incorporation | <input type="checkbox"/> Sphere of Influence Amendment | <input type="checkbox"/> District Formation |
| <input type="checkbox"/> Consolidation | <input type="checkbox"/> Sphere of Influence Update | <input type="checkbox"/> Annexation |
| <input type="checkbox"/> Detachment | <input type="checkbox"/> Addition of Services | <input type="checkbox"/> District Dissolution |
| | <input checked="" type="checkbox"/> Reorganization (involving an Annexation and Detachment(s)) | |

AGENCY CHANGES RESULTING FROM THIS PROPOSAL

Agency or Agencies gaining territory: City of Stockton

Agency or Agencies losing territory: County of San Joaquin

NOTIFICATION

Please indicate the names, addresses and telephone numbers of all Applicants, Applicant's Agents, and all affected Agencies who are to receive the hearing notice and the Executive Officer's Report:

- | <u>Name</u> | <u>Mailing Address</u> | <u>Telephone</u> |
|--|-----------------------------|-----------------------|
| 1) <u>O'Reilly Auto Enterprises, LLC, Attn: Scott Kraus, 233 South Patterson Ave., Springfield, MO</u> | | |
| | <u>65802 (417) 862-0558</u> | |
| 2) <u>Matt Diaz, City of Stockton, 425 N. El Dorado St., Stockton, CA 95202</u> | | <u>(209) 937-8598</u> |
| 3) <u>Joe Naccarato, Tait & Associates, 6163 East County Road 16, Loveland, CO 80537</u> | | <u>(970) 612-5442</u> |

PROJECT INFORMATION

Please provide project-related information for the following questions:

- 1. Do the proposed boundaries create an island of non-agency territory? Yes No
- 2. Do the proposed boundaries split lines of assessment or ownership? Yes No
- 3. Does the proposal involve public rights-of-way or easements? Yes No
- 4. Does the proposal involve public land or land assessed by the State? Yes No
- 5. Does any part of the proposal involve land under a Williamson Act Contract or Farmland Security Zone? Yes No
- 6. Does any part of the proposal involve land with a Wildlife/Habitat Easement or Agricultural Land Conservation Easement? Yes No

7. List the affected Assessor Parcel Numbers, Owners of record and Parcel Sizes:

<u>APN</u>	<u>Owner</u>	<u>Acreeage</u>
APN# 080-290-39	O'Reilly Auto Enterprises, LLC	1.70-acres

(Attach a separate sheet if necessary)

8. Physical Location of Proposal: 9147 Thornton Road between Waudman Avenue and Lucille Avenue
(Street or Road, distance from and name of Cross Street, quadrant of City)

9. Has an application been filed for an underlying project (such as Development Plan, Conditional Use Permit, or Tentative Subdivision Map)? Yes No
If Yes, please attach a Project Site Plan or Tentative Subdivision Map.
If No, please provide an estimate of when development will occur: _____

10. List those public services or facilities which will be provided to the affected territory as a result of the proposed action: Water, Waste Water, Storm Drainage, Police, Fire

11. Indicate which of these services or facilities will require main line extensions or facility up-grades in order to serve the affected territory: N/A

12. Provide any other justification that will assist the Commission in reviewing the merits of this request. (Attach a separate sheet if necessary) - Consistent with LAFCO Executive Director guidance, reorganization is required to receive utility services from the City of Stockton for the proposed O'Reilly Auto Parts project.

INDEMNIFICATION AGREEMENT

As part of this application, applicant and real property in interest, if different, agreed to defend, indemnify, hold harmless, and release the San Joaquin Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of the above, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney's fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive or active negligence on the part of the San Joaquin Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at Stockton, California, on April 15, 2022.

APPLICANT

Signature: 

Title: Director, City of Stockton,
Community Development Department

REAL PARTY IN INTEREST

(If different from Applicant)

Signature: _____

Title: _____

SUBMITTALS

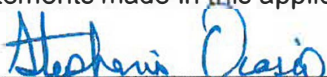
In order for this application to be processed, the following information needs to be provided:

1. Two copies of this Justification of Proposal, completed and signed with original signatures;
2. Five prints of a full-scale proposal map showing the affected territory and its relationship to the affected jurisdiction (Refer to Guide for Preparation);
3. Five copies of an 8.5" x 11" or 11" x 17" reduction of the proposal map;
4. Three copies of a metes and bounds description of the affected territory;
5. One certified copy of the City Council and/or Special District Board Resolution of Application, or a petition making application to LAFCo (as appropriate);
6. Written permission from each affected property owner (or signature form);
7. One copy of the project environmental document (One Compact Disc if more than 25 pages);
8. One copy of the project Notice of Determination;
9. Three 8.5" x 11" copies of the Vicinity Map (if not included on the proposal map);
10. One copy of the plan for providing services along with a schematic diagram of water, sewer and storm drainage systems (refer to Government Code Section 56653);
11. One copy of the Pre-Zoning map or description (as required by Section 56375);
12. One copy of the Statement of Open Space (Ag) Land Conversion (refer to Section 56377);
13. One Copy of the Statement of Timely Availability of Water Supplies (refer to Section 56668(k));
14. One copy of the Statement of Fair Share Housing Needs (if residential land uses are included in the proposal) (refer to Section 56668(l));
15. One copy of the project design (site plan, development plan, or subdivision map);
16. One copy of the Residential Entitlement matrix form (if residential land uses are included in the proposal); and
17. Filing and processing fees in accordance with the LAFCo Fee Schedule and the State Board of Equalization Fee Schedule.

Additional information may be required during staff review of the proposal.

CERTIFICATION

The undersigned hereby certifies that all LAFCo filing requirements will be met and that the statements made in this application are complete and accurate to the best of my knowledge.



Date: April 15, 2022

(Signature)

Print or Type Name: Stephanie Ocasio

Daytime Telephone: 209-937-8544

INDEMNIFICATION AGREEMENT

As part of this application, applicant and real property in interest, if different, agreed to defend, indemnify, hold harmless, and release the San Joaquin Local Agency Formation Commission, its agents, officers, attorneys, and employees from any claim, action, or proceeding brought against any of the above, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, expenses, attorney's fees, or expert witness fees that may be asserted by any person or entity, including the applicant, arising out of or in connection with the approval of this application, whether or not there is concurrent passive or active negligence on the part of the San Joaquin Local Agency Formation Commission, its agents, officers, attorneys, or employees.

Executed at Stockton, California, on April 15, 2022.

APPLICANT

Signature: Stephanie Ocasio

Title: Director, City of Stockton,
Community Development Department

REAL PARTY IN INTEREST
(If different from Applicant)

Signature: [Signature]

Title: Vice President

SUBMITTALS

In order for this application to be processed, the following information needs to be provided:

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15. One copy of the project design (site plan, development plan, or subdivision map);
16. One copy of the Residential Entitlement matrix form (if residential land uses are included in the proposal); and
17. Filing and processing fees in accordance with the LAFCo Fee Schedule and the State Board of Equalization Fee Schedule.

Additional information may be required during staff review of the proposal.

CERTIFICATION

The undersigned hereby certifies that all LAFCo filing requirements will be met and that the statements made in this application are complete and accurate to the best of my knowledge.

Stephanie Ocasio
(Signature)

Date: April 15, 2022

Print or Type Name Stephanie Ocasio

Daytime Telephone: 209-937-8544

Written Geographic Description(s) of the Project Area(s)

Descriptions of the territory that are filed with the Board's Tax Area Services Section (TASS) are used to establish geodetic position and are not intended to establish property ownership in a court of law.² Subdivision maps, tract maps, recorded survey maps, survey monuments, and deeds are not on file with the Board. Boundary descriptions that merely cite recorded documents or refer to assessor's parcel numbers will not be accepted. Any supporting documents may be used as reference only and cannot be used as a substitution. Written geographic descriptions shall conform to the following specifications:

1. Every written geographic description (a document separate from the maps) must stand on its own without the necessity of reference to any extraneous document; a description that relies solely on the use of secondary references will not be accepted. The TASS cartographic staff must be able to plot the boundaries from the written description alone.
2. The written description shall be of the project area only. If a complete description of the special district is filed, the project area shall be clearly identified in a separate document.
3. The geographic description shall:
 - a. State the township and range, section number(s) or rancho(s)
 - b. Have a **point of beginning** (POB) referenced to a known major geographic position (e.g., section corners, intersection of street centerlines, or the intersection of street centerline and an existing district boundary at the time of filing). A description will be rejected if the POB refers only to a tract map, a subdivision map or a recorded survey map. It is preferable that the POB be the point of departure from an existing district boundary (when applicable).
 - c. Be expressed as a specific parcel description in sectionalized land (e.g., "The SW 1/4 of Section 22, T1N, R1W") or by bearings and distances. When the description is by bearings and distances, **all courses shall be numbered and listed individually** in a consistent clockwise direction. The description shall not be written in a narrative format. All courses required to close the traverse of the project area must be stated. All curves must be described by direction of concavity. Delta, arc length, chord, and radius shall be listed, including radial bearings for all points of non-tangency.

Following are examples of unacceptable and acceptable descriptions:

Unacceptable (*This description refers only to extraneous documents and does not stand alone.*)

"From the point of beginning, northerly to the southwest corner of that certain property recorded in Book 12, Page 15 of Recorded Deeds, thence easterly to the southeast corner of that certain property recorded in Book 12, Page 16 of Recorded Deeds...."

Acceptable (*This is the same description with the courses numbered and the bearings and distances added.*)

"From the point of beginning:

Course 1. North 1° 18'56" West a distance of 150' to the southwest corner of that certain property recorded in Book 12, Page 15 of Recorded Deeds, thence,

Course 2. North 85° 7'56" West a distance of 75' to the southeast corner of that certain property recorded in Book 12, Page 16 of Recorded Deeds, thence...."

² The Board's Tax Area Service Section is not involved in issues relating to property ownership.

4. The written description shall state the acreage for each separate single area (see Definitions and Special Fee Provisions for the definition of a single area) and a combined total acreage of the project area.

Example: "Area A containing 2.50 acres, Area B containing 1.75 acres: Total computed acreage containing 4.25 acres more or less."

5. All information stated on the description must match with the map(s), such as the name of the short title, the point of beginning, the course numbers, all the bearings and distances, and the acreage(s).

Map(s)

It is strongly recommended that all maps submitted to the Board be filed in electronic/digital form. Digital information will not be shared without the permission of the applicant.

Maps submitted as part of the jurisdictional boundary change filing shall conform to the following specifications:

Map Documents:

1. All maps shall be professionally and accurately drawn or copied. Rough sketches or pictorial drawings will not be accepted. Assessor's parcel maps will not be accepted as a substitute for the project map.
2. Original or copies of the same size project map must be submitted. Reduced maps are not acceptable and will be rejected.
3. A vicinity map shall be included. The vicinity map shall show the location of the project area in relationship to a larger geographic area that includes major streets and highways or other physical features.
4. Any portion of an existing district boundary in close proximity to the project area shall be shown and identified.
5. Every map must clearly show all existing streets, roads and highways with their current names that are within and adjacent to the project area. Additionally, every map shall indicate each township and range, section lines and numbers, or ranchos that are in proximity of the project area.
6. Every map shall bear a scale and a north arrow. The **point of beginning** shall be clearly shown and match the written geographic description.
7. The boundaries of the project area shall be distinctively delineated on each map without masking any essential geographic or political features. The boundaries of the project area must be the most predominant line on the map. Boundary lines that are delineated by a line that exceeds 1.5 millimeter in width shall be rejected. The use of graphic tape or broad tip marking pens to delineate the boundary is not acceptable.
8. All dimensions needed to plot the boundaries must be given on the map of the project area. Each map shall have **numbered courses matching the written geographic description**. Index tables may be utilized.
9. All parcels within the project area that touch the new boundary shall be clearly labeled with the assessor's parcel number. Interior parcels that do not touch the boundary need not be identified on the map.

10. If the project area has an interior island(s) of exclusion or the boundary has a peninsula of exclusion (or inclusion), that area(s) should be shown in an enlarged drawing. This drawing should be of sufficient size and scale to allow TASS to plot the boundary without difficulty.
11. When it is necessary to use more than one map sheet to show the boundaries of the project area, the sheet size should be uniform. A small key map giving the relationship of the several sheets shall be furnished. Match lines between adjoining sheets must be used. While the geography on adjoining sheets may overlap, the project boundaries must stop at the match lines. TASS has standardized the D size (24" x 36") map sheet, but will accept larger or smaller map sizes depending on the size and complexity of the individual single area(s).

**CITY OF STOCKTON
NOTICE OF EXEMPTION**

TO: COUNTY CLERK
COUNTY OF SAN JOAQUIN
44 N. San Joaquin Street, Suite 260
Stockton, CA 95202

FROM: Lead Agency
City of Stockton
Community Development
345 N El Dorado Street
Stockton, CA 95202

NOTICE OF EXEMPTION PURSUANT TO PUBLIC RESOURCES CODE SECTION 21152(B) AND CALIFORNIA CODE OF REGULATIONS TITLE 14, SECTION 15062

PROJECT DATA

Project Title: O'Reilly Retail Annexation Project
CEQA Exemption File No.: P20-0793
Applicant: City of Stockton
Project Description: The proposed project consists of at the City of Stockton; demolition and removal of exist operation of a one-story, 7,022-square-foot auto parts includes a proposed 30-foot-tall sign that would be loc

San Joaquin County Recorders
Steve J. Bestolarides
44 N. San Joaquin Street, Room 260
Stockton, Ca 95202
Receipt: 1488891

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DETERMINATION/FINDING OF EXEMPTION

The above-described activity/project is exempt from Environmental Quality Act (CEQA) pursuant to the Code of Regulations, Title 14):

- The activity is not a "project," as defined i
- The activity is exempt under the "general
- The project is Exempt and does not requi

Product Name	# Pages	Extended
FISH CLERK CLERK FISH AND GAME		\$50.00
FILINGS		
Clerk Filing Fee		
Total		\$50.00

California
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lines §:15183.

BASIS FOR FINDING OF EXEMPTION

- The activity constitutes a discretionary has been determined not to have a sig provisions of CEQA under the above-noted sta

, a project which exempt from the

STEPHANIE OCASIO, DIRECTOR
COMMUNITY DEVELOPMENT DEPARTMENT

(DATE OF PREPARATION)

By Cynthia Marsh
CYNTHIA MARSH, SENIOR PLANNER

01-25-2022
(DATE OF FINAL APPROVAL)

AFFIDAVIT OF FILING AND POSTING

I declare that on the date stamped above, I received and posted this notice or included it on a list of such notices which was posted as required by California Public Resources Code Section 21152(B). Said notice or list of notices will remain posted for 35 days from the filing date.

Deeey mckish
Signature

DEPUTY COUNTY CLERK

MAR 3 2022
Posting Period Ending Date

Filed Doc #: 39-01272022-029
01/27/2022 03:31:26 PM
Steve J. Bestolarides
San Joaquin County Clerk

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NOTICE OF EXEMPTION**

TO: COUNTY CLERK
COUNTY OF SAN JOAQUIN
44 N. San Joaquin Street, Suite 260
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Community Development
345 N El Dorado Street
Stockton, CA 95202

NOTICE OF EXEMPTION PURSUANT TO PUBLIC RESOURCES CODE SECTION 21152(B) AND CALIFORNIA CODE OF REGULATIONS TITLE 14, SECTION 15062

PROJECT DATA

Project Title: O'Reilly Retail Annexation Project

CEQA Exemption File No.: P20-0793

Applicant: City of Stockton

Project Description: The proposed project consists of annexation of the project site from San Joaquin County into the City of Stockton; demolition and removal of existing concrete pads on the site; and the construction and operation of a one-story, 7,022-square-foot auto parts retail store on the southern portion of the site. The project includes a proposed 30-foot-tall sign that would be located adjacent to the proposed Thornton Road driveway.

DETERMINATION/FINDING OF EXEMPTION

The above-described activity/project is exempt from the environmental assessment requirements of the California Environmental Quality Act (CEQA) pursuant to the following section(s) of the State CEQA Guidelines (California Code of Regulations, Title 14):

The activity is not a "project," as defined in CEQA Guidelines §15378.

The activity is exempt under the "general rule" at CEQA Guidelines §15061(B)(3).

The project is Exempt and does not require additional environmental review per CEQA Guidelines §:15183.

BASIS FOR FINDING OF EXEMPTION

The activity constitutes a discretionary project under the City's jurisdiction and qualifies as a project which has been determined not to have a significant effect on the environment and, therefore, is exempt from the provisions of CEQA under the above-noted statutory or categorical exemption(s).

STEPHANIE OCASIO, DIRECTOR
COMMUNITY DEVELOPMENT DEPARTMENT

01-27-2022
(DATE OF PREPARATION)

By Cynthia Marsh
CYNTHIA MARSH, SENIOR PLANNER

01-25-2022
(DATE OF FINAL APPROVAL)

AFFIDAVIT OF FILING AND POSTING

I declare that on the date stamped above, I received and posted this notice or included it on a list of such notices which was posted as required by California Public Resources Code Section 21152(B). Said notice or list of notices will remain posted for 35 days from the filing date.

Steve J. Bestolarides
Signature

Title

DEPUTY COUNTY CLERK

MAR 3 2022
Posting Period Ending Date

Filed Doc #: 39-01272022-029
01/27/2022 03:31:26 PM

Steve J. Bestolarides
San Joaquin County Clerk

Wagner-Heights Unincorporated Island Feasibility Study (O'Reilly Annexation Project P20-0793)

Executive Summary

Consistent with City and Local Agency Formation Commission (LAFCO) policies pertaining to Unincorporated Islands, City staff and O'Reilly Auto Enterprises, LLC (Applicant) investigated the financial feasibility of annexing the entire 68.19-acre as part of the Applicant's 1.70-acre annexation request. The feasibility was broken into three categories of review,

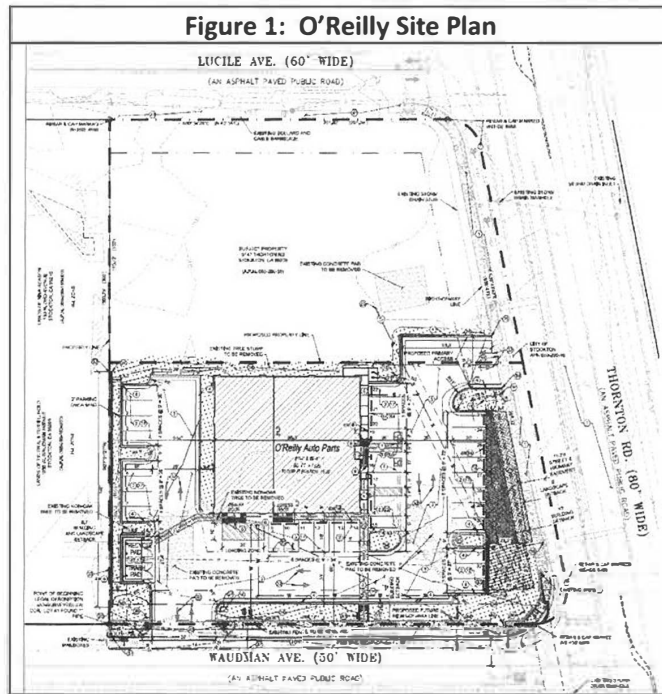
- Improvement Cost: the actual cost of infrastructure to bring the project area into compliance with City standards as required by the General Plan and Stockton Municipal Code (SMC). This analysis is typically performed during the construction plan review and establishment of the Project's conditions of approval.
- Service Cost: the cost to maintain or improve level-of-services (LOS) for the area. This can include infrastructure (streets, utilities, etc.) and services (Fire, Police, etc.). This analysis is typically performed with the City Service Plan.
- Revenue: compares overall cost associated with the construction and maintenance of the proposed project against the revenue collected for it.

While the annexation and construction of the 1.70-acre site did not result in excessive improvement costs, drops in LOS or negative impacts on revenue, the annexation of the entire 68.19-acre parcel would result in an Improvement Cost of approximately 15-million dollars and would have a negative fiscal impact on Revenue. Because City standards do not let the City support project that has not been fiscally planned or that could result in impacts on the City's budget, City could only support the annexation of the 1.70-acre project site.

This report summarizes the feasibility analysis conducted by the City with the assistance of the economic and real estate consulting firm BAE. This report also highlights steps that can be taken in the future to lessen the potential fiscal impact on future annexation requests.

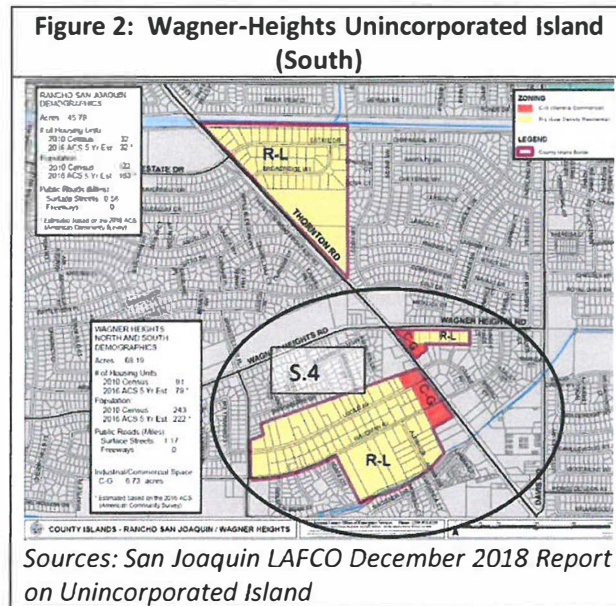
Project Background

The project applicant proposes to develop a ±7,022 square foot auto parts retail store and commercial center on a 1.70-acre vacant parcel located at 9147 Thornton Road, at the northwest corner of Thornton Road and Waudman Avenue. The Project site is presently within the jurisdiction of the County of San Joaquin, but contiguous to Stockton City Limit boundaries. The proposed auto parts retail store and commercial center will include accompanying drive aisles, parking stalls, landscaping, pedestrian access, lighting, and utility services.



Setting

The 1.70-acre project site is within the Wagner-Heights South Unincorporated Island (hereafter Island). The 68.19-acre unincorporated Island contains approximately 79 existing housing units for about 222 residents, four commercial properties (one being the project site), 1.17 miles of street/roads, and generates approximately \$176,035 in annual tax dollars currently collected by the County. Prior to submittal the O'Reilly Project, Local Agency Formation Commission (LAFCO) staff indicated that they would not support the annexation without the inclusion of the entire Island due to LAFCO policies that encourages the dissolution of Islands into the surrounding City. While staff is generally supportive of the dissolution of Islands, a feasibility analysis was conducted to determine the potential costs of annexing the Island and bringing existing homes into compliance with City standards.



Feasibility Analysis

Per Stockton Municipal Code (SMC) Section 16.216.070.H.2., the Stockton City Council shall make all the findings of fact before approving an annexation request. Those findings include:

- a) *The unincorporated property is within, or will be within, the urban services area of the City,*
- b) *The property has been rezoned with City of Stockton zoning designations,*
- c) *The proposal is contiguous to existing City limits,*
- d) *The proposal does not split lines of assessment or ownership,*
- e) *The proposal does not create islands or areas in which it would be difficult to provide City services, and*
- f) *The proposal is consistent with the land uses, objectives, policies, and programs of the General Plan; any applicable specific plan, precise road plan, or master development Plan; and other adopted goals and policies of the City.*

To ensure these findings can be made before annexation is approved, City staff reviews the project's compliance with all Federal, State, and Local standards, and assesses all potential impacts are mitigated to not create a new significant impact on the residents or City. Since the Applicant initially proposed annexation of the project site and the entire Wagner Heights South Unincorporated Area, Staff reviewed all potential impacts that could occur as a result of annexing the Island.

Upon analysis by the City's Public Works and Municipal Utility Department, the cost to install services (water, sewer) to the site and install civic improvements to meet City standards (sidewalk, lighting, stormdrain, etc.) is the anticipated cost for the Island would be approximately 15 million or close to \$180,000 per lot (Appendix A). This cost does not include the anticipated \$1.2 million cost to construct the 7,044-square foot O'Reilly Retail building with onsite improvements (parking, lighting, landscaping).

To explore funding options for the additional \$15-million-dollar improvement cost for the Island, Staff analyzed potential costs to the Applicant, the City, and through potential financing assistance by the existing County residents (i.e., assessment district, Homeowner Association, etc.).

Applicant Funded Incorporation

As it is City policy to not fund private development, the primary responsibility for costs associated with the Applicant's request to annex the entire Island falls on the Applicant as the City did not initiate the annexation request. The Applicant's original request was to construct a ±7,000-square foot O'Reilly retail store on a 1.70-acre commercial property and include a request to annex the entire 63-acre 83-parcel Island based on a request made by Lafco staff. The Applicant proposed to only include the Annexation request and not a plan for addressing infrastructure deficiencies or their costs.

The city does not have the nexus to require this based on the Applicant's initial request to construct a new retail store, as the Applicant does not wish to explore this at this time.

City Funded Incorporation

Current General Plan policies require new projects not to overburden the City's infrastructure and services and to prioritize existing infrastructure deficiencies before expansion. The review of the Applicant's current request for Island Annexation indicates the Island has not been thoroughly analyzed as part of our facilities planning. Because of this, Staff cannot guarantee prioritization or near-term improvements to the project area.

Project level costs for the Island annexation were not analyzed in the General Plan EIR or Utility Master Plans. The City already has areas within the City limits that do not comply with the Complete Streets requirements and/or have deficiencies in infrastructure. Adding new infrastructure deficiencies would further exacerbate this and shift resources from existing areas of the City to new areas of the City that require improvements.

County Resident Funded Incorporation

January 2022, Staff conducted outreach to all property owners within the Island to gauge their interest in becoming part of the City and any interest in financial mechanisms to expedite the construction of deferred infrastructure (i.e., assessment districts, Homeowners Association, etc.). On January 10, 2022, notification cards with questions regarding annexation interest were mailed to 78 property owners within the Unincorporated Island (Appendix B). As of March 2, 2022, only 23 property owners responded to the survey of 78 properties. Of those 23, 19 indicated no desire to annex, 2 indicated a desire to annex, and 2 were interested in knowing more.

Further analysis conducted by BAE Urban Economics, a private consulting practice engaged by the City, indicates that the debt service associated with a 30-year, new money, level debt assessment bond valued at \$14.4 million would likely be on the order of \$784,749 to \$834,670 per year, or \$9,809 to \$10,433 per parcel within the proposed annexation area, assuming an average market interest rate of 3.5 percent or an "all-in" rate of approximately 4.0 percent, based on current market comparable reported at emma.msrb.org. At this estimated assessment level, the creation of the required assessment district may likely face significant opposition from local property owners.

As an alternative, the City may consider issuing debt to fund the upfront construction of the required improvements and may coordinate with the local utility districts to increase rates accordingly, either for all rate payers, or only for those located within the annexation area. This approach faces two distinct challenges. Distributing the debt service burden across all rate payers would result in a much lower cost burden per impacted rate payer, though this would require rate payers who do not benefit from the improvements to shoulder a portion of the financial burden. The City could establish the island as a special rate area, in which rate payers would be subject to an increased rate above the standard rate; though the supplemental rate is likely to be significant (i.e., possibly on the order of \$700-\$800 per month). Furthermore, as properties within the annexation area currently use private well and septic systems, there is no guarantee that property owners would switch over to City-provided services in a timely manner. It is, thus, unlikely that the utility provider would receive sufficient revenue to cover the required debt service for some time.

Additional Efforts to Incorporate Island

As the City acknowledges the need to incorporate these islands; however, without a thorough analysis staff cannot determine if the Island annexation will result in one or more of the following:

- A significant impact (financially or nonconforming or construction) on the existing County property owners,
- A legal issue (nexus and proportionality) requesting Island incorporation be funded solely by a private developer, and
- Significant costs to the City for inclusion in City Master Plans and increases in service demands.

While the City does acknowledge the need for orderly growth and future inclusion of the Island areas, Staff is currently exploring the following options.

- Parcel and Land-Use Survey: This includes an analysis of all properties, land uses (zoning), and existing uses (current use of property) for all parcels within the Unincorporated Islands and Disadvantage Unincorporated Communities (DUC). Staff is currently reviewing this analysis as part of the Housing Element Update preparation for assessing future housing and business capacity within Stockton's boundaries.
- Impact Studies: Staff would seek assistance from qualified professionals to conduct studies that could include Fiscal Impact Analysis, Economic Impact Analysis, Standards of Coverage analysis, and others when needed. Staff has already sought feedback from BAE consultant on performing a Fiscal Impact Analysis for future annexation of the Island. The cost of this type of analysis can be between \$20,000 to \$30,000 dollars per Island and Disadvantaged Unincorporated Community.
- Coordination with Regional Partners: This can include County and Council of Government coordination for infrastructure improvements, levels of services, tax sharing agreements, and eventual processing.
- Public Outreach: Once a land inventory, fiscal impact analysis, and regional partnerships can be better understood, Staff would seek community feedback and present the pros and cons of an annexation request to the existing county residents. While their support is not required per Lafco policy, Staff would seek their support and understanding to minimize potential impacts (upfront and ongoing costs) and seek additional infrastructure financing options that require owner approval (i.e., assessment district).

- Hearing Reports: This includes a formal review by the City with neighborhood meetings, Planning Commission review, City Council approval, and Lafco submittal. Staff anticipates the city would be the Applicant through the entire process or include a request to annex an entire Island as part of a private developer request, once the City has completed the appropriate reviews for improvements and financing.

Conclusion

Consistent with the General Plan Municipal Service Report (MSR), the City will continue to make a “good faith” effort to amend current master plans and explore options to annex County Islands consistent with the SOI/MSR Plan but now does not seem to be the time. The Applicant conducted neighborhood outreach and City Council consideration for only the annexation of the project site. On January 25, 2022, the Stockton City Council approved the annexation of the 1.70-acre O'Reilly annexation site.

Appendices:

Appendix A - Estimated City Improvement Costs

Appendix B - County Resident Outreach Summary

Appendix C - Findings of Fact that cannot be made for the Island annexation at this time

Appendix D - Resources Used for Analysis

APPENDIX A - Estimated City Improvement Costs

The following costs were established by the City of Stockton Public Works and Municipal Utility District staff in June 2021.

Item	Description	Quantity	Unit	Unit Cost	Total
General/Site Prep					
1	Mobilization	1	LS	\$100,000	\$100,000
2	Construction Staking	1	LS	\$50,000	\$50,000
3	Traffic Control Program	1	LS	\$100,000	\$100,000
4	Water Pollution Control Plan	1	LS	\$30,000	\$30,000
Water System					
Lucille Ave					
5	8" PVC - Open Cut	2541	LF	\$330	\$838,530
6	8" Tie into existing 8" pipe	1	EA	\$5,500	\$5,500
7	8" Gate Valve	5	EA	\$3,960	\$19,800
8	Fire Hydrant - COS W-13	5	EA	\$14,520	\$72,600
9	Residential water lateral	41	EA	\$3,960	\$162,360
Waudman Ave					
10	Residential water lateral	33	EA	\$3,960	\$130,680
11	Fire Hydrant - COS W-13	5	EA	\$9,680	\$48,400
Alpha Drive					
12	8" PVC - Open Cut	704	LF	\$330	\$232,320
13	8" Tie into existing 12" pipe	1	EA	\$5,500	\$5,500
14	8" Gate Valve	1	EA	\$3,960	\$3,960
15	Fire Hydrant - COS W-13	1	EA	\$14,520	\$14,520
16	Residential water lateral	10	EA	\$3,960	\$39,600
Storm					
Lucille Ave					
17	24" RCP - Open Cut	2541	LF	\$350	\$889,350
18	Storm Maintenance Hole	5	EA	\$14,000	\$70,000
19	Storm Drain Catchbasin	5	EA	\$8,000	\$40,000
20	12" PVC storm lateral - SDR 26	65	LF	\$425	\$27,625
Waudman Ave					
21	24" RCP - Open Cut	1600	LF	\$350	\$560,000
22	Storm Maintenance Hole	3	EA	\$14,000	\$42,000
23	Storm Drain Catchbasin	3	EA	\$8,000	\$24,000
24	12" PVC storm lateral - SDR 26	39	LF	\$425	\$16,575
Alpha Drive					
25	18" RCP - Open Cut	704	LF	\$350	\$246,400
26	Storm Maintenance Hole	1	EA	\$14,000	\$14,000
27	Storm Drain Catchbasin	2	EA	\$8,000	\$16,000
28	12" PVC storm lateral - SDR 26	26	LF	\$425	\$11,050
Sewer					

Wagner-Heights Unincorporated Island Feasibility Study (O'Reilly Annexation Project P20-0793)

Lucille Ave					
29	Connect to 10" Stubout Lucille/Don	1	EA	\$5,500	\$5,500
30	10" PVC - Open Cut	2541	LF	\$350	\$889,350
31	Sanitary Sewer Maintenance Hole	5	EA	\$9,080	\$45,400
32	SS Residential Lateral	38	EA	\$2,190	\$83,220
Waudman Ave					
33	Connect to 10" Stubout on Waudman	1	EA	\$5,500	\$5,500
34	10" PVC - Open Cut	1600	LF	\$350	\$560,000
35	Sanitary Sewer Maintenance Hole	2	EA	\$14,000	\$28,000
36	SS Residential Lateral	29	EA	\$2,190	\$63,510
Alpha Drive					
37	10" PVC - Open Cut	704	LF	\$350	\$246,400
38	Sanitary Sewer Maintenance Hole	1	EA	\$14,000	\$14,000
39	SS Residential Lateral	9	EA	\$2,190	\$19,710
Site Improvements					
Lucille Ave					
40	Clearing and Grubbing	1	LS	\$20,000	\$20,000
41	Roadway Excavation	473	CY	\$100	\$47,300
42	Site Grading	49950	SF	\$5	\$249,750
43	Street Light	8	EA	\$17,000	\$136,000
44	Concrete Sidewalk, R-51	24975	SF	\$20	\$499,500
45	Curb and Gutter	4995	LF	\$50	\$249,750
46	Curb Ramps (NE & SE corner Lucille/Don)	2	EA	\$15,000	\$30,000
47	HMA Deeplift	775	Tons	\$125	\$96,875
48	Pavement Repairs	5018	SF	\$15	\$75,270
49	1.5" Mill and Overlay	5576	SY	\$35	\$195,160
50	Signs and Striping	1	LS	\$20,000	\$20,000
Waudman Ave					
51	Clearing and Grubbing	1	LS	\$20,000	\$20,000.00
52	Roadway Excavation	472	CY	\$100	\$47,200.00
53	Site Grading	42500	SF	\$5	\$212,500.00
54	Street Light	15	EA	\$17,000	\$255,000.00
55	Concrete Sidewalk, R-51	21250	SF	\$20	\$425,000.00
56	Curb and Gutter	4250	LF	\$50	\$212,500.00
57	Curb Ramps (NE & SE corner Waudman/Don & Waudman/Alpha)	4	EA	\$15,000	\$60,000.00

Wagner-Heights Unincorporated Island Feasibility Study (O'Reilly Annexation Project P20-0793)

58	HMA Deeplift	660	Tons	\$125	\$82,500.00
59	Pavement Repairs	5462	SF	\$15	\$81,930.00
60	1.5" Mill and Overlay	6069	SY	\$35	\$212,415.00
61	Signs and Striping	1	LS	\$20,000	\$20,000.00
Don Ave					
62	Clearing and Grubbing	1	LS	\$5,000	\$5,000.00
63	Roadway Excavation	53	CY	\$100	\$5,300.00
64	Site Grading	4740	SF	\$5	\$23,700.00
65	Concrete Sidewalk, R-51	2370	SF	\$20	\$47,400.00
66	Curb and Gutter	474	LF	\$50	\$23,700.00
67	HMA Deeplift	74	Tons	\$125	\$9,250.00
68	Signs and Striping	1	LS	\$5,000	\$5,000.00
Alpha Drive					
69	Clearing and Grubbing	1	LS	\$10,000	\$10,000.00
70	Roadway Excavation	150	CY	\$100	\$15,000.00
71	Site Grading	13520	SF	\$5	\$67,600.00
72	Street Light	4	EA	\$17,000	\$68,000.00
73	Concrete Sidewalk, R-51	6760	SF	\$20	\$135,200.00
74	Curb and Gutter	1352	LF	\$50	\$67,600.00
75	Curb Ramps (End of Alpha at Levee)	1	EA	\$15,000	\$15,000.00
76	HMA Deeplift	210	Tons	\$125	\$26,250.00
77	Pavement Repairs	1356	SF	\$15	\$20,340.00
78	1.5" Mill and Overlay	1507	SY	\$35	\$52,745.00
79	Signs and Striping	1	LS	\$5,000	\$5,000.00

Total Base Construction Costs	\$9,622,095
20% Contingency	\$1,924,419.0
Base + Contingency	\$11,546,514.0
Design Costs (10%)	\$1,154,651.40
CM Costs (15%)	\$1,731,977.10
TOTAL PROJECT COSTS	\$14,433,143

Length of Streets in Miles (Lucille, Don, Waudman & Alpha)	Cost/Mile
1.22	\$11,856,950.52

Number of Parcels	Cost/Parcel
80	\$180,414.28

APPENDIX B - County Resident Outreach Summary

The notification below was mailed to all property owners located within the County Island on January 10, 2022.


**CITY OF STOCKTON
PUBLIC OPINION SURVEY: ANNEXATION OF
WAGNER-HEIGHTS SOUTH UNINCORPORATED ISLAND**

Dear Property Owner,

Your home is currently a part of the Wagner-Heights South Unincorporated Island (hereafter Island). The 68.19-acre Island contains approximately 79 existing homes, four commercial properties, and 1.17 miles of streets managed by San Joaquin County. Since the City of Stockton surrounds the Island, the City has been asked by the Local Agency Formation Commission (LAFCO) to explore the possibility of annexing the Island into the City. To explore this, City staff would like your feedback on the following (Please check appropriate box):

4. Are you interested in becoming part of the City of Stockton? Yes or No
5. If yes, are you interested in receiving City utility services (water connection, sewer, etc.)? Yes or No
6. If yes to City services, are you interested in participating in a financing mechanism to help expedite their installation (i.e., assessment districts, owners’ association, etc.)? Yes or No

Your feedback will not result in action by the City. Responses can be mailed, dropped off, emailed to the contact information below, or you can call Cynthia (“Cindi”) Marsh by phone to provide feedback or ask additional questions.



**CITY OF
STOCKTON**

Call:(209) 937-8316
 Email: cynthia.marsh@stocktonca.gov
 Mail: 345 N. El Dorado Street, Stockton CA 95202 (Attention Cynthia Marsh)

While there is no deadline for residents to provide feedback to City staff on the survey, Table 1 indicates comments received at the time of completion of this report.

Topic	Responded
Supports Annexation	2
Opposes Annexation	19
Other (maybe)	2

APPENDIX C - Findings of Fact Analysis for Island Incorporation

Staff presents the following Findings of Fact that could not currently be made for the entire Island annexation without analysis and funding mechanisms in place.

City of Stockton Findings of Fact SMC Section 16.216.070.H.2.

Findings:

- a) *The unincorporated property is within, or will be within, the urban services area of the City,*
- b) *The property has been rezoned with City of Stockton zoning designations,*
- c) *The proposal is contiguous to existing City limits,*
- d) *The proposal does not split lines of assessment or ownership,*
- e) *The proposal does not create islands or areas in which it would be difficult to provide City services, and*
- f) *The proposal is consistent with the land uses, objectives, policies, and programs of the General Plan; any applicable specific plan, precise road plan, or master development Plan; and other adopted goals and policies of the City;*

Evidence

While annexation of the entire annexation could potentially comply with Finding “a” through “d”, consistency with land use and utility plans became an issue once the Applicant did not wish to pay for the anticipated \$15 million dollar cost of differed improvements to the Island.

- Action LU-6.1B- Monitor the rate of growth to ensure that it does not overburden the City’s infrastructure and services and does not exceed the amounts analyzed in the General Plan EIR.
- Action LU-6.1E- Do not approve new development unless there is infrastructure in place or planned and funded to support the growth.
- Action LU-6.2B- Do not approve future annexations or City utility connections unless they are consistent with the overall goals and policies of the General Plan and do not adversely impact the City’s fiscal viability, environmental resources, infrastructure and services, and quality of life.
- Action LU-6.3A- Require development to mitigate any impacts to existing sewer, water, stormwater, street, fire station, park, or library infrastructure that would reduce service levels.
- Action LU-6.3B- Ensure that public facilities, infrastructure, and related land area and other elements are designed and right-of-way is acquired to meet 2040 planned development requirements to avoid the need for future upsizing or expansion unless planned as phased construction.
- Action SAF-3.3A- Require new development to install non-potable water infrastructure for irrigation of large landscaped areas where feasible.
- POLICY CH-2.1- Prioritize maintenance of streets and improvement of sidewalks, parks, and other infrastructure in areas of the City that historically have been comparatively underserved by public facilities, including implementation of complete streets where needed, especially in conjunction with infrastructure maintenance and improvement projects.

Project level costs for the Island annexation were not analyzed in the General Plan EIR or Utility Master Plans. The City already has areas within the City limits that do not comply with the Complete Streets requirements and/or have deficiencies in infrastructure. Adding new infrastructure deficiencies would

further exacerbate this and shift resources from existing areas of the City to new areas of the City that require improvements.

Findings NOT met per Government Code Sections 56375.3:

- *(A)(2) The change of organization or reorganization is proposed by resolution adopted by the affected City:*
 - **Evidence:** City staff will not be proposing a Resolution for Island Annexation at this time. The potential impacts to services in the near-term and cost for the City, the Applicant, and the existing residents, seem to make island annexation infeasible at this time. City staff will continue to explore ways to lessen the cost and shorten the timing of providing services to Unincorporated Islands consistent with the SOI/MSR; however, the O'Reilly project will not include a proposal from the City.

- *(b)(4) It is substantially developed or developing. The finding required by this paragraph shall be based upon one or more factors, including, but not limited to, any of the following factors: (A) The availability of public utility services. (B) The presence of public improvements. (C) The presence of physical improvements upon the parcel or parcels within the area.*
 - **Evidence:** While the Wagner Heights Island is ultimately within the City's SOI and service boundaries, there are no near-term solutions to provide the area with services. To ensure timely supply of services to the area, the cost of providing services to the Island consistent with City practices would require a significant amount of investment and construction from either the Applicant, existing Stockton taxpayers, or the existing residents. As there is little developable land within the Island to accommodate new construction, alternative funding sources (i.e., special tax district) are not a viable option. The City will continue to explore funding options to achieve near-term solutions, annexation at this time would be infeasible.

- *(b)(6) It will benefit from the change of organization or reorganization or is receiving benefits from the annexing City.*
 - **Evidence:** While there may be long-term benefits (20-30 years), the costs and timing of the improvements needed for the area seem too high for any reasonable capital improvement to occur in the near term (10-15 years). Within that time, staff anticipates existing residents would see increases in the taxes and fees paid based on an analysis of existing county costs versus what would be required under the City.

Findings NOT met per Government Code Sections 56668:

- *(b)(1): The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; and probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas.*
 - **Evidence:** While the Wagner Heights Island is ultimately within the City's SOI and service boundaries, there are no near-term solutions to provide the area with services. To ensure timely supply of services to the area, the cost of providing services to the Island consistent with City practices would require a significant amount of investment and construction from either the Applicant, existing Stockton taxpayers, or the existing residents. As there is little developable land within the Island to accommodate new construction, alternative

funding sources (i.e., special tax district) are not a viable option. The City will continue to explore funding options to achieve near-term solutions, annexation at this time would be infeasible.

- (d) *The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.*
 - Evidence: While the proposal to annex the entire Island does satisfy Lafco policy, without analyzing the potential impacts to the existing residents and the City, the annexation of the Island would not constitute orderly development as the City does not know how to pay for improvements to the area nor how the annexation would impact existing residents. Annexation of the Island without proper analysis could result in increased fees to existing residents, increased cost to existing residents via taxes and local licensing, and potential building issues as the structures were developed under the San Joaquin County zoning and building standards and not the City.

- (h) *The proposal's consistency with city or county general and specific plans.*
 - Evidence: While the land use and boundary are consistent with the General Plan and SOI/MSR, providing services to the area in the near term (10-15 years) seems infeasible based on current standards and plans. This lack of near-term improvements does not comply with General Plan Policies.

- (k) *The ability of the newly formed or receiving entity to provide the services that are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.*
 - Evidence: While there may be long-term benefits (20-30 years), the costs and timing of the improvements needed for the area seem to high for any reasonable capital improvement to occur in the near term (10-15 years). Within that time, staff anticipates existing residents would see increases in the taxes and fees paid based on an analysis of existing county costs versus what would be required under the City. While the Wagner Heights Island is ultimately within the City's SOI and service boundaries, there are no near-term solutions to provide the area with services. To ensure timely supply of services to the area, the cost of providing services to the Island consistent with City practices would require a significant amount of investment and construction from either the Applicant, existing Stockton taxpayers, or the existing residents. As there is little developable land within the Island to accommodate new construction, alternative funding sources (i.e., EIFD) are not a viable option. The City already has areas within the City limits that do not comply with the Complete Streets requirements. Adding new infrastructure deficiencies would further exacerbate this and shift resources from existing areas of the City to new areas of the City that require improvements.

- (l) *Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.*
 - Evidence: This analysis was not conducted for the entire Island Annexation. Most of the existing county properties appear to be on well services and would need to transition to the City services upon annexation. The improvement cost for the new water line infrastructure cannot currently be handled by the applicant or existing residents, and the costs have not been factored into the City's utility master plan or impact fees.

APPENDIX D - Resources Used for Analysis

References Cited

1. California Government Code.
 - a. Government Code Sections 56375.3
 - b. Government Code Sections 56668
2. City of Stockton.
 - a. 2018. Envision Stockton 2040 General Plan. Adopted December 2018.
http://www.stocktonca.gov/files/Adopted_Plan.pdf
 - b. 2018. Envision Stockton 2040 General Plan Update and Utility Master Plan
http://www.stocktongov.com/files/EnvisionStockton_FEIR.pdf
 - c. Supplements Draft EIR. Prepared by PlaceWorks. June 2018.
http://www.stocktonca.gov/files/EnvisionStockton2040GP_Draft.pdf
 - d. 2020. City of Stockton Sphere of Influence Plan/Municipal Service Review. Submitted by City of Stockton and PlaceWorks. April 23, 2020.
<https://www.sjgov.org/uploadedfiles/sjc/departments/lafco/msr-soi/stockton%20msr%20aug%202020.pdf>
3. San Joaquin County Local Agency Formation Commission (LAFCO).
 - a. 2012. Change of Organization Policies and Procedures (Including Annexations and Reorganizations) (Adopted September 21, 2007) Amended 10/16/2009, Amended 10/21/2011, Amended 12/14/12
http://www.sjgov.org/lafco/Policies/New%20Policy_Procedures/7%20Change%20of%20Organization.pdf
 - b. 2018. Executive Officer Report "San Joaquin Unincorporated Islands" dated December 13, 2018,
<https://www.sjgov.org/uploadedfiles/sjc/departments/lafco/content/december%20agenda%20item%20no.%205%20san%20joaquin%20unincorporated%20islands.pdf>

Groups Contacted

1. City of Stockton
 - a. Eric Alvarez; Deputy Public Works Director/City Engineer, Public Works Department, (209) 937-8228 and Eric.alvarez@stocktonca.gov
 - b. John Wotila, City of Stockton Municipal Utility Department, (209) 937-8436 and john.wotila@stocktonca.gov
 - c. Ann Okubo, City of Stockton Municipal Utility Department, (209) 937-8250 and ann.okubo@stocktonca.gov
2. TAIT & Associates, Joe Naccarato (Applicant), (970) 612-5442
3. BAE Urban Economic, Aaron Nousaine, MCRP, Associate Principal, 803 Second Street, Suite A, Davis, CA 95616



August 15, 2022

San Joaquin County Local Agency Formation Commission
James E. Glaser, Executive Officer
44 San Joaquin Street, Suite 374
Stockton, CA 95202

RE: Thornton Road Reorganization to the City of Stockton

Dear Mr. Glaser:

This letter is to confirm the County Committee on School District Organization is in receipt of the notice dated July 20, 2022, regarding the Thornton Road reorganization to the City of Stockton (LAFC 14-22).

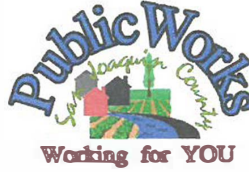
There are several schools nearby the area of annexation. We are interested in the nature of the commercial development, types of business, etc. that may occupy this area.

Sincerely,

Troy A. Brown, Ed.D.
County Superintendent of Schools /
Secretary to the County Committee on School District Organization



SAN JOAQUIN
— COUNTY —
Greatness grows here.



Department of Public Works

Fritz Buchman, Director

Alex Chetley, Deputy Director - Development

David Tolliver, Deputy Director - Operations

Najee Zarif, Deputy Director - Engineering

Kristi Rhea, Business Administrator

August 18, 2022

MEMORANDUM

TO: James E. Glaser, Executive Officer
LAFCo
CONTACT PERSON: Elizabeth Contreras, LAFCo Analyst

FROM: Christopher RM Heylin, P.E., Development Services Manager *CH*
Development Services Division

SUBJECT: THORNTON ROAD REORGANIZATION TO THE CITY OF STOCKTON (LAFc 14-22)
To annex an 2.33-acres to the City of Stockton.

LOCATION: Northwest corner of the intersection of Waudman Avenue and Thornton Road, Stockton

COMMENTS:

- **No Comments**

AC:SC

X:\LAFCo\LAFCo Referrals\Thornton Rd Reorganization to the City of Stockton (LAFc 14-22)\Comments to LAFCo (LAFc 14-22).doc



Jasjit Kang, REHS, Director
Muniappa Naidu, REHS, Assistant Director
 PROGRAM COORDINATORS
 Robert McClellon, REHS
 Jeff Carruesco, REHS, RDI
 Willy Ng, REHS
 Steven Shih, REHS
 Michelle Henry, REHS
 Elena Manzo, REHS

August 11, 2022

To: San Joaquin Local Agency Formation Commission
 Attention Executive Officer: James E. Glaser

CR

From: Michael Suszycki; (209) 598-7001
 Senior Registered Environmental Health Specialist

RE: **Thornton Road Reorganization to the City of Stockton (LAFC 14-22) SU0015094**

The San Joaquin County Environmental Health Department (EHD) is supportive of this project in regards to the provision of full public services. The EHD requests the following comments be added to the above project for consideration:

1. Any existing wells or septic systems to be abandoned shall be destroyed under permit and inspection by the EHD (San Joaquin County Development Title, Section 9-1110.3 & 9-1110.4)

If you have any questions, please contact Michael Suszycki, Senior REHS, at (209) 598-7001 or nahmed@sjgov.org.

ESL

for

Steven Shih, REHS
 Program Coordinator

CITY SERVICE PLAN

O'REILLY ANNEXATION PROJECT—CITY SERVICE PLAN

EXECUTIVE SUMMARY

Introduction

This City Service Plan (CSP) is designed to provide important background information to allow for a thorough justification of this annexation proposal, and to ensure that it complies with all San Joaquin Local Agency Formation Commission (LAFCO) rules and regulations, and other all applicable regulatory requirements (including the State Government Code).

O'Reilly Auto Enterprises (hereafter Applicant) proposes to construct a new 7,022 square foot O'Reilly Auto Parts retail store on the parcel located on the northwest corner of Waudman Avenue and Thornton Street. The parcel currently resides within unincorporated San Joaquin County and is being required to annex into the City to receive City provided water, sanitary sewer, and storm drain services. The annexation includes one parcel (APN 080-290-39) totaling 1.7-acres and the adjacent Lucile Avenue and Waudman Avenue Right-of-Ways. The annexation area is within the City of Stockton's 10-Year Planning Horizon per the City's Sphere of Influence (SOI) Map. The Envision Stockton 2040 General Plan designates the annexation area as Commercial. The Proposed Annexation is surrounded by existing residential neighborhood with commercial developments along Thornton Road corridor. Each of the two components of the annexation proposal (hereinafter "Annexation Project") are described below.

COMMERCIAL

The Commercial Zone Annexation is a 1.7 acre vacant commercial lot that is currently under City review for a proposed O'Reilly Auto Parts. The vacant parcel already has storm and sanitary sewer stubs provided to the site and will tap into the existing 12-inch water main within Waudman Avenue for water service. The vacant lot will be developed after the annexation is approved. CEQA exemptions are being evaluated for the annexation area.

RIGHT-OF-WAY

The Right-of-Way Annexation includes the portions of Waudman Avenue and Lucile Avenue that front the parcel. Lucile Avenue consists of approximately 210 feet of roadway at the current Right-of-Way width of 60 feet. Waudman Avenue consists of approximately 270 feet of roadway at the current Right-of-Way width of 50 feet plus an additional two feet of Right-of-Way that will be dedicated to the City with the proposed development. The additional two feet of Right-of-Way will bring the Applicant's side of the street in compliance with the City's standard street section for local commercial roadways. The Right-of-Way dedication for this development and any required public easements will be finalized through the site plan review and adhere to the City of Stockton's Municipal Code. All adjacent unincorporated areas will be evaluated for Right-of-Way dedication and public easements at time of application and subject to the City of Stockton's Municipal Code

PLAN FOR SERVICES

Plan for Services Contents

This Plan for Services includes the following sections:

1. *OPEN SPACE (AG) LAND CONVERSION*

This section provides background on the Annexation Project, describes the existing agricultural characteristics, uses of the annexation area, and provides an analysis of the agricultural and conservation-related fees that the City of Stockton would be required to pay.

2. *PROPERTIES IN AND AROUND THE ANNEXATION AREA*

This section provides a discussion of the existing commercial and right-of-way parcels included in the proposed annexation request.

3. *CITY SERVICE PLAN*

The City Service Plan (CSP) has been prepared to fulfill the following requirement:

“Pursuant to California Government Code Section 56653, the San Joaquin Local Agency Formation Commission (LAFCO) requires that any application for a change of organization or reorganization be accompanied by a plan for providing services. In accordance with Section 56653, the plan shall include:

- an enumeration and description of services to be extended to the affected territory;
- the level and range of those services;
- an indication of when those services can feasibly be extended to the affected territory;
- an indication of any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions that the local agency would impose or require within the affected territory if the change of organization or reorganization is completed; and
- information with respect to how those services will be financed.”

Overall, storm drain and sanitary sewer utility connections have already been extended to the annexation area. Water service is readily available as an existing main within Waudman Avenue is adequate to serve the property. The project annexation area would require extension of various other services provided by the City, including public safety. The level and range of these public services is described in this document. Lastly, a discussion on the feasibility of annexing the entire Wagner Heights South Subdivision is provided.

4. *TIMELY AVAILABILITY OF WATER SUPPLY*

The Timely Availability of Water Supplies section describes the City’s ability to serve the annexation area with adequate water supplies. The project proposes the construction of a new 7,000 square foot O’Reilly Auto Parts retail store and already has sanitary and storm sewers extended to the site for service. Water service is the only other City provided utility not extended to the site. The water use factors, per the City of Stockton’s Water Master Plan 2021 Update, are 1.62 afy/ac and 1.85 afy/ac for domestic and irrigation use, respectively. This estimates the demand for the 1.7 acre annexation area being 2.75 ac-ft per year for domestic use and 3.15 ac-ft per year for irrigation use. The proposed O’Reilly development would generate an annual average total demand of approximately 0.37 acre-feet (0.14 ac-ft for domestic use

and 0.23 ac-ft for irrigation) from the City's water supply system in 2035. This provides the remainder of the parcel, if it is further developed, 2.61 ac-ft and 2.92 ac-ft per year for domestic and irrigation service, respectively. The existing water supplies are sufficient to serve the annexation area in a timely manner.

5. FAIR SHARE HOUSING NEEDS

The Annexation Project will be subject to the City of Stockton's Housing Element upon annexation. The Housing Element for Stockton anticipates there is sufficient housing capacity to accommodate the new employees of the proposed development.

6. FINANCING OF CITY SERVICES AND FISCAL IMPACTS

California Government Code Section 56653 requires that the required plan for services to a subject site include information on how the extension services would be financed.

7. CONCLUSION

This section includes the *findings* and *justification* for approval.

1. OPEN SPACE (AG) LAND CONVERSION

The proposed Annexation Project consists of one undeveloped commercial property and the adjacent rights-of-way. No areas of the project are designated open space or agricultural as recognized by the City of Stockton or the San Joaquin County, therefore the proposed project is not converting any existing open/farm/agricultural space. Furthermore, the State of California Department of Conservation Farmland Mapping and Monitoring Program and San Joaquin County GIS data do not classify the site nor the surrounding area as being prime farmland or any other farmland classification.

2. PROPERTIES IN AND AROUND THE ANNEXATION AREA

COMMERCIAL PROJECT AREA

The Annexation Project consists of a single commercial lot approximately 1.7 acres in size in which is currently under review by the City for a proposed O'Reilly Auto Parts. The proposed O'Reilly Auto Parts will be developed on the southern portion of the lot and will leave the remaining portion on the northern end undeveloped. The existing lot is zoned commercial under the County's jurisdiction and is proposed to remain commercial zoning once annexed into the City. The annexation area is within the 10-year Planning Horizon of Stockton's SOI. The proposed zoning and land use are consistent with the City's General Plan. The current annexation area is adjacent to existing infrastructure and able to serve the local demand of the project. As noted previously, the Annexation Project already has sanitary and storm services stubbed to the site for use.

RIGHT-OF-WAY

The Right-of-Way Annexation site is broken into two sections: Lucile Avenue and Waudman Avenue. The Lucile Avenue Annexation consists of the portion of roadway adjacent to the project site and is approximately 210 feet long and 60 feet wide. The Waudman Avenue Annexation consists of the portion

PLAN FOR SERVICES

of roadway adjacent to the project site and is approximately 270 feet long and 50 feet wide plus an additional 2 feet of Right-of-Way that will be dedication to the City with the proposed development. The additional two feet of Right-of-Way will bring the Applicant's side of Waudman Avenue into compliance with the City's standard street section for local commercial roadways. The Right-of-Way dedication for this development and any required public easements will be finalized through the site plan review and adhere to the City of Stockton's Municipal Code. All adjacent unincorporated areas will be evaluated for Right-of-Way dedication and public easements at time of application and subject to the City of Stockton's Municipal Code

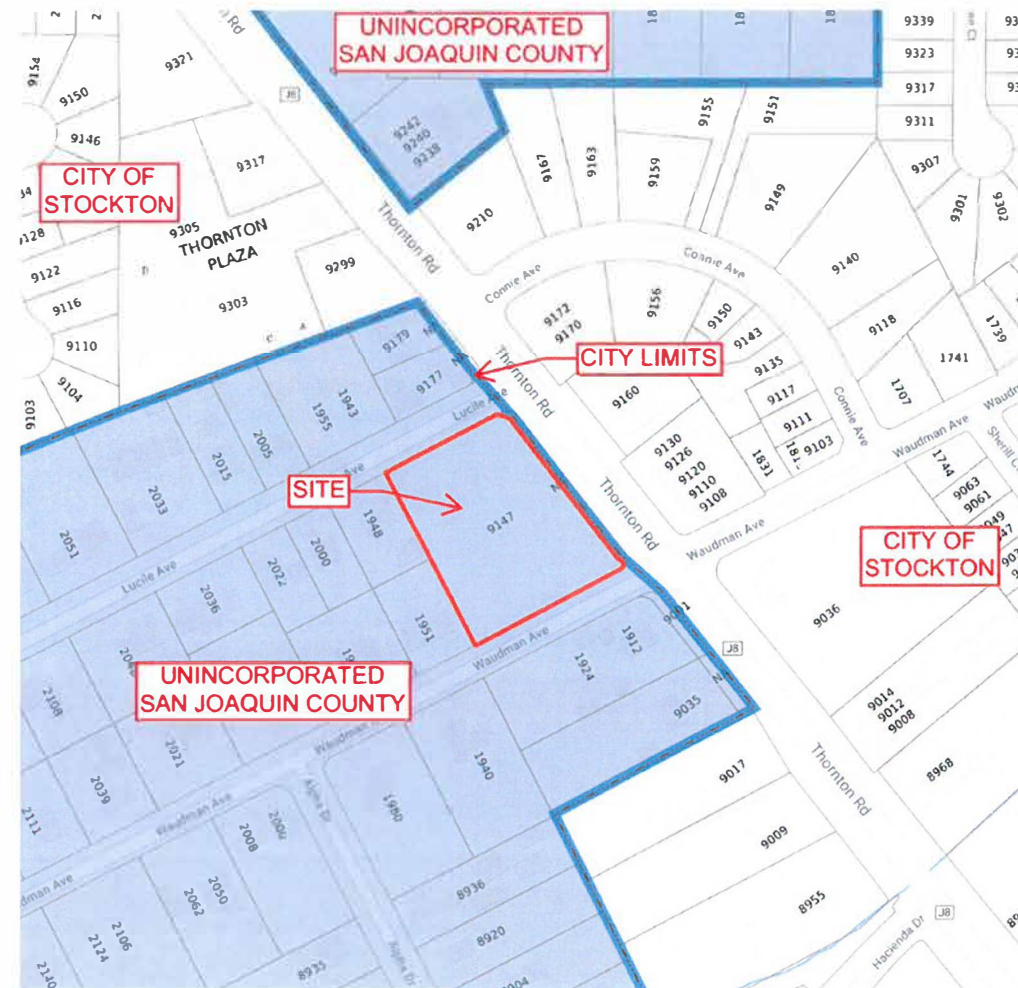


FIGURE 1 – CITY AND COUNTY LIMITS

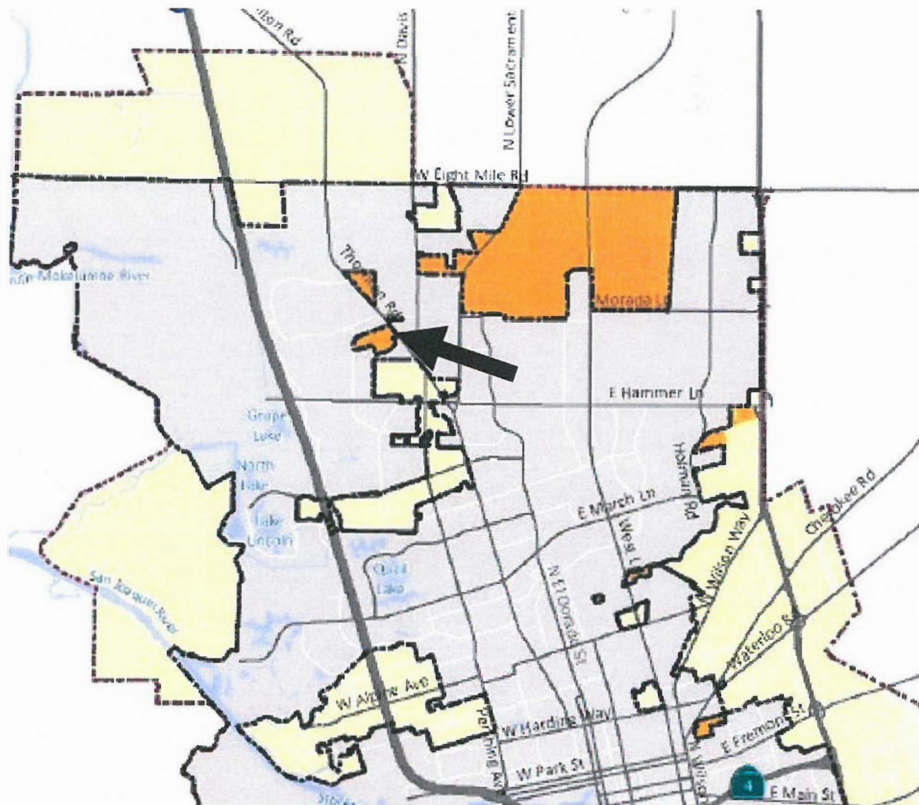


FIGURE 2 – PROPOSED ANNEXATION PROJECT AREA IN STOCKTON 10-YEAR HORIZON AREA

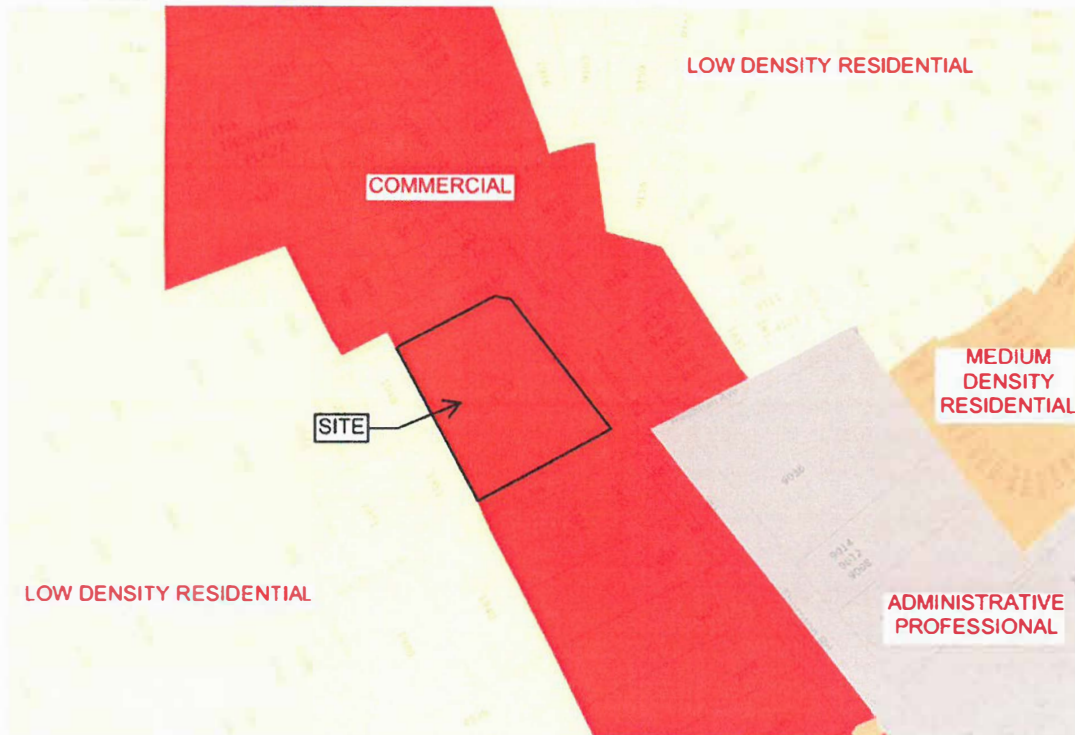


FIGURE 3 – EXISTING GENERAL PLAN LAND USE MAP

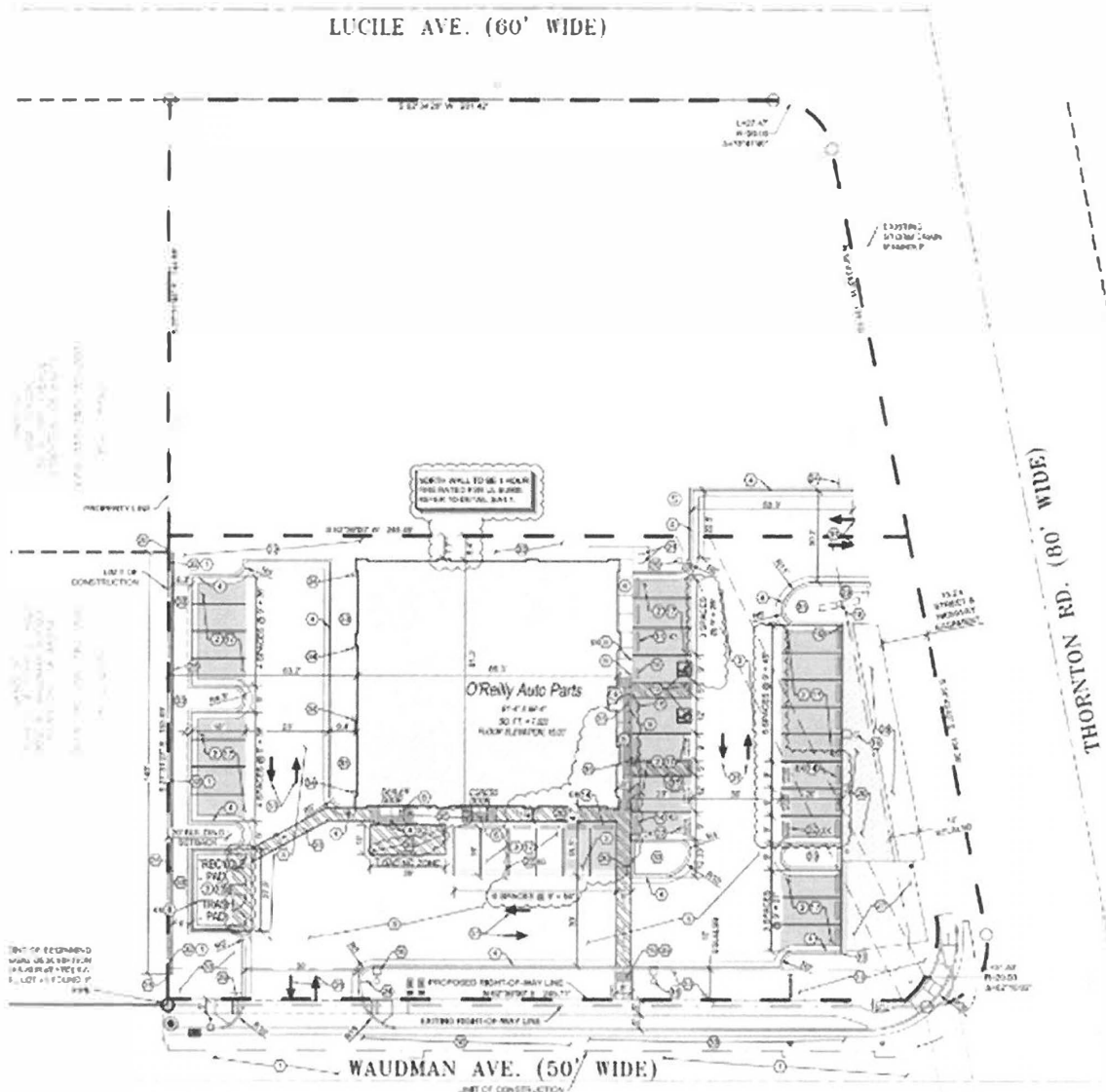


FIGURE 6 – PROPOSED COMMERCIAL DEVELOPMENT PROJECT (O'REILLY APN 080-290-39)

PLAN FOR SERVICES

3. CITY SERVICE PLAN

Introduction

Pursuant to California Government Code Section 56653, San Joaquin LAFCO requires that any application for a change of organization or reorganization be accompanied by a plan for providing services. In accordance with Section 56653, the plan shall include:

- an enumeration and description of services to be extended to the affected territory;
- the level and range of those services;
- an indication of when those services can feasibly be extended to the affected territory;
- an indication of any improvements or upgrading of structures, roads, sewer or water facilities, or other conditions that the local agency would impose or require within the affected territory if the change of organization or reorganization is completed; and
- information with respect to how those services will be financed.

This City Service Plan has been prepared to fulfill this requirement.

Discussion

The annexation area includes existing roadways and a vacant commercial property for the future development of commercial use. Figure 1 depicts the existing City and County limits. The entire annexation area is located inside the 10-year Planning Horizon of Stockton’s existing SOI (see Figure 2). Figure 2 depicts the 10 and 20-year Planning Horizons of the LAFCO-approved SOI boundaries. Figure 3 depicts the existing Stockton General Plan land use map. Figure 4 depicts the proposed annexation area. Figure 5 depicts the proposed prezone map indicating existing and proposed zoning and land uses. The last figure, Figure 6, depicts to proposed O’Reilly Auto Parts development currently under review by the City. Overall, storm drain and sanitary sewer utility connections have already been extended to the annexation area. Water service is readily available as an existing main within Waudman Avenue is adequate to serve the property. The project annexation area only requires extension of various other non-utility related services provided by the City, such as public safety. The level and range of existing facilities and providing City public services are described in detail below.

TABLE 1 – O’REILLY PROJECT LAND USE SUMMARY

<i>O’REILLY PROJECT DESIGNATIONS</i>	<i>APPROXIMATE ACRES</i>	<i>UNITS PER GROSS ACRE</i>	<i>MAX. F.A.R</i>	<i>PROJECTED NUMBER OF UNITS/SQUARE FEET</i>
GC – General Commercial	1.7	1.7	N/A	7,000 square feet
ROW	0.63	0.63	N/A	N/A

*F.A.R.= Floor Area Ratio

The City provides a full range of municipal services, including public safety (fire, police, and building), sanitation (wastewater treatment and collection), libraries, parks, and recreation services. Municipal services would be extended to the annexation area within a few years upon annexation of the area. The following discussion includes a description of existing city public services and utilities (including those to be extended), the level and range of these services (where applicable), when these services can feasibly

be extended into the affected territory, improvements, or other conditions that the local agency would improve or require within the affected territory, and information on how these services would be financed, and planned improvements.

Water

The City provides water service for the residential, commercial, commercial, and public users in Stockton. Approximately 49,500 connection customers are served, with an average daily usage of approximately 8.1 billion gallons, which is equivalent to 3,682 ac-ft per year. The current total pumping capacity is 88,592 gallons per minute (gpm), the required total pumping capacity at the 2035 buildout is 238,679 gpm. Stockton's municipal water supply system is based on an interconnected grid design, wherein new development expands the existing grid system and new municipal water wells are added as they are needed to maintain an adequate water supply.

The City of Stockton Water Master Plan Update dated January 2021 and adopted February 23, 2021 (2021 WMPU) compares current and projected water supply and demand. It indicates that in average water years, the City has sufficient water to meet its customers' needs, through 2040. This is based on continued development of groundwater wells and purchased water allocations from Stockton East Water District (SEWD) and Woodbridge Irrigation District (WID). The City of Stockton's projected population growth by 2040 is 102,898 with 1.44% every year for a total population of 432,627¹. This is a reduction in population growth by 25% from the 2035 General Plan. The North Stockton projected Near-Term (2030) for an Average Day Demand is 23.8 mgd, a Maximum Day Demand of 38.1 mgd with a Peak Hour Demand of 41,296 gpm³. The North Stockton Projected Future (2040) for an Average Day Demand of 29.3 mgd, a Maximum Day Demand of 46.9 mgd with a Peak Hour Demand of 50,857 gpm³.

The City's previous Master Plan, 2015 Urban Water Management Plan (2015 UWMP), addressed dry year conditions. Under the normal year supply, it is assumed the City's full allocation of surface water from Delta Water Supply Project (DWSP) is fully available. Under the single-dry year supply, it is assumed that the City's full allocation of surface water from the DWSP is reduced to 69% of normal supply (2015 UWMP). Under the multiple-dry year analysis, it is assumed that the City experiences three dry years, and that the City's full allocation of surface water from the DWSP is reduced to 69 percent of normal supply in the first dry year, to 100 percent of normal supply in the second dry year, and to 69 percent of normal supply in the third dry year (2015 UWMP). Through the multiple dry years City water will be supplemented by well water.

The applicant will be responsible for bringing domestic and irrigation services to the property. The project currently proposes one tap from the existing 12-inch main within Waudman Avenue that will tee off to provide domestic service to the building and irrigation. Any future development of the remainder of the parcel will be required to tap of the existing 8" main within Lucile Avenue.

¹ City of Stockton Water Master Plan update January 2021

PLAN FOR SERVICES

A. GROUND WATER

The City operates a system of wells interconnected with a transmission/distribution pipe system. Stockton's groundwater supply is pumped from groundwater resources, from the Eastern San Joaquin County Basin, a sub-basin of the San Joaquin Valley Basin. The City's annual potable groundwater production is maintained by the Sustainable Groundwater Management Act (SGMA) enacted in 2014 to monitor the groundwater usage during non-dry years to ensure sufficient water supply during dry years.

The sustainable annual groundwater extraction capacity is approximately 50,000 ac-ft per year (MWH, 2003). To establish the projected groundwater supply that is reasonably available. COSMUD assumes that the available groundwater is pumped at approximately 23,100 ac-ft per year. The City has been proactive to protect groundwater supplies per the groundwater recharge efforts pertaining to the California Statewide Groundwater Elevation Monitoring (CASGEM), and Sustainable Groundwater Management Act (SGMA) activities. There are seven active groundwater wells with design flows ranging from 900 to 2,500 gallons per minute. This groundwater supply is indirectly affected by annual rainfall, and a multiple-year drought could decrease groundwater supplies. Despite this possibility, groundwater supplies have been available at a consistent level.

PROJECT SUMMARY

The proposed development is not proposing to add or remove any wells and will be utilizing the existing 12-inch main in Waudman Avenue for water services. In addition, multiple test borings were performed onsite to depths of approximately 15 feet in which free groundwater was not encountered. The historic groundwater depth of 22 feet has been determined for the property. Due to these reasons the proposed development is not anticipated to negatively affect the groundwater supplies within the City.

B. SURFACE WATER

Stockton has developed a surface water supply, Delta at the DWSP intake facility from the San Joaquin River. The City has rights to Delta water because portions of the COSMA fall within the legally defined area and the water rights application address a long-term planning horizon through to 2050 with diverting a total of 160 mgd (125,900 ac-ft per year). The City's application was divided into two separate applications by the State Water Resources Control Board (SWRCB). The existing allotment is 30 mgd (33,600 ac-ft per year) under the initial phase. In 2006 the City was issued a permit from the SWRCB for 33,600 ac-ft per year supply from the Sacramento/San Joaquin Delta. The Delta intake and treatment plant has an initial capacity of 30 mgd with plans to expand to 90 mgd by 2035.

PROJECT SUMMARY

The proposed development will increase the imperviousness of the parcel and ultimately the amount of surface water leaving the site. Water quality BMPs will be utilized onsite to treat surface water prior to releasing, undetained, into existing City storm drain infrastructure. Overall, the project will have a negligible effect on the City's surface water supply.

C. RECYCLED WATER

The City of Stockton's Regional Wastewater Control Facility (RWCF) treats influent to be used again for beneficial purposes. The RWCF discharges into the Delta and used for irrigation on a privately owned farm. The City does not currently operate a recycled water system and is not likely to market recycled in the future.

PROJECT SUMMARY

In the absence of a recycled water system, the proposed development will utilize the existing 12-inch main in Waudman Avenue for irrigation services.

D. EXISTING TRANSMISSION AND DISTRIBUTION SYSTEM

The City's existing water distribution system consists of a buried network split into the North and South Areas with water storage capabilities. The distribution system conveys water from the sources to customers and must provide capacity to meet all domestic, commercial, irrigation, fire suppression, and emergency demands. Due to the distributed nature of the groundwater wells, large transmissions were not needed to move large volumes of water around the City.

PROJECT SUMMARY

The proposed development will utilize the existing 12-inch main within Waudman Avenue for domestic, irrigation, and fire service which has sufficient capacity to service the demands of the development. No new mains are proposed with this development.

E. WATER CONSERVATION

The City is a signatory member of the California Urban Water Conservation Council (CUWCC) and has active water conservation program that includes the following CUWCC Best Management Practices.

- BMP 1-Water Survey Program for Single-Family and Multi-Family Residential Customers
- BMP 2-Residential Plumbing Retrofit
- BMP 3-System Water Audits, Leak Detection and Repair
- BMP 4-Metering with Commodity Rates
- BMP 5-Large Landscape Conservation Programs
- BMP 6-High Efficiency Washing Machine Rebate Programs
- BMP 7-Public Information Programs
- BMP 8-School Education Programs
- BMP 11- Conservation Pricing
- BMP 12-Conservation Coordinator
- BMP 13-Water Waste Prohibition
- BMP 14-Residential ULFT Replacement

Total water use throughout the City service area was projected in the City's 2021 WMPU to increase to 44,465 AFY by 2040. The City's water demand estimated incorporates the City's water conservation plan

PLAN FOR SERVICES

and compliance with the Water Conservation Act of 2009, known as SBx7-7. The COSMUD has met and expects to be able to continue to meet annual water demands within its service area.

PROJECT SUMMARY

The proposed development has minimal daily water use, 127 ga/day, mostly associated with the two employee restrooms. Landscape and irrigation is designed to meet current MWELO requirements.

F. GENERAL PLAN

The City's General Plan includes policies and implementation programs related to maintaining an adequate water supply for the City's population. Following adoption of the General Plan, the City updated its Water Management Plan based on the growth projections of the General Plan. Based on existing water use patterns the water supply is reasonably available through 2040. The area served would include all potential development within the 10-year Planning Horizon which includes the project location. The City's Water Master Plan also makes it clear that additional areas of the City, including the 20-year Planning Horizon, could be served by using more surface water.

PROJECT SUMMARY

Existing water mains already exist adjacent to the site in both Waudman Avenue and Lucile Avenue in which the City has sufficient capacity to serve the proposed site. This development is consistent with the City's General Plan.

Stormwater

Stockton's stormwater drainage system is managed by the City's Public Works Department. Most storm drains and pump stations within the service areas have adequate capacity to collect stormwater drainage.

A. EXISTING STORMWATER DRAINAGE SYSTEM

The City depends on drains and laterals to collect and convey stormwater runoff to South Bear Creek. The South Bear Creek flows at or near capacity that results in flooding during peak storm events.

The City's drainage facilities consist of:

- Detention Basins
- Stormwater Quality Treatment Systems
- Pump Stations
- Water Level Monitoring Stations

Stormwater Quality Treatment Systems: Stormwater quality standards imposed and monitored by the Environmental Protection Agency (EPA) and the State Water Resources Board through the City's stormwater NPDES permit require treatment of stormwater runoff prior to its release into the sloughs, creeks, rivers, or the Delta. Treatment is often provided within detention basins in a separate "wet" area that is part of or adjacent to the main basin. Other treatment may be provided by on-site source control and by site specific facilities. Stormwater quality is an integral part of the City's stormwater management system.

Pump Stations: Most existing stormwater is pumped into the South Bear Creek. Pumps are sized according to City design criteria and their operation is controlled by water levels in downstream drains.

Water Level Monitoring Stations: There are 11 existing water level monitoring stations throughout the City's storm drainage systems that are used to obtain real-time water level measurements at critical low points in the system to prevent flooding.

The proposed stormwater distribution system may utilize Best Management Practices (BMP) and design control features, including the following Low Impact Development (LID) measures:

1. Implementation of the City of Stockton water Stormwater Management Plan.
2. Conserving natural areas and reducing imperviousness.
3. Runoff storage
4. Hydro-modification to mimic pre-development runoff volume and flow rate.

B. FUTURE STORMWATER DRAINAGE DEMANDS AND SYSTEM IMPROVEMENTS

200-Year Flood Protection in the Central Valley

Portions of the City of Stockton lie within the 200-year flood hazard area. However, the annexation area is not located within the 200-year flood hazard area, due to protection from the levee.

PROJECT SUMMARY

The proposed annexation will not affect the 200-year flood hazard area.

C. CAPITAL IMPROVEMENT PROGRAM/FINANCING

The capital improvement projects (CIP) process contained in the City of Stockton Stormwater Management Plan (2009) is the same for private development. If the CIP meets the criteria for a priority project per the SWQCCP, the project must conform to new development standards. If the project site is equal to or greater than one acre, the site must obtain coverage under the General Construction Permit. The City addresses project sites less than one acre and may be a threat to water quality through responses to water pollution complaints, enforcement of erosion and sediment control ordinance, and providing the small construction site handout from the county.

The City evaluates the Public Facilities and Facility Pollution Prevention Plan (FPPP) for public facilities to minimize or eliminate flows to the storm drain system. The FPPP include a site a site description and BMPs that address potential sources of pollutants to the storm drain system and procedures for dealing with any onsite spills.

The storm drainage improvements serving future growth are consistent with the City's current regulations. The City's CIP includes all water, wastewater, storm drainage, and transportation facilities required to meet the City's targets for Level of Service. It ensures that infrastructure required for growth is constructed in a timely manner and financed in a way that equitably divides financial responsibility in proportion to the demands placed on new facilities.

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The Technical Memorandum presents the Stormwater Master Plan Supplement for the Stockton General Plan Update (GPU) addresses stormwater drainage through recommended future actions.

- The City shall continue to complete gaps in the drainage system in areas of existing development.
- The City shall require the improvement of drainage detention basins as a condition of development approval according to the standards of the Stockton's Stormwater Quality Control Criteria Plan.
- Stormwater drainage systems within new development areas shall include open drainage corridors where feasible to supplement or replace an underground piped drainage system. The drainage systems would provide for short-term stormwater detention, conveyance for stormwaters exceeding a 10-year event, stormwater quality treatment, bike and pedestrian paths, and visual open space within neighborhoods.
- The City shall update the Storm Drainage Master Plan, regarding stormwater drainage, every five years. The update shall be reviewed annually for adequacy and consistency with the General Plan.

PROJECT SUMMARY

UTILITY MAINS AND ACCESS HAVE ALREADY BEEN PROVIDED TO THE PROPERTY, THEREFORE NO CIPs ARE PROPOSED. In addition, the development will be required to obtain a General Construction Permit and will prepare a SWQCCP to comply with City and State requirements as the total disturbed area including the Waudman Avenue improvements is around one acre.

D. TIMING

Drainage improvements will be constructed to maintain the service level standard. This is accomplished by constructing the storm drainage and flood protection facilities for each new area that is developed, and by ensuring that necessary facilities are developed efficiently prior to and during construction activities.

E. STORM DRAINAGE WITHIN THE ANNEXATION AREA

Existing drainage patterns on the parcel generally sheet flow south to Waudman Avenue Right-of-Way and into an existing ditch that collects and infiltrates the flows. Waudman Avenue and Lucile Avenue generally direct storm water runoff west, while small portions of the roadways direct flows east to be captured by existing storm inlets along Thornton Road. The proposed development will construct a 7,000 square foot building with associated parking lot and landscaping. Stormwater will be directed east to a series of water treatment BMPs prior to discharging undetained to the City's existing storm drain infrastructure. A portion of Waudman Avenue will be improved as part of this development and will include curb and gutter as well as a storm inlet to better capture offsite flows. The collected flows will then discharge to an existing 12' culvert at the west end of the site. Flows within Waudman Avenue will primarily continue to follow existing drainage patterns.

Project Summary

The proposed development was designed in accordance with local and State guidelines and requirements. The City's existing infrastructure has sufficient capacity to take on the additional flows generated from the site. Furthermore, in 2009 an agreement was made with the City in which the City provided storm drain connections to the site for future connection. It is the intent of this development to utilize these stubs.

Wastewater

The City of Stockton does not currently provide wastewater collection and treatment for the unincorporated areas within the City of Stockton. The *City of Stockton 2040 General Plan* and the *Technical Memorandum* provided by West Yost Associates dated December 2017 to the City of Stockton are the primary sources for the information included in this section. The General Plan outlines a long-term strategy for meeting future discharge and capacity requirements in order to meet community needs for buildout of the General Plan.

A. WASTEWATER COLLECTION

The only existing sanitary sewer collection system adjacent to the site resides within Thornton Road, however during the Thornton Road Widening Project a 6-inch sanitary sewer stub was extended to the southeast corner of the O'Reilly site. It is the intent of this development to utilize this stub. The existing main and associated treatment facilities have sufficient capacity to serve the site. Wastewater flow from various sections of the City will be directed via gravity sewer, force main, or pump station. The system generally flows from the north, east, and south to the RWCF. Additional facilities will be constructed as needed for developments to connect to the proposed sewers.

PROJECT SUMMARY

In 2009 an agreement was made with the City in which the City would provide a sanitary sewer connection to the site for future connection. This stub was installed with the adjacent Thornton Road Widening Project and will be utilized for by this development. The 6-inch stub will be extended north to serve the remainder of the parcel in the event of future development.

B. WASTEWATER TREATMENT PLANT PERMITTING AND CAPACITY

The RWCF facility has a design flow capacity of 55 mgd and an average daily flow rate of 31.7 mgd. The existing RWCF facility is over 60 years old, and the sewer system has already undergone several upgrades and the City will continue to make upgrades per the General Plan. For treatment plant planning the City has adopted a predicted ADWF of 40.2 mgd for 2035 and 46.3 mgd for 2045. The RWCF provides primary, secondary, and tertiary treatment of municipal wastewater gathered from the city as a whole. The RWCF treated effluent from the RWCF is dechlorinated and discharged to the San Joaquin River. For new developments, the developer would be required to pay appropriate connection fees upon issuance of a building permit and will be billed for usage on a monthly basis.

PROJECT SUMMARY

The City has sufficient capacity to serve the waste generated by the proposed development therefore this development is not anticipated to have any negative impacts on the existing infrastructure or its capacity.

PLAN FOR SERVICES

C. WASTEWATER QUALITY

The City's wastewater treatment plant is governed by a Federal NPDES permit. The City is required by law to have its permit reviewed every five years by the Regional Water Quality Control Board (the State's regulating agency for the NPDES permit program). The RWCF discharges treated water to the Sacramento/San Joaquin River Delta in accordance with NPDES permit No. CA0079138. Upgrades to the existing system have already been completed and the design allows for improvement in the secondary treatment system as part of the long-term plan.

D. FUTURE WASTEWATER DEMAND AND SYSTEMS IMPROVEMENT

Per the memo to the Utility Master Plan Supplements dated October 1, 2018 by Placeworks, the 2040 projected improvements differ greatly from those stated in the 2035 General Plan. Due to this discrepancy some sewer system infrastructure could be undersized causing overflows, and some may be oversized causing unnecessary capital expenditure and an increase in the operations and maintenance efforts and costs. The memo suggests a new model plan that may consist of industry standard calibration procedures, on field-verified sewer invert elevation data, and the use of software to compute dynamic hydraulic conditions to more accurately represent the system.

The last revision to the 2040 General Plan was in 2018. There have been areas around Stockton that have been annexed into the City and sewer services have been provided to these areas.

PROJECT SUMMARY

Per the 2009 agreement, connection and use of the City's sewer system was planned for and therefore not anticipated to negatively affect the existing infrastructure.

E. WASTEWATER SYSTEM WITHIN ANNEXATION PROJECT AREA

The annexation area does not currently connect to the City's sewer system as it is an undeveloped parcel. There are no existing sewer mains within Waudman Avenue nor Lucile Avenue. The only main adjacent to the site in Thornton Road. During a road widening projects a sewer lateral and stub to the annexation area was installed for use future connection. The stub was brought to the southeast corner of the the site. The Annexation area is located within System 2, which is not projected to have many improvement measures take place.

PROJECT SUMMARY

The annexation area is to be serviced by the 6-inch stub brought to the southeast corner of the site via the Thornton Road widening project and per the 2009 agreement with the City to provide service. The stub is of sufficient size and able to service the proposed use with sufficient capacity. The stub will also be extended to the north to serve any future development on the remainder of the parcel.

Solid Waste

The City does not provide solid-waste service for the Stockton area. There are two companies servicing neighborhoods in the City of Stockton to ensure that the City's residential and commercial demands are met effectively, and that landfill use remains available for future generations by helping residents and

businesses to recycle, compost, and reduce the overall solid waste load. Republic Services and Waste Management provides the following solid-waste services:

- residential recycling pickup on a biweekly schedule;
- residential biweekly curbside pickup of compost materials;
- leaf and Christmas tree pickup;
- commercial recycling; and
- household hazardous waste collection.

The private companies use one of three landfill locations to process and ship some of its solid waste and materials.

PROJECT SUMMARY

The proposed development will construct a trash enclosure to house one dumpster for solid waste and one dumpster for recycling. The property lies within Republic Services service area and has sufficient resources to service the site.

Electricity and Natural Gas

Pacific Gas and Electric Company (PG&E) is responsible for provision of electricity and natural gas to the City and the annexation area. PG&E delivers approximately 86,179 million kilowatt-hours (kWh) of electricity to its 15 million customers throughout the 70,000-square-mile service area in northern and central California. The service area is divided into seven distribution areas, with Stockton located in the Stockton Division of PG&E's Operations, Maintenance, and Construction Area 5. Gas is delivered to the City and the City Planning Area through portions of PG&E's 48, 198 miles of natural gas pipelines.

PROJECT SUMMARY

There are no existing gas or electric laterals servicing the property, however transmission lines run adjacent to the property in Waudman Ave, Lucile Ave, and Thornton Road. There is also an underground power line traversing the southern portion of the property that will be relocated during development. The proposed development will coordinate with PG&E to extend services to the property at time of construction.

Police Services

Police protection services in the City of Stockton are provided by the Stockton Police Department. The Stockton Police Department is a full-service law enforcement agency comprised of 485 sworn officers, 41 police telecommunicators, and 186 civilian staff. With a population of approximately 291,707, that equates to a staffing level of .64 officers per 1,000 residents. The staffing level is determined each year by the Stockton City Council and is subject to change as the Council, City Manager, and Chief of Police determine the needs of the City. At full build-out, this project would increase the City's population by approximately 279 people. Additionally, the City has been steadily increasing the number of sworn officers at the Police Department in recent years.

Police services outside of the City of Stockton city limits are provided by the San Joaquin County Sheriff's Department, located in French Camp approximately 7.5 miles southwest of Stockton. Police patrol

PLAN FOR SERVICES

services are provided 24 hours a day by 138 uniformed deputies as of 2019. The County is divided into eight geographical areas or "beats." These beats are staffed around the clock and provide emergency response capability to citizens in the unincorporated area of the County. The Stockton Police Department provides mutual aid to the San Joaquin County Sheriff's Office, and vice versa when a situation exceeds the capabilities of either department. Mutual aid is coordinated through the San Joaquin County Sheriff.

The Stockton Police Department, Bear Creek Division, does not classify calls for service. The Police Department's policy is to respond to all calls within three – five minutes. Even though there are no classification of calls, it is understood that a higher level of service may be required as population increases. The project will receive City provided law enforcement services after annexation.

The Stockton Police Department defines offences for statistical purposes using the Uniform Crime Reporting Code of California. Crimes are classified as Part 1 or Part 2 offences, depending on the priority of the crime. In 2020, 13,601 Part 1 offences, which include homicide, rape, burglary, and larceny, were reported. Auto Larceny – Theft and Aggravated Assault were the most common crimes in Stockton, combined accounting for over 69% of offenses in 2020. Between 2019 and 2020, Part 1 offences in Stockton decreased by about 19.4 percent.

The FY 2020-2022 budget for the Police Department is \$135,600,000. The need for additional personnel in the future will be addressed by the Chief of Police, the City Manager, and the City Council as response times are reassessed annually and as budget allows. The budget for the Police Department is expected to increase, as development of the City of Stockton continues.

PROJECT SUMMARY

The Stockton Police Department has sufficient resources to serve the annexation area. Staffing levels at the Stockton Police Department are adjusted based on Police Department response times and new hiring is expected to occur as the population of Stockton grows. The Police Department will begin receiving additional revenue through property taxes once the parcel is annexed into the City.

Fire Services

Fire protection services for the annexation area is provided by Stockton Fire under contract with the Lincoln Fire District. The Stockton Fire Department (SFD) is responsible for the primary provision of fire service and emergency medical response for the City of Stockton and the unincorporated areas inside the city limits and its residents. The SFD serves approximately 350,000 residents throughout approximately 87.0 square miles. The SFD operates out of twelve (12) stations that are strategically located throughout the City of Stockton. The SFD is headquartered in Station 2 located at 110 West Sonora Street. The annexation area is within the response area of Company 14 and Company 7, with Engine 14 being the "first-in" responder, and Engine 7 being the "second-in" responder. Station 14 is located approximately 1.6 miles north of the annexation area, while Station 7 is located approximately 1.2 miles south of the annexation area. According to the SFD, Company 7 was impacted during past bankruptcy proceedings with the shutdown of a ladder truck, which has not yet been put back into service. The proposed project, in and of itself, is not anticipated to require placing the ladder truck back into service.

The City of Stockton General Plan 2040 includes policies and implementation measures that would allow for the Department to continue providing adequate facilities and staffing levels. Below is a list of relevant policies:

- Maintain adequate staffing levels to support achieving the City's service level goals for police and fire protection. (Action LU-6.1G).
- Require development to mitigate any impacts to existing sewer, water, stormwater, street, fire station, park, or library infrastructure that would reduce service levels. (Action LU-6.3A).
- A portion of sales tax from retail and business-to-business transactions goes directly into the City's General Fund, where it can be used to support services such as law enforcement, fire suppression, and street maintenance.
- The various station houses are responsible for different emergency services. Specialty apparatus and personnel for the Hazardous Materials Team are assigned to Fire Company 3, the Water Rescue Team is Fire Company 6, etc.
- 1.23 sworn firefighters per 1,000 residents for a population up to 500,000 people.
- Update the City's Design Guidelines and Development Code to require new and retrofitted development to support effective police and fire protection response and services. (Action SAF-1.2A)
- SB 244 added the following requirements to Government Code Section 65588: For each identified community, an analysis of water, wastewater, stormwater drainage, and structural fire protection needs or deficiencies.

Per the City of Stockton Municipal Services Review dated April 23, 2020, Engine 14 averages 4 minutes 44 seconds of travel time responding to fires with a total time to arrival averaging 5 minutes 57 seconds. Engine 7 averages 4 minutes 5 seconds of travel time responding to fires with a total time to arrival averaging 5 minutes 5 seconds. The 90th percentiles for travel time and total time to arrival for Engine 14 is 7 minutes 20 seconds and 10 minutes 48 seconds, respectively. The 90th percentiles for travel time and total time to arrival for Engine 7 is 6 minutes 20 seconds and 9 minutes 12 seconds, respectively.

The SFD has a growing department that, according to the adopted General Plan, has plans and a budget to continue to provide the City of Stockton with fire and emergency services to an excellent standard.

PROJECT SUMMARY

The property is located in unincorporated San Joaquin County and currently serviced by SFD under contract with the Lincoln Rural Fire District. The property requires detachment from this fire district in order to be serviced by SFD once annexed. The subject site is located in between Fire Stations 14 & 7 with average travel times under 5 minutes and average total times to arrival under 6 minutes. The SFD has the capacity and resources to service this additional property.

School Services

The annexation area is located within the boundaries of the Lodi Unified School District.

The Lodi Unified School District provides services to approximately 29,000 students across 46 schools within Stockton, Lodi, and the surrounding County areas. The School District consists of seven high schools, seven middle schools, and thirty two elementary schools.

PROJECT SUMMARY

The annexation is not proposing any new residential developments and therefore will not have an impact on the school district.

Wagner Heights South Annexation

This development has analyzed the feasibility of annexing the entire Wagner Heights South Subdivision (Island Annexation) as part of an effort to eliminate unincorporated islands. However, due to scope, current infrastructure, and financial impact associated with annexing the entire island both the Applicant and City of Stockton have determined annexation to be infeasible at this point in time. The following is a brief summary of what the Island Annexation would entail.

The Island Annexation consists of 87 parcels located between Don Avenue and Thornton Road along Waudman Ave, Lucile Ave, and Alpha Drive. The entire area is approximately 64 acres and composed of mostly existing single-family residences with commercial uses along Thornton Road. The Island Annexation is currently zoned for low density residential and commercial (for the lots along Thornton Road). The City's General Plan specifies the same designations. The majority of the Island Annexation area is currently developed with only a few undeveloped parcels.

There are no water, sanitary sewer, or storm drain mains within Lucile Ave and Alpha Drive. An existing 12" water main within Waudman Ave runs throughout the Island Annexation area, but only has sanitary sewer and storm drain mains extended from Don Ave to Agate Ct. The majority of the existing parcels are serviced by existing septic tanks and wells. The Island Annexation would require extending these services throughout the annexation area and would be dependent on funding. The majority of existing residences and businesses have private wells and septic systems which would be required to connect to the City's utilities (once available) but only after existing private water and septic systems break down and become inoperable. Existing water tanks and wells are located on the developed sites and will remain until water mains can be extended.

Storm drainage for the Island Annexation area currently consists of mostly roadside ditches that convey flows west toward Don Ave. The full buildout of storm drain infrastructure would consist of extending underground storm drain mains as well as providing catch basins throughout the annexation area to collect and convey stormwater runoff west towards Don Avenue.

Lastly, the majority of Lucile Ave, Waudman Ave, and Alpha Drive are not consistent with the City's current roadway sections as they do not have curb, gutter, and sidewalk. These roadway sections would be required to meet current City standards when annexed.

PROJECT SUMMARY

The lack of existing utility infrastructure and amount of street improvements needing to be made to provide City's services within a timely manner makes Island Annexation infeasible. At the time of this application, the City of Stockton had no previous or current plans on extending services to this area. Funding is also another hurdle for the Island Annexation as the City has other more urgent priorities and limited funding. It is not anticipated that utility and street improvements could be installed in a timely manner which is a main requirement of any annexation and therefore only the 1.7 acre commercial property and the adjacent rights-of-way are proposed to be annexed at this time.

4. TIMELY AVAILABILITY OF WATER SUPPLY

As noted, California Government Code Section 56668(l) requires an assessment of the timely availability of water supplies for an annexation area. The UWMP for the City of Stockton's water system assessed the reliability of its water supply for its service area, which includes the subject site. The UWMP includes a description of the water supply sources, projected water use, and a comparison of water supply water demands during normal, single-dry, and multiple-dry years. The definitions of the three water year scenarios, as described by the State Department of Water Resources, are provided below.

1. Average year is a year, or an averaged range of years in the historical sequence that most closely represents median water supply availability to the agency. Normal and average are used interchangeably within the Department of Water Resources guidebook.
2. Single dry year is the year with the lowest water supply availability to the agency.
3. Multiple dry year is the lowest average water supply availability to the agency for a consecutive multiple-year period (three years or more) for a watershed since 1903.

The City of Stockton currently has two water sources, surface water and ground water. The City operates the Delta at the DWSP intake facility for surface water and the City operates and maintains its own ground water system of wells.

The City's General Plan includes policies and implementation programs related to maintaining an adequate water supply of the City's population. Based on existing water use patterns the water supply is reasonably available through 2040. This is based on continued development of groundwater wells surface water allocations by the Delta at the DWSP.

The area served would include all potential development within the 10-year Planning Horizon which includes the annexation area. The City's Water Master Plan also makes it clear that additional areas of the City, including the 20-Year Planning Horizon, could be served by using more surface water. At a projected population of 432,6267 in 2040, with a projected annual water requirement of 43.1 mgd, the City would be able to exceed this water requirement with a sustainable supply, as provided in the City's most recently adopted WMP (the City's 2021 WMP). In addition, the City could further reduce water demand through implementation of a Water Shortage Contingency Plan, as needed.

The City's 2021 WMP was adopted by the Stockton City Council on January 2021. The 2021 WMP included existing and projected water demands for existing and projected future land uses to be developed within

PLAN FOR SERVICES

the City's SOI through 2040. The water demand projections in the City's 2021 WMP included existing City water demands, future water demands for developments within the existing City limit, and future water demands for future service areas outside the existing City limit.

According to the City of Stockton, the City has adequate water supplies to support existing demand in the City in addition to the build out of the annexation area, under average daily and maximum daily demand conditions. The water demand for current and proposed uses in the City of Stockton is 36,856 AFY. The City calculates separately that it has a projected total supply of 75,700 AFY in the year 2025, leaving 38,844 AFY available.

PROJECT SUMMARY

The proposed development anticipates generating approximately 127 gal/day or roughly 0.14 acre-ft/year excluding irrigation. The development will connect into the existing 12-inch main in Waudman Avenue which has the capacity to accommodate the proposed demand. If the remainder of the parcel should be further developed, it would be able to connect into an existing main within Lucile Avenue that has been extended from Thornton Road to service the commercial complex at 1943 and 1955 Lucile Avenue. The construction of new mains are not required to service the site as the adjacent infrastructure is readily available and has ample capacity.

5. FAIR SHARE HOUSING NEEDS

The annexation area is currently under San Joaquin County Jurisdiction and would be subject to the City of Stockton's Housing Element upon annexation. The Housing Element for Stockton has accounted for adequate housing spaces, new housing development, affordable housing, infill/downtown housing, preserving existing houses especially residences coming from annexed areas, housing for special needs, and promoting fair housing practice.

PROJECT SUMMARY

The proposed development will be constructed on a vacant parcel that has been designated for commercial use for over 30 years. Therefore, this development is not removing any existing or future designated housing. In addition, the City currently has sufficient housing to accommodate the workforce generated by this development.

6. FINANCING OF CITY SERVICES AND FISCAL IMPACTS

California Government Code Section 56653 requires that the required plan for services to a subject site include information on how the extension services would be financed. For the purposes of this analysis, services extensions are classified as public road improvements and utility services such as water, wastewater, storm water, electrical, gas and communication systems that require construction of new pipelines, power lines, pump stations or other physical facilities needed to extend urban services to the subject site, and general City services such as police and fire protection would, generally speaking, be provided without major improvements to capital facilities.

Roads and Utility Improvements

As prescribed in the project conditions of approval, the project will be responsible for design and construction of required improvements to City roads and utility systems in accordance with adopted City standards. Unless improvements are deferred per a specific agreement with the City, they will be constructed prior to occupancy of the project site. The costs of extending electrical, gas and communication facilities will be borne by the project and the responsible franchise utility as prescribed in adopted rules and regulations. Costs of operating public infrastructure for the benefit of the project will be met through existing monthly service fee systems established by the City and franchise utilities.

Long-term capital improvement needs associated with new development, including the proposed project, are met through the City's adopted Public Facilities Fees (PFFs), which provide for expansion of City offices, libraries, community recreation centers, fire and police stations, street improvements, park land, surface water resource development improvement, air quality, and related administrative costs as these needs are identified. Similarly, the City has also adopted development fees for sanitary sewer and water connections, traffic signals, and street trees, and various local benefit district fees. PFF and connection fee payments are required when building permits are issued, in accordance with the City's adopted fee schedule, which is annually updated to keep pace with infrastructure and public facility costs. As a result, the City operates from year to year with a fee structure that reasonably anticipates and collects fees sufficient to meet capital improvement needs associated with new development.

Estimated PFFs and connection fees for proposed commercial development of the subject site are summarized in Table 2 below.

Along with the PFFs and connection fees, the City also collects development-related fees for the following:

- Air quality
- County facilities
- Surface water for SEWD (\$0.283 per square feet of retail/0.30)
- Related administrative costs

Table 3 summarizes the estimated development-related fees for proposed commercial development of the subject site. These also include development impact fees collected by other agencies, such as the Stockton Unified School District and SJCOG.

TABLE 2- ESTIMATED PUBLIC FACILITY AND CONNECTION FEES

FEE CATEGORY	ESTIMATED PROJECT FEES
City of Stockton Fees	
Community Recreation Center	142.20
City Office Space	158.00
Fire Stations	428.34
Libraries	340.57
Parkland	0

PLAN FOR SERVICES

Police Stations	379.19
Street Improvement	22,308.89
Sewer Connection	3,634.00
Water Connection	8,531.36
Delta Water Supply	18,173.54
Regional Transportation	10,322.34
Traffic Signal	6,853.47
TOTAL CITY CAPITAL FEES	\$71,271.90

TABLE 3- ESTIMATED DEVELOPMENT RELATED FEES

FEE	ESTIMATED PROJECT FEES
Agricultural Land Mitigation	0
Air Quality	4,838.16
County Facilities	3,370.56
Surface Water	6,621.75
Administration	1,590.44, 1,061.86
School Impact Fees (SUSD)	<i>(Collected by SUSD)</i>
Habitat/Open Space (SJCOG)	<i>(Collected by SJCOG)</i>
TOTAL OTHER FEES	\$17,482.77

Estimated Change in Annual City General Fund Revenues The anticipated revenues to the City of Stockton, which would be the main provider of services, is presented here, along with the anticipated fees that be collected for capital improvements supporting these services. As noted above, the design, engineering, and construction of these services and infrastructure improvements will be financed by developers of the subject site, subject to approval by the City. This section also analyzes financial impacts on the Lincoln Rural Fire District, which currently provides fire protection services to the subject site and from which the subject site would be detached upon annexation to the City.

As a charter city, the City of Stockton benefits from the same revenue sources as general law cities, as well as a utility user tax. The City General Fund receives a portion of the property tax collected within the City limits, and it receives franchise payments from electrical distribution, cable television and solid waste collection franchises. The City operates its public utilities (i.e., water and sanitary sewer) as enterprise functions, and it engages in public recreation activities on a quasi-enterprise basis, subsidized by its General Fund (e.g., golf courses, ice arena, civic auditorium). Revenue estimates were generated primarily on a person-served basis, which accounts for project-related population and employee growth.

TABLE 4- ESTIMATED CITY GENERAL FUND REVENUES RESULTING FROM ANNEXATION OF PROJECT SITE.

CATEGORY	AMOUNT
Property Taxes	
Secured Property Tax	\$1,876
Unsecured Property Tax	\$188
Property Transfer Tax	\$46
Property Tax in-Lieu of Motor Vehicle Fees	\$1,161
Other Revenue Sources	
Sales Tax	\$34,039
Utility Users Tax	\$0
Franchises	\$231
Other Revenue	\$155
TOTAL	\$37,697

Property Tax

Property tax rates are set at 1% of assessed property value. The potential property tax revenues resulting from the project were based on information provided by the project applicant and the current City/County Revenue Sharing Agreement for annexations. The proposed project site has a current assessed value of \$990,842. The project applicant anticipates making an additional investment of \$1.124 million for construction of the retail store. This would equal a combined assessed value at project completion of approximately \$2.1 million.

Secured Property Tax

The San Joaquin County Assessor indicates that within Tax Rate Area 099344, the County currently receives 17.9 percent of the one percent Bradley-Burns property tax, while the Lincoln Fire District receives 23 percent, and the Road District receives four percent. According to the County Auditor-Controller, the County’s interpretation of the master revenue sharing agreement is that the City would receive 20 percent of the County’s share of the existing property tax base and any future increment, including the portions allocated to all three entities noted above. Based on this approach to estimating the likely shift in property tax revenues to the City of Stockton, the City may be likely to receive less than \$2,000 per year in secured property tax revenue.

Unsecured Property Taxes

Unsecured property taxes are derived from property that is not real estate such as business equipment, boats, aircraft, and possessory interests. For this analysis, it is assumed that the unsecured property tax

PLAN FOR SERVICES

is 10% of the secured property tax and that the amount of unsecured property tax the City would receive after annexation and development of the subject site would be approximately \$188.

Other Property Taxes

Property transfer taxes are taxes charged as a percentage of the value of property that has a transfer of title. This analysis assumes that the City would receive approximately \$0.55 per every \$1,000 of assessed value transferred. The gross transfer value of the O'Reilly's store is estimated at \$236 per square foot based on the sale of a comparable property at 6404 Pacific Avenue. Assuming an average turnover rate of five percent per year, the City is assumed to receive approximately \$46 per year in property transfer tax, on average.

PROPERTY TAX IN LIEU OF VEHICLE LICENSE FEES (ILVLF)

In 2004, the State Legislature and the Governor agreed to a swap of city and county vehicle license fee revenue for an additional share of property tax revenue to be provided to the local governments. This Property Tax in-Lieu of Motor Vehicle Fees (ILVLF) is a substantial source of revenue based on property taxes. As of the 2021-2022 fiscal year, the City expects to receive \$26.8 million in ILVLF revenue, which represents approximately 0.1 percent of the total estimated citywide assessed value. With a new incremental assessed value of \$1.1 million, this analysis estimates that the City would receive an approximately \$1,161 in additional ILVLF revenue per year post annexation.

Sales Tax

The current sales tax rate in the City of Stockton is 9.00%, with the City receiving 2.25% of taxable sales, 1.25% of which is a result of measures approved by City voters (Measure A – 0.75%, Measure W (police and fire) – 0.25%, Measure M (library and recreation) – 0.25%). However, revenues from Measure W and Measure M are allocated directly to the Departments and not the General Fund. Based on recent Securities and Exchange Commission (SEC) filings, this analysis assumes that the proposed O'Reilly's Auto Parts store will generate approximately \$277 per gross square foot in taxable sales. With a gross floor area of 7,022 square feet, this analysis estimates that the project will ultimately result in around \$1.95 million in taxable sales per year, which would translate to approximately \$34,039 per year in sales tax revenue to the City of Stockton. Sales tax represents the single largest source of revenue that would accrue to the City post annexation.

Utility User Tax

A utility user taxes are levied against utility charges for of gas, electric, water, telephone, and cable television services. As of the 2021-2022 fiscal year, the City collected approximately \$34.3 million in utility user taxes, including Water Use Tax, Electric and Gas Use Tax, Cable Use Tax, and Telecommunications Use Tax. However, these taxes are typically modelled on the basis of the size of the resident population and are not anticipated to be impacted by the proposed project or annexation of the incorporated island.

Franchise Tax

Franchise taxes are levied upon the providers of natural gas, electric, refuse removal, and cable television service. The franchise tax, which is 2% for most utilities and 3% for cable TV, is levied upon the provider rather than the customer and is charged against all utility revenues. Due to the nature of these services, potential revenue changes are typically modelled based on the change in service population, which is equal to the new resident population plus one-half of the jobs. The project applicant estimates that the new O’Reilly’s will employ between 10 and 15 workers. Rounding of the nearest whole number, this analysis assumes that the service population will increase by six persons, but that only the natural gas and waste hauling revenues will vary. Using this approach, the annexation is anticipated to result in approximately \$231 in additional annual revenues from franchise taxes.

Other Revenue Sources

The City has a variety of other revenue sources, which are listed in the City’s budget. These include business licenses taxes, transient occupancy taxes, document transfer fees, motor vehicle license fees, and investment proceeds. According to the City Finance Officer, only the business license taxes, transient occupancy taxes, and document transfer fees are likely to be variable with changes in service population. Based on this approach, this analysis estimates that annexation of the O’Reilly’s project would result in an additional \$155 in miscellaneous revenues per year, excluding program revenues and those other revenue sources already discussed above. Estimated Change in Annual City General Fund Expenditures

As discussed in Section 4.1, immediate and future capital costs of the project would be met through developer improvements to public road and utility systems and through payment of the City PFFs and connection fees. The project is commercial in nature and would not result in increases in the resident population of Stockton, with concurrent costs in providing City services. However, the addition of project-related employees would contribute to the “service population” of the City, which could contribute to service costs.

TABLE 5- ESTIMATED CITY GENERAL FUND EXPENDITURES RESULTING FROM ANNEXATION OF PROJECT SITE.

CATEGORY	AMOUNT
Police Services	(\$2,196)
Fire Services	(\$1,150)
Public Works	(\$280)
Economic Development	(\$33)
Office of Violence Prevention	(\$33)
Program Support	\$0
Administration	(\$286)
Debt Service	\$0
Contingency	\$0
TOTAL	(\$3,979)

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Police and Fire Services

Impacts to public services provided by the City, primarily fire and police protection, would be less than significant with the installation of the fire sprinkler systems required by the City. Expenses to provide City fire and police services to the subject site are also expected to be minimal. While the project would place an incremental demand for City fire and police services, no new or expanded services would be required as a result of the project. Future capital costs for these services would be met through payment of PFFs. Based on the incremental increase in service demand generated by the addition of 10-15 new jobs (service population equals resident population plus one-half of the jobs), this analysis estimates the increased cost to be at \$2,196 per year for the Police Department and \$804 for the Fire Department, after accounting for offsetting program revenues. The calculations also account for a reduction on contract revenue to the fire department resulting from the detachment of the area from the Lincoln Fire District.

Other Expenditure Categories

Using a cost multiplier approach similar to that discussed above, this analysis estimates that the Public Works Department may incur an annual cost of \$280 resulting from the minor increase in service population. The Economic Development Department would experience a similar impact of \$33 per year, the Office of Violence Protection another \$33 per year, and the City's Administrative offices another \$286 per year, after accounting for program revenues. The annexation and proposed O'Reilly's project are not anticipated to have an impact on the City's debt service activities and/or annual budgetary contingencies.

The project is not expected to result in additional costs for schools or parks and recreation, as the project would not increase the resident population. Nonetheless, the project would contribute to future school and park capital needs through payment of school mitigation fees and park and recreation PFFs.

Overall Impact of Project on City Budget

The proposed future development of the subject site is expected to generate approximately \$37,697 in annual revenues to the City, the bulk of which would originate from sales tax receipts. With estimated annual expenditures of \$3,633, the City would have adequate annual revenues to provide services to the subject site, with a projected surplus of up to \$34,064 per year. In addition, proposed future development would generate \$5,111,169 in one-time capital facility fees to the City to cover expenses associated with new or expanded public facilities and services. Additional fees would be paid to SUSD and SJCOG.

In summary, the City would be expected to expect to receive revenues from proposed development of the subject site, while the expenses incurred in providing City services to the subject site would be less than the anticipated revenues. Thus, at the project level, the City would likely operate at a slight budget surplus.

Property Tax Impacts to the Rural Fire District

Based on information provided by the County Auditor-Controller's Office, the Lincoln Rural Fire District currently receives approximately 23 percent of the general one-percent property tax levy on the subject site. Upon annexation and development of the subject site, the assessed valuation of the site would increase substantially. According to the Auditor-Controller, the Lincoln Fire District would continue to

receive 80 percent of the existing base property tax and increment from the site, while the remaining 20 percent would be allocated to the City of Stockton. The net reduction in property tax revenue to the Lincoln Fire District would total approximately \$458. The Fire District would also experience a reduction in the contract amount paid to the Stockton Fire Department in exchange for servicing this area equal to approximately \$347 per year. Taken together, the net impact to the Lincoln Fire District would equal a fiscal deficit of \$111 per year, which is within the margin of error of the fiscal model, suggesting a likely break-even scenario.

7. CONCLUSION

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 is the section of the State Government Code (Government Code §§ 56000 et seq.) that provides LAFCO with its authority, procedures, and functions. This law gives LAFCO power to “approve or disapprove with or without amendment, wholly, partially or conditionally” proposals concerning the formation of cities and special districts, annexation, or detachment of territory to cities and special districts, and other changes in jurisdiction or organization of local government agencies.

Consistent with the requirement that LAFCO review the proposed annexation request pursuant to the criteria provided in Government Code Section 56375, the following justification and findings are made in support of approval of the annexation request.

- 1) Lands within the annexation area are planned for urban uses in the Stockton General Plan.
- 2) The project is located within the City of Stockton 10-year Planning Horizon.
- 3) The project does not exceed 150 acres in area, and the area constitutes the entire island.
- 4) The project constitutes an entire unincorporated island located within the limits of the City of Stockton.
- 5) The project is surrounded by the City to which annexation is proposed.
- 6) The project is substantially developed due to the presence of physical improvements upon the parcels within the area.
- 7) The project is not prime agricultural land, as defined by section 56064.
- 8) The project will benefit from the change of organization from the annexation into the City.
- 9) The project does not belong to a gated community where services are provided by a community services district.

Findings

Overall, existing public services, with improvements proposed as a part of the project, would be adequate to serve the project. The project would require extension of non-utility services provided by the City, such as public safety.

Justification for Approval

The annexation area is within the City’s General Plan Sphere of Influence (SOI) and is included within the Municipal Services Review (MSR) Report 10-year Planning Horizon. LAFCO has adopted a policy, in line with State Policy, encouraging the dissolution of unincorporated islands within Cities. Although this annexation project does not remove the entire Wagner Heights South unincorporated island for the

PLAN FOR SERVICES

reasons previously mentioned, it reduces the island overall footprint and promotes an orderly and logical boundary for annexation that is contiguous to the City limits. Consistent with the requirement that LAFCO review the proposed annexation request pursuant to the criteria provided in Government Code Section 56337, the following justification and findings are made in support of approval of the annexation request.

- 1) Lands within the annexation area are planned for Commercial uses in the Stockton General Plan.
- 2) The project is located within the City of Stockton 10-year Planning Horizon.
- 3) The project proposes an orderly and logical boundary for annexation and is contiguous to the City limits and has access to existing City services and utility stubs.
- 4) The project creates a logical extension of the City boundaries and extends the existing infrastructure.

APPENDIX A - LEGAL DESCRIPTION AND BOUNDARIES

ALL that certain real property situate in the unincorporated area of San Joaquin County, State of California, Described as follows:

Being a portion of the South Half of Section 8, Township 2 North, Range 6 East of the Mount Diablo Meridian, county of San Joaquin, State of California, being more particularly described as follows:

BEGINNING at a southeast corner of Lot 67 of Wagner Heights Subdivision, said Point of Beginning; thence South 38°43'43" East along the west right-of-way line of Thornton Road a distance of 459.28 feet; thence Northwest on a non-tangent curve to the left having a radius of 20.00 feet, a central angle of 78°40'17" and an arc length of 27.46 feet, the chord of said arc bears North 78°03'51" West a distance of 25.35 feet to the south right-of-way line of Waudman Avenue; thence South 62°36'00" West along the south right-of-way line of Waudman Avenue a distance of 270.86 feet; thence North 27°31'27" West a distance of 410.00 feet to the north right-of-way line of Lucile Avenue; thence North 62°34'28" East along the north right-of-way line of Lucile Avenue a distance of 181.54 feet; thence Northeast on a curve to the left having a radius of 20.00 feet, a central angle of 101°18'11" and an arc length of 35.36 feet, the chord of said arc bears North 11°55'23" East a distance of 30.93 feet to the west right-of-way line of Thornton Road and the Point of Beginning;

Containing 2.33 acres more or less.

This legal description is for assessment purposes only.

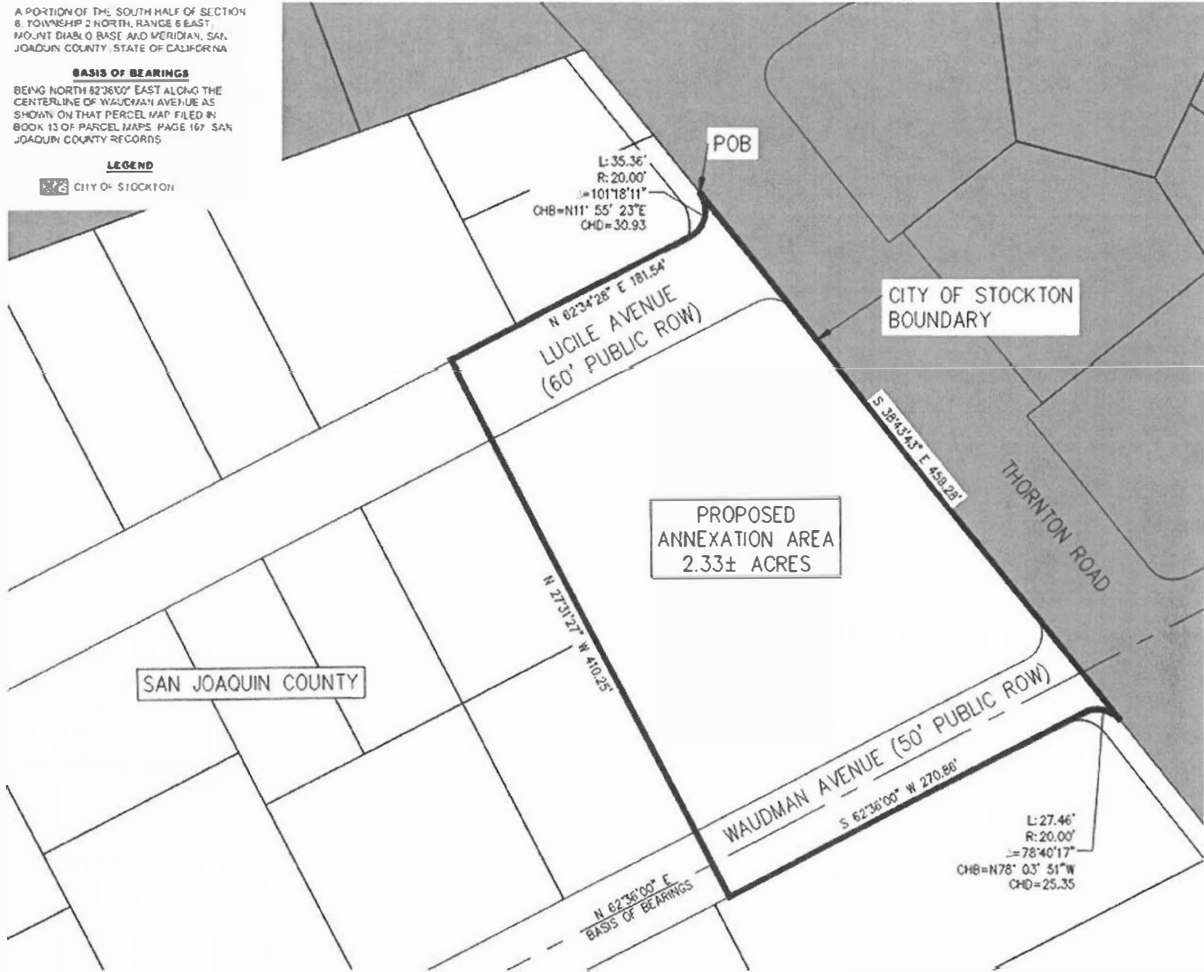
PLAN FOR SERVICES

APPENDIX A - LEGAL DESCRIPTION AND BOUNDARIES

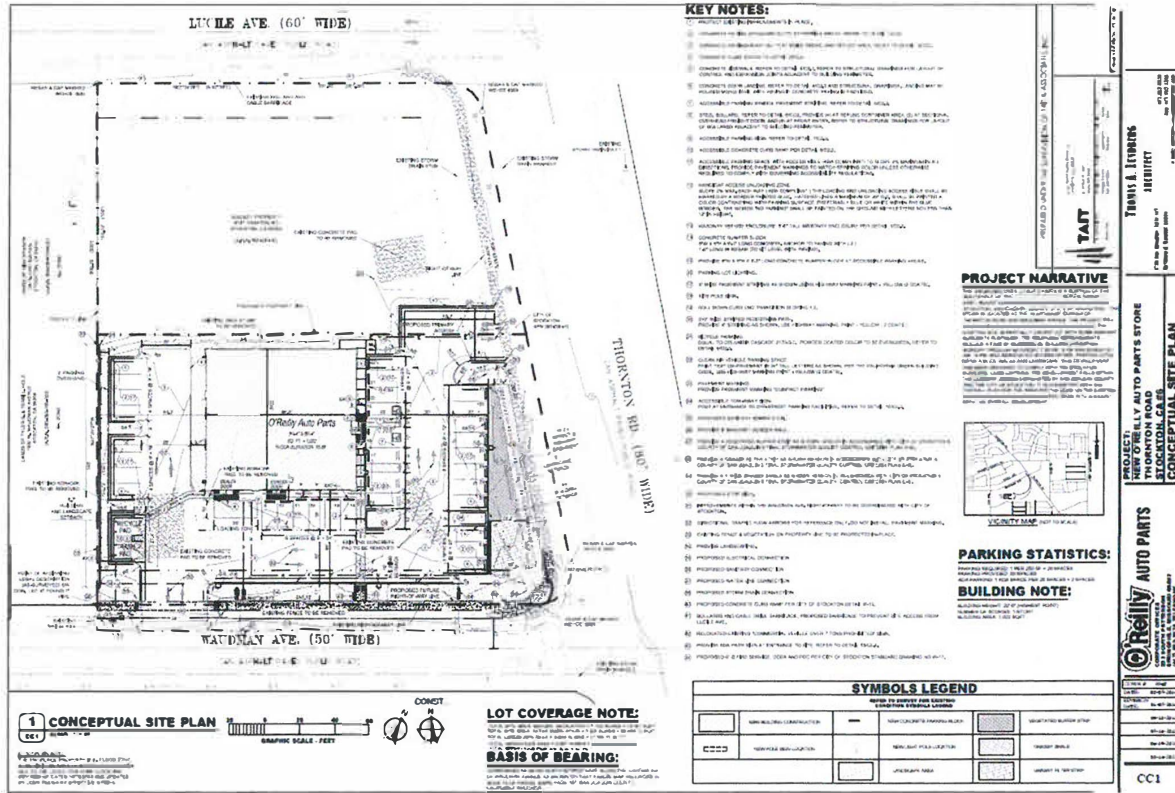
A PORTION OF THE SOUTH HALF OF SECTION 8, TOWNSHIP 2 NORTH, RANGE 6 EAST, MOUNT DIABLO BASE AND MERIDIAN, SAN JOAQUIN COUNTY, STATE OF CALIFORNIA

BASIS OF BEARINGS
BEING NORTH 62°36'00" EAST ALONG THE CENTERLINE OF WAUDMAN AVENUE AS SHOWN ON THAT PARCEL MAP FILED IN BOOK 13 OF PARCEL MAPS, PAGE 167, SAN JOAQUIN COUNTY RECORDS

LEGEND
CITY OF STOCKTON



APPENDIX B – PROPOSED DEVELOPMENT PLAN



LAFCo

44 N. SAN JOAQUIN STREET □ SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

September 8, 2022

TO: LAFCo Commissioners

FROM: James E. Glaser, Executive Officer

SUBJECT: **Final Municipal Service Review/ Sphere of Influence Plan
City of Lathrop**

Recommendation

It is recommended that the Commission approve the Final Municipal Service Review and Sphere of Influence Update for the City of Lathrop. Attached are two separate resolutions for Commission's consideration.

Background

A Municipal Service Review (MSR) is a comprehensive review of an agency intended to obtain information about the agency's ability to provide services. Its purpose is to evaluate the provision of services from a comprehensive perspective and recommend actions, when necessary, to promote the efficient provision of those services. Service reviews are intended to serve as a tool to help LAFCo, the public and other agencies better understand the public service structure and evaluate options for the provision of efficient and effective public services that the agency currently provides. State law requires that LAFCo update Spheres of Influence and prepare a Municipal Service Review in conjunction with that update.

The MSR is required by the Cortese-Knox-Hertzberg Act to have six categories, as defined by the San Joaquin LAFCo "Service Review Policies" December 14, 2012. Each of these categories requires a written determination. The six categories are as follows:

- Growth and Population Projections for the Affected Area
- The Location and Characteristics of any Disadvantage Unincorporated Communities within or Contiguous to the Sphere of Influence
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies
- Financial Ability of Agencies to Provide Services

- Status of and Opportunities for Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

In determining a sphere of influence, the Commission is required to consider and make written determinations with respect to the following factors (Government Code Section 56425):

- The Present and Planned Land Uses in the Area, Including Agricultural and Open Space Lands.
- The Present and Probable Need for Public Facilities and Services in the Area
- The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide
- 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 Present and Probable Need for those Public Facilities and Services within any Disadvantaged Unincorporated Communities (DUCs) within the Sphere of Influence

The Sphere of Influence and Municipal Service Review for the City of Lathrop was last updated in 2016. Lathrop's existing Sphere of Influence (SOI) contains two primary unincorporated areas, one area north of the City's boundary and one area south. The majority of the north area is located north of Roth Road (east of Pilot Flying J) and west of Interstate 5, west of Manthey Road and north/south of Roth Road. The City of Lathrop is proposing to expand the adopted SOI to include one (1) property west of the existing SOI boundary. The existing SOI areas are designated for Service Commercial (SC), Freeway Commercial (FC) and Light Industrial (LI) uses. In addition, there are approximately 58 acres south of the City boundary pre-zoned for Service Commercial (CS), which is part of the approved Lathrop Gateway Business Park Specific Plan.

The City's proposed ten-year growth horizon would include 10.30 acres westerly of the Roth/Interstate 5 Intersection, west of the existing SOI boundary. In total, there would be 197 acres in the Sphere of Influence and no properties are within the thirty-year growth horizon.

Growth and Population Projections

There is a tremendous amount of growth opportunity planned for Lathrop given existing entitlements for several large residential projects and non-residential development east of Interstate 5 (I-5), and north and south of Highway 120 at Yosemite Avenue. The recent uptick in the residential housing market has led to the revival of the City's largest master plan community, River Islands. River Islands at build-out is anticipated to generate 15,010 homes and 5 million square feet office retail.

According to U.S. Census data, the population of the City of Lathrop was 18,023 in 2010. The most recent population estimate for the City developed by the California Department of Finance (DOF) indicates that the City's population, as of January 1, 2022, is 31,331. The growth rate suggests a population growth rate for Lathrop after 2020 between two (2) to four (4) percent.

Fire Protection

The City of Lathrop does not provide fire protection service since it incorporated as a general law city. There was an existing fire protection district and the City choose not provide that municipal service. The City works closely with the Lathrop-Manteca Fire Protection District, which provide service to nearly all of the City. French Camp-McKinley Fire District provides fire service to a portion of newly annexed territory along Roth Road and to the part of the Sphere of Influence.

In 2020, the Lathrop-Manteca Fire Protection District responded to emergency incidents 70% of the time within five minutes at the 90th percentile with all combined responses. The District has plans to add two (2) to three (3) additional fire stations/companies in order to service new developments.

Police Protection

The City of Lathrop is responsible to provide police services and has done so through contract with the San Joaquin County Sheriff's Department until recently (July 1, 2022) when the City created a new Lathrop Police Department.

Water Supply, Conservation and Treatment

The City currently uses both surface water and groundwater as the water supply source. The City's most recent water supply planning documents are the 2018 Water System Master Plan and the 2020 Urban Water Management Plan (UWMP). These water studies evaluate existing and anticipated supplies. The results provide alternatives for additional sources of water to meet build-out demands within the City and future development suggested in the SOI.

Wastewater Collection and Treatment

Wastewater from the City is currently treated at the Lathrop Consolidated Treatment Facility (LCTF) and the Manteca-Lathrop Water Quality Control Facility (WQCF). The City owns LCTF and 14.7 percent of the WQCF by contract. The LCTF has a current capacity of 2.5 MGD. The City has plans to increase the treatment capacity, and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 7.45 MGD of which 6.0 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF.

SB 5 – 200 Year Flood Protection

Reclamation District 17 (RD 17) created a Joint Powers Authority (JPA) that included San Joaquin County, Stockton, Manteca and Lathrop to issue bonds to fund the local share of Phase 1-3 Improvements to the RD 17 levees. Lathrop coordinated with RD 17 and the other cities and the County to update the San Joaquin Area Flood Control Agency (SJAFCA) JPA to add Lathrop and Manteca to that JPA, to fund the local share of the needed Urban Level of Protection (ULOP) improvements to the RD 17 levees, to adopt development impact fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, a new Overlay Assessment District and a new Enhanced Infrastructure Financing District. The State Legislature passed Assembly Bill 838 in 2020 to extend the deadline for SJAFCA to complete the ULOP improvements, from 2025 to 2028. Lathrop will continue to work with all public agencies within SJAFCA to provide for final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

Financial Ability of Agency to Provide Service

The City receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City or annexed into the City from the SOI, these fees apply. The cost of providing on-going services for annexed land is offset by the increased tax base provided by new development. Any shortfall in required service costs is covered by Community Facilities Districts (CFD's) that impose a supplemental tax on the new properties. The City has budgeted for current and future expenses, debts and revenues. The City of Lathrop's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

The document has been transmitted to the surrounding jurisdictions and fire protection districts. LAFCo has not yet received any comments.

Attached for Commission's consideration are two separate resolutions.

Attachments: Resolution No. 1488
Resolution No. 1489
Draft Municipal Service Review and Sphere of Influence Update dated April 2022

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN FOR THE CITY OF LATHROP

PUBLIC HEARING
SEPTEMBER 8, 2022

MUNICIPAL SERVICE REVIEW

- The MSR is a comprehensive review of the agency's ability to provide services
- The MSR evaluates the provision of services and recommend actions, when necessary, to promote the efficient provision of services
- A MSR must be prepared in conjunction with an update to a Sphere of Influence
- CKH requires the Commission to make written determinations for the MSR and SOI
- Commission has set policies and guidelines for MSRs and SOIs

DETERMINATIONS

Municipal Service Review

Written determinations must be made with respect to the following:

- Growth and Population
- Location of Disadvantage Unincorporated Communities
- Present and Planned Capacity of Public Facilities
- Financial Ability to Provide Services
- Status and Opportunities of Shared Facilities
- Accountability and Governmental Structure

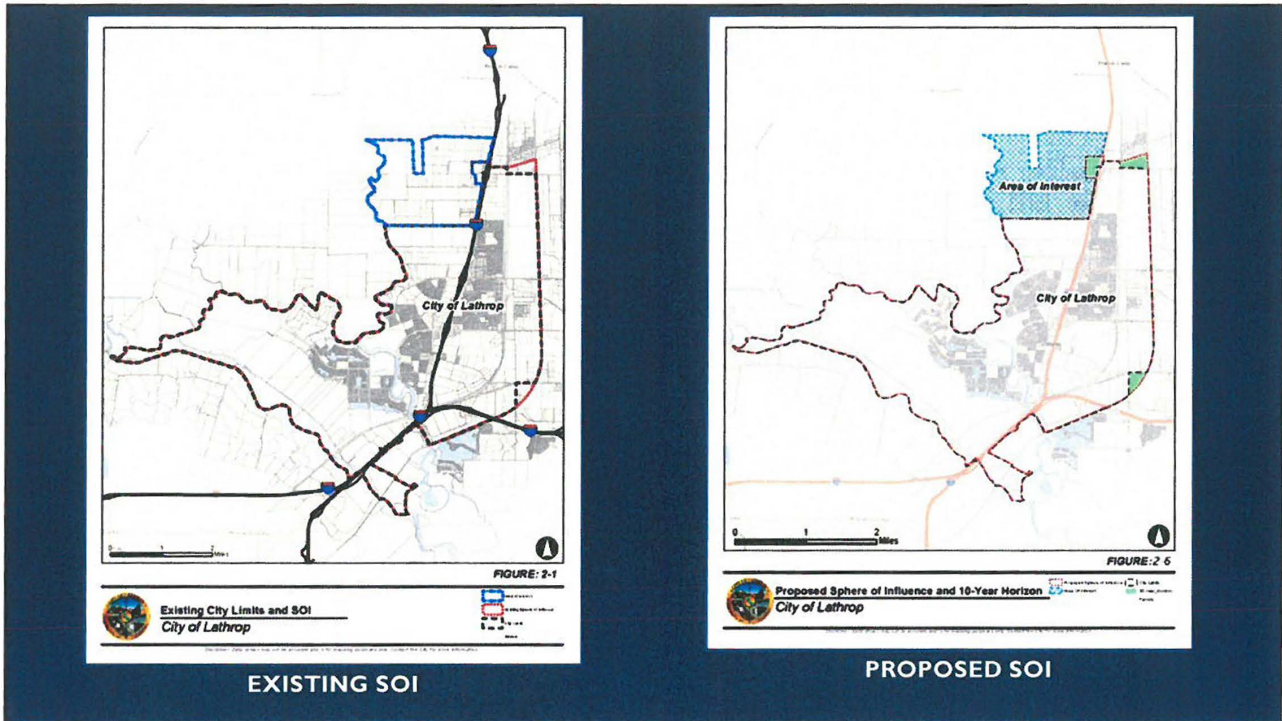
Sphere of Influence

Written determinations must be made with respect to the following:

- Present and Planned Land Uses
- Present and Probable Need for Public Facilities
- Adequacy of Public Services
- Existence of any Social and Economic Communities of Interest
- Present and Probable Need for Public Facilities in Disadvantaged Unincorporated Communities within the SOI

BACKGROUND

- MSR/SOI last updated in 2016
- Existing SOI contains two primary unincorporated areas
- Lathrop is proposing to expand the SOI to include one property west of the existing SOI
- Existing SOI areas are designated Service Commercial, Freeway Commercial and Light Industrial uses
- 58 acres to the south are pre-zoned Service Commercial and are part of the Lathrop Gateway Business Park Specific Plan



MSR OVERVIEW

GROWTH AND POPULATION PROJECTIONS

- Several large residential projects and non-residential projects are planned for Lathrop
- New development is anticipated east of I-5 and north and south of Hwy 120 at Yosemite Avenue
- Recent uptick in housing market has led to the revival of the River Islands Master Plan which at build-out will generate 15,010 homes and 5M square feet for office retail
- Population of Lathrop on January 2022 is 31,331, up from 18,023 in 2010
- Population growth rate after 2020 is between 2% and 4%

MSR OVERVIEW

FIRE PROTECTION

- City of Lathrop does not provided fire protection service
- The Lathrop-Manteca Fire Protection District provides service to most of the City with the exception of newly annexed territory along Roth Road which is provided by the French Camp-McKinley Fire District
- In 2020, the Lathrop-Manteca Fire Protection District responded to emergency incidents 70% of the time within 5 minutes at the 90th percentile
- 2-3 new fire stations/companies are planned to served new development

POLICE PROTECTION

- Police services was being provided by contract with the San Joaquin County Sheriff's Office
- On July 1, 2022 the City created a new Lathrop Police Department

MSR OVERVIEW

WATER SUPPLY, CONSERVATION AND TREATMENT

- The City uses surface water and groundwater for its water supply source
- The 2018 Water System Master Plan and the 2020 Urban Water Management Plan provides alternatives for additional sources of water to meet buildout demands within the City and for future development within the SOI

WASTEWATER COLLECTION AND TREATMENT

- Wastewater is currently treated at the Lathrop Consolidated Treatment Facility (LCTF) and the Manteca-Lathrop Water Quality Control Facility (WQCF)
- Lathrop owns LCTF and has a 14.7% ownership of the WQCF
- The City has plans to increase treatment capacity at the LCTF

MSR OVERVIEW

SB 5 – 200 YEAR FLOOD PROTECTION

- Reclamation District 17 created a Joint Powers Authority that included the County, Stockton, Manteca, and Lathrop
- The JPA was created to issue bonds to fund the local share of the needed Urban Level of Protection (ULOP) improvements to the RD levees
- State Legislature extended the deadline to complete ULOP improvements by 2028

FINANCIAL ABILITY TO PROVIDE SERVICE

- The City receives funds for services through development fees, property taxes, and connection and usage fees
- Cost of providing service is off-set by the increased tax base
- Shortfalls are funded by Community Facilities District
- The City's financial statements show that they are fiscally sound

RECOMMENDATION

The MSR has been transmitted to surrounding jurisdictions and fire protection districts. No comments have been received to date.

It is recommended that the Commission approve the Final Municipal Service Review and Interim Sphere of Influence for the City of Lathrop.

Resolution No. 1488

**Before the San Joaquin Local Agency Formation Commission
Approving the City of Lathrop Municipal Service Review**

WHEREAS, Section 56430 of the Government Code requires the Commission to conduct a service review of the municipal services provided in the county or other appropriate area designated by the Commission; and

WHEREAS, the Commission must prepare a written statement of its determinations with respect to six specific topics; and

WHEREAS, the Commission held a public hearing on the proposed Municipal Service Review on September 8, 2022 in the Board of Supervisors Chambers, 44 North San Joaquin Street, Stockton, California, pursuant to notice of hearing which was posted, and published in accordance with State Law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the Municipal Service Review, and all persons present were given an opportunity to be heard; and

WHEREAS, this Commission has duly considered the City of Lathrop Municipal Service Review dated April 2022; and

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Certifies that the proposal is found to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CEQA Guidelines.

Section 2. The determinations required by Section 56430 of the Government Code have been made within the final Municipal Service Review dated April 2022 and are incorporated herein by reference.

Section 3. The City of Lathrop Municipal Service Review is hereby approved.

Section 4. The Executive Officer is hereby authorized and directed to distribute copies of the adopted Municipal Service Review and this Resolution to affected agencies and interested parties.

PASSED AND ADOPTED this 8th day of September 2022 by the following roll call votes:

AYES:

NOES:

DAVID BREITENBUCHER, Chairman
San Joaquin Local Agency
Formation Commission

Resolution No. 1489

**Before the San Joaquin Local Agency Formation Commission
Approving the City of Lathrop Sphere of Influence Update**

WHEREAS, Section 56425 of the Government Code requires the Commission to review and update each Sphere of Influence every five years; and

WHEREAS, Section 56076 of the Government Code provides that “Sphere of Influence” means a plan for the probable physical boundaries and service area of a local governmental agency; and

WHEREAS, the Commission must prepare written statements of its determinations with respect to five specific factors; and

WHEREAS, a Municipal Service Review in compliance with Section 56430 of the Government Code has been prepared in conjunction with this Sphere of Influence Update; and

WHEREAS, the Commission held a public hearing on the Sphere of Influence Update on September 8, 2022 in the Board of Supervisors Chamber, 44 North San Joaquin Street, 6th Floor, Stockton California, pursuant to notice of hearing which was posted and published in accordance with State Law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the Sphere of Influence update, and all persons present were given an opportunity to be heard; and

WHEREAS, this Commission has duly considered the City of Lathrop Sphere of Influence Update; and

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Certifies that the proposal is found to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CEQA Guidelines.

Section 2. The determinations required by Section 56428 of the Government Code have been made and are within the Sphere of Influence Update and are incorporated herein by reference.

Section 3. The City of Lathrop Sphere of Influence Update is hereby approved and is depicted in Exhibit A, attached.

Section 4. The Executive Officer is hereby authorized and directed to distribute copies of the adopted Sphere of Influence Update and this resolution to affected agencies and interested parties.

PASSED AND ADOPTED this 8th day of September 2022 by the following roll call votes:

AYES:

NOES:

DAVID BREITENBUCHER, Chair
San Joaquin Local Agency
Formation Commission

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
SPHERE OF INFLUENCE PLAN

Figure 2-1 (Existing City Limits and SOI)

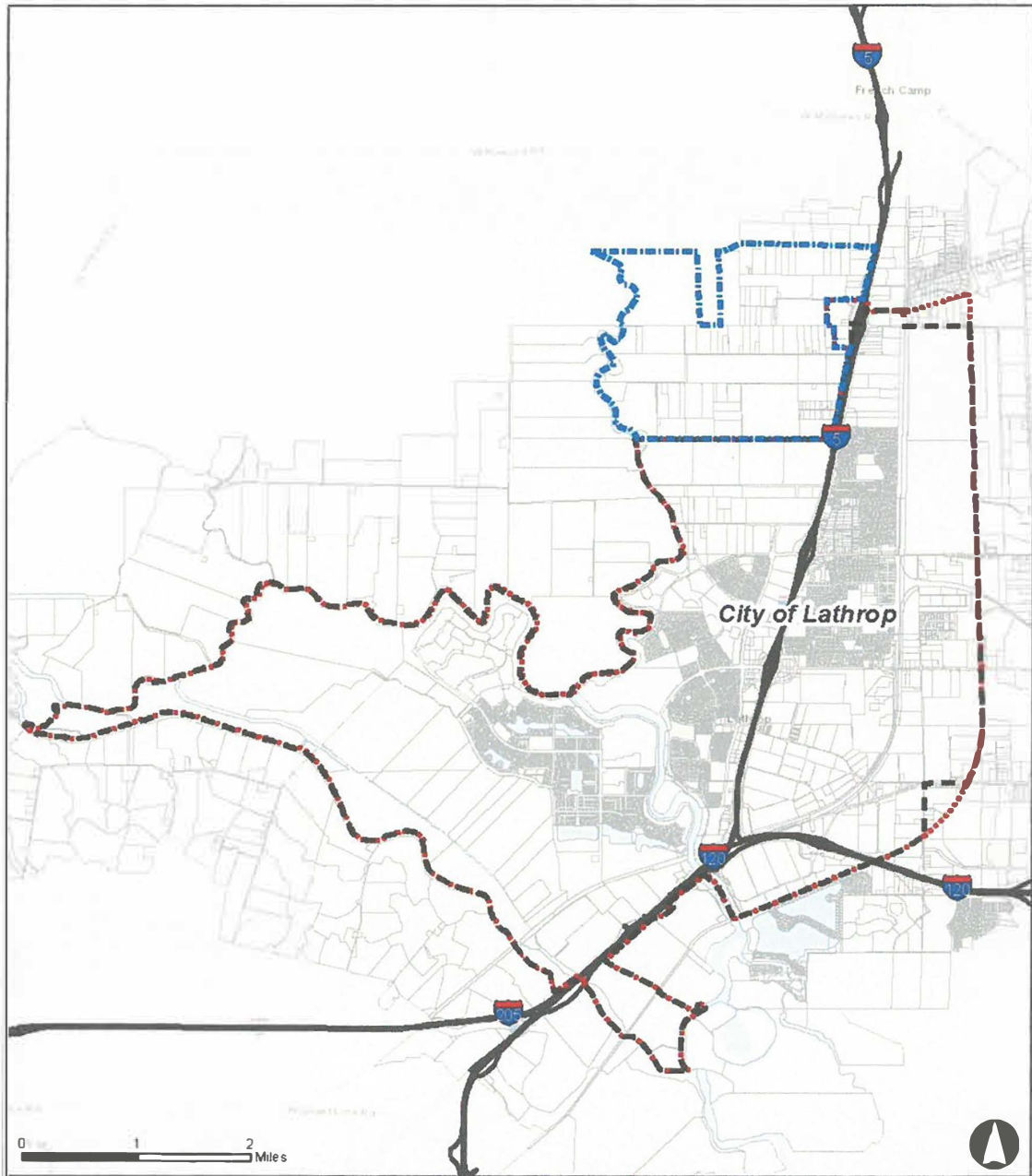






FIGURE: 2-1



Existing City Limits and SOI
City of Lathrop

-  Area of Interest
-  Existing Sphere of Influence
-  City Limits
-  Parks

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.



MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

FINAL DRAFT

PREPARED BY CITY OF LATHROP
FOR SAN JOAQUIN LAFCO

JULY 2022



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**CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
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EXECUTIVE SUMMARY

The City of Lathrop (City) has prepared this update to the adopted Municipal Services Review (MSR) of 2016 for the San Joaquin Local Agency Formation Commission (LAFCo) in compliance with the 2000 Cortese-Knox-Hertzberg Act, which requires each LAFCo to adopt and have a current MSR for each service provider with a Sphere of Influence (SOI). In addition, San Joaquin LAFCo has adopted "Service Review Policies" December 14, 2012. This MSR complies with these policies as well. This updated Lathrop MSR will be used by San Joaquin LAFCo to expand the Lathrop SOI and to re-align the 10-year growth horizon.

State law and San Joaquin LAFCo Service Review Policies (updated December 14, 2012) require an MSR to make six (6) written determinations. This MSR is organized to provide a section for each of the following determinations:

- ◆ Growth and Population Projections
- ◆ Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence
- ◆ Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure 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
- ◆ Financial Ability of the Agency to Provide Service
- ◆ Status of, and Opportunities for, Shared Facilities
- ◆ Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

1. SPHERE OF INFLUENCE PLAN

The following factors affirm the City's ability to provide adequate services to existing and future populations within Lathrop's City limits and Sphere of Influence.

Lathrop's existing SOI contains two primary unincorporated areas, one area north of the City's boundary and one area south. The majority of the north area is located north of Roth Road (east of Pilot Flying J) and west of Interstate 5, west of Manthey Road. The City of Lathrop is proposing to expand the adopted SOI to include one (1) property approximately 10.3 acres in size west of the existing SOI boundary. This additional property will accommodate realignment of Manthey Road at Roth Road with a sufficient distance east of Interstate 5 to meet Caltrans intersection spacing requirements. The existing SOI areas in the north are designated for Freeway Commercial (FC) and Limited Industrial (LI) uses.

In addition, there are approximately 58 acres south of the City boundary pre-zoned for service commercial uses, which is part of the approved Lathrop Gateway Business Park Specific Plan. The City's proposed expansion of the ten-year growth horizon would include 10.3 acres west of the Roth/Interstate 5 Interchange, west of the existing SOI boundary. The City would therefore propose no properties in the thirty-year growth horizon.

Chapter 2, Sphere of Influence Plan, includes the four factors (Present and Planned Land Uses, Present and Probable Need for Public Facilities and Service, Present Capacity of Public Facilities and Adequacy of Public Services and Social and Economic Communities of Interest) required by State law for SOIs. The factors discussed in Chapter 2 are regarding the City's ability to provide adequate services to existing and future populations within the amended SOI.

2. DETERMINATIONS

The following six determinations affirm the City's ability to provide adequate services to existing and future populations within the existing Lathrop SOI.

A. Growth and Population Projections

There is a tremendous amount of growth opportunity planned for Lathrop given existing entitlements for several large residential projects and non-residential development anticipated, east of Interstate 5 (I-5), and north and south of Highway 120 at Yosemite Avenue. The recent uptick in the residential housing market has led to the revival of the City's largest master plan community River Islands. River Islands at build-out is anticipated to generate 15,010 homes and 5 million square feet office retail. The Central Lathrop Specific Plan (CLSP) CLSP is anticipated to generate 6,790 new homes and 5 million square feet of retail opportunities along I-5. Phase 1 began construction in 2019 and is expected to generate 1,820 residential units. In total, Growth within the City, over the next 10 years will continue in the major sectors of the City; River Islands, Central Lathrop, Lathrop Gateway Business Park and South Lathrop.

The City Council approved the South Lathrop Specific Plan which is 315 acres in total with 246 acres of light industrial uses, 10 acres of commercial uses, 31.5 acres of open space and 27 acres of roads and quasi-public uses. The South Lathrop Specific Plan was annexed into the City of Lathrop in 2016. The Lathrop Gateway Business Park Specific Plan is a commercial and industrial specific plan that was annexed into the City in 2012 and in 2016. The project includes approximately 167 acres of limited industrial, 83 acres of service commercial, and 57 acres of office and commercial retail uses. The City is also currently processing a request by Singh Petroleum on the property westerly of the Roth Road/I-5 Interchange to allow a truck travel center on the south side of Roth Road, west of I-5. The Singh Petroleum project will ultimately result in a request for annexation by the City of a total of approximately 21.7 acres of land.

B. Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence

SB 244 requires the identification and description of all Disadvantaged Unincorporated Communities" (DUC's) located within or contiguous to the existing sphere of influence of cities and special districts that provide fire protection, sewer, and/or water services. Disadvantaged unincorporated communities are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income. The identified disadvantaged unincorporated communities are required to be addressed by LAFCo when:

- Considering a City Annexation proposal involving 10 acres or more with an existing disadvantaged unincorporated community contiguous to the proposed area; and

- Approving sphere of influence and municipal service review determinations associated with the updated or established sphere of influence for local agencies subject to SB 244 requirements.

SJ LAFCo has identified the French Camp DUC as part of their development of modified Sphere of Influence policies adopted December 14, 2012. The French Camp DUC has three (3) Districts and District 3 adjoins the Lathrop Sphere of Influence to the north of Roth Road. Based on an aerial review, confirmed by a physical windshield survey, the area in question adjacent to the Lathrop SOI contains a mixture of industrial and large rural ranchette uses and does not contain compact urban development lacking municipal services. We are unaware of any failing water and sewer infrastructure in the area. The proposed growth horizon changes involve lands westerly of the Union Pacific Railroad Tracks and the DUC area immediately north of the proposed change is used for industrial purposes. Therefore, the requirement to consider extending services to this area appears to be unnecessary.

C. Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies

1. Fire Protection

To meet the 3-4 minute standard response time as outlined in the General Plan, the Lathrop-Manteca Fire District (LMFD) would have to expand their number of fire stations and personnel. This has been partially accounted for with the most recent construction of Fire Station #35 in 2019. Fire Station #35, located at 19001 Somerston Parkway in the River Islands development, was built in anticipation of future development projects and their fire protection needs. LMFD has developed a master plan adopted in 2018 to provide adequate coverage for the potential urban growth of the City. The master planning effort undertaken by the District will aid with efforts to anticipated future fire protection services necessary for Lathrop City limits and SOI. The master plan and financing strategies suggest the need for a total of three (3) new fire stations.

The City of Lathrop and LMFD will work cooperatively to ensure new development pays its fair share of facilities and manpower associated with new growth. The imposition of Fire Mitigation Fees and participation in fire services Community Facilities District (CFD) combined with property tax and Measure C funds provide the financial tools necessary to guarantee capacity is available.

2. Law Enforcement

The proposed development projects in the City would result in additional demands for police service. Capital costs for new facilities and equipment would be funded through development impact fees and the operational costs would be funded through the increased tax base and the imposition of a police services Community Facilities District (CFD). In accordance with the General Plan, a new police station was constructed in River Islands to meet future law enforcement demand throughout the City and SOI. The new Police Station is located on River Islands Parkway. This new police station will replace the temporary station located in French Camp currently being utilized by Lathrop Police Services.

At the March 22, 2021, Special City Council Meeting, Council directed City staff to create Capital Improvement Project CG 21-11, to begin the creation of a new Lathrop Police Department and implement the transition of law enforcement services from the San Joaquin County Sheriff to the City. The new Police Department identifies 46 new sworn and non-sworn positions and on May 10, 2021, the City approved a Master Consulting Services Agreement with CPS HR Consulting (CPS) to begin recruitment of personnel for the new City of Lathrop Police Department and authorized the creation of a new Police Chief Position. The City continues to recruit for the various levels of staffing, purchase necessary equipment, such as Police vehicles, and coordination with other jurisdictions for the purpose of evidence storage and 911 operations. The Lathrop Police Department initiated operations on June 29, 2022.

The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers. The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes.

3. *Water Supply, Conservation and Treatment*

The City currently uses both surface water and groundwater as the water supply source. The City's most recent water supply planning documents are the 2018 Water System Master Plan and the 2020 Urban Water Management Plan (UWMP). These water studies evaluate existing and anticipated supplies. The results provide alternatives for additional sources of water to meet build-out demands within the City and future development suggested in the SOI.

Groundwater treatment for Total Dissolved Solids (TDS) removal is expensive. Therefore, alternative sources and alternative water management practices were analyzed. The City identified ten water supply and management alternatives which could be implemented to compensate for the limited use of groundwater. The City plans to implement an optimized combination of these alternatives to ensure reliable water supplies for the future. The recommended water system improvements to meet the City's future demands include Well 21 WTF Phase 2 improvements, installation of backup power at SSJID Turnout, SCWSP Phase 2 Improvements and Expansion of SSJID turnout capacity from 5.1 mgd to 11.5 mgd. According to the Urban Water Management Plan, the City would have a net surplus of 1,317 acre feet of water in 2045, plus the non-potable water supply generated from waste water recycling.

4. *Wastewater Collection and Treatment*

Wastewater from the City is currently treated at the Lathrop Consolidated Treatment Facility (LCTF) and the Manteca-Lathrop Water Quality Control Facility (WQCF). The City owns LCTF and 14.7 percent of the WQCF by contract. The City's Wastewater System Master Plan (prepared in 2019), the 2020 Urban Water Management Plan, and CV-RWQCB Order Number R5-2016-0028-01 are the primary documents that outline long term strategy for meeting future discharge and capacity requirements for a planning horizon that extends to build-out.

The LCTF has a current capacity of 2.5 MGD. The City has plans to increase the treatment capacity, and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 7.45 MGD of which 6.0 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. A total combined treatment capacity is planned by the City at build-out of 11.9 MGD through a combination of expansions at the LCTF and WQCF. The 11.9 MGD of capacity would be able to adequately serve major planned development within the City and SOI. The City's current WDR from the CV-RWQCB limits the treatment capacity of the City to 6.0 MGD.

5. Storm Water Drainage

The City has developed a Storm Water Management Plan, Best Management Practices (BMPs), and Storm water Development Standards to address storm water quality within the City and meet the Clean Water Act National Pollutant Discharge Elimination System (NPDES) requirements. The BMPs are intended to maintain surface water quality discharged from the City. New development within the City is required to comply with these requirements. The City is also responsible for monitoring and reporting on BMPs. The Storm water Development Standards specify design requirements to be used during development design that, in turn, met the NPDES requirements for the City.

Any significant urban expansion would require major additions to the City's storm water collection system. The General Plan requires that new development must address storm water issues and mitigate increased storm water runoff. Additionally, development is required to construct storm water infrastructure such as curbs, gutters, and detention basins. These requirements ensure that adequate infrastructure would be in place at build-out within the City limits and SOI. New development would be required to prepare a drainage master plan to serve as addendums to previous master plans.

To ensure that appropriate funding is available when public services (e.g., law enforcement and fire protection) and water, wastewater and storm water drainage infrastructure are needed, developers are required through Development Agreements to cover all the costs of needed infrastructure upfront even if they are only responsible for a portion of cost. Developers are then reimbursed at a later time (e.g., when additional development fees are collected) for any payments in excess of their responsibility.

6. SB 5 – 200 Year Flood Protection

RD 17 created a Joint Powers Authority that included San Joaquin County, Stockton, Manteca and Lathrop to issue bonds to fund the local share of Phase 1-3 Improvements to the RD 17 levees. Lathrop coordinated with RD 17 and the other cities and the County to update the San Joaquin Area Flood Control Agency (SJAFCA) JPA to add Lathrop and Manteca to that JPA, to fund the local share of the needed Urban Level of Protection (ULOP) improvements to the RD 17 levees, to adopt development impact fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, a new Overlay Assessment District and a new Enhanced Infrastructure Financing District. Initially, Lathrop and Manteca funded the required Urban Levee Design Criteria analysis of the RD 17 levees, identified the 200-year floodplain, calculated an estimated cost to provide the ULOP improvements, and requested State funds for the State share of this work. The State

Legislature passed Assembly Bill 838 in 2020 to extend the deadline for SJAFCA to complete the ULOP improvements, from 2025 to 2028. Lathrop will continue to work with all public agencies within SJAFCA to provide for final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

Financial Ability of Agency to Provide Service

The City receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City or annexed into the City from the SOI, these fees apply. The cost of providing on-going services for annexed land is offset by the increased tax base provided by new development. Any shortfall in required service costs is covered by Community Facilities Districts (CFD's) that impose a supplemental tax on the new properties. The City has budgeted for current and future expenses, debts and revenues. The City of Lathrop's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

Moreover, as discussed above, the General Plan requires new development to pay its fair share to offset capital, maintenance, and operating costs for law enforcement, water, wastewater, and storm drain. The City's Department of Public Works, Finance, Planning, and Building are responsible for continuous oversight that the fee structure is adequate. Capital Facilities Fees were updated in 2018. Additionally, Capital Facilities Fees were created for the South Lathrop Specific Plan in 2017 and for the Lathrop Gateway Business Park in 2020.

D. Status of Opportunities for Shared Facilities

The City has existing and planned shared facilities, both within the City and through relationships with other service providers, including the City of Manteca and San Joaquin County. These shared facilities include fire protection, law enforcement, water supply and wastewater collection and treatment and a need for improvements to levees.

Multiple planning processes are in place to identify future opportunities for shared facilities that would improve levels of service in a cost effective manner, and contribute to meeting General Plan goals. These planning processes include the City's annual budgeting process, and planning studies for utilities (e.g., water and wastewater management plans) and processes to identify deficiencies in fire and law enforcement services. It is through these processes that the City will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

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

The City's ability to serve the anticipated growth within the existing SOI is not expected to have a significant effect on the City's governmental structure or its ability to provide the required services. The areas within the City's SOI are either agricultural/open space or designated for industrial/commercial use and, as reported in Chapter 3 of this MSR, can be adequately served by the City. In addition, mechanisms are in place within the City's departments to effectively provide public participation in the planning and development process to address future growth within the SOI. The City will continue to work with service providers and neighboring municipalities, such as the South San Joaquin Irrigation District and the City of Manteca, to address government structure options to provide efficient and cost-effective public facilities and services.

The City's use of its budget process and long-range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. Long-term planning processes include capital improvement plans, urban water management plan, wastewater management plan and developer fee review. Contribution to these planning processes by City departments, as well as community input, will ensure management effectiveness.

The City has demonstrated the ability to work with other service providers and municipalities to ensure that adequate services are provided in a cost effective and efficient manner. Efforts to ensure effective government structure for the provision of public services and utilities demonstrates the City's foresight to plan for future services needed for potential growth within the SOI, as well as for the planned development and population increases anticipated within the City. Assuming the City continues to evaluate existing government structure and seek opportunities for improvement, no significant barriers are expected in regard to government structure during the ten- and thirty-year planning horizons.

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1. INTRODUCTION

The City of Lathrop (City) has prepared this Municipal Service Review (MSR) for the San Joaquin Local Agency Formation Commission (LAFCo) in compliance with the 2000 Cortese-Knox-Hertzberg Act, which requires each LAFCo to adopt and have a current MSR for each service provider with a Sphere of Influence (SOI). This MSR will be used by San Joaquin LAFCo to consider amendments to the Lathrop SOI consistent with the City's 1991 General Plan, as amended through June 2021 and to re-align the 10-year growth horizon.

State law and San Joaquin LAFCo Service Review Policies (updated December 14, 2012) require an MSR to make six (6) written determinations. This MSR is organized to provide a section for each of the following determinations:

- ◆ Growth and Population Projections
- ◆ Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence
- ◆ Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure 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
- ◆ Financial Ability of the Agency to Provide Service
- ◆ Status of, and Opportunities for, Shared Facilities
- ◆ Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

A. LAFCo and the Sphere of Influence

The primary role of LAFCo is to implement the 2000 Cortese-Knox-Hertzberg Act consistent with local conditions and circumstances (Government Code Section 56000 et seq.). According to the 2000 Cortese-Knox-Hertzberg Act, the purpose of LAFCo is to:

- ◆ Promote orderly growth and urban development
- ◆ Promote cooperative planning efforts among cities, the county, and special districts to address concerns regarding land use and development standards, premature conversion of agricultural and open space lands, efficient provisions of services, and discouragement of urban sprawl
- ◆ Serve as a master plan for future local government reorganization by providing long-range guidelines for efficient provision of public services
- ◆ Guide consideration of proposal and studies for changes of organization and reorganization

An SOI is defined as a “plan for the probable physical boundaries and service area of a local agency, as determined by the Commission” (Government Code Section 56076). In simple terms, an SOI is a planning boundary within which a city or district anticipates to grow over time.

The purpose of an SOI is to encourage “logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities.” SOI’s serve a similar function for LAFCo determinations as general plans do for cities and counties.

An MSR must be prepared and updated to establish, update or confirm an existing SOI, and the MSR must address the six determinations previously outlined. LAFCo is required to prepare the MSR and adopt written determinations either prior to, or in conjunction with, any action to establish or update an SOI. Adopted LAFCo policies emphasize the use of existing plans, data and information currently available for preparation of MSRs rather, than requiring preparation of new service documents.

San Joaquin LAFCo’s procedural guidelines adopted December 14, 2012, require documentation through preparation of an MSR of the City’s ability to meet the requirements of the 2000 Cortese-Knox-Hertzberg Act. The Sphere Plan, along with this updated MSR and the City’s 1991 General Plan, provide the basis for consideration of amendments to the City’s existing SOI.

B. California Environmental Quality Act (CEQA)

The update to Lathrop’s MSR is not defined as a “Project” under CEQA; however, the proposed amendment to the SOI is subject to CEQA. The City of Lathrop intends to file a Notice of Exemption pursuant to Section 15262 “Feasibility and Planning Studies” for the proposed minor adjustments to the City’s 10-year growth horizon.

2. SPHERE OF INFLUENCE PLAN

The Sphere of Influence (SOI) Plan for the City of Lathrop (City) described in this chapter analyzes the City's ability to serve existing and future residents within the existing SOI. LAFCo is responsible for the sufficiency of the documentation and the SOI Plan's consistency with State law and LAFCo policy. In reviewing Lathrop's MSR update and SOI, LAFCo must consider and prepare determinations for the following four factors pursuant to Government Code Section 56425 of the 2000 Cortese-Knox-Hertzberg Act:

- ◆ Present and planned land uses in the area, including agricultural and open space lands
- ◆ Present and probable need for public facilities and services in the area
- ◆ Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide
- ◆ Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency

In order to consider Lathrop's SOI request, LAFCo is required to conduct a review of municipal services provided within the City and existing SOI. The standards, policies and procedures for service reviews are contained in San Joaquin LAFCo's policies and procedures. San Joaquin LAFCo requires that the SOI Plan include maps and explanatory text that describe the boundary of the service area and the City's sphere. The SOI Plan must be consistent with the determinations of the Municipal Service Review (MSR).

San Joaquin LAFCo is being asked to consider Lathrop's adjusted SOI boundary at this time in conjunction with its review of the updated MSR. Detailed determinations as to the City's ability to provide adequate services to existing and future residents within the existing SOI are contained in subsequent chapters of this MSR.

Lathrop's existing SOI contains two primary unincorporated areas, one area north of the City's boundary and one area south. The majority of the north area is located north of Roth Road (east of Pilot Flying J) and west of Interstate 5, west of Manthey Road and north/south of Roth Road. The City of Lathrop is proposing to expand the adopted SOI to include one (1) property west of the existing SOI boundary. The existing SOI areas are designated for Service Commercial (SC), Freeway Commercial (FC) and Light Industrial (LI) uses.

In addition, there are approximately 58 acres south of the City boundary pre-zoned for Service Commercial (CS), which is part of the approved Lathrop Gateway Business Park Specific Plan.

The City's proposed ten-year growth horizon would include 10.30 acres westerly of the Roth/Interstate 5 Intersection, west of the existing SOI boundary. No properties are within the thirty-year growth horizon.

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
SPHERE OF INFLUENCE PLAN

Figure 2-1 (Existing City Limits and SOI)

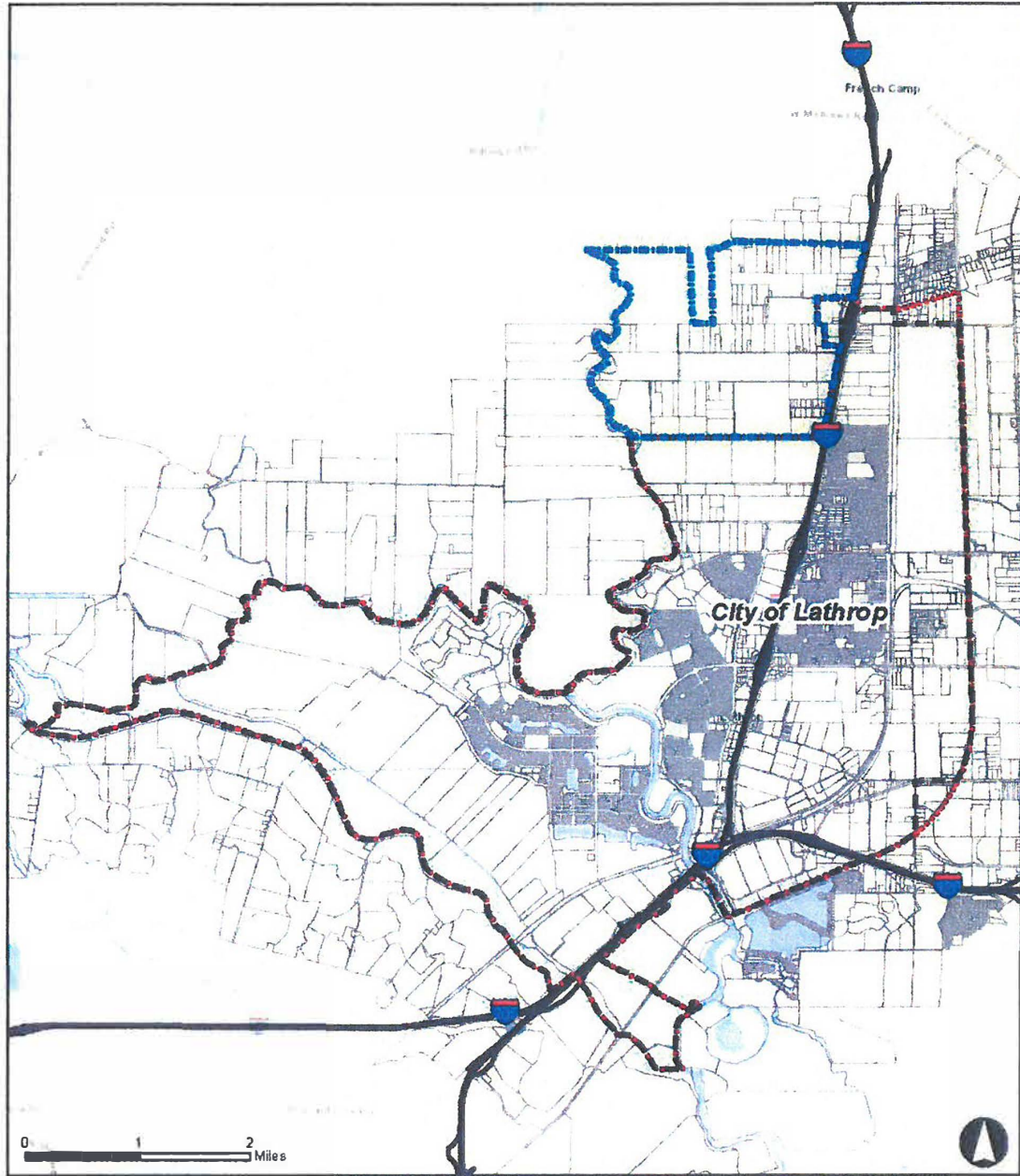



FIGURE: 2-1



Existing City Limits and SOI

City of Lathrop

- Area of Interest
- Sphere of Influence
- City Limits
- Parks

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
SPHERE OF INFLUENCE PLAN

The Lathrop General Plan designates a small area north of the City limits northerly of Roth Road for Light Industrial uses and west of I-5 for Freeway Commercial uses. The City's ultimate land use intended in its SOI is consistent with the San Joaquin County General Plan and the State's Delta Plan of 2013.

South of Lathrop City boundary is an additional 63 acres as part of the Lathrop Gateway Business Park Specific Plan. The 63 acres are pre-zoned for service commercial and public/quasi-public uses. The approved South Lathrop Specific Plan annexation, comprised of 315 acres and a portion of the Lathrop Gateway Business Park Specific Plan (99 acres), were annexed to the City of Lathrop in 2016. In total, the City's SOI contains 197 acres of land designated on the Lathrop General Plan for a variety of Industrial and Commercial uses. Please refer to Figure 2-2, General Plan designations for the SOI. Table 2-1 (SOI Capacity) provides a summary of the land uses, acreages, and modified time horizon for annexation for the areas within the City's SOI.

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
SPHERE OF INFLUENCE PLAN

Figure 2-2 (Sphere of Influence Land Use Designations)

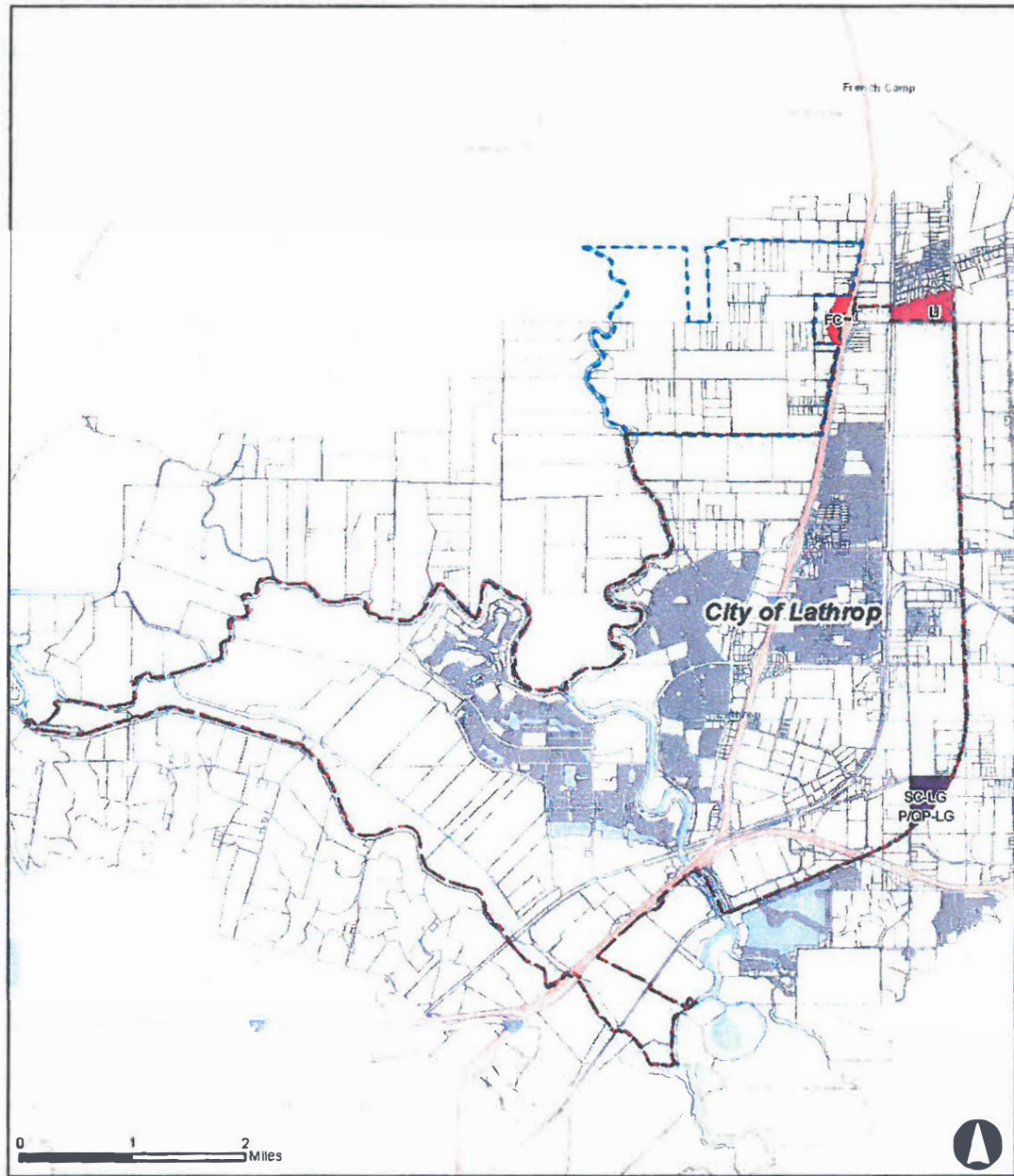


FIGURE: 2-2

Sphere of Influence Land Use Designations

City of Lathrop

<ul style="list-style-type: none"> ■ Area of Interest ■ Sphere of Influence ■ City Limits ■ Parcels 	<p>City Proper</p> <ul style="list-style-type: none"> ■ FC, Free-way Commercial ■ LI, Limited Industrial ■ Lathrop Gateway ■ PQP-LG, Public/Quasi-Public Facilities ■ SC-LD, Service Commercial
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Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

Table 2-1: Proposed SOI Capacity (Does not include lands in the City Limits)

General Plan Land Use	Acres ²	Existing Time Horizon	Proposed Time Horizon ¹
Lathrop Gateway Specific Plan Area			
Public/Quasi Public	5	10	10
Service Commercial	58	10	10
Other Areas			
Freeway Commercial	65	10	10
Limited Industrial	69	10	10
Total:	197	--	--
¹ Estimated time horizon for annexation to the City. ² Acreages include public right of way and are based on Lathrop GIS calculations.			

A. Factors

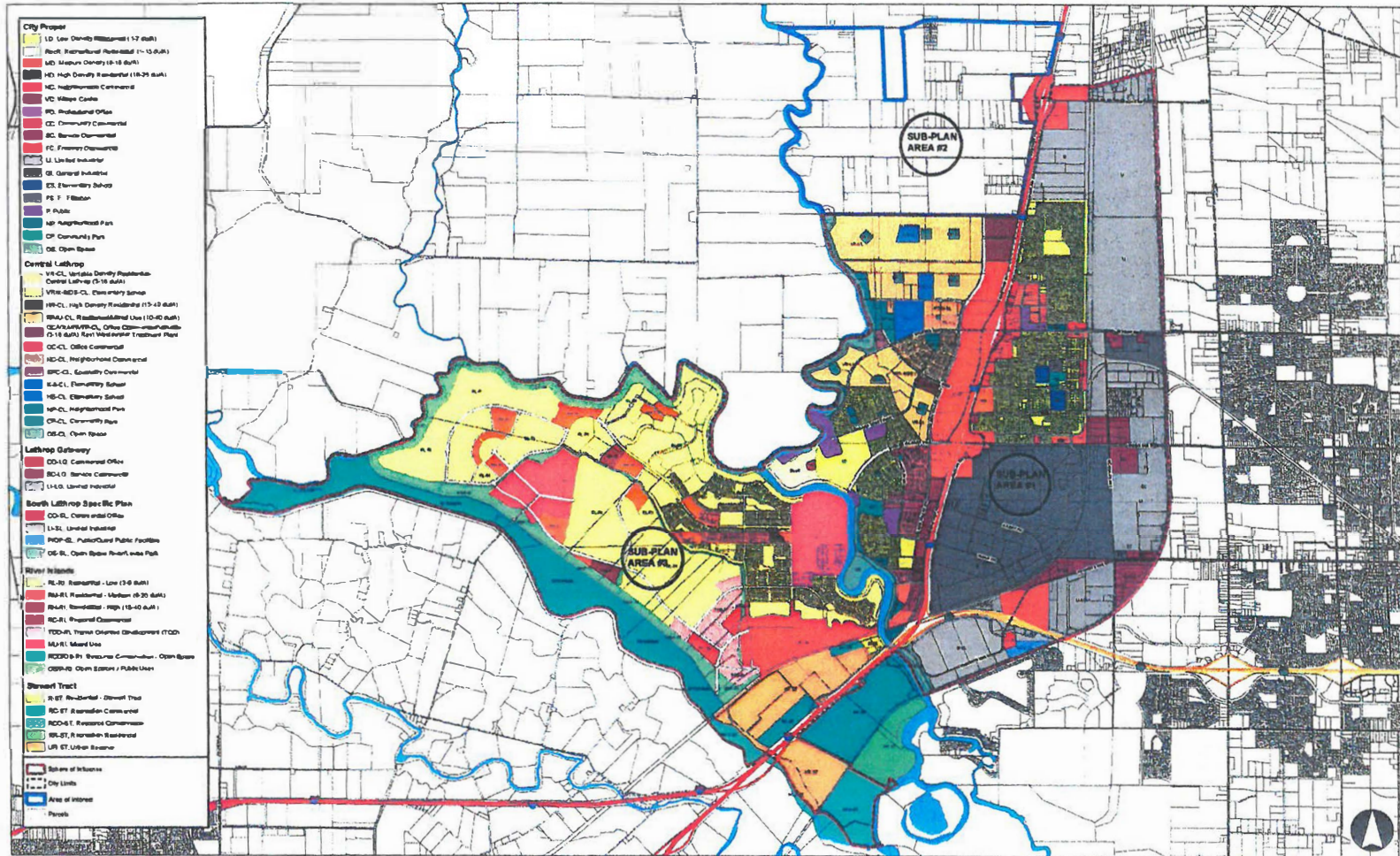
This section includes the four factors required by State law for SOI's. The proposed SOI Plan does propose changes to the existing SOI, the determinations presented below discuss the City's ability to provide adequate services to existing and future populations within the proposed SOI.

1. Present and Planned Land Uses

Present and planned land uses are appropriate for serving existing and future residents of the City. The General Plan's main concept is the redevelopment and expansion of the City as a "New Town." Planned land uses within the City include low, medium and high density residential, office, retail, industrial, commercial and agricultural/open space. Figure 2-3 (General Plan Land Use Map) illustrates the City's current General Plan Land Use Designations.

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Figure 2-3 (General Plan Land Use Map)



Date 3/4/2022
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General Plan Map
City of Lathrop

0 0.5 1 Miles

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Agricultural Preservation

The Lathrop General Plan includes goals, policies and implementing programs aimed at managing growth and conserving open space and agricultural land. There are three parcels that have active Williamson Act contracts in the City of Lathrop, Assessor's Parcel No's 191-190-01, -72 and 213-280-09 (refer to Figure 2-4, Existing Williamson Act Contracts). These parcels have maintained Williamson Act contracts since 1973 and have maintained this status to the present time. These Williamson Act parcels were included in the West Lathrop Specific Plan that was annexed into the City of Lathrop on October 7, 1997. The City SOI does contain lands which have been identified as Important Farm Land and designated as Prime Agricultural, lands of State Wide Significance, lands of Unique Characteristics and lands of Local Significance.

The preservation of agricultural lands was also enhanced during the previous 2016 MSR update by re-designating approximately 2,101 acres in the SOI as an "Area of Interest" and the same area being part of the Delta Plan adopted by the State of California in 2016. Delta Plan Policy DP-P1 requires new development within the Secondary Zone of the Delta to be limited to areas already designated for residential, commercial or industrial uses in the City and County General Plans in effect as of the date of the Delta Plan's adoption, which was May 16, 2013. In the case of the Area of Interest, a majority of the approximately 2,101 acres was designated on the San Joaquin County General Plan as Agriculture at the time of the Delta Plan's adoption.

City of Lathrop Municipal Code-Agricultural Land Preservation (Title 15.48.040)

The City of Lathrop Right-to-Farm Ordinance (15.48.030) of the City's Agricultural Land Preservation Ordinance (15.48.040), was adopted in 1991 to conserve and protect agricultural operations in the City and protect adjacent agricultural landowners from nuisance complaints related to cultivation, irrigation, spraying, fertilizing, and other activities related to normal agricultural operations. A disclosure statement is required whenever adjacent property is sold or building permit application is submitted, notifying the prospective buyer/applicant of adjacent agricultural land and possible discomforts and nuisance factors related to agricultural operations. The focus of the ordinance is to reduce the loss of agricultural resources in the City by clarifying the circumstances under which agricultural operations may be considered a nuisance.

Figure 2-4 (Existing Williamson Act Contracts)

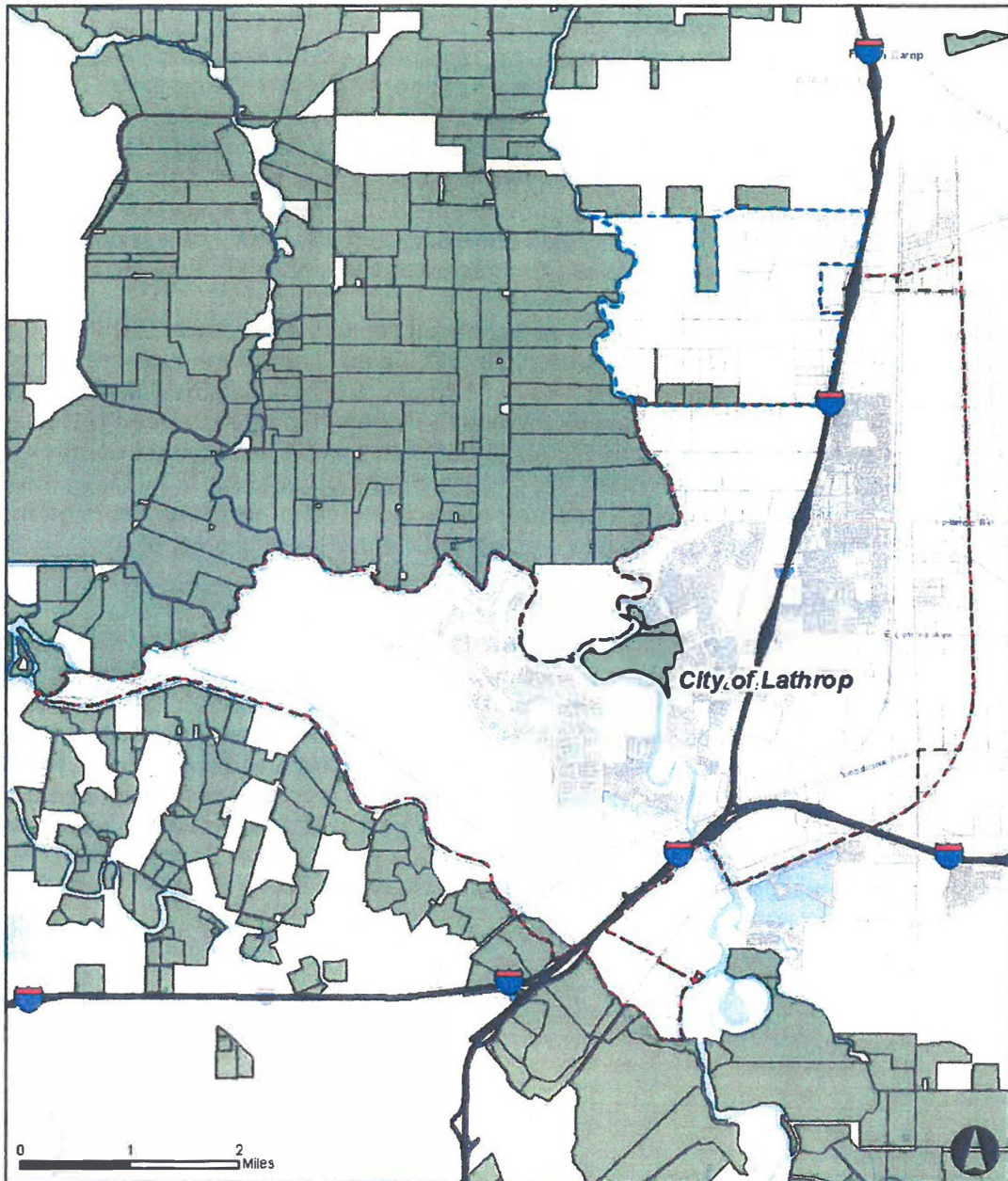


FIGURE: 2-4



Williamson Act Parcels
City of Lathrop

- Area of Interest
- Sphere of Influence
- City Limits
- Parcels
- Williamson Act

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

San Joaquin County Multi-Species Habitat Conservation and Open Space Plan (SJMSCP)

The San Joaquin County Multi Species Habitat Conservation and Open Space Plan (SJMSCP) provide comprehensive measures for compensation and avoidance of impacts on various biological resources, which includes ancillary benefits to agricultural resources. For instance, many of the habitat easements that are purchased or facilitated by the SJMSCP program are targeted for the protection of Swainson's hawk or other sensitive species habitat that are dependent on agricultural lands (i.e. alfalfa and row crops). The biological mitigation for these species through the SJMSCP includes the purchase of certain conservation easements for habitat purposes. The conservation easements are placed over agricultural land, such as alfalfa and row crops (not vines or orchards). As such, the SLSP fees paid to SJCOG as administrator of the SJMSCP will result in the preservation of agricultural lands in perpetuity.

City of Lathrop Agricultural Mitigation

The City of Lathrop adopted an agricultural mitigation program in 2005, as a result of the settlement of a water transfer lawsuit against the cities of Lathrop, Manteca, and Tracy by the Sierra Club. The mitigation program adopted by the City of Lathrop required that future development pay \$2,000/acre for agricultural mitigation. Half of the mitigation (\$1,000/acre) will be paid to the Central Valley Farmland Trust (CVFT). The other \$1,000/acre will be collected by the City of Lathrop and may be passed to the CVFT or other trust, or may be retained by the City of Lathrop to be applied to local easements or other agricultural mitigation. This fee structure included an automatic escalator, so the fee as of July 1, 2021, is \$3,026 per acre.

Since 2005 the City of Lathrop has entered into several Settlement Agreements related to Agricultural Mitigation which is summarized below:

1. River Islands was required to pay \$2,759 per acre.
2. Central Lathrop Specific Plan (CLSP) projects are required to pay \$4,539 per acre.
3. All other developments in the City are required to pay \$3,026 per acre.

These Agricultural Mitigation amounts discussed above are in addition to fees imposed as part of the San Joaquin Multi-Species Conservation Plan (SJMSCP). The adopted SJMSCP includes a commitment to spend 75% of the dollars collected on lands which would benefit agricultural resources. The SJMSCP fee amounts to approximately \$17,363 per acre (2021 Agriculture Fee Category), meaning \$13,022 per acre is assigned to purchase easements on lands with Agricultural Resources. The SJMSCP fees are considered a separate Mitigation Fee obligation from the Agricultural Mitigation fees, but in many cases serve the same purpose. The SJMSCP is a voluntary program in lieu of conducting independent biological assessments. Most development proponents chose to comply with the SJMSCP.

Locally, the agricultural mitigation fees in San Joaquin County are as follows: San Joaquin County \$3,037.08 per acre ; City of Stockton \$14,352 per acre (single-family residential) ; City of Manteca \$2,909.65 per acre; City of Tracy \$3,037.08 and, City of Lodi requires a one-to-one replacement for all lands removed from agricultural production.

Development in the City of Lathrop and Pending Developments

The City of Lathrop has a number of large development projects planned for the City. The approved and/or pending projects are illustrated below in Figure 2.5 and include:

Figure 2-5 (Existing and Pending Developments)

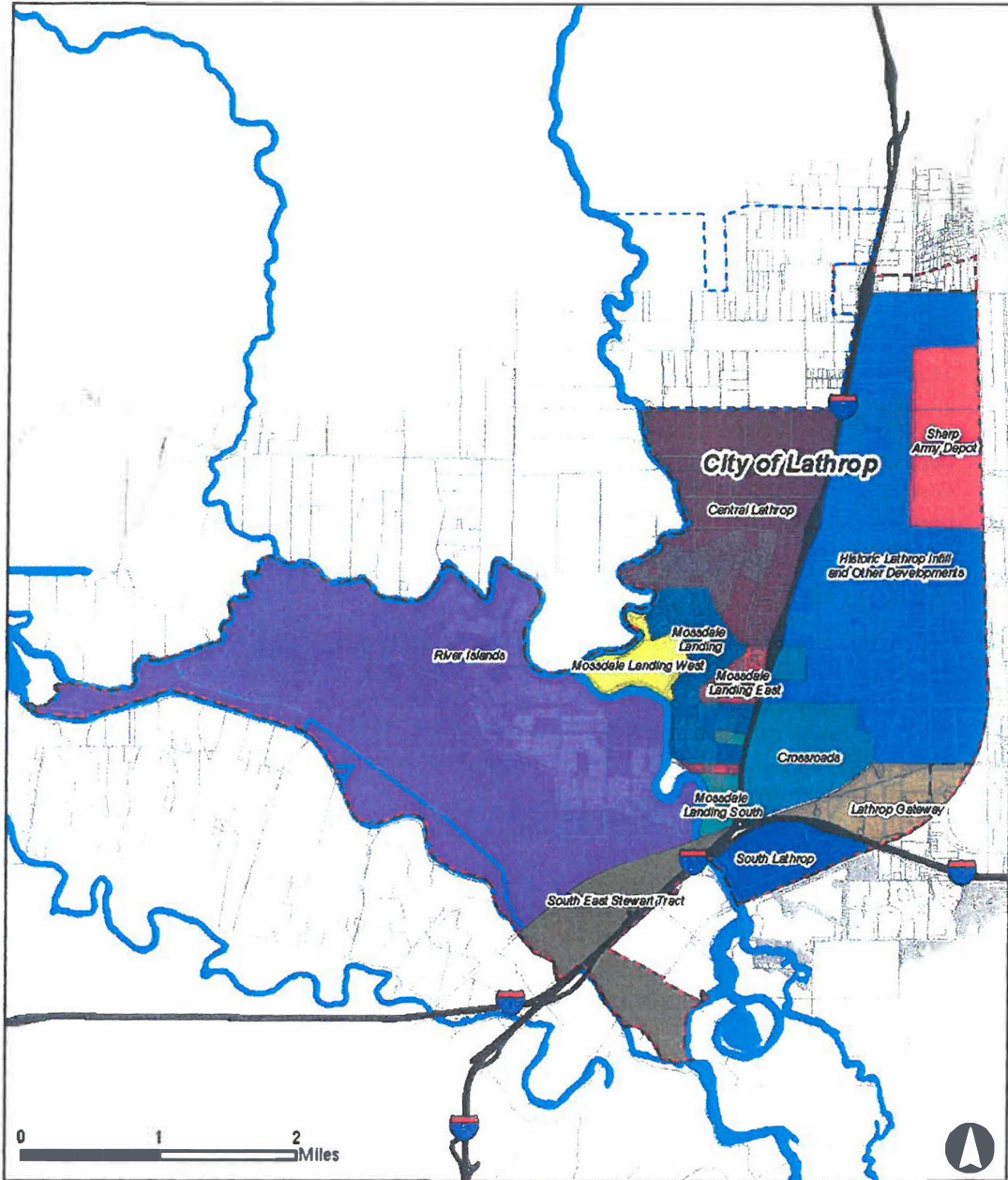


FIGURE:

Existing and Pending Developments

City of Lathrop

City of Lathrop	City Limits	Placards	Li Strip Development Area	Central Lathrop	Crossroads	Historic Lathrop Infill and Other Developments	Lathrop Gateway	Mossdale Landing	Mossdale Landing East	Mossdale Landing South	Mossdale Landing West	River Islands	Sharp Army Depot	South East Stewart Tract	South Lathrop
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Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

◆ River Islands

The 4,995-acre River Islands development is located west of the San Joaquin River and east of Paradise Cut on land known as the Stewart Tract. The development includes a mixture of low, medium, and high-density residential uses, employment center, mixed use development areas, a transit-oriented development mixed use area, active and passive parks, schools, fire and police stations. River Islands is anticipated to be developed in two phases. Phase 1 includes 4,284 total residential units, a 154 acre employment center, 95 acres of Town Center, a police station, two schools, 13 lakes, and 98.6 acres of parks. Modifications to Phase 2 were approved by City Council in June 2021, that include additional multi-family dwellings (condominiums, apartments, etc.) and additional attached single-family residences similar to units already constructed as part of Phase 1. Phase 2 includes development of 10,726 residential units, 61.9 acres of the employment center, 149.5 acre Paradise Cut Village Center, 116 acre Transit Oriented Development adjacent to the employment center and proposed Valley Link station, and 230.3 acres of parks. The total amount of residential units anticipated is 15,010. Construction began in River Islands in 2013 with the completion of an elementary school for the Banta Elementary School District (now Banta Unified School District) as well as the construction of a Charter School. About 2,800 low density residential units were constructed and occupied by mid-2021. The estimated project completion date is 2040.

◆ Mossdale Landing

Mossdale Landing is a mixed-use master planned community that is anticipated to be completed by 2030. Construction at Mossdale Landing began in 2003 and approximately 1,570 residential units have been constructed thus far. An additional 66 low density and 62 high density units are anticipated by project completion. In addition, the development is allocating approximately 35 acres of land for two (2) schools, 40 acres for parks, and 25 acres for commercial development.

◆ Mossdale Landing East

Mossdale Landing East (formerly referred to as Lathrop Station) is proposed to be completed by 2030. Approximately 151 low density and 293 medium density residential units have been constructed so far. An additional 38 low density and 144 high density units are anticipated by project completion. The development plan also includes 6.5 acre of commercial, 13.2 acres of service commercial, and 27.5 acres of highway commercial land uses.

◆ Mossdale Landing South

Mossdale Landing South is a proposed 104-acre development that is to be completed by 2030. The development will consist of 280 medium density residential units and 150 high density residential units, of which 140 medium density unit have been constructed so far. In addition, the project proposes 28 acres of commercial, 25 acres of open space and 9.5 acres of parks.

◆ Mossdale Landing West

The City has an additional 169-acres of undeveloped infill land for development within Mossdale Landing along River Islands Parkway adjacent to the San Joaquin River. The City anticipates 658 low density dwelling units and 72 high density dwelling units will be

built by City buildout. The City is currently processing entitlement applications for the Mossdale Landing West project which includes the subdivision of the 169-acres into 829 single-family residential lots ranging in size from approximately 3,000 sq. ft. to 5,000 sq. ft.

- ◆ Historic Lathrop Infill and Other Developments East of I-5

Currently, this area consists of approximately 3,076 low density and 78 medium density units, commercial and industrial areas, and public parks. Future residential growth of this area is expected on undeveloped/underutilized and redeveloped parcels consolidated from large lots where low-density residential units would be demolished. New residential projects are estimated to consist of 34 low density, 158 medium density, and 25 high density residential units, increasing the total existing residential unit count by 217 total units.

- ◆ Central Lathrop Specific Plan

The Central Lathrop Specific Plan proposes development of 1,520 acres located west of Interstate 5. The Specific Plan proposes approximately 6,790 low, medium and high-density residential units and commercial land uses (offices, retail, and mixed-use). The project also includes two (2) schools and 161 acres of recreational land use and open space. Phase 1 and 2 of the Project are anticipated to be completed by 2040, adding 274 high density units, 2,236 variable residential units, and 173 acres of commercial land uses.

- ◆ Lathrop Gateway Business Park Specific Plan

The Lathrop Gateway Business Park Specific Plan proposes commercial and industrial development of approximately 384 acres to be completed by 2025. The City annexed 213 acres of this area in June of 2012, and 99 acres of the remaining 117 acres in May 2016. This would result in construction of approximately 4.7 million square feet of service commercial, light industrial, distribution, and research and development related uses, and approximately 741,000 sq. ft. of commercial office and retail uses. The project includes approximately 167 acres of limited industrial, 83 acres of service commercial, and 57 acres of office and commercial retail uses and is anticipated to be completed by 2030. The Phelan Development was approved by the City in 2018 and includes the construction of ten concrete tilt-up buildings totaling 3,035,000 sq. ft. of industrial warehouse development. Phase 1 includes 990,350 sq. ft. of industrial warehouse development completed in 2021. Phase 2 includes 890,375 sq. ft. of industrial warehouse development and is under construction and expected to be completed in 2022. Phase 3 includes 1,154,275 sq. ft. of industrial warehouse development and is expected to begin construction in 2022.

- ◆ South Lathrop Specific Plan

The South Lathrop Specific Plan was recently approved by the City Council on July 20, 2015 which includes a 315 acre plan area. The Specific Plan proposes approximately 10 acres of commercial office use, 246 acres of limited industrial, 31 acres of open space, and 27 acres of roads and public facilities. The South Lathrop Specific Plan area was annexed into the City in May 2016. The South Lathrop Commerce Center contains approximately 272 acres within the South Lathrop Specific Plan and is anticipated to be completed by 2030.

The South Lathrop Commerce Center will encompass nearly all of the South Lathrop Specific Plan area with the exception of approximately 24 acres of light industrial, 1.2 acres of office commercial, and 19 acres of open space and public roads. One-million sq. ft. of light industrial space was constructed in 2019. Approximately two-million sq. ft. of additional light industrial are currently under construction.

- ◆ Sharpe Army Depot

During World War II the US Army created the Sharpe Army Depot (1941) in the rural Lathrop Community to allow shipment of major army supplies to the western United States. The Sharpe Army Depot is comprised of a 724 acre facility south of Roth Road and has served both the Army and Air Force with a variety of supplies depending on the demand of goods and supplies created by war time efforts. The Depot is occupied by the Army & Air Force Exchange Services (AAFES) West Coast Distribution Center that employs 348 workers. Prior to September 30, 2014, the Defense Logistics Agency was also housed at the Depot; its workforce of 700 workers has since been transferred to the larger Tracy Army Depot. Sharpe Army Depot was included in the City limits as part of the 1989 incorporation and is entirely self-contained; meaning all public services normally necessary to serve urban development such as water, sewer, storm drainage, police and fire services are provided by the US Army.

The City has agreed to provide water and sewer services to the AAFES property, including the West Coast Distribution Center and Building 240, and these connections are currently under construction. The City has also agreed to provide water and sewer service to the California National Guard. These connections should be operational by 2022 and were evaluated as part of the IWRMP. The Army has indicated it intends to transfer the remaining property within Sharpe Depot to the Port of Stockton, to be used as an inland port. Port of Stockton staff have asked if Lathrop would be willing to provide water and sewer service to the remaining Depot property, but the Port does not yet have a development plan. Once a plan is prepared, and the anticipated demand for water and sewer service can be calculated, the City will review whether it can provide the requested services.

The City of Lathrop is proposing a modification to the 10 year growth horizon previously approved by LAFCo to allow the annexation of approximately 21.7 acres of land west of Manthey Road near Interstate 5 to allow a regional truck fueling station and to accommodate realignment of Manthey Road at Roth Road with a sufficient distance east of Interstate 5 to meet Caltrans intersection spacing requirement. In total, the current City of Lathrop includes existing and/or planned developments which would generate approximately 28,112 residential units, 340 acres of office, 150 acres of retail/commercial, 203 acres of industrial land uses, and 542 acres of land designated for parks, schools and open).

Projected residential Build out of the City is summarized in Table 2-2 below:

Table 2-2: Residential Build Out – Lands within the Existing City Limits

Planning Area	Dwelling Units	Estimated Population ¹
Historic Lathrop	3,371	12,708
Mosssdale Landing	1,698	6,401
Mosssdale Landing East	626	2,360
Mosssdale Landing South	414	2,314
Central Lathrop	6,790	25,598
River Island	15,010	45,030 ²
Total:	28,112	94,411
¹ Estimated population using the 2010 census figure for persons per household (3.77 pph). ² Since River Islands contains a much higher percentage of multifamily and high-density dwellings than the balance of the City, a factor of 3.0 persons per dwelling units is used instead for future River Islands development.		

2. Present and Probable Need for Public Facilities and Services

The City currently provides and/or contracts for adequate services to meet the needs of the existing population of 28,503.¹ Services provided by the City of Lathrop directly include water, wastewater, storm water drainage and animal control. Services provided by contract with San Joaquin County include Police and Animal Control services for animal sheltering. The City is in the process of establishing its own Police Department and will begin operations on July 1, 2022 (refer to Chapter 3, Section 2, Law Enforcement for additional information). The City contracts with the City of Manteca for Animal Sheltering. Fire service for the Lathrop City limits is provided by the Lathrop-Manteca Fire Protection District. Fire protection Services for lands north of Roth Road are currently provided by the French Camp-McKinley Fire Protection District. Solid waste service is contracted with Republic Services. New development within the City and within the City's SOI would lead to population growth and the need for additional public services. The anticipated tax base, payment of development impact fees and the establishment of special maintenance assessment districts with new development provide the necessary funding for expanded City services. Development Impact fees continue to address all capital facilities costs created by new development and General Plan policies are in place to ensure the provision of adequate services for current and future populations through the management and creation of new maintenance districts. For details regarding the City's ability to meet the needs of the existing and future population, refer to Chapter 4 (Present and Planned Capacity).

¹ State of California, Department of Finance, *E-5 Population and Housing Estimates for Cities, Counties and the State – January 1, 2011-2021*. Sacramento, California, May 2021.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The City's existing SOI contains two primary unincorporated areas, one area north of the City's boundary and one area south. The north area is located north of the Roth Road east of the Pilot Flying J annexation area and has a General Plan land use designation of Limited Industrial (LI). There is an additional smaller area west of the City boundary (approximately 65 acres) along Roth Road and west of Manthey Road that is designated Freeway Commercial. In addition, there are approximately 63 acres south of the City boundary pre-zoned for industrial and public/quasi- public uses, of which was approved as part of the Lathrop Gateway Business Park Specific Plan. The approved South Lathrop Specific Plan annexation, comprised of 315 acres, and a portion of the Lathrop Gateway Business Park Specific Plan (99 acres) were annexed to the City of Lathrop in 2016. In total, the City's SOI contains 197 acres of land designated on the Lathrop General Plan for a variety of Industrial and Commercial uses.

This MSR Update of 2021 includes an amendment to the adopted growth horizons to add one (1) parcel, 10.3 acres in size, in the 10-year growth horizon. This would increase the 10-year growth horizon to 197 acres.

The most recent annexation into Lathrop occurred in 2017 with the annexation of 27.65 acres north of Roth Road as part of the Pilot Flying J Project. The determinations included in Chapter 3 of this MSR indicate that the public facilities and services provided by the City are adequate to meet the needs of the current population, and would be improved so as to meet the needs of future populations.

4. Social and Economic Communities of Interest

The City of Lathrop is proposing to expand the sphere of influence westerly of the City. This change is not anticipated to adversely affect any adjacent social and economic communities of interest.

B. Sphere Analysis

The following section provides the City's projected development for ten- and thirty-year sphere horizons.

1. Existing and Projected Population

According to U.S. Census data, the population of the City of Lathrop was 18,023 in 2010. The most recent population estimate for the City developed by the California Department of Finance (DOF) indicates that the City's population, as of January 1st, 2022, is 31,331. The population projections included in the City's General Plan were not used in this MSR because they are not based on the most current Census data and do not include all of the latest Specific Plans which have been approved by Lathrop since 1991. As such, the 2000 and 2010 Census and the DOF 2021 population estimates were used. The San Joaquin County Council of Governments (SJCOG) population estimates prepared by University of Pacific (UOP) as part of the 2018 Regional Transportation Plan (RTP) were used as a basis for the population projections described below for the Growth Rate Method.

Population projections using the growth rate method are shown in Table 2-3 (Growth Projections – Growth Rate Method) and are based on the 1990, 2000, 2010, and 2020 Census as well as the DOF’s population projections for 2020. The future growth projections beyond 2020 were based on the adopted population projections published by San Joaquin Council of Governments (SJCOG) in an adopted report dated September 10, 2020, for 2022 the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) (currently being updated by SJCOG). The growth rate suggests a population growth rate for Lathrop after 2020 between two (2) to four (4) percent.

Table 2-3: Growth Projections – Growth Rate Method

Year	Estimated Population	Net New Population	Compounded Annual Growth
1990	6,841	--	--
2000	10,445	3,604	3.45%
2010	18,023	7,578	4.20%
2020	28,701	10,678	3.72%
2025	33,203	4,502	2.71%
2030	40,955	7,752	3.79%
2035	48,472	7,517	3.10%
2040	56,164	7,692	2.74%
2045	64,142	7,978	2.49%
2050	72,347	8,205	2.27%

The population projections presented in Table 2-3 take into account the following factors:

- ◆ 1990, 2000, 2010, and 2020 Census figures
- ◆ California Department of Finance Estimates (2022)
- ◆ Housing Element 5th Cycle, dated December 9, 2019
- ◆ Local jurisdiction input
- ◆ Current economic and housing market conditions
- ◆ Planned residential projects currently underway

As shown in Table 2-3, the City is expected to grow at a modest rate over the next 30 years. By the year 2050, the City is expected to add approximately 46,912, people, which would increase the City’s total population to 72,347 residents. The City’s Housing Element, adopted by City Council on December 9, 2019, shows that the City is expected to grow to approximately 82,292 persons upon buildout of lands within the City limits.² Economic cycles in the housing market continue to play a dramatic role in forecasting of growth potential for all Central Valley Cities. The economic downturn of 2007 through 2012 had a substantial impact on Lathrop and the projected growth did not come to fruition. The City of Lathrop continues to work with State and Federal Agencies concerning the interpretation and implementation of flood control work necessary to satisfy Senate Bill 5 (State initiated 200-year flood protection). At this point, it is uncertain what impact SB5 might have on the timing and construction of the previously approved and entitled developments, within the 200-year floodplain, that have not started

² City of Lathrop, Final Housing Element, December 9, 2019

construction. It is likely that absent significant financial resource commitments to certain levee improvements, future urban development that is subject to the provisions of SB5 will be adversely affected.

2. SPHERE CAPACITY

Figure 2-1 shows the current City boundaries and SOI. The City's existing SOI contains two primary unincorporated areas, one area north of the City's boundary and one area south. The north area is located north of the Roth Road east of the Pilot Flying J annexation area and has a General Plan land use designation of Limited Industrial (LI). There is an additional smaller area west of the City boundary (approximately 65 acres) along Roth Road and west of Manthey Road that is designated Freeway Commercial. In addition, there are approximately 63 acres south of the City boundary pre-zoned for industrial and public/quasi- public uses, of which was approved as part of the Lathrop Gateway Business Park Specific Plan. The approved South Lathrop Specific Plan annexation, comprised of 315 acres, and a portion of the Lathrop Gateway Business Park Specific Plan (99 acres) were annexed to the City of Lathrop in 2016.

In total, the City's proposed SOI contains 197 acres of land. Refer to Figure 2-6 and Table 2-1 for an illustration and summary of the types of land uses, acres and estimated time horizon within the City's existing SOI.

The unincorporated areas within the City's SOI will not result in any significant amount of population growth. The commercial/industrial area adjacent to Roth Road and Manthey Road, and the remaining Lathrop Gateway Business Park Specific Plan area will require the extension of public services from the City. All public improvements to support new urban development are the obligation of the developer. Funding mechanisms for long-term maintenance of infrastructure and services have been addressed through the preparation of Fiscal Impact analysis for each project. In most cases, this has created the need to establish special financing districts which have created dedicated funding sources for City services including police and fire. Consequently new development will have no adverse effect on the City's ability to provide adequate public services. (Refer to Chapter 3, Present and Planned Capacity).

C. Development Projections within the Adopted Sphere of Influence

This section describes the relationship of the City Boundaries with the adopted SOI and in proposes an adjustment in growth horizons to reflect current development interests.

Figure 2-6 (proposed SOI and 10-Year Horizons) illustrates the existing City Limits, proposed SOI and Area of Interest, and the proposed ten-year growth horizons. As shown in Figure 2-6, the City's ten-year horizon includes the balance of the Lathrop Gateway Business Park (63 acres) remaining as part of the 2012 annexation effort; 69 acres of land easterly of Interstate 5 and north of Roth Road; and 65 acres westerly of the Roth/Interstate 5 intersection.

The build-out of the projects already within the City and shown in Figure 2-1 are anticipated to be built out by 2045, as current economic and housing market conditions continue to have high absorption rates. These projects are expected to add a significant amount of new residents to the City through the year 2045. In addition to residential development planned for the City over the next 30 years, a significant amount of industrial, commercial and recreational uses are also

planned. Although these uses would not increase the City's population, they would require the need for municipal services and, therefore, are analyzed as part of this MSR.

The population estimates proposed by San Joaquin County, the City of Lathrop's population could increase to 72,347 by 2050 adding 46,894 persons (Table 2-3). The City of Lathrop will continue to plan all infrastructure necessary to serve a residential build out of 95,391 persons. The proposed SOI is not expected to add population growth to the City since the areas within the SOI are planned for job growth and open space.

Figure 2-6 (Proposed SOI 10 Year Horizon)

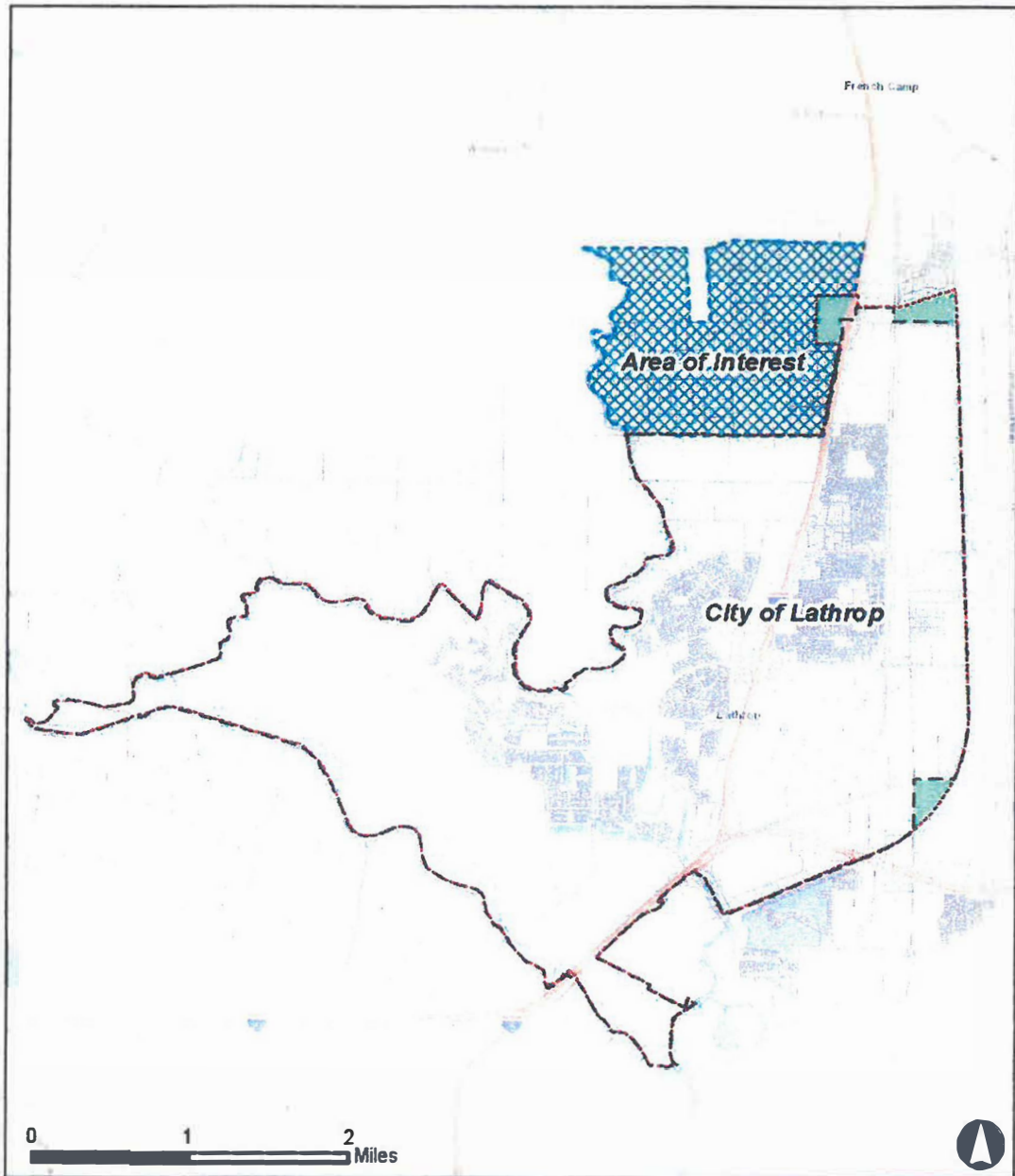




FIGURE:2-6

 **Proposed Sphere of Influence and 10-Year Horizon**
City of Lathrop



Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

3. MUNICIPAL SERVICE REVIEW

A. Growth and Population Projections

This section identifies future growth projections for the City of Lathrop (City) and its Sphere of Influence (SOI) that need to be taken into consideration when planning for the provision of services. A detailed discussion of existing and future municipal services to meet the future demand identified in this section is presented in Section B of this Chapter (Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies).

1. *Population and Demographics*

The City and San Joaquin County (County) experienced dramatic population growth between 1990 and 2005 and more recently from 2013 to 2022 are expected to continue to grow over the next 30 years. In fact, the City has experienced major growth in residential development over the last several years. Since 2019, the City has issued approximately 2,000 residential permits for single-family residences and multi-family development. The following is a discussion of the County and City's historic and anticipated population growth, as well as their demographic profiles.

San Joaquin County

In general, San Joaquin County's population has been growing at a faster pace than the state and the nation. The strongest growth in the County was in the 1980's and between 2000 and 2005. In general, the County has grown more than two percent per year, which is approximately one and a half times the nation's annual growth over the past 35 years. This trend in exponential growth seen between 2000 and 2005 has been followed by eight years of substantial slowdown in population growth. However, the City has experienced a major growth in residential development over the last several years (since 2015). As noted above, the City has issued approximately 2,000 residential permits for single-family residences and multi-family development since 2019. According to the San Joaquin Council of Government's (SJCOG) Demographic and Employment Forecast, dated September 10, 2020, the County is expected to continue growing at a rapid rate as a result of both natural population increases and strong migration. Between the year 2015 and 2050, the population is expected to grow an average of 1.5 percent per year, well above the state's one percent and the nation's 0.8 percent projected growth rates.³ It is anticipated that the County's population could reach over one million residents by 2050.

City of Lathrop

The City in many ways parallels the historic growth seen in San Joaquin County over the last decade and a half. As such, between 1990 and 2010, the City witnessed an extremely high amount of growth. In 1990, the City had a total of 6,841 residents.⁴ By 2010, the City had grown

³ San Joaquin Council of Governments, Countywide Population/Household/Employment Update, September 10, 2020.

⁴ U.S. Census Data, 1990

to a population of 18,023; almost tripling its population in 20 years.³ According to the California Department of Finance (DOF), Lathrop’s current population (2021) is estimated at 28,503. SJCOG based on the population forecasting performed by the Business Forecasting Center at the University of the Pacific (UOP) for the 2022 Regional Transportation Plan/Sustainable Communities Strategy (currently being updated) has predicted an annual growth rate for Lathrop between 2015 and 2020 of 4.65 percent, between 2020 and 2025 of 5.45 percent, between 2025 and 2030 of 4.28 percent and between 2030 and 2035 of 3.42 percent. The City of Lathrop 2020 Urban Water Management Plan, dated June 2021 projects that with approved Specific Plans, recorded Final Maps and pace of building permit issuances could result in a City “Build Out” population of about 95,391 as shown in Table 3-1 below.

Table 3-1: UWMP Population – Current and Projected⁵

Population Served	2020	2025	2030	2035	2040	2045 (Buildout)
	26,833	40,466	54,473	65,267	76,058	95,391
NOTES: (a) Current population is based on population estimates by the California DOF for the City of Lathrop. (b) Data present herein for 2045 reflects conditions at buildout for planning purposes. However, the City does not anticipate all buildout development to occur before 2045.						

San Joaquin County has assigned a population percentage to Lathrop of 7.07% and has suggested that Lathrop could grow to 72,347 by 2050. A reasonable rate of growth for Lathrop can be determined using the existing population as determined by DOF and adding in a reasonable amount of new housing based on approved subdivision projects. Most notably has been the amount of construction activity associated with the River Islands project and the Central Lathrop Specific Plan and the anticipated population those projects might bring to Lathrop. River Islands building permit activity continues to be significant since the beginning of construction in 2013 and is expected to continue at a pace of about 500 permits per year. Additionally, with the approval of the River Islands Phase 2 Project in 2021, the overall build-out of the River Islands Project (Phase 1 and Phase 2) was increased by over 4,000 dwelling units to a total buildout of 15,010 dwelling units (Phase 1 and Phase 2). The Central Lathrop Specific Plan (Phase 1) has started construction in 2020 and expected to continue at a rate of about 300 permits per year. The City of Lathrop population projection represents a significant increase in projected population for Lathrop as compared with SJCOG’s projections.

Regardless, all Lathrop infrastructure planning is being conducted based on a City Build Out population of 95,391 as demonstrated in the City’s 2020 UWMP.

Table 3-2 (Population and Household Trends) illustrates the City’s growth and trends over the past 30 years.

³ U.S. Census Data, 2010

⁵ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, May 2021

Table 3-2: Population and Household Trends

Year	1990	2000	2010	2015	2020
Population	6,841	10,445	18,023	20,353	26,806
Annualized Growth Rate		3.45%	4.20%	2.28%	5.66%
Total Housing Units	2,095	2,991	5,261	5,801	7,284
Average Household Size	3.53	3.59	3.77	3.86	3.88
# Single Family Units	1,687	2,473	4,659	5,202	7,171
# Multi-Family Units	115	113	113	113	113

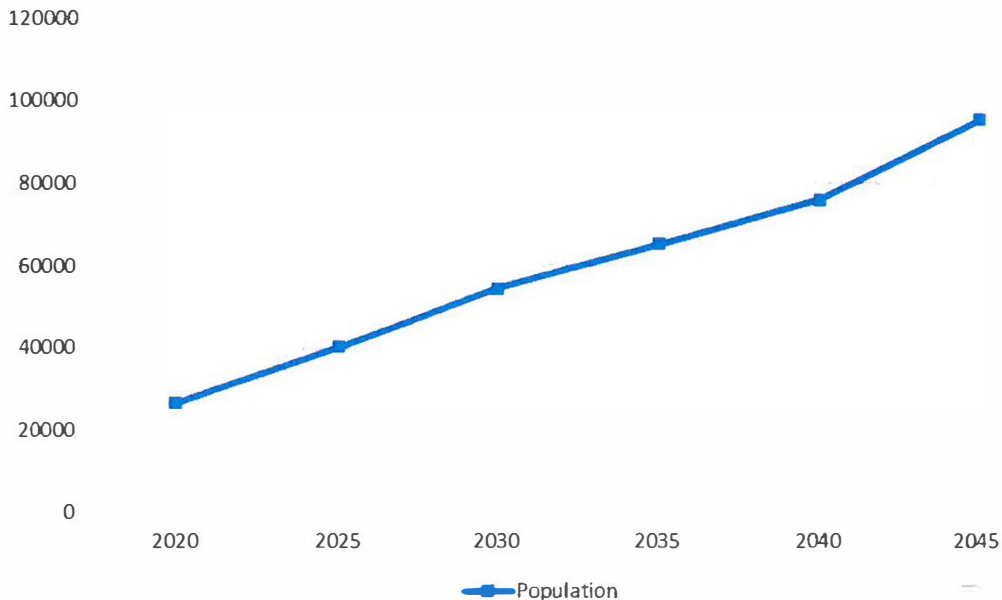
As shown in Table 3-2, the City’s population has grown significantly over the past 30 years. Lathrop’s percent increase in population from 1990 to 2020 represents an annual growth rate of 4.65 percent and ranks fifth in the state. Also of particular note is the significant increase in residential units in the City, which from 2000 to 2020 increased by approximately 58.9 percent.

2. Population Projections

There are various methodologies available to determine population trends for a city. For the purposes of this MSR, the City chose to use the population projections from the City’s Urban Water Management Plan, dated June 2021 and as depicted in Table 3-1, above.

Lathrop Population Projections

Figure 3-1: Lathrop Population Projection – City of Lathrop Projections



3. Development Projections

This section provides an overview of projected development to accommodate growth in the City. Further detail related to development projections is provided in Chapter 2.

Recent and Proposed Annexations

The San Joaquin Local Agency Formation Commission (LAFCo) approved the annexation of the 213 acre portion of the Lathrop Gateway Business Park Specific Plan in 2012. LAFCo approved the annexation of the South Lathrop Specific Plan (SLSP) and a portion of LGBPSP in 2016 (465 acres). LAFCo approved the annexation of the Pilot Flying J project (27.65 acres) in 2017.

Residential Housing Approvals

Table 3-3 presented below describes the inventory of approved residential tract maps in Lathrop.

Table 3-3: Housing Inventory

Housing Inventory			
City of Lathrop, Community Development			
April, 2022			
Ready Lots (Approved Final Map, Ready to Build)			
Tract/Subdivision Name	Total Units	Units Remaining	Final Map
MSDL Tract 3338	66	2	1/27/2003
MSDL Tract 3410	132	4	1/27/2003
MSDL Tract 3490 (Village 7)	52	4	8/14/2014
RI South River Bend Tract 3840	48	1	3/21/2015
RI East Village Tract 3826	24	1	8/1/2016
RI East Village Tract 3835	74	1	6/11/2018
RI East Village Tract 3892	35	3	2/11/2019
RI East Village Tract 3904	36	1	10/2/2017
RI East Village Tract 3938	38	2	10/8/2018
RI Lakeside East Tract 3989	50	4	10/8/2018
RI Lakeside East Tract 3990	24	1	9/9/2019
RI Lakeside East Tract 3991	48	8	12/10/2018
RI Lakeside East Tract 3992	38	1	10/14/2019
RI Lakeside East Tract 3994	51	6	10/8/2018
RI Lakeside East Tract 3997	36	1	6/10/2019
RI Lakeside East Tract 3998	33	2	8/10/2020
RI Lakeside East Tract 4001	103	2	11/19/2018
RI Lakeside East Tract 4002	25	1	10/26/2020
RI Lakeside East Tract 4021	44	1	5/11/2020
RI Lakeside East Tract 4022	120	5	4/13/2020
RI Lakeside East Tract 4031	48	12	7/27/2021
RI Lakeside East Tract 4050	33	4	12/8/2020
RI Lakeside East Tract 4051	61	47	6/14/2021
RI Lakeside West Tract 4052	30	1	1/4/2021
RI Lakeside West Tract 4053	47	7	9/23/2021
RI Lakeside West Tract 4055	42	1	12/18/2020

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RI Lakeside West Tract 4056	80	21	6/30/2021
RI Lakeside West Tract 4063	141	67	2/2/2021
RI Lakeside West Tract 4067	95	68	2/25/2021
RI Lakeside West Tract 4069	59	28	8/10/2021
RI Lakeside West Tract 4071	51	11	3/2/2021
RI Lakeside West Tract 4093	23	12	5/28/2021
RI Lakeside West Tract 4101	42	20	8/2/2021
RI Old River Tract 4089	48	20	8/25/2021
RI Old River Tract 4091	48	12	8/4/2021
CLSP Phase 1A Tract 3809	96	28	12/9/2019
CLSP Phase 1A Tract 3812	89	1	12/9/2019
CLSP Phase 1B Tract 4017	311	205	1/11/2021
CLSP Phase 1B Tract 4018	292	252	6/14/2021
CLSP Phase 1C Tract 4062	191	191	10/11/2021
CLSP Phase 1D Tract 4105	271	271	2/14/2022
Total	2,713	868	
Entitled Lots (Approved Tentative Map, Pending Final Map)			
MSDL VTM Tract 3225	66	66	1/27/2003
MSDL VTM Tract 3073 Unit 2	62	38	3/2/2004
RI VTM Tract 3694 ¹	4,284	492	3/27/2007
RI VTM Tract 6716	10,726	10,726	6/14/2021
Total	15,138	11,322	

Non-Residential, Commercial and Industrial Approvals

The City of Lathrop is located in a prime location along the Interstate 5 corridor and in close proximity to SR 205 and SR 120. This has afforded Lathrop many opportunities for job generated land uses. The City has seen a tremendous amount of industrial growth over the last six (6) years, approving over 12 million square feet of industrial warehouse buildings. Recently the City has approved a variety of new Industrial developments including:

Project	Year Approved	Square Footage	Status
Simplot's Fabric Warehouse Building	2015	18,000	Completed
Super Store's Warehouse Freezer Expansion	2015	18,866	Completed
LBA North	2015	517,600	Completed
Crossroads Logistics Center	2015	560,000	Completed
I-5 Logistics Warehouse	2016	745,640	Completed
Tesla Warehouse		64,750	Completed
Excel (Pratt) Warehouse and Distribution Center	2016	627,620	Completed
South Lathrop Commerce Center Phase 1 and Phase 2	2016 and 2018	4,850,000	Under Construction
Murphy Parkway Warehouse Project	2017	870,240	Completed
Phelan Lathrop Gateway	2018	3,035,000	Phase 1

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(Phase 1 through 3)			Completed. Phase 2 in Under Construction
North Crossroads Business Center	2020	1,000,000	Under Construction
Seefried Warehouse	2020	189,000	Under Construction
Scannell Properties Industrial Project	2021	191,160	Approved
Total		12,687,876	

The future forecast is that lease rates in San Joaquin County will continue to increase as the market experiences a shortage of space. The current occupancy levels for industrial buildings are at the highest levels in modern history. New construction being delivered in 2021 may not relieve the pressure of rising lease rates or demand as new speculative space is expected to lease at or close to the asking rates. Steady absorption of industrial space and the increased demand for larger footprint buildings will directly correspond to more land being put into production by institutional developers and Fortune 1000 corporate space users in San Joaquin County.

Sphere of Influence

As described in Chapter 2, the unincorporated areas within the proposed SOI consist of lands designated by the General Plan as Freeway Commercial and Light Industrial near Roth Road, and the Lathrop Gateway Business Park Specific Plan area. These areas represent non-residential growth requiring public services. Section B of this Chapter concludes future development contemplated by the Lathrop General Plan would not result in a substantial impact on the City's ability to provide services.

4. Determination

Growth within the Lathrop's SOI within the ten-year horizon would be limited non-residential, job generating types of uses. These projects include the remainder of the Lathrop Gateway Project area easterly of McKinley Avenue and the 134 acres north of Roth Road east and west of Interstate 5.

B. Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence

SB 244 requires the identification and description of all "disadvantaged unincorporated communities" (DUC's) located within or contiguous to the existing sphere of influence of cities and special districts that provide fire protection, sewer, and/or water services. Disadvantaged unincorporated communities are defined as inhabited unincorporated areas with an annual median household income that is 80% or less than the statewide annual median household income. The identified disadvantaged unincorporated communities are required to be addressed by LAFCo when:

- Considering a City Annexation proposal involving 10 acres or more with an existing disadvantaged unincorporated community contiguous to the proposed area; and
- Approving sphere of influence and municipal service review determinations associated with the updated or established sphere of influence for local agencies subject to SB 244 requirements.

SJ LAFCo has identified the French Camp DUC as part of their Sphere of Influence policies adopted December 14, 2012. The French Camp DUC has three (3) Districts and District 3 adjoins the Lathrop Sphere of Influence to the north of Roth Road. Based on an aerial review, confirmed by a physical windshield survey, the area in question adjacent to the Lathrop SOI contains a mixture of industrial and large rural ranchette uses and does not contain compact urban development lacking municipal services. There is no evidence of any failing water and sewer infrastructure in the area. The proposed growth horizon changes involve lands westerly of the Union Pacific Railroad Tracks and the DUC area immediately north of the proposed change is used for industrial purposes. Therefore, the requirement to consider extending services to this area appears to be unnecessary.

C. Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies

The purpose of this section is to evaluate the infrastructure needs and efficiencies of services provided by the City of Lathrop (City), especially as they relate to current and future users. Infrastructure needs and deficiencies are evaluated in terms of supply, capacity, condition of facilities, and service quality with correlations to operational, capital improvement, and finance plans.

This section addresses the provision of the following services, some of which are directly provided by the City and others which are provided through contract or special district services:

- ◆ Fire Protection
- ◆ Law Enforcement
- ◆ Water Supply, Conservation, and Treatment
- ◆ Wastewater Collection and Treatment
- ◆ Storm water Drainage/Flood Protection

1. Fire Protection

The Lathrop Sphere of Influence (SOI) is covered by two independent Fire Protection Districts, the Lathrop-Manteca Fire Protection District (LMFD) and French Camp-McKinley Fire District (French Camp). The Lathrop-Manteca Fire Protection District provides fire protection services for all lands within the City of Lathrop being primarily lands south of Roth Road in addition to providing service to some 84.7 square miles of rural area around Manteca in the southern San Joaquin County area. The LMFD also provides Hazardous Materials Response and mutual aid to the recently developed area north of Roth Road (Pilot Flying J).

LMFD was established in 1936 to provide fire protection for the township of Lathrop, rural Lathrop and the rural areas surrounding Manteca. The Fire District was organized under the laws of the State of California, Health and Safety Code Section 13800, known as the Fire Protection District law of 1987. LMFD is governed by a five-member Board of Directors who are elected at-large to serve a four-year term. Since 1936 the Fire District has developed into a proactive Fire Department covering 100 square miles including the City of Lathrop. LMFD staff is comprised of 41 uniformed full-time personnel and 35 Reserve Personnel. LMFD personnel includes a Fire Chief, deputy Fire Marshal, Administrative Division Chief, 3 Battalion Chiefs, 15 Fire Captains, 12 Engineers, 9 Firefighters, 35 on-call/reserve Firefighters and 7 administrative staff. The Fire District is organized to maintain career personnel on duty, 24 hours a day, year-round, to respond to emergencies from the strategically located fire stations. LMFD has five (5) Fire Stations, three (3) of which are located in the City of Lathrop. The most recent fire station (Station #35) was constructed in 2019 and is located at 19001 Somerston Parkway in River Islands.

The French Camp District provides fire protection for the rural area primarily south of Stockton and north of Roth Road both east and west of Interstate 5. French Camp service boundaries include approximately 16 square miles, including a small portion of Stockton. Approximately 805 acres of the French Camp Fire District is in the Lathrop Area of Interest and about 115.76 acres is in the SOI. The District was established in 1946 to provide fire protection for the French Camp Community and surrounding area. The Fire District was organized under the laws of the State of California, Health and Safety Code Section 13800, known as the Fire Protection District law of 1987. French Camp is governed by a five-member Board of Directors who are elected at-large to serve a four-year term. The District consists of 16 employees, of which 10 are line staff, 5 are reserve personnel, and 1 administrative staff member. The French Camp Fire District also contracts with Mountain House community and provides fire protection services with 16 Fire personnel assigned to Mountain House.

Existing Facilities and Services

Lathrop-Manteca Fire Protection District (LMFD)

Since the incorporation of Lathrop in 1989, the Fire District has worked with the City Council to develop plans to provide adequate coverage for potential urban growth of the City. This has included the imposition of Fire Facilities Fees for new development as well as a sharing in the Special Sales Tax, Measure C, passed City-wide.

The Fire District-wide fire suppression force is organized into three shifts consisting of 13 members each. Each of the shifts is on duty for rotating periods of 24 hours. A minimum of three full time firefighters are on duty at the satellite fire stations at all times. Each of the fire stations within the City of Lathrop, J Street (Station 31), Mossdale (Station 34), and River Islands (Station 35), have three full time firefighters assigned to each station, 24 hours a day seven days a week. Additionally, one Battalion Chief is assigned to a station within the city to manage the day to day operations and provide scene management for emergency operations. Station 35 also includes the Fire Chief, administrative services, and Fire Prevention staff.

Per the LMFD 2018 Master Plan, the next planned Stations will be located as follows:

- South Lathrop near the Yosemite Avenue and McKinley Avenue Corridor (Station #36);
- Klo Road, north of Lathrop City limits (Station #37); and
- River Islands Parkway, within the Phase 2 development area (Station #38).

The LMFD District boundaries spread over about 100 square miles, with the bulk of the District's population (70%) within the City limits of Lathrop. Locations of the existing LMFD fire stations are presented in Figure 3-2 (Fire Station Locations).

In 2014 the LMFD switched dispatch providers. LMFD calls are now being dispatched by the City of Stockton along with the Manteca Fire Department, Stockton Fire Department, South County Fire Authority (Tracy) and Lodi Fire Departments. LMFD tracks the following times segments and continuously works to improve response times. These times are provided from LMFD's records, specific to the City of Lathrop's capturing data from Jan 1, 2020 to Dec 31, 2020.

Alarm Processing Time: Defined as the time elapsed between receipt of alarm and the dispatch of apparatus to the emergency call. The LMFD benchmarks this according to the National Fire Protection Association Standard 1221: Installation, Maintenance, and Use of Emergency Services Communications Systems. Section 7.4.3 of this standard identifies the that elapsed alarm processing for the highest priority of life-threatening calls shall have an alarm processing time of 60 seconds for at least 90 percent of these total calls. The Lathrop Manteca Fire District currently contracts with the City of Stockton for dispatch services. In addition, the Fire District has moved its primary alerting system to an internet protocol system that increases the speed of which alarms are "pushed" to the emergency responding units. The Fire District meets this standard one hundred (100) percent of the time.

Turnout Time: This time is calculated from the receipt of the alarm by the station of unit and ends at the time the unit begins its rolling travel time. Benchmarks for these time standards are 60 seconds for 90% of the total Emergency Medical Calls and 80 seconds for 90% of the total Fire Calls. The Fire District's data shows a 60 second turnout time for EMS Calls for 88% percent of occurrences and have an 80 second turnout time for 95% of the fire occurrences.

Response Time: Response time is reflected by the turnout time and travel time that are added together to create a complete picture of the Fire District response time. In 2020, the Fire District responded to emergency incidents 70% of the time within five minutes at the 90th percentile with all combined responses. It should be noted that due to growth demands and development planning the fire district responds to areas of new development that are often outside of the existing service zones. While call volumes in those areas are generally lower, they do have an impact on the overall analyses. The District has plans to add two (2) to three (3) additional fire stations/companies in order to service these developments. At buildout, the Fire District expects to be closely meeting travel distance times that are closer in alignment with LMFD standards.⁶

⁶ Joshua Capper, Fire Chief, Personal Communication (via email), October 27, 2021 and Larry Madoski, Admin. Division Chief, October 26, 2021

The Fire Prevention Bureau administers the District's fire prevention and code enforcement program. Plan checks are done by the Fire Prevention staff or a third-party plan check company along with construction and business inspections. Fire Company personnel conduct annual pre-incident inspections. Additional fire safety programs include smoke detector installation for the elderly and disabled and fire safety and awareness in the schools.⁷

The Fire District responds, not only to fires of all types, but also medical emergencies, traffic accidents, service calls, Hazardous Material incidents, technical rescue incidents, and water rescues. The Fire District is an active member of the San Joaquin County Hazardous Materials Response Team. The Fire District is also part of the Urban Search and Rescue Team.⁸

ISO Rating for LMFD

The Insurance Services Office (ISO) Public Classification Program currently rates the LMFD as a community classification of 3 for the City of Lathrop⁹. This is an improved rating since 2011 which reported an ISO rating of 4 for LMFD. The ISO ratings are on a scale of 1-10 with 1 being the highest rating. The ISO rating measures individual fire protection agencies against a national Fire Suppression Rating Schedule which includes such criteria as facilities and support for handling and dispatching fire alarms, first-alarm responses and initial attack, and adequacy of the local water supply for the fire suppression purposes.

⁷ Lathrop-Manteca Fire Protection District website, <http://www.lmfd.org>,

⁸ Ibid

⁹ Lathrop-Manteca Fire District, Lathrop-Manteca Fire District Master Plan, 2018

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Figure 3-2 (LMFD Fire Station Locations)

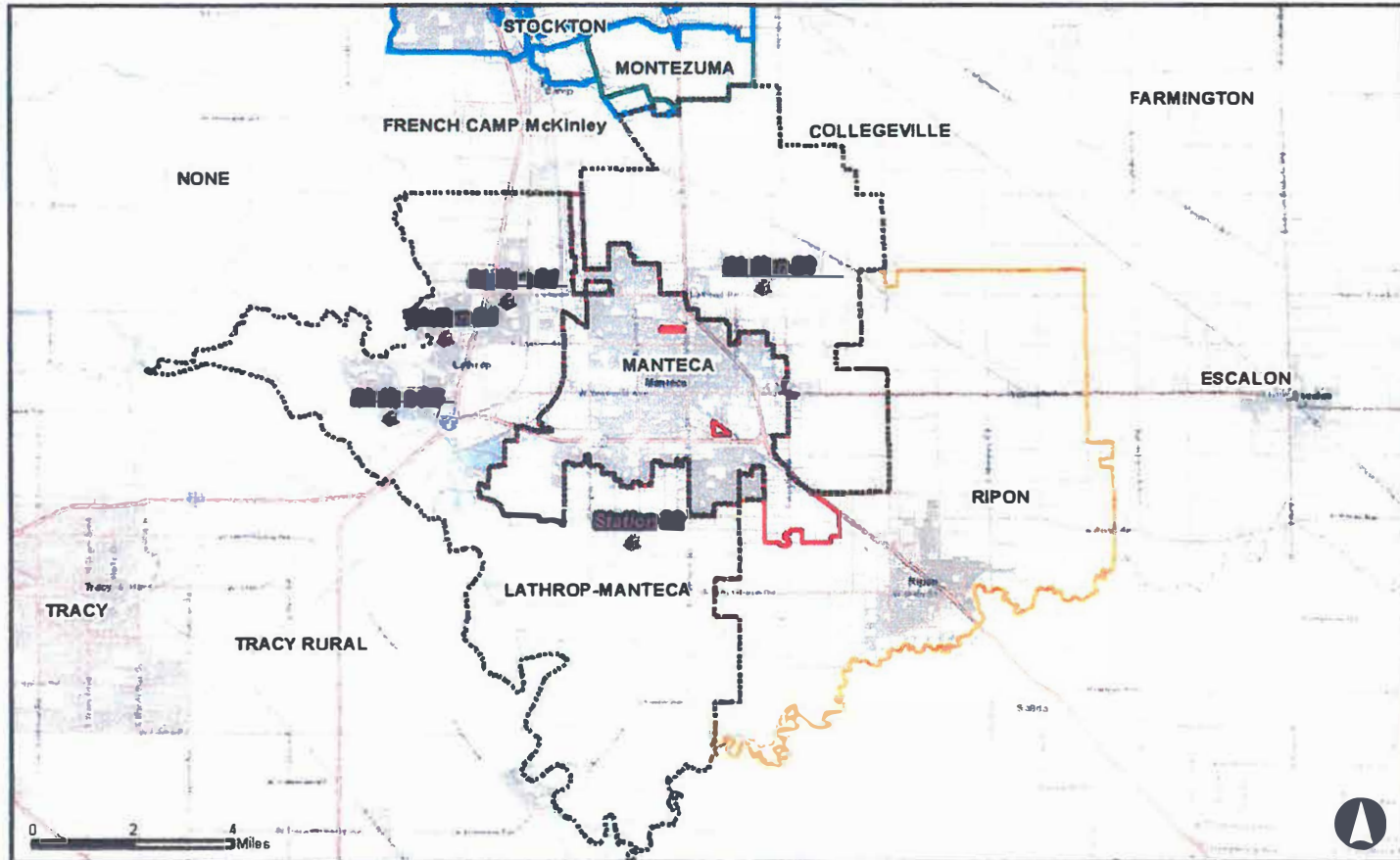


FIGURE 3-2



Lathrop-Manteca Fire District Fire Station Locations
City of Lathrop

- Parcels
- Fire Stations
- LATHROP-MANTECA
- MANTECA
- FRENCH CAMP
- STOCKTON
- MONTEZUMA
- RIPON

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French Camp McKinley Mountain House Fire Protection District (French Camp)

The authorized personnel strength of French Camp consists of 16 employees, of which 7 are line staff and 9 are reserve personnel. The French Camp and Montezuma Fire Protection Districts rotate Fire Chiefs in order to provide coverage for the respective Fire Stations. The fire district is organized to maintain three personnel with automatic aid agreements with other agencies. On May 15, 2015, the District and Mountain House Community Services District (Mountain House CSD) entered into an agreement for the District to provide fire protection and emergency medical services to the community served by the Mountain House CSD. The District provides staffing to Mountain House CSD based on staffing response guidelines established by the jointly adopted Service Level Criteria using vehicles, equipment and apparatus of both Districts.

The District charges Mountain House CSD an established daily rate with the rate renegotiated every year. The District also bills Mountain House CSD for service, supplies and apparatus as needed. The original contract term extended from September 15, 2015 through June 30, 2020. The contract was extended through June 30, 2025. Station 16-1 in Mountain house is staffed with five (5) personnel on-duty.¹⁰

French Camp maintains one Fire Station located at 310 East French Camp Road and also operates out of the Mountain House Fire Station located at 911 Traditions Street, Mountain House. The French Camp station is staffed by 2 engine companies and is staffed 24-hours per day. The organization responds to approximately 1,800 calls between Mountain House and French Camp.

The French Camp District boundaries and location of the fire station is presented in Figure 3-3 (Fire Station Location). According to response data by Lifecom Dispatch Center, and confirmed by Former Chief Paul Tualla, the District's 90 percentile "turnout time" and "travel" times in 2015 were 1:50 minutes and 6:01 minutes respectively to the Roth Road area. These times were below the average 90 percentile time for all rural fire districts at 2:42 minutes turnout time and 7:38 minutes response time. The Chief estimates the longest travel time was 7:24 minutes.^{11,12}

The Fire District responds, not only to fires of all types, but also medical emergencies, traffic accidents, and water rescues. The Fire District is an active member of the San Joaquin County Hazardous Materials Response Team. The Fire District is also part of the Urban Search and Rescue Team.¹³

ISO Rating for French Camp Fire

The Insurance Services Office (ISO) Public Classification Program rates the French Camp in their November 23, 2010 report, as a community classification of 4/8b for the District. The ISO ratings are on a scale of 1-10 with 1 being the highest rating. The ISO rating measures

¹⁰ French Camp-McKinley Fire District website, frenchcampfire.com, October 15, 2021

¹¹ French Camp-McKinley Fire MSR adopted by SJ LAFCo October 21, 2011

¹² Former Paul Tualla, Fire Chief of FRCFIRE, Personal Communication, September 12, 2015 and e-mail of November 12, 2015.

¹³ Ibid

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individual fire protection agencies against a National Fire Suppression Rating Schedule which includes such criteria as facilities and support for handling and dispatching fire alarms, first-alarm responses and initial attack, and adequacy of the local water supply for the fire suppression purposes.

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Figure 3-3 (FRCFIRE Fire Station Location)

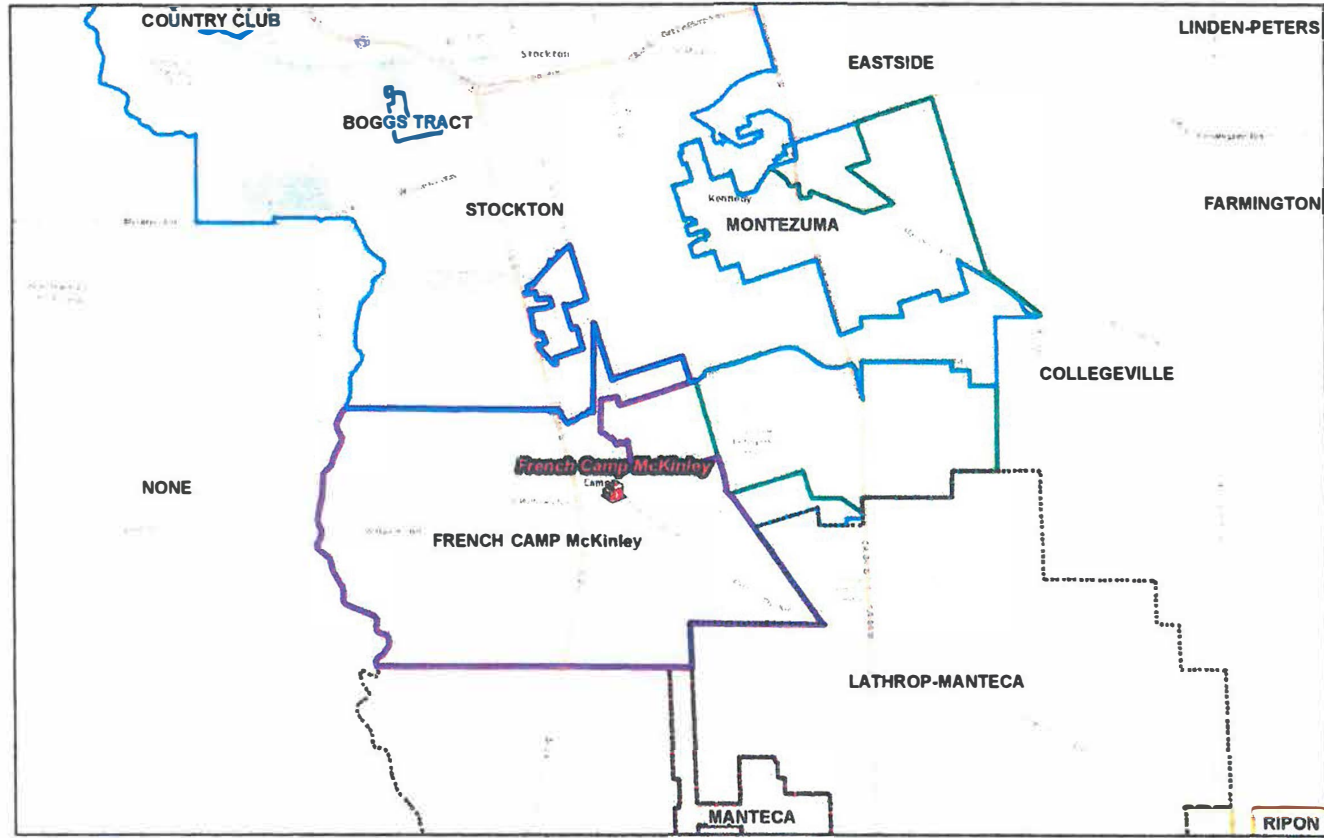


FIGURE: 3-3



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Provisions for Future Growth and System Improvements

The Hazard Management Element of the City of Lathrop Comprehensive General Plan (General Plan) includes policies to ensure that adequate fire personnel related facilities are funded and provided to meet future growth. These policies include:

- ◆ Policy 1 The City will continue to give high priority to the support of police protection, and to fire suppression and prevention and life safety functions of the Fire District. Ultimate expansion of the City's fire service is to include additional stations affording adequate response within a maximum of 3-4 minutes to all parts of the urban area.
- ◆ Policy 2 The City will work to maintain a fire flow standard of 3,000 gpm for all commercial and industrial areas of the community, and 1,500 gpm for residential areas, to assure the capability to suppress urban fires. In strategic areas, the City should provide above ground water storage with capacities sufficient to supply the City for required durations.
- ◆ Policy 3 The City will maintain a street system which is capable of providing access to any fires that may develop within the urban area, and which is capable of providing for the adequate evacuation of residents in the event of an emergency condition of magnitude.
- ◆ Policy 4 The City will continue to maintain and update its existing Emergency Service Plan, including plans for managing emergency operations, the handling of hazardous materials and the rapid cleanup of hazardous materials spills.¹⁴

LMFD

In order to meet the 3-4 minute standard response time as outlined in the General Plan, the Fire District would have to expand their number of fire stations and personnel. This has been partially accounted for with the construction of Fire Station 34 (located in Mossdale Landing) and Fire Station #35 (located in River Islands). Additional Fire Stations are planned in River Islands (northern portion of the project on River Islands Parkway) and in southeast Lathrop (near the Yosemite/McKinley Ave. intersection) The River Islands fire station (Station #35) was built in anticipation of future development projects and their fire protection needs. Additionally, each development has prepared an Environmental Impact Report (EIR) subject to the requirements of the California Environmental Quality Act (CEQA). These EIRs have evaluated projects impacts on public services including Fire Protection and have included mitigation requirements as necessary to maintain service levels including the requirement to participate in a Fire Services Community Facilities District (CFD) to fund additional fire service personnel to accommodate the new growth. The Fire Services CFD is established as a special tax which does not sunset. In addition, LMFD has adopted fire facilities fees which are assessed at time of building permit issuance to all new development. These fire facilities fees are administered by LMFD in cooperation with the City of Lathrop. LMFD continues to evaluate and have input to determine the appropriate combination of fire CFD's and fire facilities fees to maintain adequate fire service needs of Lathrop according to the Lathrop General Plan and the LMFD Master Plan

¹⁴ City of Lathrop, Comprehensive General Plan, , November 9, 2004

of 2018. Each new project is required to perform a Fiscal Impact Analysis to determine fiscal neutrality on City services as well as those of special districts including LMFD.

The LMFD Master Plan of 2018 has identified the need for three (3) future stations to provide future fire protection service.¹⁵ The general locations of these stations include:

- ◆ McKinley Avenue and Yosemite Avenue
- ◆ River Islands (Phase 2 area)
- ◆ Klo Road (unincorporated San Joaquin County)

¹⁵ Lathrop-Manteca Fire District, Lathrop-Manteca Fire District Master Plan, 2018

Figure 3-4 (Future Fire Station Locations)

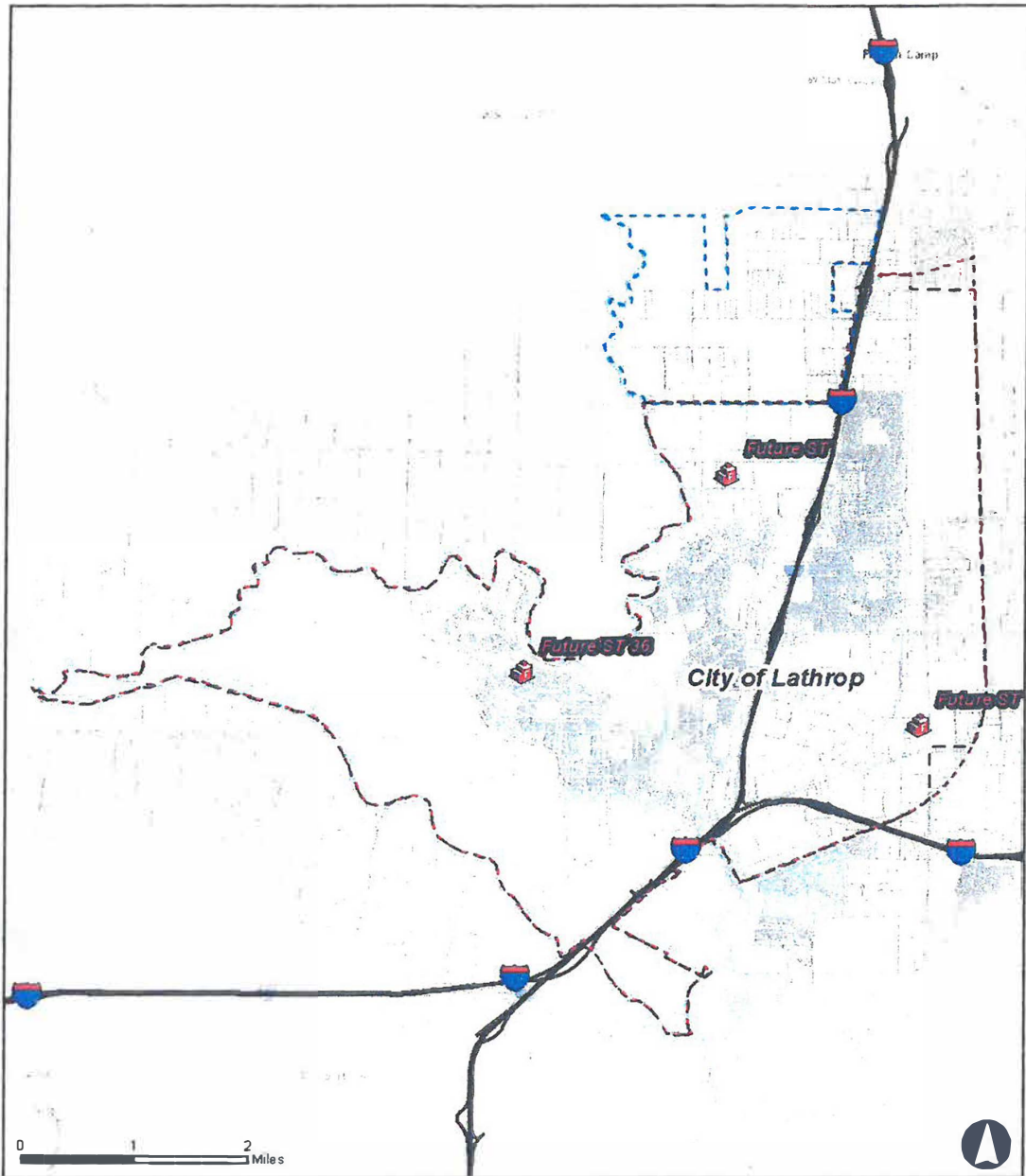


FIGURE: 3-4

Lathrop-Manteca Future and Forecasted Stations
City of Lathrop

- Future Fire Stations
- City Limits
- Area of Interest
- Sphere of Influence
- Parcels

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

The exact location of these stations and timing of their construction is at the discretion of LMFD. LMFD is a partner with the City of Lathrop on all future developments and therefore establishes triggers to start new fire station construction based on the demand of services. New stations are funded by the property taxes, fire facilities fees and CFD's placed on new development. The most recent fire station constructed was Fire Station #35, located in River Islands. Station #35 was funded by Fire Mitigation fees for the construction of the facility and manpower will be funded by a combination of Special District Taxes, Fire CDF Assessments and Measure C tax assessments earmarked by the Lathrop City Council for Fire Protection Services.

The Fiscal Year 2021-2022 budget for LMFD is \$12,908,121. Of this \$5.9 million came from the Districts share of property tax increment at 9.9% received (average rural fire district increment is 11.7%), \$2.9 million came from Intergovernmental Revenues such as license/permits, plan check fees, property override tax, etc. and \$3.0 million came from Miscellaneous Revenues such as Measure C (a local tax measure passed by the Lathrop voters in 2012 of which the City Council entered into as an agreement with LMFD to allocate 40% of the tax proceeds for fire protection services) and CFD tax assessments associated with the Central Lathrop Specific Plan Area (CFD 2006-02).

French Camp Fire District

As of 2015, French Camp has expanded Fire protection service to the community of Mountain House by contract basis. French Camp will manage and maintain existing fire stations established as part of the Mountain House development. As noted above, the contract was extended through June 30, 2025.

The Fiscal Year 2019-2020 budget is \$3,291,390 which came from the Districts share of property tax increment at 8.1% received (average rural fire district increment is 11.7%), the Mountain House contract for Fire and EMS service (\$1,970,095), and other revenues (licenses and permits, special assessments, homeowner property tax relief, etc.

Future Annexations into the City of Lathrop

The areas within Lathrop's SOI are currently under the jurisdictions of the respective Fire Protection Districts indicated above. LMFD is the service provider for all land within the incorporated city limits at this time. French Camp is the service provider for land north of Roth Road in Lathrop's sphere of influence. When future annexations of lands north of Roth Road are submitted, the two Fire Districts will engage in a dialog to discuss if the districts want to proceed with a detachment or proceed with no detachment. There are several options that can be explored to address the financial impact of the fire district which loses territory when annexations occur. Several alternatives exist, including: short-term backfill agreements, not detaching, incorporating the interest of the fire districts in the tax sharing agreement, or providing financial reimbursement through an agreement (e.g. development agreement). Please see the Final Municipal Service Review for Rural Fire Protection Districts in San Joaquin County, dated October 21, 2011, for additional information on fire service areas, service adequacy, and MSR determinations.

2. Law Enforcement

Existing Facilities and Services

Law enforcement services in the City are provided by the Lathrop Police Department, which commenced operations on June 29, 2022. Prior to commencement of the new Police Department, law enforcement services were provided through a contract with the San Joaquin County Sheriff's Department.

The Lathrop Police Department is currently located at 940 River Islands Parkway within the River Islands Phase 1 development area. The location of the police station is presented in Figure 3-5 (Police Station Location). Lathrop Police Department is staffed 24 hours a day in a series of 5 patrol teams staffed by a Sergeant and up to 5 Police Officers. Minimum staffing levels are set at 6 officers per day. The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers.¹⁶ The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes. Priority 1 calls are where a threat is posed to life or a crime of violence.

Provisions for Future Growth and System Improvements

The approval and/or pending development projects in the City will result in additional demand for law enforcement services. Capital costs for new facilities and equipment is funded through development impact fees and operational costs are funded through a combination of an increased tax base, participation in Community Facility District (CFD) and Measure C funding (A City initiated special tax which does not have a sunset clause). The City of Lathrop has been proactive with all new developments to require a Fiscal Impact Analysis of all developments and to create financing strategies to cover any and all funding projected short-falls. In accordance with the City's General Plan, the City of Lathrop is planning to relocate the existing police station by creating a new police station in the River Islands project area, as noted above.

At the March 22, 2021, Special City Council Meeting, Council directed City staff to create Capital Improvement Project CG 21-11, to begin the creation of a new Lathrop Police Department and implement the transition of law enforcement services from the San Joaquin County Sheriff to the City. The new Police Department project identifies 46 new sworn and non-sworn positions. On May 10, 2021, the City Council approved a Master Consulting Services Agreement with CPS HR Consulting (CPS) to begin recruitment of personnel for the new City of Lathrop Police Department and authorized the creation of the new Police Chief position. Since May 10, 2021, CPS has advertised positions for the various levels of Staffing, including Police

¹⁶ City of Lathrop, Lathrop Police Department Website (https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/police/page/141/new_lathrop_police_department_update_june_2022.pdf), accessed July 12, 2022

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Chief, Police Commander, Police Sergeants, Police Officers, and non-sworn personnel.¹⁷ In September 2021, the City hired the first Police Chief for the new Department and two (2) Commanders in February, 2022.

The City continues to recruit for the various levels of staffing, purchase necessary equipment, such as Police vehicles for the new Police Department, and coordination with other jurisdictions for the purposes of evidence storage and 911 operations. The Lathrop Police Department initiated operations on June 29, 2022.

The City has adopted a police staffing standard of 1.5 officers per 1,000 residents. The City plans to hire additional officers to attain a 1.5 officer per 1,000-residents ratio, as directed by the City Council. It is anticipated that a total of 43 sworn officers would meet this standard, requiring four additional officers to meet the current population estimate.

The areas within the City's SOI are currently under the jurisdiction of San Joaquin County Sheriff's Office. Lathrop Police Services will continue to provide service to areas within the City's Sphere of Influence and within the unincorporated areas surrounding the City. The Lathrop Police Department provide police services to development occurring within the City Limits.

In 2013 Lathrop City Council commissioned a special study of the Law enforcement services by engaging the expertise of Municipal Resources Group, Inc. (MRG). In a report published on December 10, 2013, the MRG group compared the services provided with the Cities of Ripon, Patterson, Oakdale, Riverbank, Galt, Manteca and Tracy and concluded their Comparative Data Findings which suggests:

- Lathrop's Officers per 1,000 population is currently at the norm for comparison agencies;
- Per officer costs are average for similarly organized/sized agencies;
- Lathrop's crime rates are comparable with similar sized cities;
- Lathrop's crimes per officer and 1,000 population are average;
- A majority of the comparison agencies use only General Fund revenue to support law enforcement services;
- Funding for Lathrop's law enforcement activities is significantly enhanced through the use of Community Facilities Revenue and the Sales Tax Measure proceeds;
- Lathrop's total public safety expenditures (police and fire) are significantly reduced because the City does not have direct Fire service responsibilities;
- Lathrop's relatively high per capita General Fund revenue permits funding 'quality of life' services such as recreation facilities and programs, parks and other amenities.

In summary, the MRG report found that the City of Lathrop compares favorably on key elements including crime rate, ratio of officers to the population and crime; costs for law enforcement are as low as the average; and the City benefits from the additional revenue sources which fund public safety costs freeing General Fund Revenues for 'quality of life' services.

¹⁷ City of Lathrop, Lathrop Police Department Transition Website (<https://www.ci.lathrop.ca.us/city-manager/page/lathrop-police-department-transition>), accessed December 7, 2021 and May 31, 2022.

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Figure 3-5 (Police Station Location)

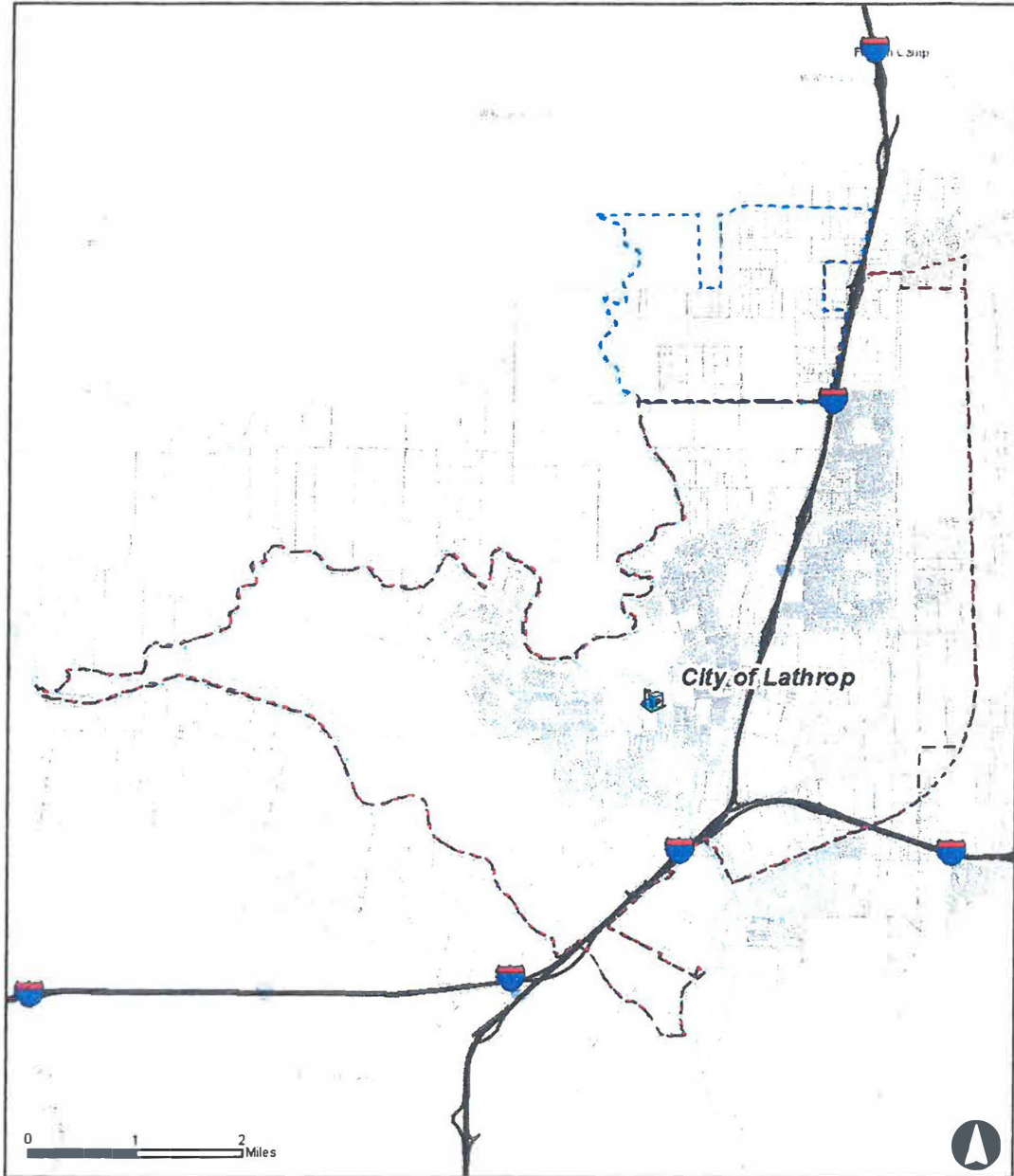
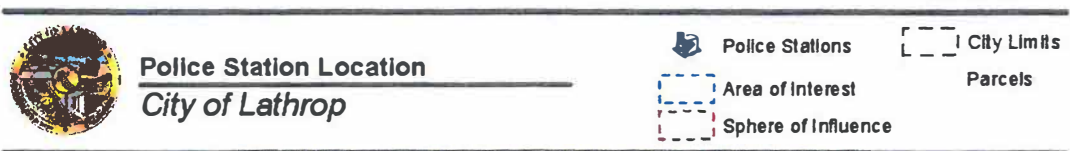


FIGURE: 3-5



Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

3. Water Supply, Conservation and Treatment

The City makes water service available to all of its estimated 26,821 residents. Annexed properties connect to City water service over time. The ultimate water service area is determined by the Lathrop General Plan. The service area includes the City limits and proposed SOI and includes the railroad cargo container commercial enterprise that is located outside of City limits.¹⁸ The extent of the water service area is presented in Figure 3-6 (Lathrop Water Service Area).

This section summarizes the findings of the City's existing and in-progress documents regarding the City's ability to provide adequate water service at build-out within the City limits and SOI. These documents include the 2001 Potable Water Supply and Distribution Master Plan, the 2004 Water Supply Study (WSS) by RBF Consulting, the 2005 Urban Water Management Plan prepared by Nolte Engineering published in 2009 and the 2010 Urban Water Management Plan and Water Supply Study (WSS) prepared by West-Yost, the 2018 Water System Master Plan, developed as part of the City's Integrated Water Resources Master Plan (IWRMP) Update, and the 2020 Urban Water Management Plan (UWMP). Each of these reference documents are available at Lathrop City Hall and are posted on the Cities website.

The City's most recent water supply planning document is the 2018 Water System Master Plan and 2020 UWMP. These studies evaluate historical, existing and anticipated water supplies and demands and provide alternatives for additional sources of water supply. The 2020 UWMP is a foundational document and source of information about the City's historical and projected water demands, water supplies, supply reliability and potential vulnerabilities, water shortage contingency planning, and demand management programs. The 2020 UWMP, prepared by EKI Environment & Water, Inc. was adopted by City Council on June 14, 2021.

Existing Supply and Demand

This section discusses the City's three water sources:

- ◆ Groundwater from the San Joaquin groundwater basin
- ◆ Surface water from the South San Joaquin Irrigation District (SSJID)
- ◆ Recycled water from the Lathrop Consolidated Treatment Facility (LCTF)

Ground Water

The City overlies the Tracy Subbasin of the San Joaquin Valley Groundwater Basin. The Tracy Subbasin is not adjudicated, and it is not in a condition of critical overdraft. The Tracy Subbasin is designated as a medium priority basin under DWR's 2019 Phase 2 Basin Prioritization¹⁹. Under this prioritization process, basins are ranked on eight components, and if a basin is assigned between 15 and 21 total points, it is defined as "medium priority." The Tracy Subbasin covers an area of approximately 373 square miles. The Subbasin is bounded on the northwest by the Old River south to the tri-county confluence point on the south by the Clifton Forebay where it then follows the Contra Costa-Alameda County line to the foothills of the Coastal

¹⁸ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

¹⁹ DWR, Sustainable Groundwater Management Act 2018 Basin Prioritization, January 2019

Range mountains. The northeast boundary follows the San Joaquin River south to the San Joaquin County Line with a slight jog to include the City of Lathrop on the west side of the river. The southern border of the Subbasin generally follows the San Joaquin-Stanislaus County line, with some irregular areas belonging to the Delta-Mendota Subbasin to the south. The western border follows the Coastal Range foothills from the San Joaquin-Stanislaus County line; north to the Contra Costa-Alameda County line. The Subbasin is a mix of Delta island (mostly agriculture) and waterways along with urban and agricultural communities on the southern edge.

Formerly, the City straddled two (2) groundwater basins – the western portion of the City overlies Tracy Subbasin while the eastern portion of the City overlies the Eastern San Joaquin (ESJ) Subbasin. The ESJ Subbasin is a high-priority, critically-over drafted basin. Both basins are Subbasins of the San Joaquin Valley Groundwater Basin and the San Joaquin River used to form the boundary between the basins. Lathrop submitted a Basin Boundary Modification Request (BBMR) in June 2018 to modify the boundaries of the ESJ Subbasin and the Tracy Subbasin to align with the City's City Limit and include the entire City with the Tracy Subbasin.

During development of the BBMR, the City consulted with Sharpe Army Depot and J.R. Simplot Company (Simplot), the affected public water systems of this request²⁰, and received their support. Additionally, the City notified all Groundwater Sustainability Agencies (GSAs) within both basins of the request and met individually with interested parties to discuss the BBMR.

This BBMR was approved on February 11, 2019 in the Final 2018 Basin Boundary Modifications, and therefore the City only overlies the Tracy Subbasin. As discussed above, the Tracy Subbasin is designated by DWR as a medium priority basin. As such, the Tracy Subbasin is subject to the requirements of the Sustainable Groundwater Management Act (SGMA), which include the formation of one or more GSAs and the development and implementation of one or more Groundwater Sustainability Plans (GSPs).

Banta-Carbona Irrigation District, Byron-Bethany Irrigation District (West Side Irrigation District has officially merged with Byron-Bethany Irrigation District in September 2020), City of Lathrop, City of Tracy, San Joaquin County and Stewart Tract are the six (6) GSAs in the Tracy Subbasin and are working cooperatively to develop a single GSP. The Tracy Subbasin GSAs were awarded a DWR Grant to develop the GSP. Pursuant to the Grant Agreement²¹, each GSA designated as appointee to form the GSP Coordination Committee, and the San Joaquin County was appointed as the Grant Administrator. The Grant Administrator and any two (2) appointees may call meetings of the GSP Coordination Committee as needed to in the GSP development process.

The GSP for the Tracy Subbasin is currently under preparation and is anticipated to be complete and submitted to DWR by the statutory deadline of January 31, 2022. As of June 2021, the initial drafts of sections describing the plan area, hydrogeologic conceptual model and groundwater conditions have been prepared and are available for public review on the Tracy Subbasin website: <https://tracysubbasin.org/gsp-chapters/>.

²⁰ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²¹ The Grant Agreement could be found in the Tracy Subbasin website: <https://tracysubbasin.org/resources/>

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Currently, four (4) groundwater wells supply potable water to Lathrop residents: Well Nos. 6, 7, 8, and 10. Well No. 9 is currently offline and may be used in the future as an emergency well. Groundwater from Wells 6, 7, 8, and 10 is treated to remove arsenic at the Louse Avenue Water Treatment Facility (LAWTF), which came online in 2012.

The City owns an additional well located on the southeast side of the water system, Well No. 21, which includes a treatment facility (Well No. 21 WTF) designed for disinfection and manganese treatment. The City last operated Well No. 21 between January 2012 and November 2013. Well No. 21 has remained inactive since November 2013 due to sanding in the well and elevated levels of arsenic and uranium. The City does not currently plan to bring Well No. 21 back online due to poor water quality.

Groundwater well capacities are presented in Table 3-4 (City of Lathrop Groundwater Well Capacity). The combined maximum pumping capacity of the City's wells, excluding Wells 9 and 21, is 5,850 gpm, which is lower than the treatment capacity of the LAWTF (6,250 gpm). The UWMP assumed that the City's wells are pumped at 50% of their maximum capacity on an annual basis for this evaluation²². Given this supply assumption, the City's current annual groundwater supply capacity is equivalent to approximately 4,720 AFY.

Table 3-4: City of Lathrop Groundwater Well Capacity²³

Groundwater Well		Existing Production Well Capacities and Annual Yields	
Well Name	Well Status	Measured Flow Rate (gpm)	Estimated Annual Yield (a) (AFY)
Well No. 6	Existing	1,650	1,330
Well No. 7	Existing	1,400	1,130
Well No. 8	Existing	1,100	890
Well No. 9	Existing (not in service)	0	0
Well No. 10	Existing	1,700	1,370
Well No. 21	Existing (not in service)	0	0
Subtotal		5,850	4,720
LAWTF Treatment Capacity (b)		6,250	5,040
Well Capacity		5,850	4,720
gpm = gallons per minute AFY = acre feet per year (a) Assumes wells are operating at 50% maximum capacity on an annual basis. (b) Maximum capacity of LAWTF is 6.250. Estimated annual yield assumes that annual yield of Wells 6, 7, 8, and 10 is not limited by LAWTF capacity on an annual basis.			

²² EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²³ Ibid

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Figure 3-6 (Lathrop Water Service Area)

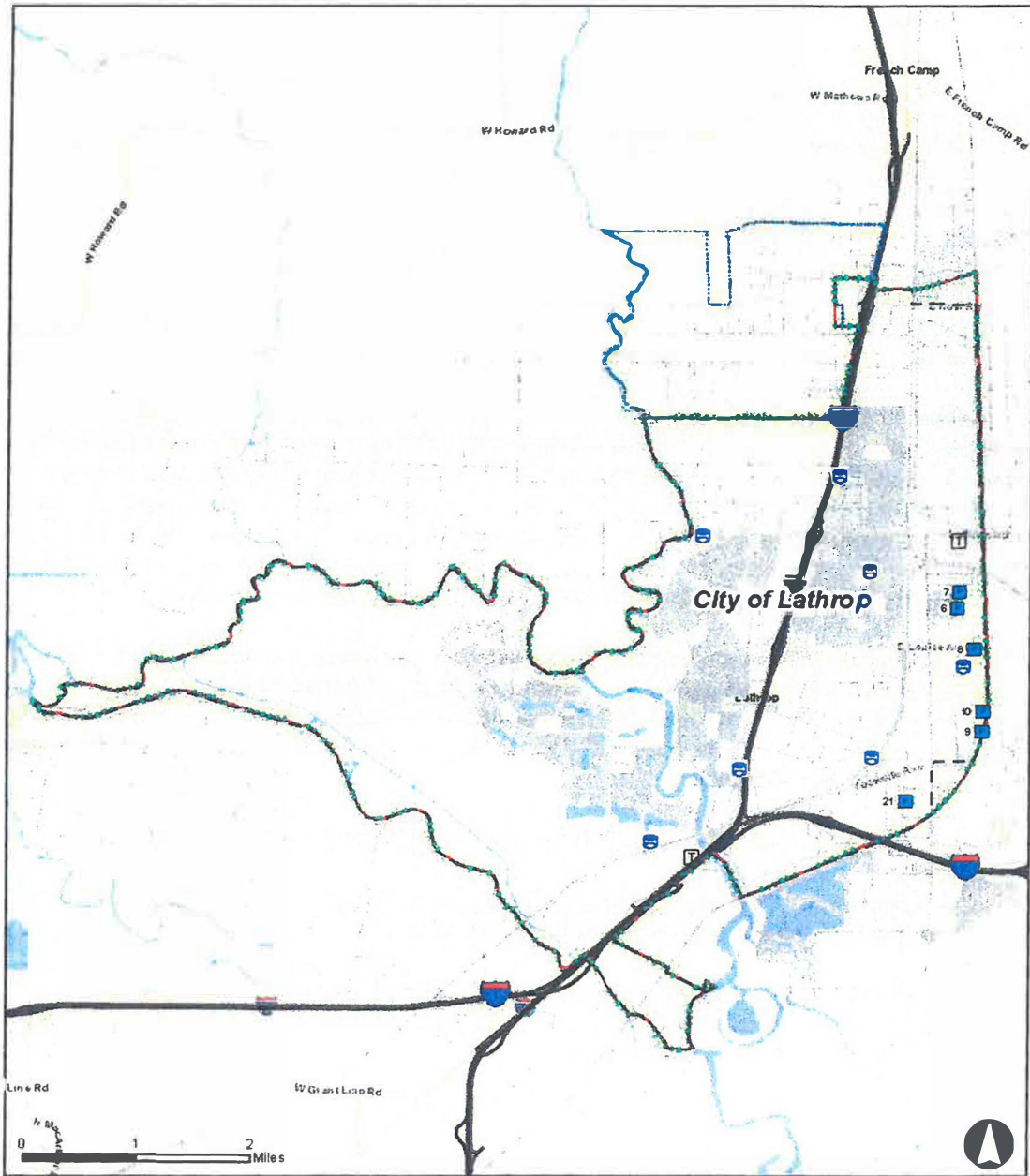


FIGURE: 3-6



Lathrop Water Service Area
City of Lathrop

SS/ID Turnouts	Area of Interest
Water Tanks	Sphere of Influence
Production Wells	Parcels
City Limits	
Water Service Boundary	

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

Surface Water

The City currently receives treated surface water from South San Joaquin Irrigation District (SSJID) through the South County Surface Water Supply Project (SCWSP). SSJID is the owner and operator of the SCWSP. The SCWSP water supply is based on SSJID's senior, pre-1914 appropriative water rights to the Stanislaus River, a tributary of the San Joaquin River, coupled with a 1988 agreement with the United States Bureau of Reclamation (USBR) to store water in the New Melones Reservoir. This agreement recognized and protected SSJID's senior water rights on the Stanislaus River because those rights could potentially be affected by the USBR's operation of the New Melones Reservoir as part of the Central Valley Project. The agreement entitles the senior water rights holders, SSJID and Oakdale Irrigation District, to access up to 600,000 AFY of water from New Melones Reservoir in years in which inflow to the reservoir exceeds 600,000 AF. SSJID's share of this allotment is 300,000 AF. In years in which inflow does not meet this threshold, the entitlement is reduced based on a pre-determined formula²⁴.

On October 1, 1995, the City signed a Water Supply Development Agreement (Development Agreement) with SSJID as part of the SCWSP. The Development Agreement extends through 2029 and appropriates potable water to the City. The Development Agreement allots the City a maximum total of 8,007 AFY and 11,791 AFY of treated potable water during Phase I and Phase II of the project, respectively.²⁵ In August of 2013, the City Council agreed to sell 1,120 AFY of SSJID Phase I allocation to the City of Tracy, reducing the maximum Phase I allocation for Lathrop to 6,887 AFY and a total of 10,671 AFY after completion of Phase II.

The SCWSP transmission system has been designed to deliver seasonal peak flows to each City through a transmission pipeline to turnout facilities. The transmission system is currently operated by gravity flow. In Phase II, a treated water pump station will be installed at the DeGroot Water Treatment Plant (DGWTP) to deliver pumped flows. The SCWSP will deliver flows to Lathrop at two (2) locations:

- The existing turnout at Lathrop Road, east of McKinley Avenue (Lathrop SSJID Turnout 1); and
- The new turnout at Stewart Road, west of Manthey Road (Lathrop SSJID Turnout 2) which is constructed and is about to begin service.

The City's existing SSJID Turnout 1 supplies a portion of Lathrop's allocated Phase 1 peak flows. Lathrop's SSJID Turnout 2 is designed to supply the remaining Phase 1 peak flows and to deliver Lathrop's Phase II peak allocation.

Recycled Water

The City currently uses recycled water instead of potable water for limited land applications including irrigation of agricultural crops. The Lathrop Consolidated Treatment Facility (LCTF) treats municipal wastewater from residential and commercial land uses. The system consists of approximately 30.3 miles of recycled water piping infrastructure and six booster pump stations²⁶.

²⁴ EKI Environment & Water, Inc., Water System Master Plan, 2018

²⁵ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²⁶ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

The pond parcels have a combined capacity of approximately 289 million gallons²⁷. These distributed storage ponds are used to store recycled water during low irrigation demand periods (i.e., winter) for use during high irrigation demand periods (i.e., summer).

The storage ponds and agricultural land application areas are located in East Lathrop, Mossdale Landing, Mossdale Landing East, Central Lathrop, and River Islands areas. The total area of agricultural land currently receiving recycled water from the City is approximately 140 acres. Recycled water is applied to land application areas for irrigation of fodder crops, predominantly alfalfa and rye grass, by flood irrigation at agronomic rates for both nitrogen and water application.

Recycled water uses in the City are regulated under WDR Order No. R5-2016-0028-01. Permitted uses under the WDR include the following:

- Irrigation of agricultural fields;
- Irrigation of public landscape areas, including roadway medians, parks, pond berms, and open spaces; and
- Percolation into the ground at former land application site LAS-3, which has been converted into a percolation pond PB-1.

The City currently only uses recycled water for agricultural irrigation on selected sprayfields, consistent with the 2019 Recycled Water Master Plan. During 2020, the City recycled 934 AF of tertiary effluent from the Lathrop CTF.

The City plans has begun to supply recycled water for landscape irrigation in Central Lathrop and in Mossdale. To support the use of recycled water for landscape irrigation, the City recently obtained coverage under General Order WQ 2019-0058-DDW-R5017 for landscape irrigation areas in the River Islands, Mossdale, and Central Lathrop areas in addition to those permitted under WDR Order No. R5-2016-0028-01. As part of the General Order permitting process, the City submitted *Addendum to the City of Lathrop CTF Engineering Report for the Production, Distribution, and Use of Recycled Water* (Title 22 Report Addendum), dated March 2020²⁸.

The original Title 22 report prepared in 2014 describes the areas of tertiary effluent storage basins and areas used to dispose CTF's final effluent by landscape and agricultural irrigation. The recently submitted Title 22 Report Addendum further describes proposed irrigation areas not covered in the original report, as well as proposed recycled water uses including a recycled water fill station and several recycled water hydrants. It is anticipated that commercial users will be using the recycled water fill station for non-potable uses including dust control, construction, hardscape cleaning, etc. A series of recycled water hydrants will provide recycled water for construction-related purposes.

The City has applied for an NPDES permit to dispose of highly treated recycled water into the San Joaquin River. Upon receipt of this permit, and construction of the river outfall facility and the required de-chlorination facilities at the CTF, the City will no longer need the agricultural

²⁷ EKI Environment & Water, Inc., Technical Memorandum – CTF Effluent Discharge and Recycled Water Systems Operations, May 13, 2020.

²⁸ EKI Environment & Water, Inc., Recycled Water System Master Plan, December 2019.

disposal fields and most of the recycled water storage ponds, and they will be reverted to the developer who dedicated them to the City. The City anticipates receipt of the NPDES permit and delivery of recycled water to the San Joaquin River in late 2022.

Existing Transmission and Distribution System

The following list describes the major components of the City's water transmission and distribution system. These facilities include City-owned or operated infrastructure required to operate groundwater, surface water, and recycled water supplies.

- ◆ **Groundwater Wells and Pumps.** Currently, five groundwater wells (Nos. 6, 7, 8, 9 and 10) supply potable water to City residents. Well No. 9 is currently offline and may be used in the future as an emergency well. Groundwater from Wells 6, 7, 8, 9 (when operating) and 10 is treated to remove arsenic at the LAWTF, which came online in 2012. The City owns an additional well located on the southeast side of the water system, Well No. 21, which includes a treatment facility (Well No. 21 WTF) designed for disinfection and manganese treatment. The City last operated Well 21 between January 2012 and November 2013. Well No. 21 has remained inactive since November 2013 due to sanding in the well and elevated levels of arsenic and uranium. The City does not currently plan to bring Well No. 21 back online due to poor water quality. The operational groundwater wells have a combined capacity of approximately 4,720 AFY (4.2 MGD). Municipal wells pump water from depths of less than 1,000 feet below the surface. Groundwater is treated for Arsenic and chlorinated at the LAWTF prior to entering the water distribution system.
- ◆ **Water Mains and Pipelines.** The piping system for water distribution includes approximately 80 miles of piping ranging from 2 to 24-inches in diameter used to distribute water to the City's approximately 7,934 residential, commercial, industrial, institutional/governmental, irrigation, agricultural, and other/construction service connections, of which approximately 196 services are dedicated for irrigation uses.²⁹ Since 2013, the following major water system improvements were completed:
 - Lathrop Road/UPRR Overhead: A new 24-inch transmission line was constructed on Lathrop Road between the SSJID turnout and 5th Street.
 - Mosssdale water infrastructure: Water distribution system improvements for Mosssdale Tract 3490 and Unit 5A developments were installed.
 - River Islands water infrastructure: Water system improvements for Phase 1 of the River Islands Development, including approximately 17 miles of distribution mains and approximately 1.6 miles of transmission mains at Bradshaw's Crossing were installed.
 - Well 10 Emergency Generator: Well 10 was equipped with an emergency generator.³⁰

²⁹ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021.

³⁰ EKI Environment & Water, Inc., Water System Master Plan, December 2019.

- ◆ **Water Storage.** The City has seven (7) water tanks totaling approximately 4.5 million gallons of water storage capacity. Three (3) of the City's water tanks store 1,000,000 gallons each in above ground steel tanks located at the LAWTF, at the intersection of Howland Road and Vierra Road and the intersection of Harlan Road and Warren Avenue. The fourth water tank has a capacity of approximately 425,000 gallons and is located at J Street and Ruby Court. The fifth water tank has a capacity of approximately 1,100,000 gallons and is located on Manthey Road. The sixth water tank has a capacity of 1.6 MG gallons and is located in CLSP on Stanford Way at Spartan Way. A seventh water tank has been constructed but is not yet in service. That tank has a capacity of 1.2 MG gallons and is located on Cirrus Court near the future Golden Valley Parkway in River Islands. Some of the water storage tanks have at least one booster pump with an additional fire booster pump. The City's groundwater basin can account for a portion for the City's emergency storage requirement. Groundwater credit for emergency storage is defined as the quantity of groundwater which can reliably be produced in the event of an emergency over an 18-hour period. The groundwater credit is calculated based on the firm groundwater supply of facilities equipped with backup power (i.e., the total capacity of all the wells with backup power minus the capacity of the largest well with backup power). This equates to the 18-hour maximum capacity of Wells 6, 7, 8, and 10 equals 7.6 million gallons of water storage capacity.³¹ The entire water system is controlled by an electronic system called SCADA (Supervisory Control and Data Acquisition). The total storage capacity, including tank storage capacity and groundwater credit is 12.2 million gallons.

Water Quality

The City surface water supply from the SCWSP complies with or exceeds all State and federal drinking water requirements. The City's groundwater supply complied with all State and federal drinking water requirements except for arsenic. Arsenic is a metal that over many years can cause skin damage or problems with circulatory systems and may increase the risk of getting cancer. The maximum contaminant level was lowered from 50 micrograms per liter to 10 micrograms per liter by the U.S. Environmental Protection Agency to protect public health in 2001. All community water systems, such as the City, have been required to comply with this regulation as of January 2006. The City routinely monitors the water that is treated and served to customers to ensure that water delivered to customers meets water quality standards. There are two (2) general types of drinking water standards:

- **Primary Maximum Contaminant Levels (MCLs)** are health protective standards and are established using a very conservative risk-based approach for each constituent that takes into potential health effects, detectability and treatability, and costs of treatment. Public water systems may not serve water that exceeds Primary MCLs for any constituent.
- **Secondary MCLs** are based on the qualities of the water such as taste, odor, color, and certain mineral content, and are considered limits for constituents that may affect consumer acceptance of the water.

³¹ EKI Environment & Water, Inc., Water System Master Plan, December 2019.

The results of this testing are reported to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW) following each test and are summarized in Water Quality Reports (also known as “Consumer Confidence Reports”), which are provided to customers by mail and made available on the City’s website at <https://www.ci.lathrop.ca.us/publicworks/page/water-quality-reports>.

Arsenic and Uranium

Wells 6 through 10 are currently treated for arsenic at Louise Avenue Water Treatment Facility (LAWTF) to reduce concentrations below the MCL of 0.010 milligrams per liter (mg/L). The City’s Well 21 also experienced elevated concentrations of arsenic and uranium and is currently projected to be inactive. The 2020 Water Quality Report confirmed that Arsenic levels were found to be below the federal drinking water limit.

Total Dissolved Solids

The City’s groundwater supply reliability is also impacted by the potential to induce migration of groundwater from TDS concentrations in excess of the secondary MCL of 500 mg/L. For example, Wells 6 through 10 are located immediately east of groundwater with high TDS concentrations, based on water quality data from City wells and sampling and analysis from both shallow and deep monitoring wells collected by private entities. The City has historically investigated the option of drilling a new wellfield near Well 21 and determined that it would not be feasible due to the potential for expanded pumping to induce the migration of high TDS water.

Industrial Contamination

Groundwater contamination has been identified at several locations in the City due to industrial processes. Contamination plumes are associated with pollution from Sharpe Army Depot and the former Occidental Chemical Corporation (OCC) site, which is now owned by J.R. Simplot.

Contamination of groundwater at the Sharpe Army Depot consists primarily of trichloroethene, tetrachloroethene, and cis-1,2-dichloroethene. The plume is located approximately 50 to 150 feet below ground surface (ft bgs). Due to concerns of potential contamination from the plume, the City abandoned Well 5 and constructed Well 10 as a replacement well. Three (3) groundwater extraction and treatment systems are located at Sharpe Army Depot and are used to treat existing groundwater contamination.³²

The groundwater remedial system consists of extraction and injection wells as well as granular activated carbon and aeration treatment. The treated water is then re-injected into the confined aquifer beneath the Corcoran Clay layer, which is located between 230 and 300 ft bgs.

To help prevent a sulfolane containment plume originating from the former OCC site from impacting the City’s groundwater supply, the City temporarily reduced its groundwater production and significantly limited groundwater production between 2018 and 2020. Efforts to

³² EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

improve the OCC groundwater extraction and treatment system were completed in March 2020. The City restarted Well 6, 7, 8, and 10 and the LAWTF beginning in April of 2020.

Nitrate

Nitrate concentration detected at Well 10 has recently shown increasing trends. During April and November 2020, nitrate (as nitrogen) at Well 10 was detected at 8.1 mg/L and 7.5 mg/L, respectively, approaching the MCL of 10 mg/L. The City is closely monitoring for nitrate in Well 10 at least once per quarter and evaluating the possible contaminant source.

Per- and Polyfluoroalkyl Substances

PFAS is a group of emerging man-made contaminants that were used in firefighting foam, protective coatings, and stain and water-resistant products into the 2000s. The current regulatory setting for PFAS is as follows:

- The USEPA established a lifetime health advisory for the two most common PFAS, Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), at the combined 70 nanograms per liter (ng/L). USEPA is moving forward with the enforceable MCL process for PFOA and PFOS. In February 2020, USEPA announced it was initiating a two-year period for the agency to formally propose MCLs for PFOA and PFOS. Once MCLs are formally proposed, the agency has another 18 months to finalize its drinking water requirements. The USEPA is also gathering and evaluating information to determine if regulation is appropriate for additional individual PFAS.
- The SWRCB Division of Drinking Water (DDW) established drinking water Notification Levels (NLs) and Response Levels (RLs) for PFOA and PFAS.³³ Under the authority of Health and Safety Code section 116400, detections above the NL require agencies to notify the governing body for the areas where the water has been served within 30 days of receiving verified test results. If the RL is exceeded in drinking water provided to consumers, DDW recommends that the water agency remove the water source from service or provide treatment.

A series of sampling events in the City's production wells during 2019 and 2020 showed that PFOA and PFOS concentrations in groundwater from Well 9 exceeding both the NLs and RLs. The NLs for PFOS were also exceeded in one or more samples collected from Wells 6, 7, 8, and 10. The PFOA concentrations in groundwater from Wells 6, 7, 8, and 10 were below reporting limits. Based on these and historical sampling results, the City took Well 9 offline so that the PFOA concentrations in the blended flow from remaining wells is well below the RLs.

Water Conservation Measures

The City has implemented several water conservation measures, including adopting a water conservation ordinance.³⁴ The City's 2020 Urban Water Management Plan (UWMP) identifies a series of Demand Management Measures (DMM), also known as Best Management Practices

³³ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

³⁴ City of Lathrop, Ordinance No. 91-55 and Resolution No. 91-123, 1991

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(BMP). These measures, which are designed to maximize efficient water use and minimize wastewater, are summarized in Table 3-5 (Water Demand Management Measures). The City has not yet implemented all of these DMM due to staff and budget constraints. As City revenues increase with City growth, these programs will be funded. These measures are similar measures presented in the 2016 Municipal Services Review.

Table 3-5: Water Demand Management Measures³⁵

Demand Management Measure	Description	City Program
DMM 1 – Wastewater Prevention Ordinance	The City is updating its prohibition of wastewater requirements as part of the Water Shortage Contingency Plan (WSCP) update, which will be adopted by ordinance as part of the Lathrop Municipal Code (LMC) 13.08.030 and 13.08.120. The updated prohibitions are in place at all times, regardless of the water supply conditions or stage of action.	Prohibitions of water use to prevent water waste were in place during 2016 – 2020.
DMM 2 - Metering	All water service connections in the City are metered and billed monthly according to the volume of use. The City is installing Advanced Metering Infrastructure (AMI) anticipating full implementation by 2023. The City has installed radio-capable water meters at all of its water service connections. Currently, a portion of these meters can send signals to antennae installed in several neighborhoods, while the remainder require City staff to drive a route around the City to receive signals from each meter. The ability to perform meter readings remotely via radio enhances data acquisition and can potentially alert customers or the City when there is a leak, potentially reducing wasted water.	All accounts are metered and read on a monthly basis.
DMM 3 – Conservation Pricing	The City's water rate structure consists of a base service rate and commodity rate. The City's service rate is tied to the size of each customer's meter. Current (2020) water service charges range from \$16.30 per month of a 5/8-inch diameter meter to \$2,845.00 for a 12-inch meter. The City's current (2020) commodity rate is \$3.99 per 1,000 gallons. The City Council maintains the authority to adopt conservation pricing and waste use surcharges in times of need.	The City does not currently implement conservation pricing.

³⁵ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

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Demand Management Measure	Description	City Program
<p>DMM 4 – Public Education and Outreach</p>	<p>The City distributes information about water conservation to the public through information in water conservation kits, website updates, annual Consumer Confidence Reports (CCRs), monthly city newsletters, and community events.</p>	<p>77 water conservation kits have been distributed from 2016 to 2020.</p> <p>The City has booths focused on water conservation at several city-wide or school events, including Lathrop Beautification Day, National Night Out, and the Manteca Unified School District Planet Party – Earth Day.</p> <p>The City maintains the water conservation website.</p> <p>Annual Consumer Confidence Report (CCR) is distributed to all single-family residential and multi-family residential customers.</p>
<p>DMM 5 – Programs to Assess and Manage Distribution System Real Loss</p>	<p>The City currently evaluates monthly consumption reports for extreme variations, and, if a variation is noted, the City checks the meter for leaks. If a leak is detected, the City notifies the customer to repair the leak. The City completes an AWWA Water Loss Worksheet annually. Completion of this worksheet allow the City to estimate real water loss, which consists of water loss attributable to the distribution system and includes physical water loss from the pressurized system and storage tanks up to the point of customer consumption. City staff have also attended Water Loss Technical Assistance Program (TAP) workshops and trainings to receive instruction on proper utilization of this software.</p>	<p>2020 AWWA Validity Score = 68.</p>

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Demand Management Measure	Description	City Program
DMM 6 – Water Conservation Program Coordination and Staffing Support	The City Water Conservation Coordinator is responsible for coordinating the implementation of DMMs and providing water conservation information to residents.	The City currently has one (1) staff members assigned as a water conservation coordinator.
DMM 7 – Other DMMs	<p>Other DMMs provided by the City, in addition to those discussed above, include the following:</p> <ul style="list-style-type: none"> • Large Landscape Conservation Programs: The City has a large landscape conservation program which was started in 2005. As of 2020 the City had 192 landscape accounts. The City currently complies with the State Water Model Ordinance Standards for design of new landscaping. The City has also implemented a program in which evapotranspiration (ET) irrigation controllers are installed for lawns, parks, and other landscaped areas within future developments at the expense of the homebuilders. All of the existing parks and most of the streetscapes are currently controlled by ET irrigation controllers. • Water Conservation Kits: The City offers free water conservation kits free of charge to all residents (as the budget allows for the City's program). Each kit contains a low flow showerhead, a faucet aerator for the kitchen or bathroom, a waster displacement bag for toilet tanks, a fill cycle diverter, toilet leak detection dye tablets, and a shower timer. Also included with the kits is an instructional booklet with installation instructions and other water saving tips. The City gave out 77 water conservation kits between 2016 and 2020. 	<p>The City has 192 irrigation service connections in 2020.</p> <p>77 water conservation kits have been distributed from 2016 to 2020.</p>

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Future Supply and Demand and Improvements to System

There are two main sources of water available to the City, surface water supplied by SSJID and groundwater. The projected supplies under normal water year conditions exceed the projected demand. This is because groundwater supplements surface water to make up for any unmet demand after surface water supplies are used. Groundwater will also be utilized to meet peak flow events and emergencies.

The City's SSJID supply is anticipated to increase from 6,887 AFY to 10,671 AFY with the implementation of Phase 2 of the SCWSP and is assumed to be available to the City by 2040. The City's current estimated annual groundwater yield is 4,720 AFY. The City does not have plans to install additional groundwater wells. However, the City has a goal of providing treatment to bring Well #9 back online and as of 2020 is in the early phase of evaluating projects that could provide additional supply reliability and/or groundwater production capacity.

Water Supplies through City

Water supplies through City build-out are shown in Table 3-6 (Water Supplies - Projected). The description below is based on estimated water supplies projected into the future.

Table 3-6: Water Supplies – Projected (AFY)

		2025	2030	2035	2040	2045 (Build-Out)
Water Supply	Additional Detail on Water Supply					
Purchased or Imported Water	SSJID SCWSP Phase I (a)	6,887	6,887	6,887	6,887	6,887
Purchased or Imported Water	SSJID SCWSP Phase II (a)	0	0	0	3,784	3,784
Groundwater (not desalinated)	(b)	4,720	4,720	4,720	4,720	4,720
Recycled Water	(c)	997	1,543	2,010	2,472	2,610
Total		12,604	13,150	13,617	17,863	18,001

Notes:

(a) The City's Phase I allotment of SCWSP water is 6,887 AFY. The City's Phase II allotment of SCWSP water is 10,671 AFY, i.e., 3,847 AFY additional to the City's Phase I allotment.

Water demand projections through City build-out are shown in Table 3-7 (Normal Year Supply and Demand Comparison). The projected demand is based on known proposed new development projects within the City and a reasonable amount of projected growth. The water demand estimates are specific to each product type within each proposed development as described by the developers and relevant land use planning documents.³⁶

³⁶ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

Table 3-7: Normal Year Supply and Demand Comparison (AFY)

	2025	2030	2035	2040	2045 (Build-Out)
Supply totals	12,604	13,150	13,617	17,863	18,001
Demand Totals	8,679	10,691	12,263	14,188	16,684
Difference	3,925	2,459	1,354	3,675	1,317

Potable water demand presented in Table 3-6 above is substantially lower for year 2025 and into the future. The build-out water demands presented above in Table 3-6 are based on actual water usage versus projected demand, and reflect the large impact of conservation by the community and the required use of water conserving fixtures for new development.

The projected use of non-potable recycled water is greatly understated, and will be increased based upon the recent RWQCB adjustment to the TDS limitation that will now allow use for urban irrigation. The end result is that water supply will continue to outpace water demand in Lathrop.

Groundwater treatment for TDS removal is expensive. Therefore, alternative water management practices that can minimize the use of groundwater and maintain the quality of the City’s groundwater supply were analyzed as part of the 2019 Water System Master Plan. The City identified ten water supply and management alternatives which could be implemented to compensate for the limited use of groundwater. The City plans to implement an optimized combination of these alternatives to ensure reliable water supplies for the future. The recommended water system improvements to meet the City’s future demands include but not limited to the following:

- Replacement of Well No. 21 pump and modify Well No. 10 pump (Project WS-3).
- Well 21 WTF Site Improvements, including installation of a filter and piping, site work, sludge tank, etc. and installation of a 12-inch parallel raw water pipeline from McKinley to Well No. 21 (Project WS-3).
- Construction of a 1-MG storage tank at Well No. 21 (Project WS-4).
- Installation of a 6.5-MGD of pumping capacity at Well No. 21 (Project WS-4).
- Installation of a new 16-inch transmission main from Well No. 21 WTF to Yosemite Avenue (Project WS-4).

The City could also implement one or more of the other water supply alternatives as deemed necessary.³⁷

The City completed the Water System Master Plan that identified infrastructure needed for new development and recommended Capital Improvement Program. To ensure that appropriate funding is available when the water related infrastructure is needed, developers are required through development agreements to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of costs. Developers are then reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they

³⁷ EKI Environment & Water, Inc., Water System Master Plan, December 2019

are responsible. The infrastructure would be built by the projects and includes distribution pipelines, tanks, and booster pump stations.³⁸

4. Wastewater Collection and Treatment

The wastewater collection system in the City is owned and operated by the City of Lathrop. Wastewater is treated within the City at the Lathrop Consolidated Treatment Facility (LCTF) which became operational August 25, 2015 and at the Manteca-Lathrop Wastewater Quality Control Facility (WQCF). The City owns the LCTF and a percentage of the WQCF (14.7 percent). The Urban Water Management Plan (adopted in June 2021), and the Wastewater System Master Plan, dated December 2019, and the Central Valley Regional Water Quality Control Board (CVRWQCB) Order R5-2015-0026 are the primary sources of information included in this section. These documents outline a long-term strategy for meeting future discharge and capacity requirements in order to meet community needs for a planning horizon that extends to build-out of the City limits and SOI regardless of when build-out occurs.³⁹ As planning level documents, the master plans estimate build-out needs with the understanding that land uses and specific projects may change in the future. Thus, the master planning documents provide general recommendations of future needs. As specific infrastructure projects are needed, they would have to be individually designed. The different wastewater collection service areas are defined as presented in Figure 3-7 (Lathrop Wastewater Service Area).

³⁸ Ibid

³⁹ City of Lathrop Public Works website, <https://www.ci.lathrop.ca.us/publicworks/page/sanitary-sewer>, October 2021

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Figure 3-7 (Lathrop Wastewater Service Area)

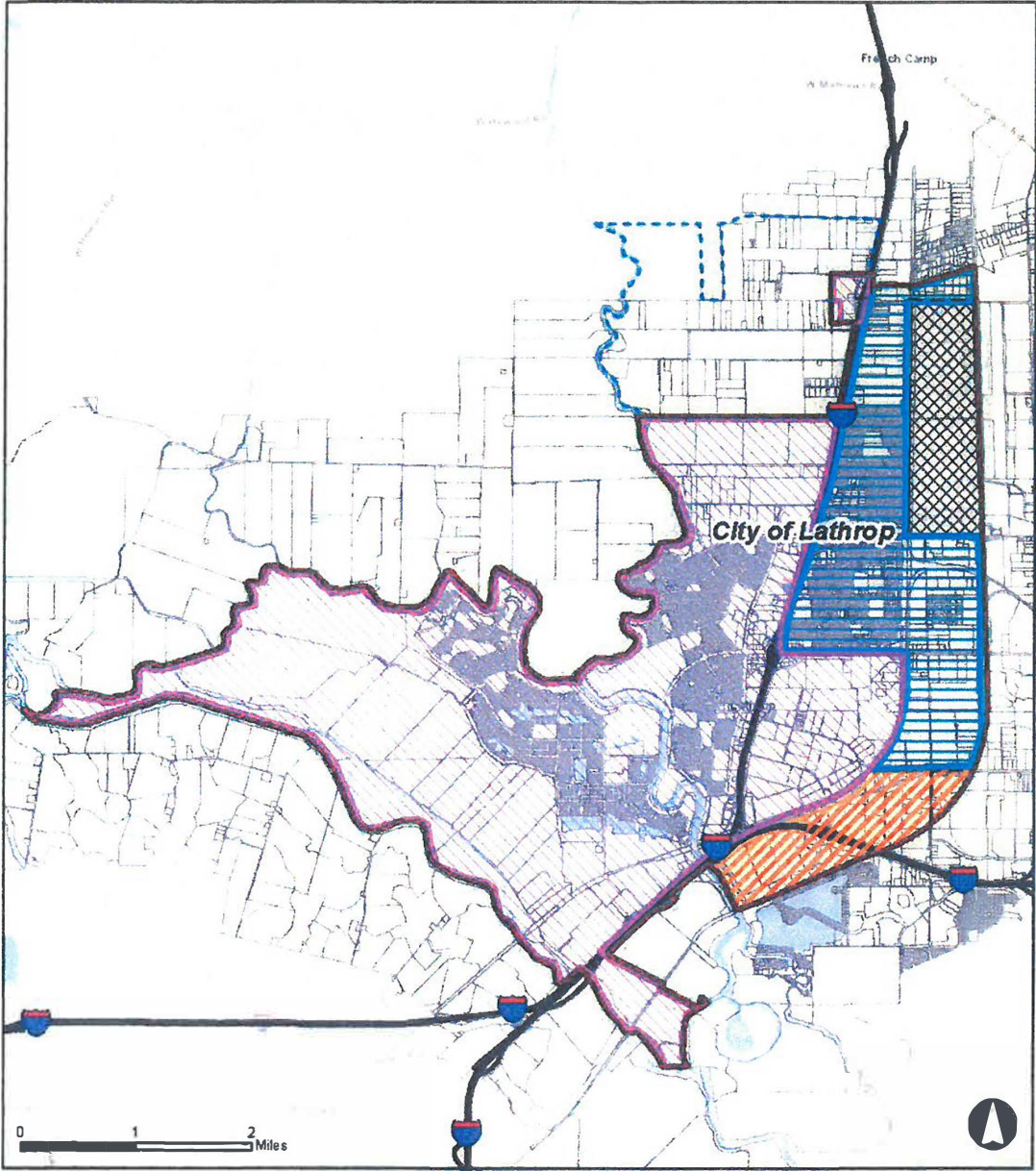


FIGURE:



Lathrop Wastewater Service Area
City of Lathrop

Sphere of Influence	Manteca WQCF Tributary Area
Area of Interest	Undefined Tributary Area
City Limits	Lathrop CTF or Manteca WQCF
Wastewater Service Boundary	Parcels
Lathrop CTF Tributary Area	

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

Wastewater Collection and Treatment

The wastewater collection system consists of gravity sewer lines that range from 6 to 36 inches in diameter, pumping stations, and force mains. A portion of the existing City's wastewater is conveyed via gravity sewer and pump stations to a regional pump station. The regional pump station conveys wastewater to a force main, which discharges to the Manteca-Lathrop WQCF. A sewer project was recently completed that allows the McKinley Corridor area to pump wastewater to the WQCF through a new sewer force main pipeline. The City owns 14.7 percent of the Manteca-Lathrop WQCF by contract with the City of Manteca. The City of Lathrop, however, does not participate in the operation of the plant. Most wastewater generated in the areas east of I-5 and north of Louise Avenue is conveyed to the Manteca-Lathrop WQCF.

The LCTF has a current capacity of 2.5MGD.⁴⁰ Wastewater treatment and disposal at the City's LCTF is regulated under Waste Discharge Requirements (WDR) Order No. R5-2016-0028-01. The City has plans to increase the treatment capacity and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. This implies development impact fees and capital accounts have been established to fund the construction of needed future capacity when needed.

Wastewater Treatment Plant Permitting and Capacity

Wastewater from the City is currently treated at the LCTF and the Manteca-Lathrop WQCF. Information about the LCTF is presented in this document. Recently completed upgrades to the WQCF increased the City's capacity at the WQCF to approximately 1.45 MGD. Additional information about the Manteca-Lathrop WQCF can be found in the Manteca Municipal Services Review dated July 16, 2015.

The LCTF has a current capacity of 2.5MGD.⁴¹ Wastewater treatment and disposal at the City's LCTF is regulated under Waste Discharge Requirements (WDR) Order No. R5-2016-0028-01. The City has plans to increase the treatment capacity, upgrade the treatment technology, and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. This implies development impact fees and capital accounts have been established to fund the construction of needed future capacity when needed. The City's current Waste Discharge Report (WDR) from the CV-RWQCB limits the treatment capacity of the City in the future to 9.0 MGD. The treatment technology described in the WDR permit consists of fine screening, grit removal, flow measurement, influent pumping, influent equalization, emergency storage, nitrification/denitrification activated sludge by means of a membrane bioreactor and effluent pumping.⁴²

⁴⁰ Per EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021, the LCTF is currently permitted for 2.13 MGD based on the City's existing ponds and spray field capacity.

⁴¹ Per EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021, the LCTF is currently permitted for 2.13 MGD based on the City's existing ponds and spray field capacity.

⁴² Central Valley Regional Water Quality Control Board, Order No. R5-2015-0006: Waste Discharge Requirements and Master Reclamation Permit for the City of Lathrop Water Recycling Plant, 2006

Wastewater Disposal and Reuse

Wastewater will be treated to meet recycled water requirements as defined in the California Water Code Section 13050 and in Title 22 Section 60301.230 (disinfected tertiary recycled water). LCTF effluent disposal and reuse is currently regulated by the Central Valley Regional Quality Control Board under Waste Discharge Requirements (WDRs) and Master Recycling Permit Order No. R5-2016-0028-01. Under the WDRs, the City may store disinfected tertiary treated CTF effluent in aboveground lined storage ponds before pumping it to the distribution system for irrigation of agricultural land application areas (LLAs) and public landscape areas and in a percolation basin (PB-1).

The City has applied to the Central Valley Regional Water Quality Control Board (RWQCB) staff to obtain a National Pollutant Discharge System (NPDES) permit for a surface water discharge. The permit will allow the City to expand treatment capacity at the CTF without being limited by the capacity of recycled water ponds and sprayfields. It will further allow the City to optimize its recycled water system to support recycled water needs of existing and proposed developments. Upon obtaining the NPDES permit, the City plans to discharge a portion of the future treated effluent to the San Joaquin River.

In this regard, on September 13, 2021, the City Council approved funding agreements, a professional service agreement, ratified material purchases and agreement with Reclamation District 17 (RD 17) and approve a budget amendment associated with CIP WW 20-17 Surface Water Discharge. The Surface Water Discharge project includes dechlorination facilities at the City's Lathrop CTF plus a pipeline from the LCTF to the San Joaquin River, and an outfall structure into the river. The project will make available 1,500 acres of developable land that would have been required to create ponds and sprayfields to store and dispose of recycled water on agricultural crops. The City intends to obtain an initial NPDES permit to discharge up to 2.5 mgd ADWF of dechlorinated treated effluent (current ADWF treatment capacity of the LCTF) to the San Joaquin River.

Wastewater Quality

The LCTF's WDR specifies that effluent from the LCTF must not exceed the limits presented in Table 3-8 (WDR Recycled Effluent Discharge Limitations). Recycled water from the LCTF is delivered to land application areas or storage ponds until it is used. The storage ponds are lined to minimize percolation.

Table 3-8: Waste Discharge Report Recycled Effluent Discharge Limitations⁴³

Constituent	Units	Limits	Basis of Compliance Determination
BOD ₅	mg/L	10	Monthly average
Total N	mg/L	10	Flow-weighted annual average
TDS	mg/L	950	Flow-weighted annual average
Total Coliform	Median Concentration < 2.2 per 100 mL		
	Max once per month MPN > 23 per 100 mL		
	MPN < 240 per 100 mL at all times		
Turbidity	Not exceed 0.2 NTU > 5% time w/in 24 hr		
	Not exceed 0.5 NTU at any time		

The CV-RWQCB regulates the LCTF and use of recycled water through Board Order Number R5-2016-0028-01. The order allows land application only to those areas subject to review in a final document adopted pursuant to the California Environmental Quality Act (CEQA) and prior to the date of adoption of the order.

The WDR specifies that recycled water application from the LCTF must not cause groundwater constituents referenced above to exceed concentrations greater than present in the current ground water as described in Table 3-9 (WDR Groundwater Water Limits). Recycled water application must not impart taste, odor, toxicity, or color that creates nuisance or impairs any of the beneficial uses of the groundwater basin identified by the CV-RWQCB.⁴⁴

Table 3-9: WDR Groundwater Limitations

Constituent	Use Area Location	Maximum Allowable Concentration
TDS	Mossdale, River Island	Current Ground Water quality ¹
TDS	CLSP	1,000 mg/L
TDS	LAS-2, LAS-3	Current Groundwater Quality ¹
Nitrate as N	Mossdale, River Island, LAS-2	10 mg/L
Nitrate as N	CLSP ²	10 mg/L, Current Groundwater Quality ¹
Nitrate as N	Northern Lathrop, LAS-3	Current Groundwater Quality ¹
Boron	LAS-3	Current Groundwater Quality ¹
Sulfate	LAS-3	Current Groundwater Quality ¹
Manganese	LAS-3	Current Groundwater Quality ¹

¹ "Current Groundwater Quality" means the quality of groundwater as evidenced by monitoring completed as a 32 March 2016 and as determined in the report described in Provision H.1.b for each of the specified compliance monitoring wells listed in the Monitoring and Reporting Program.

⁴³ CVRWQCB Order R5-2016-0028-01

⁴⁴ CVRWQCB Order R5-2016-0028-01

² Nitrate as N concentrations are spatially variable within the CLSP area. The compliance wells to which the maximum allowable concentration applies to are specified in the Monitoring and Reporting Program.

Future Wastewater Demand and System Improvement

The Wastewater System Master Plan projects wastewater generation with anticipated future development as an estimate using the updated wastewater flow factors and the anticipated acreages and number of dwelling units associated with each proposed development.⁴⁵ The Wastewater System Master Plan summarizes the City's projected wastewater generation by sector and development area in five-year increments between 2020 and 2040 and at buildout, based on development projections. Based on these projections, it is anticipated that total Average Dry Weather Flow (ADWF) in 2040 will be 5.34 MGD, whereas the ADWF Buildout is estimated to be 6.48 MGD. Of these totals, ADWFs of 1.40 MGD and 1.47 MGD are anticipated to flow to MWQCF from Historic Lathrop in 2040 and at buildout, respectively. ADWFs of 3.94 MGD in 2040 and 5.01 MGD at buildout are projected to flow to the Lathrop CTF. The majority of the anticipated increase in wastewater generation at the CTF is associated with the River Islands and Central Lathrop development areas.

Table 3-10: Projected Wastewater Flow and Treatment Capacity at Lathrop CTF

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
ADWF Projection	0.58	1.28	2.20	2.90	3.45	3.94	5.01
Existing Capacity and Future Expansions							
Lathrop CTF Phase 0	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Lathrop CTF Phase 1	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Lathrop CTF Phase 2	-	1.50	1.50	1.50	1.50	1.50	1.50
Lathrop CTF Phase 3	-	-	2.5	2.5	2.5	2.5	2.5
Lathrop CTF Phase 4	-	-	-	-	-	1.0	1.0
Total Capacity	1.00	2.50	5.0	5.0	5.0	6.0	7.0

Notes:

(a) Wastewater influent to Lathrop CTF is the combination of wastewater flow from all city areas except for the Historic Lathrop area and Sharpe Army Depot.

⁴⁵ EKI, Wastewater System Master Plan, December 2019

Table 3-11: Projected Wastewater Flow and Treatment Capacity at MWQCF

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
ADWF Projection	1.08	1.24	1.36	1.38	1.39	1.40	1.47
Existing Capacity							
MWQCF	1.45	1.45	1.45	1.45	1.45	1.45	1.45

Notes:

(a) Wastewater influent to Lathrop CTF is the combination of wastewater flow from all city areas except for the Historic Lathrop area and Sharpe Army Depot.

As shown in Table 3-10, the Lathrop CTF Phase 2 Expansion, completed in Summer 2018, is projected to have sufficient treatment capacity to meet projected flows from new development and Crossroads through 2027. The City's current capacity allocation at MWQCF (Table 3-11) is projected to be sufficient to meet projected flows from Historic Lathrop infill beyond 2040, although additional capacity is needed by buildout. The City is evaluating alternatives that would reroute portions of the areas currently tributary to MWQCF to the Lathrop CTF, which would change each treatment facility's projected flows.⁴⁶

The MWQCF is permitted for future expansions of up to 26.97 MGD, of which the City would be allocated up to 3.97 MGD, should the City elect to maintain is proportional allotment.⁴⁷

Table 3-12: Projected Wastewater Flow and Treatment Capacity, Citywide

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
Total ADWF Projection	1.66	2.52	3.56	4.28	4.84	5.34	6.48
Existing Capacity and Future Expansions							
Manteca WQCF	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Lathrop CTF Phase 0	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Lathrop CTF Phase 1	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Lathrop CTF Phase 2	-	1.50	1.50	1.50	1.50	1.50	1.50
Lathrop CTF Phase 3	-	-	2.5	2.5	2.5	2.5	2.5
Lathrop CTF Phase 4	-	-	-	-	-	1.0	1.0
Total Capacity	2.45	3.95	6.45	6.45	6.45	7.45	7.45

Notes:

(a) Flow projections include total Citywide ADWF projections.

⁴⁶ Ibid

⁴⁷ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

5. Storm Water Drainage

Lathrop's storm water drainage system is managed by the City's Public Works Department. The gravity-based system consists of collection and trunk pipelines, detention basins, pump stations, and surface infrastructure such as gutters, alleys, and storm ditches. Several of the storm water detention basins (particularly within the Historic Lathrop) are operated by the City to control peak storm runoff events. These detention basins also function as recreational facilities (parks, ball fields, green areas, etc.). Storm water is disposed by routing it through various interconnected detention basins and discharging storm waters into one of three locations along the San Joaquin River. Several Storm water Master Plans have been developed to address drainage issues in the City. These include:

- ◆ 1973 Storm Drainage Study and Master Plan for San Joaquin County⁴⁸
- ◆ 1987 Master Storm Drain Plan for Lathrop⁴⁹
- ◆ 1992 City of Lathrop Storm Drain Master Plan⁵⁰
- ◆ 2003 Northern Area Portion Master Plan of Drainage⁵¹
- ◆ 2003 Stewart Tract Drainage Area Master Plan
- ◆ City of Lathrop Storm Water Management Plan, January 2003
- ◆ City of Lathrop Storm Water Development Standards, June 2008

The 1992 Storm Drain Master Plan served as a basis for providing storm water infrastructure at that time. It concluded that subsequent master plans for specific areas throughout the City would be required to update the 1992 plan. As such, both 2003 Drainage Master Plans updated the 1992 plan for their respective study areas.

Under the requirements of the Clean Water Act of 1972, the City of Lathrop was required to apply for coverage under the National Pollution Discharge Elimination System (NPDES) Phase II permit and developed and implemented a Storm water Management Plan (SWMP) and Storm water Development Standards to control and prohibit the discharge of pollutants into the Municipal Storm Sewer System. The Cities of Lathrop, Lodi, Manteca, Patterson, and Tracy, and portions of the County of San Joaquin (collectively Agencies) are each classified as Phase II Municipal Separate Stormwater Sewer System (MS4) communities. In 2013, the California State Water Resources Control Board (State Water Board) adopted a National Pollutant Discharge Elimination System (NPDES) general permit for Phase II MS4 communities to regulate stormwater and non-stormwater discharges from MS4s to waters of the United States. As part of the Phase II Permit, the Agencies are required to develop/update post-construction standards to address stormwater quality for regulated new development and redevelopment projects.

⁴⁸ RW Siegfried & Associated and George S Nolte & Associates, Storm Drainage Study and Master Plan for San Joaquin County, 1973

⁴⁹ Thompson-Hysell Engineers, Master Storm Drain Plan for Lathrop, 1987

⁵⁰ Lew-Garcia-Davis Engineers/Surveyors, Lathrop Storm Drain Master Plan, July 1992

⁵¹ RBF, Northern Area Portion Master Plan of Drainage, May 2003

The Agencies collaborated in 2015 and prepared the Multi-Agency Post-Construction Stormwater Standards Manual to assist the development community in complying with the requirements of the Phase II Permit and local ordinances.

The SWMP consists of six elements that, when implemented together, are expected to reduce pollutants discharged into receiving water bodies to the maximum extent possible. The City has developed Best Management Practices (BMPs) to address storm water quality within the City. The BMPs are intended to maintain surface water quality due to storm water discharged from the City. New developments within the City are required to comply with the requirements of the SWMP. The City is also responsible for monitoring and reporting on BMPs as a method to fulfill minimum SWMP control measures. The Storm water Development Standards specify design requirements to be used during development design that, in turn, meets the NPDES requirements for the City.^{52,53}

Existing Storm Water Drainage System

The City's existing storm drain infrastructure includes approximately 916 inlets, 691 manholes, 4 outfalls, 13 detention basins totaling 23 acres, in addition to 36 miles of storm water collection and conveyance piping.⁵⁴

Storm drain infrastructure has primarily been studied and developed by the City for the areas of historic Lathrop, Mosssdale Landing, Stonebridge, River Islands and the Central Lathrop Specific Plan area. The storm drainage systems within these areas consist of pipe networks connected to detention basins and pump stations. The operation of the system relies on detention basins to prevent flooding because the peak capacities of the pumps are far lower than peak runoff rates into the system. In some locations, pumps fill the detention basins; in other locations pumps drain the detention basins. Other pumps boost flows along the storm drains that lead and discharge to the San Joaquin River. The existing system requires some simple manual operations to drain some of the detention basins after storm events. Actual system functions, however, considering the interconnections, pump curves and set points, reversing flow directions in some pipes, and overland releases, can be quite complex.⁵⁵

Levees within the City are owned and maintained by Reclamation Districts 17, Reclamation District 2107 and Reclamation District 2062.⁵⁶ The levees are designed to protect the City from flooding that might occur from the San Joaquin River, Old River or Paradise Cut per Figure 3-8 (Reclamation Districts). Flood protection provided by the levees has been assessed by the Federal Emergency Management Agency (FEMA). According to the FEMA Flood Insurance Rate Maps (FIRM), urbanized areas within Reclamation Districts 17 and 2062 are located within Flood Zone X. Flood Zone X is defined as an area of 0.2 percent annual chance of flood (500-year storm event), an area with 1.0 percent annual chance of flood (100-year storm event) with average depths of less than one foot or with drainage areas less than one square mile, and

⁵² City of Lathrop, NPDES Phase II Storm Water Management Plan, November 04, 2003

⁵³ WGR Southwest, Inc., City of Lathrop Storm Water Development Standards, June 03, 2008

⁵⁴ City of Lathrop, Geographic Information System (GIS) Data, November 2021

⁵⁵ City of Lathrop, Geographic Information System (GIS) Data, November 2021

⁵⁶ City of Lathrop, Geographic Information System (GIS) Data, November 2021

areas protected by levees from 1.0 percent annual chance of flood.⁵⁷ FEMA updated the FIRM maps for San Joaquin County. FEMA currently only identifies the 100 and 500-year flood plain areas as shown on Figure 3-9 (FEMA Flood Map). FEMA issued a Letter of Map Revision (LOMR) for the River Islands Phase 2 Project Area (Case No. 20-09-0630P) on July 7, 2021. This LOMR became effective on November 18, 2021 and removed the majority of the River Islands Phase 2 area from the 100-year Flood (Flood Zone AE).^{58,59}

The City, DWR and Reclamation Districts 17 and 2062 are addressing requirements for public awareness and improvements to the levee system. Lathrop participates in the National Flood Insurance Program (NFIP) that makes available federally-backed flood insurance for all structures, whether or not they are located within the floodplain. The City has provided its property owners with information regarding flood protection, new FEMA mapping and insurance requirements. DWR has developed a plan called Flood SAFE California that will assess the existing conditions of the levees, recommend maintenance activities, and improvements to the State's levees in the near future. Reclamation Districts 17 and 2062 have a plan to upgrade its levees to improve flood protection.

⁵⁷ FEMA, FIRM City of Lathrop, CA Panel 615 of 950: Map Number 06077C0615F, Effective Date October 16, 2009 and Panel 620 of 950: Map Number 06077C0620F, Effective Date October 16, 2009

⁵⁸ FEMA, Letter of Map Revision Determination Document, Case No. 20-09-0630P, November 18, 2021

⁵⁹ *Figure 3-9 includes the latest mapping Shapefiles available from San Joaquin County and FEMA and do not reflect the LOMR issued by FEMA on July 7, 2021 and effective November 18, 2021 (Case No. 20-09-0630P).*

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Figure 3-8 (Reclamation and Drainage District Boundaries)

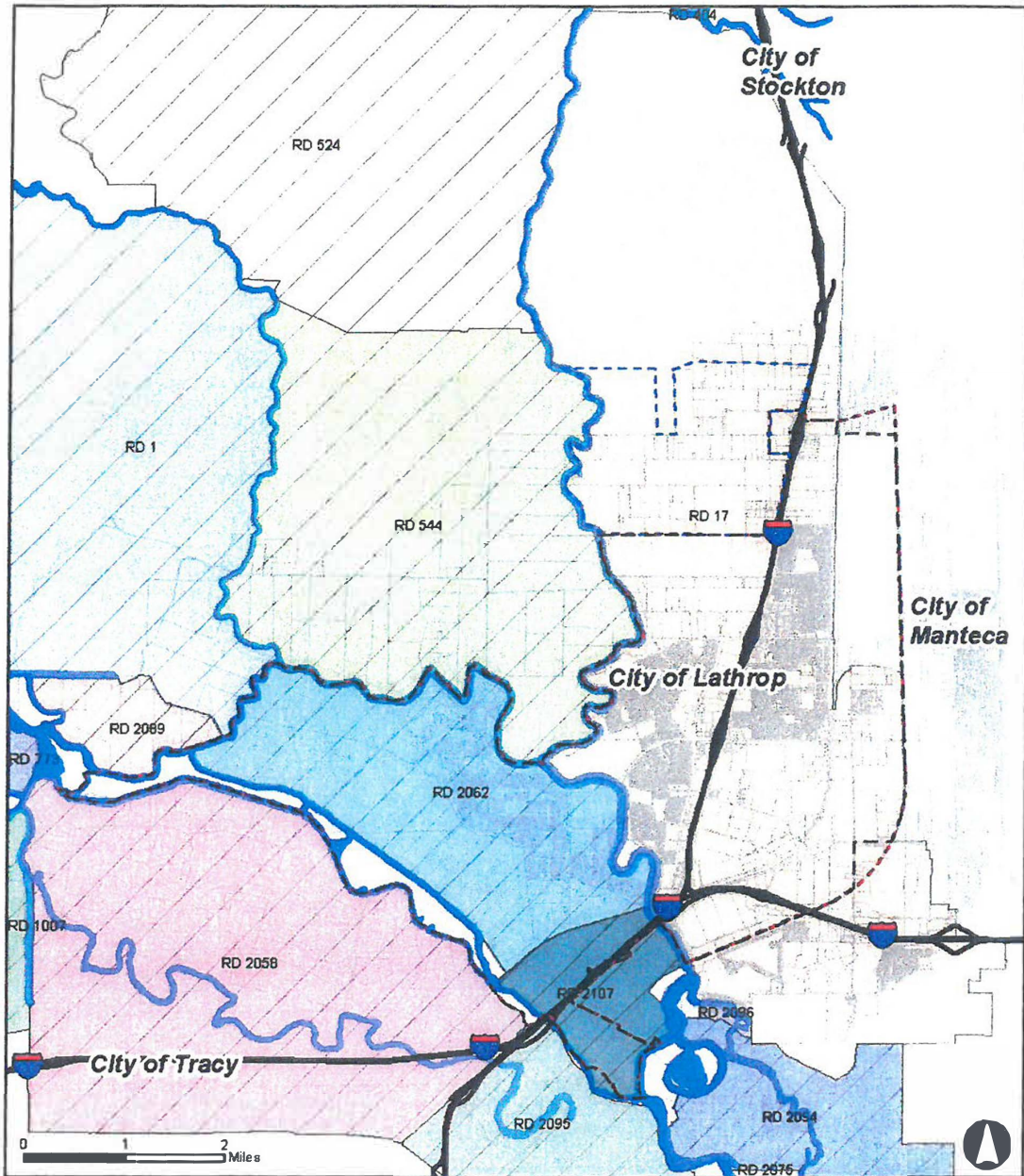


FIGURE: 3-8

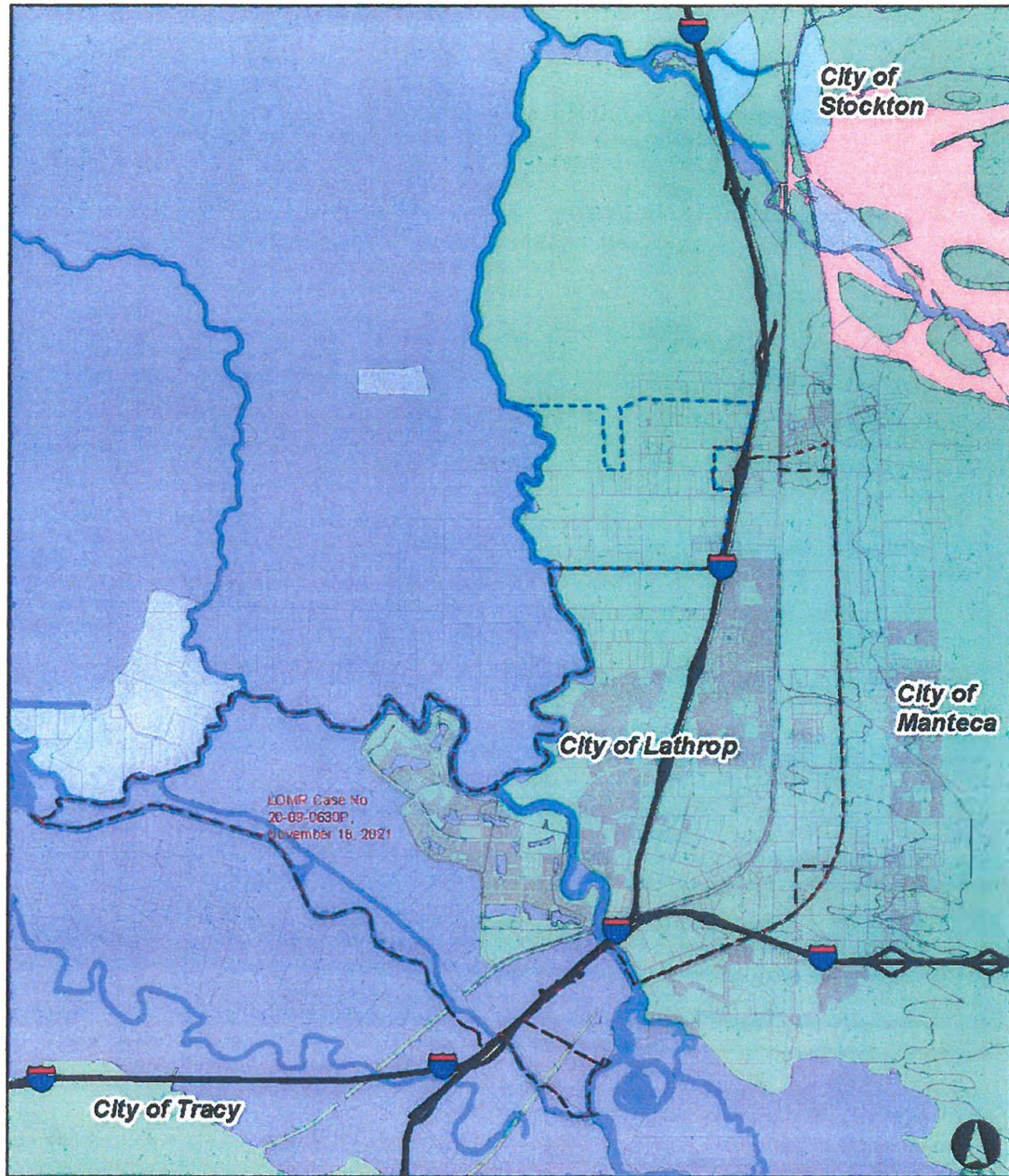
Reclamation and Drainage District Boundaries
City of Lathrop

	City Limits		Parcels
	Area of Interest		Stream
	Sphere of Influence		Sacramento-San Joaquin Drainage District

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

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Figure 3-9 (FEMA Flood Insurance Rate Map)



FEMA Panel # 06077C0606F, 06077C0610F, 06077C0616F, 06077C0620F
 Effective Date: October 16, 2009

FIGURE:



FEMA Flood Insurance Rate Map
City of Lathrop

Area of Interest	FEMA FIRM Zone: AH
City Limits	FEMA FIRM Zone: AO
Sphere of Influence	FEMA FIRM Zone: X
Parcels	FEMA FIRM Zone: AE
Streams	X PROTECTED BY LEVEE

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

Senate Bill No. 5 (SB 5) – 200-Year Flood Protection

In 2007, the State of California approved the SB 5 bills that require 200-year Urban Level of Flood Protection (ULOP) for urban areas in the Central Valley. Briefly summarized, the SB 5 Bills require that urban (population > 10,000) and urbanizing areas (population > 10,000 within ten years) have 200-year flood protection no later than 2025. After July 2, 2016, the City is prohibited from issuing new discretionary permits and residential building permits in areas that may be inundated to a depth of more than three feet during a 200-year flooding event unless the City confirms that 1) 200-year flood protection is provided, or 2) “adequate progress” has been made toward providing 200-year flood protection by 2025.

SB 5 requires that the 200-year flood protection requirements be incorporated into amendments of the City’s General Plan and zoning. General plan amendments must be completed by July 2015; zoning amendments must be completed by July 2016. The City of Lathrop adopted a General Plan amendment in July of 2015 which satisfied this requirement.

Assembly Bill 838 (Eggman) was signed into law on September 28, 2020, and amended Government Code Sections 65865.5, 65962, and 66474.5, and added Section 65962.1 to extend the requirement for the Mossdale Tract to achieve the Urban Level of Flood Protection from 2025 to 2028. The Mossdale Tract means an area of land identified as Reclamation District 17, along with such contiguous urban and urbanizing areas to the east of the tract as would be subject to flooding from the San Joaquin River at an urban level of flood protection.

There are three local reclamation districts (RDs) in the City: RD 2107, RD 2062, and RD 17. The following are the intended SB 5 compliance measures for each district:

RD 2107: This district includes Dell’Osso Farms and other areas south of the Union Pacific Railroad and southeast of I-5. This land does not presently have 100-year flood protection and is neither urban nor urbanizing. The SB 5 Bills therefore do not impose the requirement for 200-year flood protection within RD 2107.

RD 2062: This district includes the River Islands master planned community located on the Stewart Tract. RD 2062 has 100-year FEMA approved levees for the River Islands Phase 1 and Phase 2 areas and prepared the engineering evidence to demonstrate adequate progress toward 200-year certification of these levees.

RD 17: This district includes land east of the San Joaquin River in Lathrop, Manteca, Stockton, and San Joaquin County. Lathrop and Manteca recently joined SJAFCA, and that agency is taking over planning 200-year levee improvements along the east bank of the San Joaquin River to provide 200-year flood protection by 2028, and to once again demonstrate “adequate progress” by July 2, 2022. In order to make a Finding of Adequate Progress, the affected jurisdictions are working cooperatively to complete engineering studies, a financial plan, and construction of improvements. At this time, there has been significant progress on all of these fronts.

RD 17 created a Joint Powers Authority that included San Joaquin County, Stockton, Manteca and Lathrop to issue bonds to fund the local share of Phase 1-3 Improvements to the RD 17 levees. Lathrop coordinated with RD 17 and the other cities and the

County to update the San Joaquin Area Flood Control Agency (SJAFCA) JPA to add Lathrop and Manteca to that JPA to fund the local share of the needed Urban Level of Flood Protection (ULOP) improvements to the RD 17 levees, to adopt Development Impact Fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, a new Overlay Assessment District and a new Enhanced Infrastructure Financing District. Initially, Lathrop and Manteca funded the required Urban Levee Design Criteria analysis of the RD 17 levees, identified the 200-year floodplain, calculated an estimated cost to provide the ULOP improvements, and requested State funds for the State share of this work. Lathrop will continue to work with SJAFCA to provide for final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

If the City is not able to confirm that 1) 200-year flood protection is provided, or 2) “adequate progress” has been made toward providing 200-year flood protection by 2028, the City will comply with State Law and not issue permits until the appropriate flood protection is provided or “adequate progress” has been made. If development in RD 17 is put “on hold” due to issues concerning 200-year flood protection, the City will still continue to experience growth and development in RD 2062 (River Islands). River Islands was constructed with levees built to a 200-year flood standard. Phase 1 of River Islands includes entitlements for over 4,000 residential lots, a commercial town center, school sites, and an employment center. Phase 2 of River Islands includes entitlements for over 10,000 residential lots, a village town center (mixed use), a Transit Oriented Development mixed use area, school sites, portion of the employment center. Phase 1 and 2 are protected by levees designed to be certified as 200-year levees, and available for development as the real estate market demands. The City will not be “shut down”; rather, growth would be focused in the western portion of the City known as River Islands.

Since 2018, the San Joaquin Flood Control Agency (SJAFCA) has prepared Annual Adequate Progress Reports and most recently, on June 29, 2021, SJAFCA staff submitted the 2021 Annual Report to the CVFPB. The 2021 Annual Report can be found on the SJAFCA’s website.⁶⁰ The 2021 Annual Report includes a number of changes from the previous plan, including but not limited to the following:

- Climate Adaptation pursuant to SJAFCA Resolution 19-06, *Policy on Adapting Design Standards for the Mossdale Tract Area of SJAFCA*. The 2021 Annual Adequate Progress Report reflects an updated project that addressed additional improvements needed to conform to the adopted SJAFCA Climate Adaptation Policy. The 2021 Annual Report presents SJAFCA’s addendum to the Engineer’s Report that contains the supporting evidence required for Adequate Progress. The costs of the program have been updated and the Financing Plan have been updated to reflect both the increased cost and the new 2028 deadline (discussed above).
- The Financing Plan for the project was updated to reflect Climate Adaptation and the new 2028 deadline. Numerous changes are reflected that impact the projected amount of revenues to come from three (3) planned funding mechanisms: 1) Development

⁶⁰ <https://www.sjafca.org/projects/mossdale-tract>, accessed December 6, 2021.

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Impact Fee, 2) Overlay Assessment District, and 3) Enhanced Infrastructure Financing District.⁶¹

As noted above, the Financing Plan for the 2021 Annual Adequate Progress Report is planned to come from three (3) mechanisms. The City continues to collect a Mossdale Tract Regional Levee Impact Fee based on the square footage the development and location (subject to 200-year flooding). The current fee (effective July 1, 2021) is as follows:

- Single Family – Residential - \$18,845 per acre
- Multi-Family – Residential - \$17,160 per acre
- Commercial - \$17,847 per acre
- Industrial - \$14,850 per acre

SJAFCA is continuing to work on two (2) additional funding mechanisms: Overlay Assessment District and Enhanced Infrastructure Financing District. The Overlay Assessment District would be levied on properties (parcels) directly receiving flood damage reduction benefit from the construction and long-term Operations & Maintenance (O&M) of the Project. SJAFCA entered into contracts with Wildan Financial Services (Willdan) to prepare the requisite Assessment Engineer's Report and administer the legislative processes required by Proposition 218 and the underlying statutory authority for the imposition of the assessment.⁶² To date, Willdan has prepared a Draft Preliminary Analysis for review by SJAFCA and member agencies.

A new Enhanced Infrastructure Financing District would capture a portion of the growth in general property taxes and dedicate the revenue toward the construction of the 200-Year Flood Protection Levees. This revenue, in conjunction with the OAD revenues could be pledged to the repayment of bonds, the proceeds of which could fund the construction of the project. SJAFCA commenced the formation effort of the EIFD in May 2019 and is advancing the effort in coordination with the member agencies. It is expected that the EIFD will be in place prior to August 2022 and generating revenues by FY 2022/2023.⁶³

⁶¹ San Joaquin Area Flood Control Agency, Board Meeting, July 22, 2021, Item 5.1, Receive Briefing on the Mossdale Tract Program Status and Update.

⁶² San Joaquin Area Flood Control Agency, 2021 Annual Adequate Process Report Update for Urbal Level of Protection, dated June 25, 2021.

⁶³ Ibid

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Figure 3-10 (Storm Water Basins)

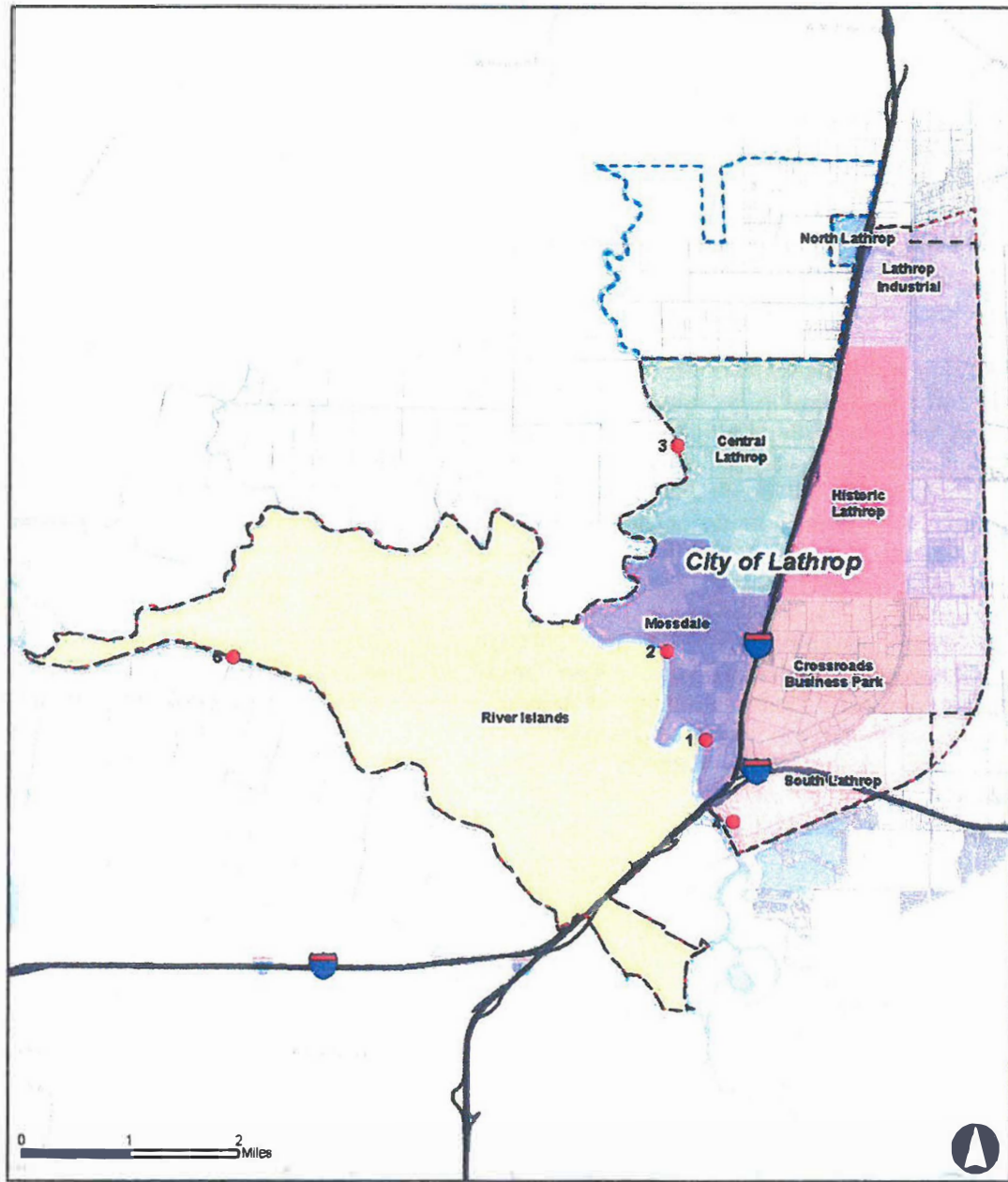


FIGURE:



Stormwater Basin Drainage Areas
City of Lathrop

Drainage Zones

- Central Lathrop
- Crossroads Business Park
- Historic Lathrop
- Lathrop Industrial

- Mossdale
- North Lathrop
- River Islands
- South Lathrop

- Outlet
- Area of Interest
- City Limits
- Sphere of Influence
- Parcels

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

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Figure 3-11 (200 Year Flood Plain)

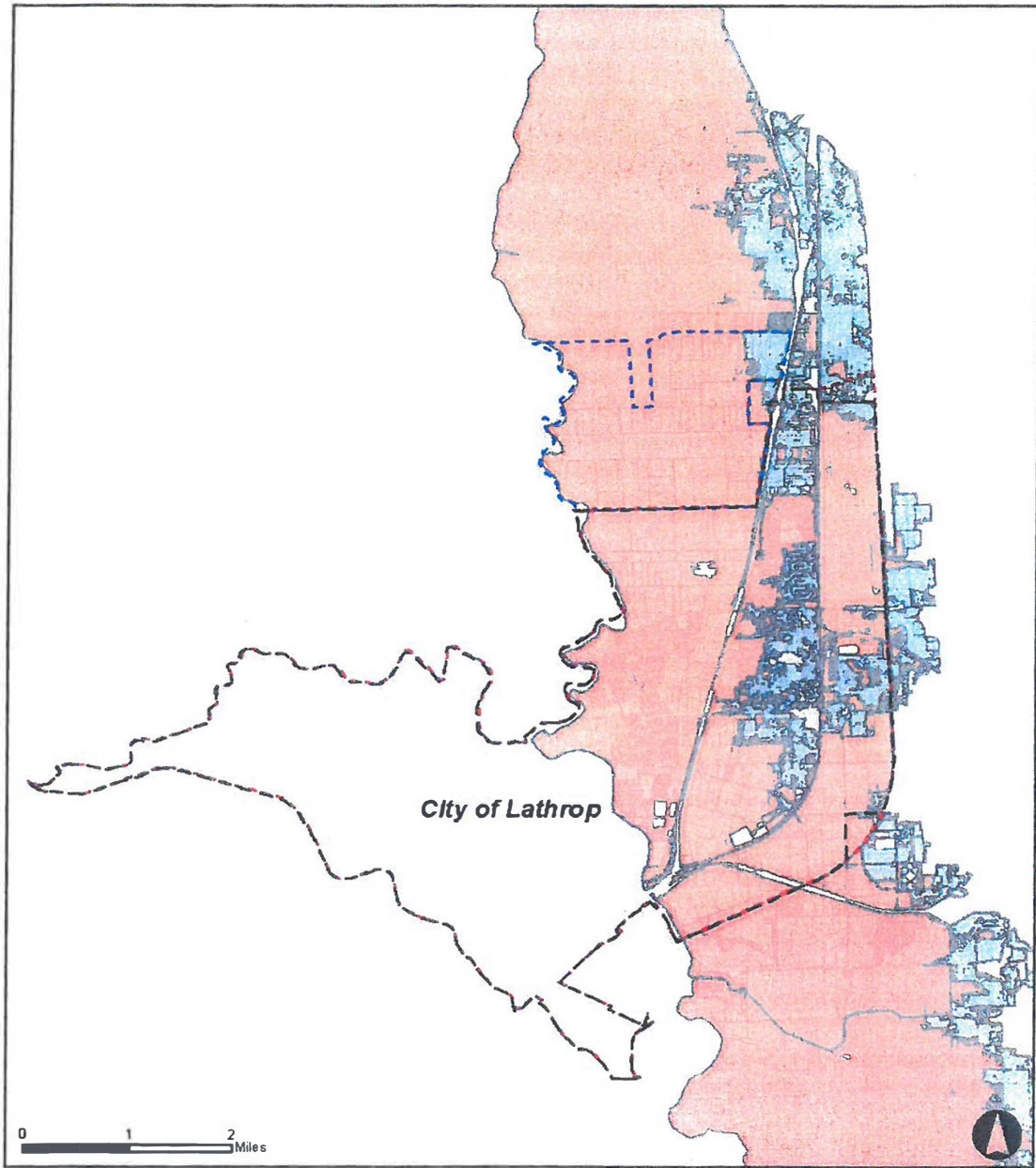


FIGURE:3-11



 **200-Year Flood Plain**
City of Lathrop

Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.

Future Storm Water Drainage Demand and System Improvements

Any significant urban expansion will require additions to the existing collection system. The General Plan requires that new development projects must address storm water issues and mitigate increased storm water runoff. Additionally, the developments are required to construct storm water infrastructure such as curbs, gutters, and detention basins and provide a storm drainage master plan update for that area.⁶⁴ These requirements ensure that adequate infrastructure will be in place at build-out within the City limits and SOI.

A Drainage Master Plan for the Sub Plan Area #3 (Stewart Tract) was approved by the City of Lathrop in 1996 and updated in 2003 as part of the West Lathrop Specific Plan. This document identifies the required improvements of the development area to meet storm water requirements. These improvements would be made as part of the construction of the development. To ensure that appropriate funding is available when the infrastructure is needed, the developers are required through development agreements to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of costs. Developers are then reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they are responsible.⁶⁵

6. Determination

As the City of Lathrop continues to grow and portions of the Sphere of Influence (SOI) are incorporated into the City, there will be a need to expand public services. The demands for services have been estimated primarily from approved and/or pending projects within the City limits and SOI. Additionally, future projects within the SOI will generate minimal demand as these areas are not planned for residential development. The following is a summary of the major City actions that may be required to ensure adequate provision of services.

Fire Protection

As development expands, the Lathrop-Manteca Fire District (LMFD) expects to expand their number of fire stations and personnel. This has been partially accounted for with the construction of Fire Station 34 and 35. These fire stations were built in anticipation of future development projects and their fire protection needs. The Fire District has developed a master plan to provide adequate coverage for the potential urban growth of the City. The master planning effort undertaken by the District will aid with efforts to anticipated future fire protection services necessary for Lathrop City limits and SOI. The master plan and financing strategies discussed above suggest the need for a total of three (3) new fire stations.

The City of Lathrop and LMFD will work cooperatively to ensure new development pays its fair share of facilities and manpower associated with new growth. The imposition of Fire Mitigation Fees and participation in fire services Community Facilities District (CFD) combined with property tax and Measure C funds provide the financial tools necessary to guarantee capacity is available.

⁶⁴ City of Lathrop, Comprehensive General Plan , November 9, 2004

⁶⁵ City of Lathrop, Adopted Capital Improvement Program: Fiscal Year 2014-2015

Law Enforcement

The proposed development projects in the City would result in additional demands for police service. Capital costs for new facilities and equipment would be funded through development impact fees and the operational costs would be funded through the increased tax base and the imposition of a police services Community Facilities District (CFD). In accordance with the General Plan, the new police station, located in River Islands, became operational in 2022.

The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers. The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes.

At the March 22, 2021, Special City Council Meeting, Council directed City staff to create Capital Improvement Project CG 21-11, to begin the creation of a new Lathrop Police Department and implement the transition of law enforcement services from the San Joaquin County Sheriff to the City. The new Police Department project identifies 46 new sworn and non-sworn positions. On May 10, 2021, the City Council approved a Master Consulting Services Agreement with CPS HR Consulting (CPS) to begin recruitment of personnel for the new City of Lathrop Police Department and authorized the creation of the new Police Chief position. Since May 10, 2021, CPS has advertised positions for the various levels of Staffing, including Police Chief, Police Commander, Police Sergeants, Police Officers, and non-sworn personnel.⁶⁶ In September 2021, the City hired the first Police Chief for the new Department and two (2) Commanders in February, 2022. The City continues to recruit for the various levels of staffing, purchase necessary equipment, such as Police vehicles for the new Police Department, and coordination with other jurisdictions for the purposes of evidence storage and 911 operations. The Lathrop Police Department initiated operations on June 29, 2022.

The City of Lathrop will ensure that new development pays its fair share of facilities and manpower associated with new growth. The imposition of Police Mitigation Fees and participation in police services CFD's combined with property tax and Measure C funds provide the financial tools necessary to guarantee capacity will be able in the future.

Water Supply Conservation and Treatment

The City currently uses both surface water and groundwater as the water supply source. The City's most recent water supply planning documents are the 2018 Water System Master Plan and the 2020 Urban Water Management Plan (UWMP). These water studies evaluate existing and anticipated supplies. The results provide alternatives for additional sources of water to meet build-out demands within the City and SOI.

⁶⁶ City of Lathrop, Lathrop Police Department Transition Website (<https://www.ci.lathrop.ca.us/city-manager/page/lathrop-police-department-transition>), accessed December 7, 2021 and May 31, 2022.

Groundwater treatment for Total Dissolved Solids (TDS) removal is expensive. Therefore, alternative sources and alternative water management practices were analyzed. The City identified ten water supply and management alternatives which could be implemented to compensate for the limited use of groundwater. The City plans to implement an optimized combination of these alternatives to ensure reliable water supplies for the future. The recommended water system improvements to meet the City's future demands include Well 21 WTF Phase 2 improvements, installation of backup power at SSJID Turnout, SCWSP Phase 2 Improvements and Expansion of turnout capacity from 5.1 mgd to 11.5 mgd. According to the Urban Water Management Plan, the City would have a net surplus of 1,317 acre feet of water in 2045, plus the non-potable water supply generated from waste water recycling.

Wastewater Collection and Treatment

Wastewater from the City is currently treated at the Lathrop Consolidated Treatment Facility (LCTF) and the Manteca-Lathrop Water Quality Control Facility (WQCF). The City owns LCTF and 14.7 percent of the WQCF by contract. The City's Wastewater System Master Plan (prepared in 2019), the 2020 Urban Water Management Plan, and CV-RWQCB Order Number R5-2016-0028-01 are the primary documents that outline long term strategy for meeting future discharge and capacity requirements for a planning horizon that extends to build-out. The pending NPDES permit will update the City's disposal program, allow disposal of highly treated recycled water into the San Joaquin River, and will eliminate the need for additional storage ponds and agricultural disposal fields.

The LCTF has a current capacity of 2.5MGD. The City is currently designing the next expansion of treatment capacity. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. A total combined treatment capacity is planned by the City at build-out of 11.9 MGD through a combination of expansions at the LCTF and WQCF. The 11.9 MGD of capacity would be able to adequately serve the major planned development within the City and SOI. The City's current WDR from the CV-RWQCB limits the treatment capacity of the City to 6.0 MGD.

Storm Water Drainage

The City has developed a Storm Water Management Plan (SWMP), Best Management Practices (BPM's), and Storm water Development Standards to address storm water quality within the City and meet the Clean Water Act NPDES requirements. The BMPs are intended to maintain surface water quality discharged from the City. New development within the City is required to comply with these requirements. The City is also responsible for monitoring and reporting on BMPs. The Storm water Development Standards specify design requirements to be used during development design that, in turn, meets the National Pollutant Discharge Elimination System (NPDES) requirements for the City.

Any significant urban expansion would require major additions to the City's storm water collection system. The General Plan requires that new development must address storm water issues and mitigate increased storm water runoff. Additionally, development is required to construct storm water infrastructure such as curbs, gutters, and detention basins. These requirements ensure that adequate infrastructure would be in place at build-out within the City

limits and SOI. New development would be required to prepare a drainage master plan to serve as addendums to previous master plans.

To ensure that appropriate funding is available when public services (e.g., law enforcement and fire protection) and water, wastewater and storm water drainage infrastructure is needed, developers are required through Development Agreements to cover all the costs of needed infrastructure upfront even if they are only responsible for a portion of cost. Developers are then reimbursed at a later time (e.g., when additional development fees are collected) for any payments in excess of their responsibility.

SB5 200-Year Flood Protection

SB5, and its amendments, limit any city/county in the Central Valley from issuing certain permits unless either an Urban Level of Protection (ULOP or 200-year flood protection per California Department of Water Resources) is confirmed, or the city/county makes a finding of Adequate Progress toward providing that ULOP.

There are three major waterways within Lathrop: San Joaquin River, Old River, and Paradise Cut. The Stewart Tract portion of Lathrop is surrounded by Paradise Cut on the south, Old River on the north and San Joaquin River on the east. The balance of Lathrop is located east of the San Joaquin River.

Lathrop is composed of three separate flood basins, represented by the three reclamation districts that cover the City: Reclamation District 2107 located on Stewart Tract, southeast of the UPRR tracks, Reclamation District 2062 located on Stewart Tract, northwest of the UPRR tracks and also known as the River Islands development project, and Reclamation District 17 located east of the San Joaquin River. Per the recently amended General Plan, RD 2107 is not subject to SB5. RD 2062 is expected to confirm that they already provide ULOP flood protection prior to July 2022. On January 8, 2018, the Lathrop City Council approved the Amended and Restated Joint Exercise of Powers Agreement (JEPA) for the San Joaquin Area Flood Control Agency (SJAFCA) to include the City of Lathrop and the City of Manteca as Members of the JEPA. The main purpose of the re-organization of the SJAFCA to include the Cities of Lathrop and Manteca is for the SJAFCA to start advancing 200-Year flood control in the Mossdale Tract area. Since 2018, SJAFCA has prepared the Adequate Progress Findings for ULOP as a joint effort between the agencies involved in the JEPA. Lathrop is working with SJAFCA to explore various funding programs, such as the new Enhanced Infrastructure Financing District and Overlay Assessment District. As noted previously, the Mossdale Tract Regional Levee Impact Fee is in effect and the City continues to collect monies as development occurs. Lathrop will continue working with all public agencies within RD17 and SJAFCA to provide final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

The General Plan requires new development to pay its way, including its fair share of required improvements for 200-year flood protection. If the Finance Plan for 200-year flood protection does not have sufficient funding to construct improvements, then the City will not be able to make a Finding of Adequate Progress. New development in the affected area will not be allowed to proceed. This would result in land remaining fallow until the SB 5 issues are resolved.

D. Financial Ability of Agency to Provide Service

This section evaluates the funding mechanisms available for the provisions of expanded services in the City of Lathrop (City) to meet future needs for fire protection, law enforcement, water, wastewater, and storm water drainage infrastructure. Law enforcement is funded primarily through tax-revenues passing through the General Fund and fire protection is funded primarily by property tax revenue and by a portion of Measure "C" funds allocated by City Council. The City of Lathrop has supplemented these sources by requiring the creation of public service Community Facilities Districts CFD's for all new developments to fund the identified fiscal short fall associated with additional manpower needs for police and fire protection. Water, streets, wastewater, and storm water drainage are funded by impact fees (AB1600), connection fees (capacity charges) and user fees (O&M) administered through Enterprise and Capital Facilities Funds. Maintenance of such things as streets, street lighting, parks and streetscape, and storm drainage are administered by special maintenance Districts which are generally project and/or area specific.

1. Development Fees

The City of Lathrop Comprehensive General Plan (General Plan) requires developers of land to "meet all of the costs of public infrastructure that are reasonably related to and which are generated by their projects." To satisfy this requirement, and Pursuant to the AB 1600 (Mitigation Fee Act), the City has established fees which are imposed upon development projects for the purpose of mitigating the impact that the development projects have upon the City's ability to provide specified public facilities. These requirements are incorporated in the section of the Municipal Code referred to as "Impact Fee Ordinance."⁶⁷ The Impact Fee Ordinance requires development impact fees (Capital Facility Fees) to be charged to fund improvements to the City's infrastructure storm drainage, sewer, water supply and distribution system, and roadway network, as well as government facilities, including police, fire and parks and recreation. The amount of the fee is determined by the zoning and location of the project. Fees for municipal service facilities are collected per dwelling unit for residential uses and per 1,000 square feet for non-residential uses. Water and Sewer Connection Fees are based on the size of the connection. Storm drainage fees are collected on a per gross acre basis.

Development fees are typically paid at the time building permits are issued. These fees are pooled into different funds for water, sewer, library, etc. Investment in infrastructure is carried out as instructed by the City Council through the adoption of the annual Capital Improvement Program (CIP). The City is responsible to ensure that appropriate funding is available when the infrastructure is needed. When the balance of the respective fund are not sufficient to cover anticipated expenditures, developers are required to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of the costs. Developers are then

⁶⁷ City of Lathrop, Municipal Code, Chapter 3.20 Capital Fees, <http://qcode.us/codes/lathrop/view.php?topic=3-3-20&frames=on>, accessed October 14, 2008. California Code Government Section 66000 et seq. sets forth the procedural requirements for establishing and collecting development impact fees. These procedures require that a "reasonable relationship" or nexus, exist between the improvements and facilities required to mitigate the impacts of new development and the impact fee. The requirements of Section 66000 are also incorporated into the "Impact Fee Ordinance."

reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they are responsible for.

In some instances, particularly for large projects, the City of Lathrop has also negotiated Development Agreements with the developer to require the construction of public improvements in-lieu of payments of development fees. The City Council has also required that new development projects be assessed fees for public safety including additional police and fire staff on a per project basis based on the terms of the Development Agreement and as a result of findings of the project specific fiscal impact analysis.

In accordance with the General Plan, the Impact Fee Ordinance requires the impact fees to be revised to reflect any changes in construction costs resulting from inflation or to replace estimated actual costs with actual costs to provide specified public facilities. The City of Lathrop continues to rely on the 2005 version of the CFF program with annual adjustments to these fees every January 1st to take into consideration adjustments in the Consumers Price Index (CPI). The City of Lathrop prepared Capital Facilities Fee Studies for the South Lathrop Specific Plan (SLSP) and Lathrop Gateway Business Park Specific Plan in 2019 and were added to the CFF Fee Schedule. Additionally, a Capital Facilities Fee Study was prepared in 2020 for impact fees for four (4) reimbursement agreements between the City of Lathrop and developers who have constructed sewer facilities. Revision of the Development Fees structure will ensure that an appropriate level of funding is available for any needed capital improvements.

2. *Ad Velorum, Property Tax*

In 1978, Proposition 13 was enacted limiting the ability of local public agencies to increase property taxes based on a property's assessed value. Until then, property taxes were the main source of local government revenue.

The City receives revenue from property taxes from land within the City limits. The City has a tax sharing agreement with San Joaquin County (County), which addresses the adjustment of the allocation of property tax revenue between the City and County when a jurisdictional change occurs, such as annexation of unincorporated land into the City. The agreement was most recently updated in November of 2012 and is effective until July 31, 2019. The agreement was extended via an Addendum to Master Property Tax Agreement in 2020 to extend the Agreement for an additional ten (10) years, up to and including July 31, 2029. Additionally, a Tax Sharing Agreement between San Joaquin County and the City of Lathrop was executed for the allocation of property tax and apportionment of sales tax for the "Pilot-Flying J Travel Center" property annexation. The master agreement specifies property tax sharing for additional land annexed into the City. The City receives 20 percent of San Joaquin County's share of the property taxes for annexations that involve detachment from the Fire District. For annexations that do not require detachment from the Fire District, the City also receives 20 percent of property taxes since the district was established before June 15, 1996.⁶⁸

⁶⁸ The agreement states that fifteen percent of San Joaquin County's share of property taxes will go to the City if the Fire District was established between June 15, 1996, and June 15, 2003; ten percent will go to the City if the Fire District was established after June 15, 2003. However, the Lathrop-Manteca Fire District was established in 1936, therefore, neither of these rules applies.

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The “Pilot-Flying J Travel Center” Tax Sharing Agreement stipulates the following:

Sales Tax

- The County continues to receive, every fiscal year, 100% of the 1% Bradley-Burns Uniform Local Sales and Use Tax Revenues received attributable to sales from Pape Kenworth or its successor in interest.
- The City will receive 100% of the 1% Bradley-Burns Uniform Local Sales and Use Tax Revenues generated in the Annexation Area except Pape Kenworth.
- The City will receive 100% of the 1% Measure C Tax Revenues generated in the Annexation Area.

Property Tax

- The County will continue to receive, every fiscal year, property tax currently received plus the California Consumer Price Index (CCPI) adjustment for the annexed area.
- The City will receive the portion of property tax in excess of the County’s share. This would include any new construction in the Annexation Area.

The master agreement does not apply to annexation areas where the County is currently receiving transient occupancy tax (TOT) revenues, or where gross taxable sales exceed \$1 million per year. The agreement does not apply to annexations that include more than 50 acres of County-Owned property. Annexation agreements for such areas are individually negotiated between the County and City to address the potential loss of revenues to the County.⁶⁹

The City currently collects the following taxes:

- ◆ Property Taxes
 - Secured Property Taxes
 - Other Property Taxes
- ◆ Sales and Related Taxes
 - Retail Sales Tax
 - Sales Tax In Lieu
 - Measure “C” one cent sales tax (Tax does not sunset)
- ◆ Transient Occupancy Tax
- ◆ Franchise Taxes
 - Electric Tax
 - Natural Gas Tax & Surcharge
 - Cable Tax, Solid Waste Tax
 - Industrial Waste Tax
- ◆ License and Permit Taxes
 - Animal Licenses
 - Dangerous Animal Permits
 - Business Licenses
 - Construction Permits
 - Other Permits

⁶⁹ County of San Joaquin & City of Lathrop Agreement for Property Tax Allocation Upon Annexation A-12-472

3. *Economic Conditions and Outlook*

According to the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021, the City has recently begun to enjoy a strong economic base from years of smart growth and planning initiatives resulting in stable property tax revenue, modest transient occupancy taxes and diverse sales tax revenues. The City's sales tax revenues remain stable and, over the past several years, have continued to experience annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Lathrop as an attractive location.

Like all government agencies throughout California, the City is faced with increased ongoing annual operating costs and rising retirement related liabilities. For Lathrop, some of these challenges include increased funding needs for pavement maintenance, facility and park maintenance, new programs and departments, additional personnel, retiree health care costs, and rising pension costs due to new funding policies adopted by the California Public Employees Retirement System (CalPERS). While the City has been successful over the years in balancing these issues with its strategic use of contract staffing and services, the City will continue to experience rising costs. Additionally, with the anticipation of significant impacts to revenues in the coming year, coupled with ongoing growth in expenditures over the next five years, the City will be challenged.

Sales tax growth in Lathrop was moored to commercial development throughout 2021 and is expected to grow slowly into 2022. The above average growth is the sign of recovery occurring as we emerge out the early days of the pandemic. The City is currently navigating a situation that has not been encountered in recent history. The ability to budget conservatively has paid dividends with the uncertainty that has come with the COVID-19 pandemic. This creates challenges but we remain vigilantly optimistic about Lathrop's long-term outlook. The City's future looks bright; with the creation of the City's own Police Department opening in July of 2022.

4. *Long Term Financial Planning*

The City incorporates long-term financial planning into its budget process in several ways. Each year, during the budget process the City Council receives an updated General Fund Ten-Year Forecast and CIP Five-Year Forecast that includes all special revenue funds associated with each project. The long-term financial revenue model used for the General Fund and CIP looks forward ten years, because of the volatile nature of tax revenues in a commercial growth based economy, and various one-time special revenue funds associated with development activity making it difficult to predict revenues with any certainty beyond the immediate term. The forecast is used as a tool and maintained by Finance staff.

These projections allow management to see what the future could look like given a set of assumptions and is evaluated in the context of whether decisions are sustainable over the long term. The ten-year financial forecast is a tool for strategic decision making and presents further context for balancing short-term and long-term goals and provides an "order of magnitude" feel for the General Plan's ability to continue services and preserve fiscal sustainability. Management encourages its departments to project their resource needs for a period longer than the traditional annual budget. In addition, the City faces increasing expenses in several

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areas of operations, including the relation of its Police Department. The City has elected to proactively address its unfunded OPEB obligation by establishing an irrevocable trust and significantly increasing its contributions. At the same time, rising pension contributions requirement, while helping to reduce the unfunded pension liability, result in a decrease of financial resources available for other uses. The City will need to continue to explore options to increase its revenue base, while keeping expenses manageable.

COVID-19 will have a lasting impact over the course of several years, possibly beyond the scale of the Great Recession. The significant revenue impacts to sales tax and TOT will likely continue through FY 2020-21 with gradual recovery, and full recovery back to FY 2018/19 revenue levels not anticipated until FY 2024-25. Property tax revenue has not been affected yet as the assessed values do not show the impact of economic volatility in a short period. Moreover, low interest rates and a short supply of homes available for sale has kept the local real estate market strong and robust. Over time, these revenue sources will continue to cause significant year-to-year variances and create challenges for long-term revenue forecasting.

Lastly, on November 6, 2012, the Citizens of Lathrop approved Measure C by 77%. Measure C is a general purpose 1% additional sales tax Measure to be used for the purpose of maintaining and enhancing essential City services, such as police and fire protection and youth and senior services within the City. During FY 2020/21, Measure C supported personnel and operating expenditures to manage the Lathrop Generations Center, a multipurpose facility aimed to promote healthy recreational opportunities for our youth. Furthermore, Measure C funded additional Lathrop Police personnel to strengthen prevention and intervention services around the community.

FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on June 30, 2021 by \$577.4 million (net position). Of this amount, \$95.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- During the fiscal year 2021, the City's governmental activities revenues exceeded expenses by \$47.4 million due in large part to \$18.2 million in sales and use taxes collected in the Fiscal Year.
- The total revenue from all sources decreased \$10.7 million from the prior year due to impacts associated with the coronavirus restrictions at the State and Federal level.
- The General Fund reported excess revenues over expenditures (including transfers) of \$.4 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$8.4 million, a 47.9 percent increase from the prior year.
- On June 30, 2021, the City's governmental funds reported combined ending fund balances of \$142.8 million, an increase of \$37.0 million in comparison with June 30, 2020. Of this \$142.8 million total amount, \$5.9 million or 4.1 percent is unassigned fund balance.
- On June 30, 2021, the unassigned fund balance for the General Fund was \$6.7 million, compared to last year's unassigned actual fund balance of \$4.3 million. The increase is due to general fund revenues recovering from the coronavirus pandemic.

5. Connection and Usage Charges

The City has many sources of revenue for the provision of potable water and the collection, treatment, and disposal of wastewater. In addition to impact fees and property taxes, the City receives funds for the on-going provision of water and sewer service. The cost of capital improvements to each system are recovered through a structure of "connection fees" that is usually paid when a building permit is obtained. Revenue for maintenance and operations is generated by monthly service charges paid by the users of the system through their utility bills. Both the water and wastewater systems are operated as Enterprise Funds by the City, and as such have their own fund tracking mechanisms and are accounted separately in the City's ledger.

The Water Utility Enterprise treats and distributes clean drinking water to Lathrop residents and performs repair and maintenance functions of existing water lines, as well as builds additional water distribution systems funded through its Capital Improvement Master Plan. The Sewer Utility Enterprise collects treats and disposes of treated sewerage for Lathrop residents and performs repair and maintenance functions of existing sewer mains, as well as builds additional system capital improvements.

6. Special Districts and Benefit Districts

In addition to the funding mechanisms described above, the City also has created various Community Facilities Districts (CFDs), Landscape and Lighting Districts (LLMDs), 1913/15 Act

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Assessment Districts (ADs) and Benefit Assessment Districts (BADs) to pay for ongoing maintenance and some capital improvement replacements. In 1982, the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311-53368.3) was created to provide an alternate method of financing needed improvements and services in response to the limitations created by Proposition 13. The Act allows counties, cities, special districts, or joint powers authorities to establish a Mello-Roos Community Facilities District (CFD), which allows for financing of public improvements and services.⁷⁰ Additionally, state law allows for the creation of BADs, LLMDs and ADs to link the cost of public improvements to those landowners who specifically benefit from these improvements.

The City's Storm Water Management System (SWMS), for example, is funded from storm drainage maintenance districts. Lathrop currently has three Storm Drain Maintenance Districts (Stonebridge and City Zone 1, and City Zone 1A) that are used to fund capital improvements to the storm water system as well as maintenance and operations. New development projects require new storm drainage maintenance districts with funding for storm water systems which comply with the Phase II MS4 Regional Water Quality Control Board requirements. For example, the Mossdale CFD includes funding for its share of the City's SWMS in addition to maintaining the storm drain facilities and landscaping.⁷¹ The CFD 2005-1 for Historic Lathrop also includes funding for storm drainage maintenance and operations as well as Central Lathrop CFD 2006-2 and River Island CFD 2013-1.

The City of Lathrop has 27 special financing districts which provide a funding source to maintain a variety of infrastructure and services. They include:

- ◆ Assessment District 1 Sanitary Sewer District
- ◆ Zone 1 Storm Drainage
- ◆ Industrial Landscape Maintenance District
- ◆ Residential Landscape Maintenance District
- ◆ Zone 1A Storm Drainage
- ◆ Woodfield Landscape Lighting Maintenance District 93-1
- ◆ Crossroads Assessment District Series 2001A
- ◆ Louise Ave Assessment District Series 1993
- ◆ Stonebridge Drain and Light
- ◆ Stonebridge landscape
- ◆ Mossdale Landscape Lighting Maintenance District
- ◆ Standby Charge District No. 2005-01
- ◆ North Harlan 99-1
- ◆ Mossdale Assessment District Series 2005
- ◆ Lathrop Community Facilities District 2003-1
- ◆ Lathrop Community Facilities District 2003-2
- ◆ Lathrop Community Facilities District 2004-1
- ◆ Lathrop Community Facilities District 2005-1
- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Operations & Maintenance)

⁷⁰ California Tax Data, www.mello-roos.com/pdf/mrpdf.pdf, accessed September 22, 2008

⁷¹ City of Lathrop Storm Water Management Plan, NPDES Phase II, 2015

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- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Police and Fire Services)
- ◆ Community Facilities District CLSP Infrastructure Agency Fund
- ◆ Community Facilities District CLSP 2018-1
- ◆ Community Facilities District CLSP 2018-2
- ◆ Historic Lathrop Community Facilities District 2005-1
- ◆ River Island Specific Plan Community Facilities District 2013-1
- ◆ South Lathrop Community Facilities District 2019-1
- ◆ Central Lathrop Community Facilities District 2019-2

Due to the economic downturn starting in 2007, Community Facilities District 2006-01 in the Central Lathrop Specific Plan was unable to meet its financial obligations. CFD 2006-01's obligations consisted primarily of payment of principal and interest on its Special Tax Bonds, Series 2006. The property owners within the boundaries of CFD 2006-1 were unable to pay principal payments on the 2006-1 Bonds since 2007 and only made minimal interest payments to the owners of the 2006-1 bonds. On August 13, 2018, the City Council approved a Restructuring Agreement in order to create a process to pay the financial obligations of CFD 2006-1 which would allow the project to move forward.

Pursuant to the Restructuring Agreement, the City established CFD 2018-1 and CFD 2018-2 in 2018 (Approved by City Council on November 19, 2018) for the purpose of paying off the obligations of the 2006-1 Bonds now owned by Saybrook. The boundaries of CFD 2018-1 and CFD 2018-2 are identical but the parcels within CFD 2018-1 and CFD 2018-2 are only the parcels owned by Saybrook that made up CFD 2006-1. This action allowed the City to issue the Series 2018-2 Bonds on behalf of CFD 2018-1 and the Series 2018-2 Bonds on behalf of CFD 2018-2 in the collective approximate amount of \$71.8 million for the purposes of paying off in full and cancelling the CFD 2006-1 Bonds owned by Saybrook.

7. Financial Management

Budgetary Controls

In addition to internal controls, the City also maintains budgetary controls. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles. The budget for the General and Special Revenue Funds are the only legally adopted budgets.

Budgets for the Debt Service and Capital Project Funds are used for management and control purposes only.

Expenditures may not legally exceed budgeted amounts at the department level. If the expenditures exceed appropriations, the City Manager is authorized to transfer budgeted amounts between line items within any department or between divisions within a department.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. Encumbered amounts may be carried over to the following fiscal year with the City Manager's approval.

Risk Management

The City of Lathrop is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a 55-city self-insurance pool. CSJVRMA provides liability coverage up to \$1,000,000 per occurrence. CSJVRMA is a member of the California Affiliated Risk Management Authorities (CARMA), which provides liability coverage above \$1 million up to \$29 million. The City has a self-insured retention (SIR) of \$25,000, however, the CSJVRMA pays claims from first dollar up and allocates the amount of the claim the city is liable for, their SIR, back to the city through a retrospective adjustment process that takes place five years after the program year ends.

The City is also a member of ERMA (Employment Risk Management Authority) which covers wrongful employment practices. The City has a \$25,000 SIR and the total limit of coverage is \$2,000,000. Coverage above the City's SIR up to \$1,000,000 per occurrence is provided through ERMA's pooled layer and excess coverage is purchased above \$1,000,000 with a limit of \$1,000,000 per occurrence.

Independent Audit

State statutes require an annual audit of the City's accounts by an independent certified public accountant. The City of Lathrop selected the accounting firm of Maze and Associates. The auditor's report on the basic and combining financial statements and schedules is included in the financial section of the City's Comprehensive Annual Financial Report.

The City of Lathrop receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City and annexed in the City of Lathrop, these fees apply. The City of Lathrop reviews these fee structures to ensure that they provide adequate financing to cover the provision of City services. The City's Community Development, Public Works, and Finance Departments are responsible for continual oversight that the fee structure is adequate.

8. *Financial Statements*

Comprehensive Annual Financial Report

The City prepares a Annual Comprehensive Annual Financial Report (ACFR) each year with their financial statements. The ACFR includes a Government-wide Financial Statement and the Fund Financial Statement. These two sets of financial statements provided two different views of the City's financial activities and financial position. The financial statements are discussed below.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lathrop's finances using accounting methods similar to a private-sector business.

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The **statement of net assets** presents information on all the City of Lathrop's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lathrop is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of these government-wide financial statements distinguish functions of the City of Lathrop that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lathrop include general government, community development, public safety, public works, culture and leisure, and debt service. The business-type activities of the City of Lathrop include the City's water and sewer utility enterprise functions.

The government-wide financial statements include solely the operations of the City of Lathrop itself. There are no additional discrete or blended component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The City of Lathrop, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Lathrop can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City of Lathrop maintained 42 individual governmental funds in 2021. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds balances for the general fund, landscape maintenance special revenue fund, developer projects special revenue fund, and streets and roads capital projects fund, all of which are designated as major funds. Data from the remaining 37 non-major governmental funds are shown as other supplementary information. The City of Lathrop adopts an annual appropriated budget for all of its funds. A budgetary comparison compliance schedule is provided for each of the major funds and a like schedule is provided for the non-major governmental funds shown as other supplementary information.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide business-type activity financial statements, only in more detail, and are used to account for services for which customer fees are intended to finance the costs of operations. There are two types of proprietary funds – internal service funds and enterprise funds. Internal service funds account for services rendered between City departments. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one internal service fund in its fund structure, which is used to quantify compensated activities between departments. The City of Lathrop uses enterprise funds to account for its water and sewer utility functions.

Fiduciary funds. Fiduciary or agency funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Lathrop's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 12 fiduciary funds.

9. **Financial Analysis**

Summary of Net Assets

Net assets may serve as a useful indicator of a government's financial position since it represents the difference between the City's resources and its obligations. In the case of the City of Lathrop, assets exceeded liabilities by \$577 million at the close of Fiscal Year 2020/2021.

By far the largest portion of this year's net assets reflects the City's investment in capital assets of \$375 million (e.g., utility system construction, utility plant improvements, water rights acquisition, land acquisition, building improvements, equipment, vehicles, roads and streets) less any related debt used to acquire those assets that is still outstanding. The City of Lathrop uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional capital asset information can be found in the Capital Asset and Debt Administration section of the City's Fiscal Year 2020/2021 Annual Comprehensive Financial Report.

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A portion of the City of Lathrop's total net position represent resources that are subject to external and internal restrictions (municipal code and/or State mandates and reserves required by debt obligation covenants) on how they may be used. Restricted net assets amount to \$105 million or 18.3 percent of total net position. The remaining balance of \$95.9 million (16.6 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

The table below shows the government-wide assets, liabilities and net assets for both fiscal years ended June 30, 2020 and 2021.

City of Lathrop Summary of Net Assets
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2020	2021	2020	2021	2020	2021	
Assets:							
Capital assets	\$ 209,561	\$ 221,994	\$ 180,233	\$ 184,986	\$ 389,794	\$ 406,930	4.40%
Other assets	125,064	163,284	49,248	58,165	174,312	221,449	27.04%
Total Assets	334,625	385,228	229,481	243,151	564,106	628,379	11.39%
Deferred Outflows							
Deferred Outflows Related to Pension	2,564	2,310	212	288	2,776	2,598	-6.41%
Liabilities:							
Current liabilities	15,726	18,929	3,717	3,097	19,443	22,026	13.28%
Long-term liabilities	11,244	11,657	20,408	19,139	31,652	30,796	-2.70%
Total Liabilities	26,970	30,586	24,125	22,236	51,095	52,822	3.38%
Deferred Inflows							
Deferred Inflows Related to Pension	989	630	62	86	1,051	716	-31.87%
Net Position:							
Invested in Capital Assets,							
Net of Related Debt	206,211	218,894	160,481	166,718	366,692	385,612	5.16%
Restricted	16,013	103,965	1,652	1,651	17,665	105,616	498.88%
Unrestricted	87,006	33,463	43,373	52,748	130,379	86,211	-33.88%
Total Net Position	\$ 309,230	\$ 356,322	\$ 205,506	\$ 221,117	\$ 514,736	\$ 577,439	12.18%

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. Lathrop's combined net position of the primary government

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increased by 12.18 percent during the 2019-2020 budget years, from \$514.7 million at June 30, 2020 to \$577.4 million at June 30, 2021.

Although the net position of the City's business-type activities is \$221.1 million, the City generally can only use these net assets to finance the continuing operations of the business-type activities.

Changes in Net Position

The City's total program expenses of \$62.7 million are less than the revenues of \$127.5 million for an increase in net assets as of June 30, 2021, of \$64.7 million. The table on the following page shows the summarized revenues and expenses for both fiscal years 2019/20 and 2020/21.

The City's fiscal year 2020/21 change in net position was 3.4 percent higher than fiscal year 2019/20, due to an increase of 9.1 percent in total revenues and an increase of 15.6 percent in total expenditures in fiscal year 2020/21. The expenditure increase is largely found in the governmental activities, which is a result of capital projects in the area.

Governmental program activities and general revenues of \$95.5 million and transfers in of \$1.8 million, supported expenses of \$48.1 million, for a total net increase in net position in tax-supported activities of \$49 million. The reason for the increase in the governmental net assets is due to an increase in one-time capital contributions from development activity, such as infrastructure installed as part development of a project.

Business-type activities revenues of \$31.9 million supported expenses of \$14.7 million and transfers out of \$1.7 million, for a total change in net position in utility enterprise activities of \$15.5 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base paired with developer contributions of capital assets, such as expanded water and wastewater infrastructure constructed as part of a project. The increase to net position of \$15.5 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

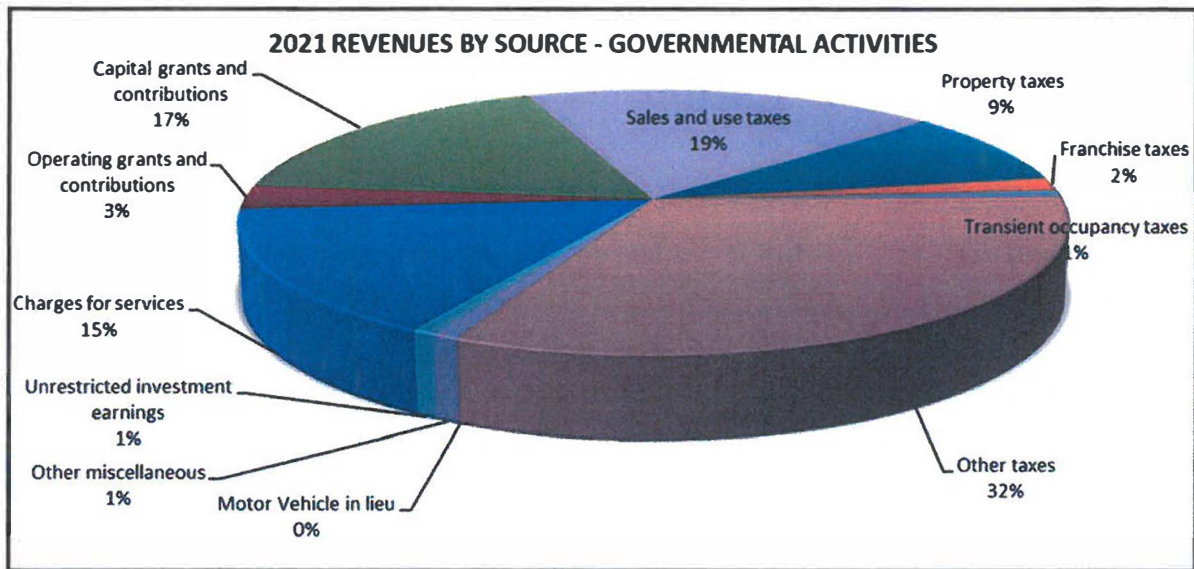
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City of Lathrop Changes in Net Position
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2020	2021	2020	2021	2020	2021	
Revenues:							
Charges for Services	\$ 8,236	\$ 14,791	\$ 18,986	\$ 19,01	\$ 27,222	\$ 33,807	24.19%
Operating grants and contributions	6,106	2,710	-	-	6,106	2,710	-55.62%
Capital grants and contributions	43,292	16,740	11,692	6,863	54,984	23,603	-57.07%
General Revenues:							
Sales and use taxes	\$ 12,696	\$ 18,190	-	-	\$ 12,696	\$ 18,190	43.27%
Property taxes	5,334	8,613	-	-	5,334	8,613	61.47%
Franchise taxes	1,241	1,53	14,910	5,692	6,151	7,223	17.43%
Transition occupancy taxes	583	739	-	-	583	739	26.76%
Other taxes	-	30,621	-	-	-	30,621	
Motor Vehicle in lieu	-	-	-	-	-	-	0.00%
Other miscellaneous	184	945	-	-	184	945	413.59%
Unrestricted investment earnings	2,786	701	741	364	3,527	1,065	-69.80%
Total Revenues	80,458	95,581	36,329	31,935	116,787	127,516	9.19%
Expenses:							
Governmental activities:							
General government	\$ 5,944	\$ 6,544	-	-	\$ 5,944	\$ 6,544	10.09%
Community development	1,318	8,228	-	-	1,318	8,228	524.28%
Public safety	12,121	11,729	-	-	12,121	11,729	-3.23%
Public works	19,196	19,893	-	-	19,196	19,893	3.63%
Culture and leisure	1,468	1,466	-	-	1,468	1,466	-0.14%
Interest on long-term debt	89	241	-	-	89	241	170.79%
Business-type activities:							
Water enterprise	-	-	6,906	6,767	6,906	6,767	-2.01%
Sewer enterprise	-	-	7,477	7,926	7,477	7,926	6.01%
Total Expenses	40,136	48,101	14,383	14,693	54,519	62,794	15.18%
Excess before transfers	\$ 40,322	\$ 47,480	\$ 21,946	\$ 17,242	\$ 62,268	\$ 64,722	3.94%
Transfers	3,255	1,778	(3,255)	(1,778)	-	-	
Change in Net Position:	43,577	49,258	18,691	15,464	62,268	64,722	3.94%
Net Position – Beginning	265,700	309,230	186,815	205,506	452,515	514,736	13.75%
Prior Period Adjustment	(47)	(2,166)	-	147	(47)	(2,019)	-
Net Position, Beginning, Restated	265,653	307,064	186,815	205,653	452,468	512,717	13.32%
Net Position - Ending	\$ 309,230	\$ 356,322	\$ 205,506	\$ 221,117	\$ 514,736	\$ 577,439	12.18%

Governmental Activities

Governmental funds' expenditures usually match or exceed program revenues. Under full accrual accounting, developer contributions are program revenues, yet their contributed assets are not shown as a corresponding expense on the City's financial statements. Program revenues for public works excluding infrastructure contributions resulted in expenditures in excess of revenues. General government services delivery costs exceeded program revenues by \$1.3 million.



Revenues and expenditures in the governmental funds continue to increase as the population of Lathrop has grown. Property tax revenue is a major revenue source for the General Fund. During fiscal year 2020/21, property tax revenues increased by \$3.2 million.

The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$48.1 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. However, the higher revenue reflected in FY2020/21 is due to the contributions from developer built capital improvement projects.

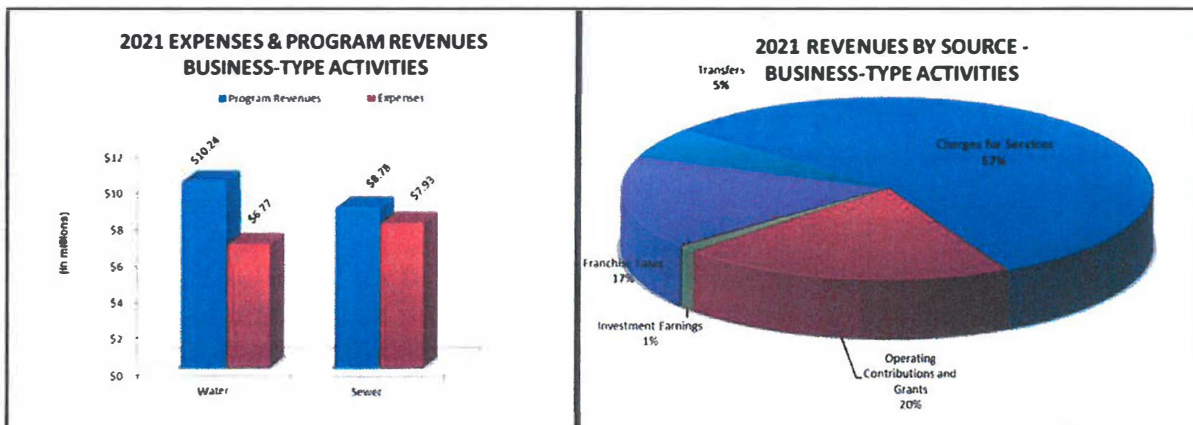
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City of Lathrop Net Cost of Governmental Activities
For the Fiscal Years Ended June 30
(in Thousands)

	Total Cost of Services			Net (Expense) Revenue of Services		
	2020	2021	Percent Change	2020	2021	Percent Change
General government	\$ 5,944	\$ 6,545	10.11%	\$ (5,476)	\$ 1,320	-124.11%
Community development	1,318	8,228	524.28%	5,254	(4,167)	-179.31%
Public safety	12,121	11,730	-3.23%	(11,031)	(11,282)	2.28%
Public works	19,196	19,893	3.63%	29,981	1,850	-93.83%
Culture and leisure	1,468	1,466	-0.14%	(1,142)	(1,342)	17.51%
Other	89	241	170.79%	(89)	(241)	170.79%
Total	\$ 40,136	\$ 48,103	19.85%	\$ 17,497	\$ (13,862)	-179.23%

Business-type Activities

Business-type activities increased the City's net position by \$15.5 million. The bar chart below illustrates how total program revenues and expenses compare and includes both current operating and capital categories combined. The pie chart shows the distribution of business-type revenues by category.



Water Fund

The Water Utility Enterprise treats and distributes clean drinking water to Lathrop's residential and commercial customers and performs repairs and maintenance functions of existing water lines, as well as builds additional water distribution systems through its capital improvement master plan.

The bar chart above illustrates program revenues exceeding program expenses by \$3.4 million. In the Water Enterprise Fund, a monthly service availability fee and usage rate is charged to residential and commercial customers to meet the Water Fund's operating expenses. Under full accrual accounting, developer contributions are program revenues, yet contributed assets are not shown as a corresponding expense. Program revenues exceeding developer contributions and bond proceeds were \$10.2 million. This shows operating revenues exceeding operating expenses by \$3.4 million. In February 2016, the City adopted a 5-Year water rates program based on the Water Rate Study findings.

Sewer Fund

The Sewer Utility Enterprise collects and treats sewer for Lathrop's residential and commercial customers and performs repair and maintenance functions of existing sewer mains, as well as builds additional system capital improvements. In the Sewer Utility Enterprise Fund, a monthly service fee is charged to residential and commercial customers. The bar chart above illustrates program revenues exceeding program expenditures by \$.9 million. This signifies that sewer operating income is meeting standard operating income is meeting standard operating and infrastructure renewal and replacement costs. In February 2016, the City adopted a 5-Year sewer rate program based on the Sewer Rate Study findings.

10. Financial Analysis of the City's Funds

As noted earlier, the City of Lathrop uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Lathrop's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City of Lathrop's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the City's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$142.8 million, an increase of \$37.0 million in comparison with the prior fiscal year. Approximately 4.1 percent of this total amount (\$5.9 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$3.3 million is non-spendable, \$104.0 million is restricted, \$29.6 million is committed and is not available for spending.

The General Fund is the chief operating fund of the City of Lathrop. At the end of the 2021 fiscal year, fund balance of the general fund was \$43 million, of which \$6.7 million is unassigned fund balance. The increase in unassigned fund balance of the General Fund for Fiscal Year 2020/21 was due to the economic recovery from Fiscal Year 2019/20. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total general fund balance represents 205 percent of total General Fund expenditures of \$19.4 million in 2021. This means the City's general governmental operations could continue for about 25-months without any additional revenue generation.

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In Fiscal Year 2020/21, taxes are the General Fund's largest source of revenue at 86.1 percent, or \$26.1 million of total revenues of \$30.3 million. Property taxes represent 32 percent, or \$8.6 million, of this total tax amount in the General Fund.

The Developer Projects fund had an ending fund balance of \$1.0 million on June 30, 2021. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Capital Facilities Fees fund had an ending balance of \$41.5 million as of June 30, 2021. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Building Safety and Inspection and Development Engineering funds had a combined ending fund balance of \$4.2 million as of June 30, 2021. The monies in these funds are collected from cost recovery fee sources for specific projects and operations associated with the fee nexus. The committed fund balance can only be used to fund specific projects in future fiscal years.

Proprietary Funds

The City proprietary funds provide similar information to that which is found in the government-wide financial statements, but in more detail. Each funds' financial transactions, both near-term and historic, are provided in the statement of net assets and the statement of revenues, expenses, and changes in net assets. In addition, these proprietary funds also present a statement of cash flows.

Water Fund

In Fiscal Year 2020/21, the water utility enterprise fund increased its net position from \$69.1 million to \$79.9 million. Unrestricted net assets at the end of the fiscal year amounted to \$3.6 million and are available for future capital water system improvements. \$45.6 million of the Water Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations. The remaining \$1.7 million is restricted to satisfy debt service obligations and covenants.

Sewer Fund

In Fiscal Year 2020/21, the sewer utility fund increased its net assets from \$136.2 million to \$141.2 million. Unrestricted net assets at the end of the fiscal year amounted to \$20.1 million and, are available for future capital sewer system improvements. \$121,093 million of the Sewer Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations.

Other factors concerning the finances of these funds have already been reviewed in the discussion of the City's business-type activities. The capital assets section on the following pages will provide additional discussion and analysis of the business-type financial activities.

Pension Liability

In June of 2014, the City evaluated its Pension liability for Post-Employment Benefits (OPEB) through an actuarial. This actuarial identified a substantial unfunded liability. To achieve fiscal sustainability, the City Council directed staff to seek a substantial reduction in OPEB obligations. Through negotiations with its labor unions, the City was able to substantially reduce post-retirement health benefit obligations for active employees and new hires, adjust post-retirement schedules for new hires, secure health benefits for active employees between the ages of 55 and 65 by establishing a trust which, over time, investment income will be the majority contributor versus City funds. This effort was implemented by City Council adoption of Resolution 14-3778 .

11. Determination

The City receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City or annexed into the City from the SOI, these fees apply. The cost of providing on-going services for annexed land is offset by the increased tax base provided by new development. The City has budgeted for current and future expenses, debts and revenues. The City's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

The City's financial statements include the collection of Measure C funds, which was approved on November 6, 2012, by the Citizens of Lathrop by 77%. Measure C is a general purpose 1% additional sales tax Measure to be used for the purpose of maintaining and enhancing essential City services, such as police and fire protection and youth and senior services within the City. During FY 2019/20, Measure C supported personnel and operating expenditures to manage the Lathrop Generations Center, a multipurpose facility aimed to promote healthy recreational opportunities for the City's youth. Furthermore, Measure C funded additional Lathrop Police personnel to strengthen prevention and intervention services around the community.

Moreover, as discussed above, the General Plan requires new development to pay its fair share to offset capital, maintenance, and operating costs for law enforcement, water, wastewater, and storm drain. The City's Department of Public Works, Finance, Planning, and Building are responsible for continuous oversight that the fee structure is adequate.

Debt Administration

At the end of the current fiscal year, the City had a total of \$23.1 million in outstanding debt. The total outstanding debt on June 30, 2020 was \$23.1 million. Overall, in Fiscal Year 2020/21, the City's outstanding debt was reduced by \$1.8 million.

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City of Lathrop Outstanding Debt
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
Revenue Bonds – Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Bank Loan	-	-	9,550	8,874	9,550	8,874
State Revolving Fund Loan	-	-	6,456	6,010	6,456	6,010
Compass Bank Loan	-	-	3,745	3,384	3,745	3,384
Capital Lease – City Hall	3,350	3,050	-	-	3,350	3,050
Total	\$ 3,350	\$ 3,050	\$ 19,751	\$ 18,268	\$ 23,101	\$ 21,318

The City Continues to Maintain its Credit Ratings on all of its Rated Debt.

E. Status of and Opportunities for Shared Facilities

Currently, the City of Lathrop (City) provides an appropriate level of law enforcement, water, wastewater and stormwater drainage services in a cost-efficient manner to areas within the City limits. The focus of this section is on opportunities for reducing overall costs and improving services by sharing facilities and resources. The following discussion outlines existing and potential opportunities for the City to share facilities and resources.

1. Background

The City has already identified opportunities for reducing overall costs and/or meeting General Plan goals through sharing facilities with other agencies and establishing multi-use facilities.

Fire Protection

The City of Lathrop is served by the Lathrop-Manteca Fire District (LMFD) which provides fire protection for the City in addition to rural properties surrounding the City of Manteca. The LMFD employees consist of 33 uniformed full-time personnel and 20 reserve firefighters that staff strategically located fire stations. The LMFD main fire station is located in the center of the City. LMFD is part of an automatic mutual aid response agreement with the Manteca Fire Department. This agreement is designed to automatically send units from one jurisdiction to another when needed in an emergency. In addition, the LMFD is a member of the San Joaquin County (County) Hazardous Materials Response Team and Urban Search and Rescue Team, which provides a countywide service. LMFD will continue to work with the City of Manteca and the County in order to provide efficient and effective fire protection for their service area.

Law Enforcement

Law enforcement services in the City are provided by the Lathrop Police Department, which commenced operations on June 29, 2022. Prior to commencement of the new Police

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Department, law enforcement services were provided through a contract with the San Joaquin County Sheriff's Department.

The Lathrop Police Department is currently located at 940 River Islands Parkway within the River Islands Phase 1 development area. The location of the police station is presented in Figure 3-5 (Police Station Location). Lathrop Police Department is staffed 24 hours a day in a series of 5 patrol teams staffed by a Sergeant and up to 5 Police Officers. Minimum staffing levels are set at 6 officers per day. The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers.⁷² The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes. Priority 1 calls are where a threat is posed to life or a crime of violence.

The Lathrop Police Department dispatch services are provided by the Ripon Police Dispatch Communications Center. The Ripon Dispatch Communications Center is comprised of 12 Dispatchers, and is managed by the Dispatch Supervisor. Dispatchers work 10, 11, or 12-hour shifts and provide the community with 24-hour service 7 days a week.

The City will continually review the level of service of the Lathrop Police Department in order to meet response time goals

Water Supply, Conservation and Treatment

The City's water service area includes the City limits. The City's existing transmission and distribution system includes groundwater wells and pumps, water mains and pipelines and water storage facilities (e.g., water tanks and booster pumps). The City shares surface water resources through its agreement with the South San Joaquin Irrigation District's South County Surface Water Supply Project (SCSWSP). The SCSWSP is being constructed in two phases, with Phase I completed in July 2005. The initiation of Phase II would occur when the project participants (Escalon, Lathrop, Manteca and Tracy) request the initiation of the second phase. The City signed a Water Supply Development Agreement (Development Agreement) with the San Joaquin Irrigation District as part of the SCSWSP. The Development Agreement extends through 2029 and appropriates potable water to the City. The City is allotted a maximum of 8,007 acre feet per year (AFY) of treated potable water under Phase I. The cities of Escalon (2,015 AFY), Manteca (12,700 AFY) and Tracy (10,000 AFY) also have rights to SCSWSP water. In 2014, the City sold 1,129 AFY of SSJID allocations to the City of Tracy. SCSWSP Phase II would give the City an additional 3,784 AFY, if and when Phase II is completed.

⁷² City of Lathrop, Lathrop Police Department Website (https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/police/page/141/new_lathrop_police_department_update_june_2022.pdf), accessed July 12, 2022

Wastewater Collection and Treatment

The wastewater collection system is owned and operated by the City. The collection system consists of gravity sewers, pumping stations and force mains. Wastewater is treated at one of two treatment facilities. The City owns the Lathrop Combined Treatment Facility (LCTF) and owns 14.7 percent of the Manteca-Lathrop Wastewater Quality Control Facility (WQCF) by contract with the City of Manteca. The City of Lathrop, however, does not participate in the operation of the Manteca plant. LCTF has undergone an expansion and has increased its current capacity to 1.0 MGD. The City has plans to upgrade LCTF to increase the treatment capacity in increments to correspond with the pace of development to 6.0 MGD and then to 11.9 MGD to accommodate build-out of the City General Plan area.

Stormwater Drainage

The City's stormwater drainage system is managed by the Public Works Department. The gravity-based system consists of collection and trunk pipelines, detention basins, pump stations, and surface infrastructure. Stormwater collected by the City's stormwater drainage system is ultimately discharged into the San Joaquin River.

Levees within the City are owned and operated by the Reclamation Districts 17, 2107 and 2062.⁷³ The levees protect the City from flooding that might occur from the San Joaquin River. According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM), the urban areas of the City are located within Flood Zone X, and provide protection from the 100-year flood. Flood Zone X is defined as an area of 0.2 percent annual chance of flood (500-year storm event), an area with one percent annual chance of flood (100-year storm event) with average depths of less than one foot or with drainage areas less than one square mile, and areas protected by levees from one percent annual chance of flood. The levees in Reclamation District 2107 do not provide protection from the 100-year flood. Also noted in the FIRM is that much of Lathrop is protected by a levee dike or other structure subject to possible failure during larger floods.⁷⁴

In addition to levees, Reclamation District 2062 maintains public recreational lakes within the River Islands development, as well as the pump systems and transmission mains to fill the lakes from the San Joaquin River, and to evacuate water from the lakes when they are full.

SB5 Impact on Lathrop

SB5, and its amendments, limit any city/county in the Central Valley from issuing certain permits unless either an Urban Level of Protection (ULOP or 200-year flood protection per California Department of Water Resources) is confirmed, or the city/county makes a finding of Adequate Progress toward providing that ULOP.

There are three major waterways within Lathrop: San Joaquin River, Old River, and Paradise Cut. The Stewart Tract portion of Lathrop is surrounded by Paradise Cut on the south, Old

⁷³ San Joaquin County, Geographic Information System, Reclamation Districts Map, December 17, 2007

⁷⁴ FEMA, FIRM, City of Lathrop, CA Panel 590 of 925: Map Number 063780595A, Effective Date December 16, 2005

River on the north and San Joaquin River on the east. The balance of Lathrop is located east of the San Joaquin River.

Lathrop is composed of three separate flood basins, represented by the three reclamation districts that cover the City: Reclamation District 2107 located on Stewart Tract, southeast of the UPRR tracks, Reclamation District 2062 located on Stewart Tract, northwest of the UPRR tracks and also known as the River Islands development project, and Reclamation District 17 located east of the San Joaquin River. Per the amended General Plan, RD 2107 is not subject to SB5. On January 8, 2018, the Lathrop City Council approved the Amended and Restated Joint Exercise of Powers Agreement (JEPA) for the San Joaquin Area Flood Control Agency (SJAFCA) to include the City of Lathrop and the City of Manteca as Members of the JEPA. The main purpose of the re-organization of the SJAFCA to include the Cities of Lathrop and Manteca is for the SJAFCA to start advancing 200-Year flood control in the Mossdale Tract area. Since 2018, SJAFCA has prepared the Adequate Progress Findings for ULOP as a joint effort between the agencies involved in the JEPA. Lathrop is working with SJAFCA to explore various funding programs, such as the new Enhanced Infrastructure Financing District and Overlay Assessment District. As noted previously, the Mossdale Tract Regional Levee Impact Fee is in effect and the City continues to collect monies as development occurs. Lathrop will continue working with all public agencies within RD17 and SJAFCA to provide final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

2. Determination

The City has existing and planned shared facilities, both within the City and through relationships with other service providers, including the City of Manteca, City of Ripon, and San Joaquin County. These shared facilities include fire protection, law enforcement (Dispatch and Evidence), water supply and wastewater collection and treatment and a need for improvements to levees.

Multiple planning processes are in place to identify future opportunities for shared facilities that would improve levels of service in a cost effective manner, and contribute to meeting General Plan goals. These planning processes include the City's annual budgeting process, and planning studies for utilities (e.g., water and wastewater management plans) and processes to identify deficiencies in fire and law enforcement services. It is through these processes that the City will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

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

This section considers the benefits and constraints of the City of Lathrop's (City) government structure in regard to the provision of public services. The Local Agency Formation Commission (LAFCo) is required to consider the advantages and disadvantages of any options that might be available to provide services. In reviewing potential government structure options, consideration may be given to financial feasibility, service delivery quality and cost, regulatory or government frameworks, operational practicality, and public reference.

1. Background

The City is a General Law city that operates under the City Council/City Manager form of municipal government. Therefore, residents of the City ultimately have oversight of the provision of public services since the City is run by an elected City Council that answers to the public through the ballot process. When and if the City annexes property within its sphere of influence (SOI), the City will need to provide these subject areas with a wide range of public services. In some cases, annexation will require services that are not currently available in the SOI.

The City undertakes long-range programs to better plan and budget for needed improvements to services and facilities. In addition, the City's annual budgeting process is used to balance expenditures for provision of needed services. This process allows the City to analyze the need for staffing, equipment and facilities for the following year. City departments are encouraged to identify areas to minimize costs for providing services while maintaining adequate levels of service. The annual budget is an effective planning process utilized by the City.

2. Determination

Since the City is an incorporated city, the City Council will make final decisions concerning fee structures and provisions of service. As discussed in previous chapters, the City reviews its fee structures for fire protection, law enforcement, water, sewer and stormwater drainage on an annual basis. The City of Lathrop Comprehensive General Plan (General Plan) also includes numerous goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner in order to accommodate new growth.

The ability to serve the anticipated growth within the existing SOI is not expected to have a significant effect on the City's governmental structure or its ability to provide the required services. The areas within the City's amended SOI are designated for industrial/commercial use and as reported in Chapter 3 of this Municipal Service Review (MSR), and can be adequately served by the City. In addition, mechanisms are in place within the City's departments to effectively provide public participation in the planning and development process to address future growth within the SOI. The City will continue to work with service providers and neighboring municipalities, such as the South San Joaquin Irrigation District and the City of Manteca, to address government structure options to provide efficient and cost-effective public facilities and services.

The City's use of its budget process and long-range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. Long-term planning processes include capital improvement plans, urban water management plan, wastewater management plan and developer fee review. These planning processes are contributed to by City departments and community input and will ensure management effectiveness.

The City has demonstrated the ability to work with other service providers and municipalities to ensure that adequate services are provided in a cost effective and efficient manner. Efforts to ensure effective government structure for the provision of fire and law enforcement personnel, water, wastewater treatment and stormwater drainage facilities demonstrates the City's foresight to plan for future services needed for potential growth within the SOI, as well as for the

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

planned development and population increases anticipated within the City. Assuming the City continues to evaluate existing government structure and seek opportunities for improvement, no significant barriers are expected in regard to government structure during the ten- and thirty-year planning horizons.

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LAFCo

44 N. SAN JOAQUIN STREET □ SUITE 374 □ STOCKTON, CA 95202

EXECUTIVE OFFICER'S REPORT

September 8, 2022

TO: LAFCo Commissioners

FROM: James E. Glaser, Executive Officer

SUBJECT: **Final Municipal Service Review/ Sphere of Influence Plan
Mountain House Community Service District (MHCS D)**

Recommendation

It is recommended that the Commission approve the Final Municipal Service Review and Sphere of Influence Update for the Mountain House Community Service District (MHCS D). Attached are two separate resolutions for Commission's consideration.

Background

A Municipal Service Review (MSR) is a comprehensive review of an agency intended to obtain information about the agency's ability to provide services. Its purpose is to evaluate the provision of services from a comprehensive perspective and recommend actions, when necessary, to promote the efficient provision of those services. Service reviews are intended to serve as a tool to help LAFCo, the public and other agencies better understand the public service structure and evaluate options for the provision of efficient and effective public services that the agency currently provides. State law requires that LAFCo update Spheres of Influence and prepare a Municipal Service Review in conjunction with that update.

The MSR is required by the Cortese-Knox-Hertzberg Act to have six categories, as defined by the San Joaquin LAFCo "Service Review Policies" December 14, 2012. Each of these categories requires a written determination. The six categories are as follows:

- Growth and Population Projections for the Affected Area
- The Location and Characteristics of any Disadvantage Unincorporated Communities within or Contiguous to the Sphere of Influence
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies
- Financial Ability of Agencies to Provide Services

- Status of and Opportunities for Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

In determining a sphere of influence, the Commission is required to consider and make written determinations with respect to the following factors (Government Code Section 56425):

- The Present and Planned Land Uses in the Area, Including Agricultural and Open Space Lands.
- The Present and Probable Need for Public Facilities and Services in the Area
- The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides or is Authorized to Provide
- 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 Present and Probable Need for those Public Facilities and Services within any Disadvantaged Unincorporated Communities (DUCs) within the Sphere of Influence

The Sphere of Influence (SOI) and Municipal Service Review (MSR) for the MHCSO was last updated in 2017. The MHCSO MSR and SOI covers an area of 4,784 acres or approximately 7.5 square miles. The 1994 adopted Master Plan for Mountain House identified the SOI boundary to coincide with the ultimate MHCSO community “buildout” boundary. MHCSO has applied to LAFCo for incorporation essentially reflecting their existing district boundary. LAFCo is presently processing that application. Preparation of a new MSR/SOI will allow the District to process annexations prior to consideration of the incorporation application as stated by the District. The District, however, needs an up-to-date MSR/SOI in order for LAFCo to have the authority to consider an annexation. These documents will also be helpful during the incorporation process.

The MHCSO SOI was established when the original boundaries of the Mountain House Master Plan area was adopted by the County Board of Supervisors. The intention of the requirements and policies in the Master Plan is that these boundaries not change so that planned public facilities, services, and the financing plan continue to adequately meet the needs of the current and future populations of the Mountain House Community. Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.

Growth and Population Projections

The most recent 2020 census reports a population of 24,499. The present population of Mountain House is currently estimated by the California Department of Finance to be 25,673 as of January 1, 2021, and the persons per household is 3.81.

The overall average 3.8 persons per household is higher than the 3.04 persons/unit from a 2006 special census noted in the 2017 MHCSO MSR. The average density is expected to decline as higher density residential units are constructed. Projected population for Master Plan and Sphere of Influence buildout is expected by 2040. Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout and a buildout population of 39,062.

Disadvantage Unincorporated Communities

According to the Department of Water Resource's Disadvantaged Communities mapping instrument, there are no communities within or contiguous to the MHCSO SOI that meet the definition of a disadvantaged unincorporated community.

Present and Planned Capacity of Public Facilities and Adequacy of Public Services

MHCSO provides 18 municipal services either directly or under contract. Because the District is not a city, the District cannot provide planning nor animal control services. This will change if incorporation is approved by the Commission and approved by the voters.

Fire Protection

Fire and Emergency Medical Services are managed through a combination of service providers. The Fire and Emergency Medical Services (Fire and EMS) is managed through a contract with the French Camp McKinley Fire District (FCMFD), also referred to as the Mountain House Fire Department (MHFD), since September 13, 2015. Prior to this date the contracted fire services were managed through Tracy Rural Fire Protection District (TRFPD - by contract with the City of Tracy through the South County Fire Authority).

The average fire response time (turn out time after receiving the assignment plus travel time) to all calls is 6 minutes and 32 seconds. The response time for ninety percent of all calls is 9 minutes and 39 seconds or less; for ninety percent of fire emergencies the response time is 9 minutes and 31 seconds or less.

Law Enforcement

Law enforcement is contracted through the San Joaquin County Sheriff's Office (SJCOSO). The SJCOSO command staff and deputies operate out of two facilities. As the community grows, a separate law enforcement headquarters building is planned to be constructed adjacent to the Town Center Community Park near Byron Road. No date for construction has been established; its timing is dependent on the needs of law enforcement and the community

The California Highway Patrol (CHP) is responsible for all traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Specific to Mountain House, the CHP is responsible to enforce traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. MHCSO contracts with the CHP for supplemental services. Crime rates are typically low in Mountain House, especially when compared with other communities located in northern San Joaquin Valley. Property crime rates and violent crime rates both declined from 2017 through 2019.

Water Supply, Wastewater Treatment, and Storm Water Collection

The MHCSO provides drinking water to the Mountain House community. The MHCSO water system consists of one water treatment plant, three storage tanks, three booster pump stations, and approximately 74 miles of pipelines. All water supply infrastructure, including the diversion point, conveyance facilities, treatment plant, storage, and pump stations is designed for ultimate buildout of the community. MHCSO owns the water treatment plant and distribution system and

contracts operations and maintenance (O&M) to a private operator to meet MHCSD contract specifications and State and Federal laws and permit conditions.

The MHCSD's current water supplies are exclusively purchased from the Byron Bethany Irrigation District (BBID). BBID's primary source of supply is the State Water Project (SWP), which diverts surface water from the Sacramento-San Joaquin Delta (Delta). The raw water is provided by BBID through their pump station located along the California Aqueduct. BBID's diversion and pumping facilities pre-date the State Water Project system, and therefore, the BBID possesses a settlement agreement with the SWP recognizing BBID's right to divert. Current total water demand for 2020 of 4,672 Acre Feet (AF), including system losses, is projected to grow to 9,595 AF by buildout expected in 2040.

The wastewater collection and treatment system are managed by the MHCSD's Public Works Department. Operations and maintenance services (O&M) are contracted to a private entity for the wastewater collection and treatment system to meet MHCSD contract specifications, State and Federal laws, and permits conditions. The wastewater O&M contract was originally approved by the MHCSD Board of Directors in May 2008, but has since been renewed, including an extension in 2020 through 2024. The wastewater treatment plant (WWTP) and additional lift stations and collection lines will be constructed by developers as needed to connect the trunk sewer lines as new development comes online.

The Mountain House storm water collection system is a gravity system consisting of street inlets, carbon filters located at the inlets, water quality storage ponds and treatment basins, an engineered Mountain House Creek (for further treatment), culverts, inlets, and approximately 78 miles of lines. The storm water collection system has been designed for buildout through its various master infrastructure plans.

Financial Ability to Provide Service

Operating Services have five principal sources of funding. Utility Services are funded through user fees. General government services such as public safety, parks and recreation, and road maintenance are funded through a combination of Parcel Taxes designated for particular services, property taxes, and franchise and permit fees from the gas and electric and other utility type providers and the refuse collection provider. Services to oversee developer construction of infrastructure are funded entirely through charges to the developers.

Gas Tax, Motor Vehicle in lieu taxes and Sales Taxes are unavailable to the CSD and retained by the County to provide a source of funding for county land use, law enforcement, social and health services available to Mountain House residents.

Four special taxes by parcel exist in Mountain House - one of the primary funding mechanisms to adequately fund services and to ensure that the Master Plan community of Mountain House is not a financial burden to existing San Joaquin County residents.

The document has been transmitted to the surrounding jurisdictions and fire protection districts. LAFCo has not yet received any comments.

Attached for Commission's consideration are two separate resolutions.

Attachments: Resolution No. 1490
Resolution No. 1491
Draft Municipal Service Review and Sphere of Influence Update dated June 8,
2022

MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN FOR THE MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

PUBLIC HEARING
SEPTEMBER 8, 2022

MUNICIPAL SERVICE REVIEW

- The MSR is a comprehensive review of the agency's ability to provide services
- The MSR evaluates the provision of services and recommend actions, when necessary, to promote the efficient provision of services
- A MSR must be prepared in conjunction with an update to a Sphere of Influence
- CKH requires the Commission to make written determinations for the MSR and SOI
- Commission has set policies and guidelines for MSRs and SOIs

DETERMINATIONS

Municipal Service Review

Written determinations must be made with respect to the following:

- Growth and Population
- Location of Disadvantage Unincorporated Communities
- Present and Planned Capacity of Public Facilities
- Financial Ability to Provide Services
- Status and Opportunities of Shared Facilities
- Accountability and Governmental Structure

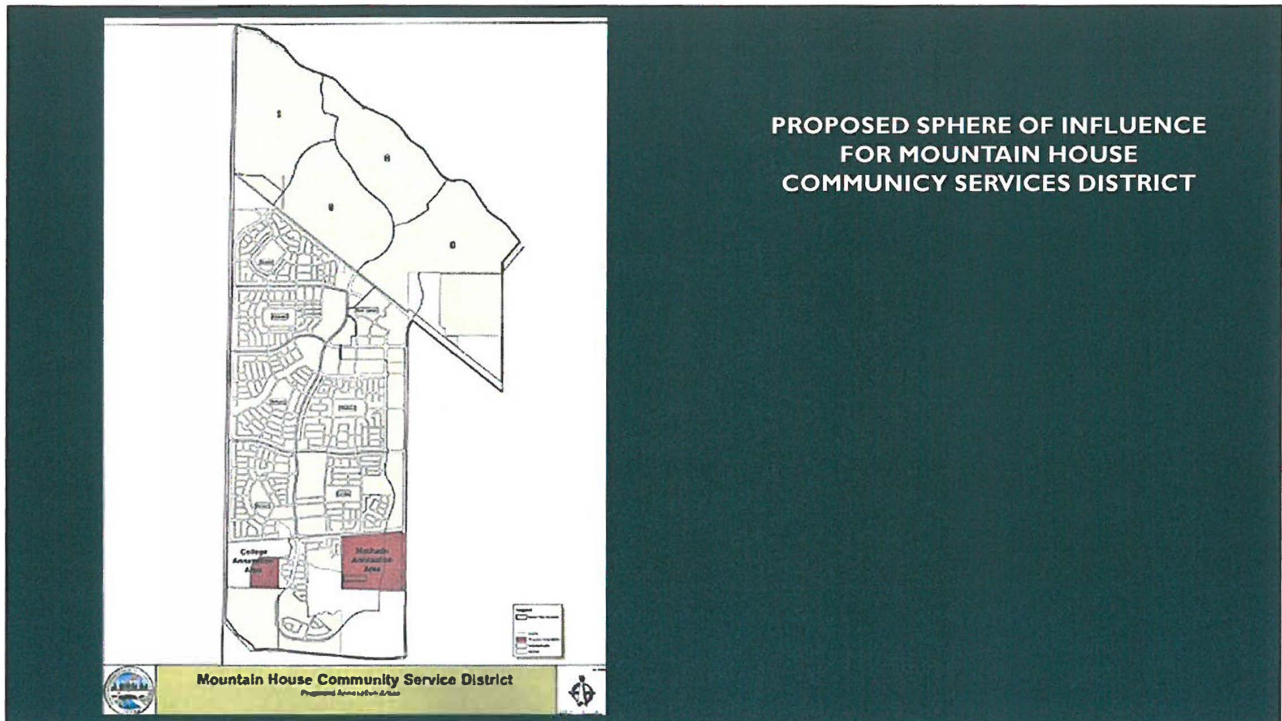
Sphere of Influence

Written determinations must be made with respect to the following:

- Present and Planned Land Uses
- Present and Probable Need for Public Facilities
- Adequacy of Public Services
- Existence of any Social and Economic Communities of Interest
- Present and Probable Need for Public Facilities in Disadvantaged Unincorporated Communities within the SOI

BACKGROUND

- MSR/SOI last updated in 2017
- The 1994 Master Plan for Mountain House identified the SOI boundary to coincide with the ultimate MHCSO community “buildout” boundary
- SOI boundary covers an area of 4,784 acres (7.5 square miles)
- MHCSO has submitted an application to LAFCo for incorporation
- An update to the MSR will allow MHCSO to process annexations prior to consideration of their request for incorporation



MSR OVERVIEW

GROWTH AND POPULATION PROJECTIONS

- State Department of Finance estimates the population of MHCSD on January 2021 at 25,673, up from 24,499 in 2020
- Persons per household is 3.81, up from 3.04 as reported in 2006
- Average density is expected to decline
- Recent data indicate that 6,931 existing units (as of 12/27/21) will increase by 8,484 future units to total 15,415 units by buildout and a buildout population of 39,062

MSR REVIEW

DISADVANTAGE UNINCORPORATED COMMUNITIES

- State Department of Water Resource's Disadvantaged Communities mapping reports no disadvantage unincorporated communities within the SOI

FIRE PROTECTION

- Fire and Emergency Medical Services are provided by contract with the French Camp-McKinley Fire District since 2015
- Fire response time to all calls is 6 minutes and 32 seconds
- Response time for 90% of all calls is 9 minutes and 30 seconds or less

MSR OVERVIEW

POLICE PROTECTION LAW ENFORCEMENT

- Law enforcement is provided by contract with the County Sheriff's Office
- A law enforcement headquarters building is planned for construction adjacent to the Town Center
- Timing of construction is dependent on law enforcement and community needs
- All traffic related matters is the responsibility of the California Highway Patrol (CHP)
- MHCSO contracts with CHP for supplemental services

MSR OVERVIEW

WATER SUPPLY AND TREATMENT

- All water supply infrastructure is designed for ultimate buildout of MHCS D
- MHCS D owns the water treatment plant and contracts for operations and maintenance
- Water supplies are purchased from Byron Bethany Irrigation District

WASTEWATER COLLECTION AND TREATMENT

- MHCS D Public Works Department manage the wastewater collection and treatment system
- Operations and maintenance is contracted to a private entity
- Additional stations and collection lines will be constructed by developers as new development comes online

MSR OVERVIEW

STORM WATER

- MHCS D's storm water collection is a gravity system
- The system has been designed for buildout

FINANCIAL ABILITY TO PROVIDE SERVICE

- General government services are funded through a combination of parcel taxes, property taxes, and franchise and permit fees
- Four special taxes by parcel exist to ensure that the Master Plan community is not a financial burden to existing County residents



RECOMMENDATION

The MSR has been transmitted to surrounding jurisdictions and fire protection districts. No comments have been received to date.

It is recommended that the Commission approve the Final Municipal Service Review and Interim Sphere of Influence for the Mountain House Community Services District.

Resolution No. 1490

**Before the San Joaquin Local Agency Formation Commission
Approving the Mountain House Community Service District Municipal Service
Review**

WHEREAS, Section 56430 of the Government Code requires the Commission to conduct a service review of the municipal services provided in the county or other appropriate area designated by the Commission; and

WHEREAS, the Commission must prepare a written statement of its determinations with respect to six specific topics; and

WHEREAS, the Commission held a public hearing on the proposed Municipal Service Review on September 8, 2022 in the Board of Supervisors Chambers, 44 North San Joaquin Street, Stockton, California, pursuant to notice of hearing which was posted, and published in accordance with State Law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the Municipal Service Review, and all persons present were given an opportunity to be heard; and

WHEREAS, this Commission has duly considered the Mountain House Community Service District Municipal Service Review dated June 8, 2022; and

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Certifies that the proposal is found to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CEQA Guidelines.

Section 2. The determinations required by Section 56430 of the Government Code have been made within the final Municipal Service Review dated June 8, 2022 and are incorporated herein by reference.

Section 3. The Mountain House Community Service District Municipal Service Review is hereby approved.

Section 4. The Executive Officer is hereby authorized and directed to distribute copies of the adopted Municipal Service Review and this Resolution to affected agencies and interested parties.

PASSED AND ADOPTED this 8th day of September 2022 by the following roll call votes:

AYES:

NOES:

DAVID BREITENBUCHER, Chairman
San Joaquin Local Agency
Formation Commission

Resolution No. 1491

**Before the San Joaquin Local Agency Formation Commission
Approving the Mountain House Community Service District Sphere of Influence
Update**

WHEREAS, Section 56425 of the Government Code requires the Commission to review and update each Sphere of Influence every five years; and

WHEREAS, Section 56076 of the Government Code provides that “Sphere of Influence” means a plan for the probable physical boundaries and service area of a local governmental agency; and

WHEREAS, the Commission must prepare written statements of its determinations with respect to five specific factors; and

WHEREAS, a Municipal Service Review in compliance with Section 56430 of the Government Code has been prepared in conjunction with this Sphere of Influence Update; and

WHEREAS, the Commission held a public hearing on the Sphere of Influence Update on September 8, 2022 in the Board of Supervisors Chamber, 44 North San Joaquin Street, 6th Floor, Stockton California, pursuant to notice of hearing which was posted and published in accordance with State Law; and

WHEREAS, at said hearing the Commission heard and received evidence, both oral and written regarding the Sphere of Influence update, and all persons present were given an opportunity to be heard; and

WHEREAS, this Commission has duly considered the Mountain House Community Service District Sphere of Influence Update; and

NOW, THEREFORE, the San Joaquin Local Agency Formation Commission DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

Section 1. Certifies that the proposal is found to be exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CEQA Guidelines.

Section 2. The determinations required by Section 56428 of the Government Code have been made and are within the Sphere of Influence Update and are incorporated herein by reference.

Section 3. The Mountain House Community Service District Sphere of Influence Update is hereby approved and is depicted in Exhibit A, attached.

Section 4. The Executive Officer is hereby authorized and directed to distribute copies of the adopted Sphere of Influence Update and this resolution to affected agencies and interested parties.

PASSED AND ADOPTED this 8th day of September 2022 by the following roll call votes:

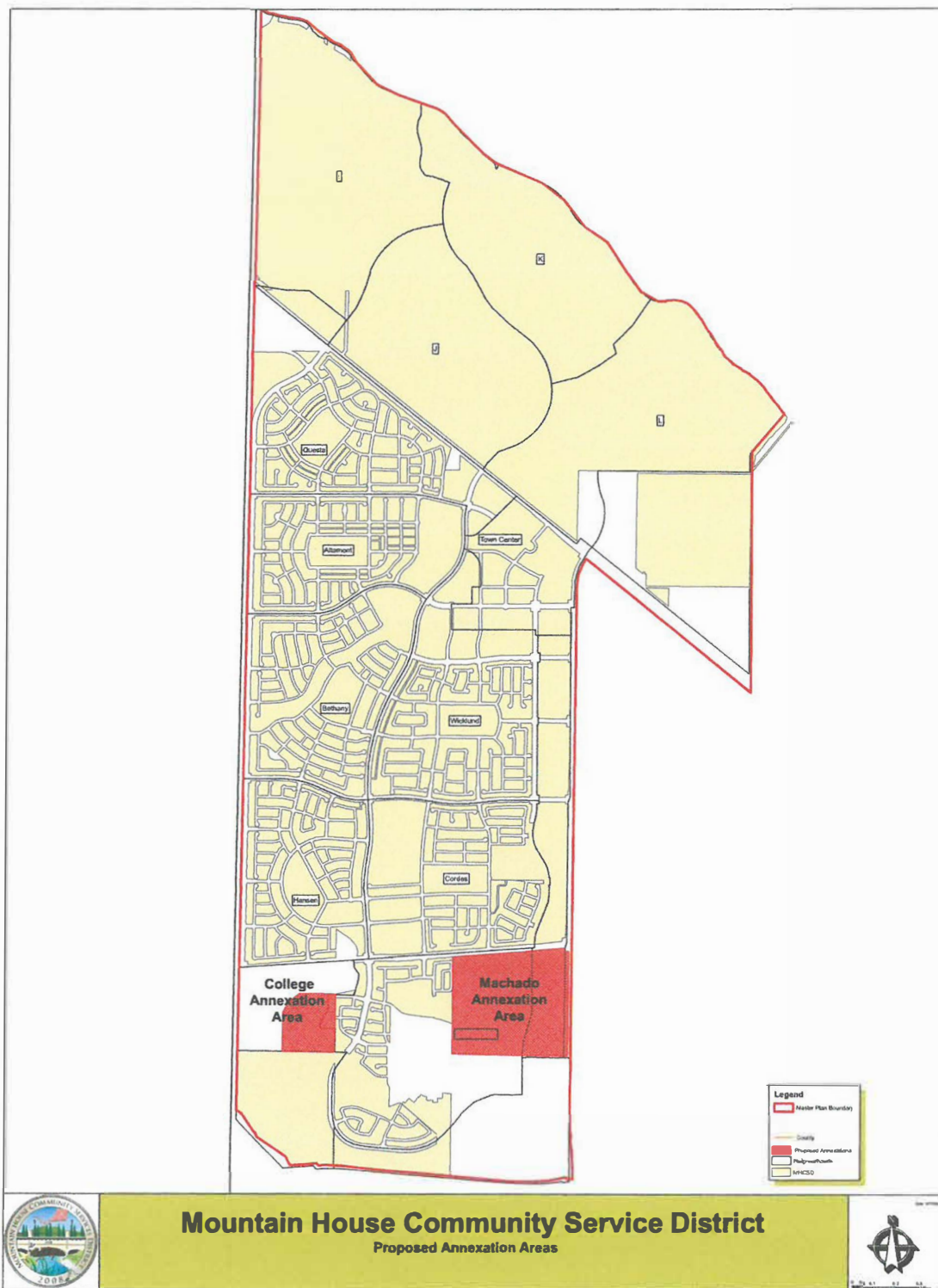
AYES:

NOES:

DAVID BREITENBUCHER, Chair
San Joaquin Local Agency
Formation Commission

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN 2022 UPDATE
JUNE 8, 2022

Map III-2 MHCSO and Remaining Annexation Areas within Master Plan





Mountain House Community Services District

Municipal Service Review and Sphere of Influence Plan 2022 Update

Prepared by MHCSD for
San Joaquin LAFCO

June 8, 2022

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I. EXECUTIVE SUMMARY

California has established a Local Agency Formation Commission (LAFCO) for every county. LAFCO's purposes include discouraging urban sprawl and encouraging the orderly formation and development of local agencies and districts.

LAFCOs have numerous powers, but those of primary concern are the power to act on local agency and district boundary changes and to adopt spheres of influence. The "Sphere of Influence" (SOI) means a plan for the probable physical boundaries and service area of a local agency, as determined by the LAFCO commission.¹

The 2022 Municipal Services Review (MSR) and Sphere of Influence (SOI) update has been prepared for the San Joaquin Local Agency Formation Commission in order to comply with the 2000 Cortese-Knox-Hertzberg Act (Act). The Act requires that an MSR be prepared prior to or concurrent with an update of a SOI. Moreover, this 2022 updated MSR and SOI will be used by the San Joaquin LAFCO when reviewing amendments and annexations of immediate and surrounding lands into the Mountain House Community Services District's (MHCS D's) SOI and require adequate public services and facilities. The MSR reviews the MHCS D's ability to provide services to residents and businesses within its existing boundaries and for future annexed areas. The 2022 MSR updates the MSR adopted by LAFCO in 2017.²

State law and LAFCO Policies and Procedures for Spheres of Influence, Service Reviews, and Annexations require this Municipal Service Review (MSR) to make written determinations with regard to the ability of an agency to provide services:³

- (1) Growth and population projections for the affected area
- (2) The location and characteristics of any disadvantaged unincorporated communities within and 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

¹ Gov't Code 56076.

² Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

³ Gov't Code Sec. 56430(a).

This 2022 MSR updates the 2017 MSR prepared for MHCS D.⁴ The MSR addresses the current sphere of influence and each of these municipal service determinations in a separate chapter.

A. DETERMINATIONS REGARDING SPHERE OF INFLUENCE BOUNDARIES

The MHCS D SOI covers an area of 4,784 acres or approximately 7.5 square miles. The 1994 adopted Master Plan for Mountain House identified the Sphere of Influence boundary to coincide with the ultimate MHCS D community "buildout" boundaries.

The MHCS D SOI was established when the original boundaries of the Mountain House Master Plan area were adopted by the County Board of Supervisors. The intention of the requirements and policies in the Master Plan is that these boundaries not change so that planned public facilities, services, and the financing plan continue adequately to meet the needs of the current and future populations of the Mountain House Community. The following determinations are each consistent with the original plans for Mountain House and affirm the MHCS D's ability to provide adequate services to existing and future populations within the SOI boundaries.

Additional information and detail supporting these SOI determinations can be found in **Chapter III. Sphere of Influence Plan** and in the MSR determinations that follow beginning with **Chapter IV.**

1. Present and Planned Land Use within the Current Sphere of Influence

Present and planned land uses are consistent with the adopted Master Plan and SOI boundaries. The MHCS D Master Plan includes goals, policies, and implementation programs that address growth, development, and conservation of open space. The present and planned land uses are appropriate for serving existing and future residents of Mountain House within the SOI boundaries. The Master Plan provides for a range of residential densities, commercial and industrial uses, open space and public facilities designed to adequately serve the community and to provide a diverse mix of uses supporting a vibrant and economically vital community. Infrastructure and facilities are planned and sized appropriately to serve the current and planned buildout.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.⁵ Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.⁶ MHCS D anticipates about 2.3 million of commercial and industrial uses remain to be developed.⁷

⁴ Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

⁵ Correspondence with MHCS D received May 6, 2022.

⁶ MHCS D, as of March 31, 2022.

⁷ Correspondence with MHCS D received April 7, 2022, file: "Projected Projects.xlsx".

2. Present and Probable Need for Public Facilities and Services

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan.

Master Plan policies, including financing mechanisms, are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The determinations included in this MSR beginning with **Chapter IV** demonstrate that public facilities and services are adequate to meet the needs of the current population, are being improved over time, and specific timeframes and triggers have been established to meet the public facility and public service needs of future populations.

4. Existence of Social and Economic Communities of Interest

No change in the Mountain House Sphere of Influence is being proposed. Thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

B. Municipal Services Review Determinations Regarding the MHCS D's Ability to Provide Services

Determination #1: Growth and Population Projections

The Mountain House Master Plan and Specific Plans provide the basis for development of the community. Together, these plans detail the approved land uses and project the population in the land uses that will need the services provided by the MHCS D.

As shown in **Table IV-1**, the current population of 25,673 as of January 1, 2021, is projected to continue to grow. According to the Master Plan, the buildout population is projected to be approximately 39,000. The updated projected buildout year is year 2040.

Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.⁸

Facilities, services and infrastructure described in Chapter VI are adequate to meet the needs of the projected buildout population of the Master Plan and Sphere of Influence area.

Determination #2: Disadvantaged Unincorporated Communities

According to the Department of Water Resource's Disadvantaged Communities mapping instrument,⁹ there are no communities within or contiguous to the City's SOI that meet the definition of a disadvantaged unincorporated community.

Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

⁸ MHCS D, as of March 31, 2022.

⁹ DAC Mapping Tool, <https://gis.water.ca.gov/app/dacs/>

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan. MHCS D track and forecasts the timing and amount of new development to anticipate and plan for needed public facilities and infrastructure; the District continually updates its long-term plans and its 5-Year Capital Improvement Program.

Master Plan policies and plans are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

Determination #4: Financial Ability of the Agency to Provide Service

Revenue from the current fee and tax structure is adequate to fund the projected level of services needed at buildout of the community, except utility rate charges for water and wastewater operations and maintenance costs. As stated previously, ongoing rate analysis for water and wastewater operations and maintenance enterprise funds is conducted to eliminate General Fund subsidies for utilities. All property owners and residents will pay their fair proportionate share toward the provision of services based on the fee and tax structure adopted by the MHCS D Board of Directors.

A financing plan was developed that projected the costs of providing an urban level of service to the Master Plan area at buildout of the community and established financing mechanisms sufficient to fund needed facilities. Details regarding the level of services are contained in the Master Plan and subsequent supporting documents approved by the County. Sufficient funds are currently available to meet the needs of the present population and are projected to be sufficient to meet the needs of the population at buildout. The sufficiency of funding has been reviewed by the County each time it has approved a Specific Plan.

The MHCS D receives funds from utility user service charges, property and special parcel taxes, franchise and permit fees, and developer reimbursement of MHCS D costs in support of developer construction of infrastructure and planning activities. As land within the Master Plan and Sphere of Influence area are annexed to the MHCS D, the tax and fee structure of the District will apply equally to the newly annexed territory.

The expanded tax base that results from new development will provide funding for these facilities and services. Development fees collected when building permits are issued are used to pay back developers for constructing community facilities, while utility debt service fees collected as part of the monthly utility bill are used to pay back the Master Developer for design and construction of the state-of-the-art water, wastewater and storm water treatment systems. Development and connection fees will fund capital costs with user charges funding

operating and maintenance (O&M) expenses. Current O&M rates are under review by the MHCS D to ensure revenues cover O&M expenses.

Determination #5: Status of, and Opportunities for, Shared Services

The MHCS D has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including appropriately noticed and managed Board meetings, the Master Plan and Specific Plans, financial planning and audits, strategic planning, capital improvement plans, pavement management plans, annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, urban water management plan, as well as fire protection and law enforcement services. The financial department is now preparing non-mandated, but appropriate, Comprehensive Annual Financial Report (CAFR) as a tool to provide high level financial integrity in the District's systems. Through these processes the MHCS D will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

The present governance structure of the MHCS D changed to that of an independent district in December 2008. The establishment of a voter-approved MHCS D resulted with the seating of a newly elected Board of Directors. The Board of Directors make the final decisions concerning fee structures and provisions of service subject to state law. The MHCS D Board of Directors reviews its fee structures for fire protection and emergency medical, water, sewer, and storm drainage on a nearly continual basis, but no less than once every five years. MHCS D Master Plan and other documents have numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth; the documents are publicly reviewed and posted to assure transparency.

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable while increasing and improving local services and facilities provided to the community.¹⁰

Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District staff implement large infrastructure projects and establish new services for the growing community. MHCS D staff continues to seek approval and direction from the Board in prioritizing goals and

¹⁰ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

objectives to assess service levels, appropriate staff levels for the needed services, and to monitor the effectiveness of service delivery.

The MHCS D's use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection and emergency medical, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D's foresight to plan and provide for future service needs as MHCS D boundaries expand due to annexations and population increases.

II. INTRODUCTION

In accordance with the 2000 Cortese-Knox-Hertzberg Act, the San Joaquin County Local Agency Formation Commission (LAFCO) is required to prepare a Municipal Services Review (MSR) for the Mountain House Community Services District (MHCS D) prior to establishing or updating the MHCS D sphere of influence (SOI). This MSR has been prepared by the District for LAFCO to reconfirm the existing sphere of influence and to make determinations regarding the MHCS D's ability to provide services.

State law and LAFCO Policies and Procedures for Spheres of Influence, Service Reviews, and Annexations require this Municipal Service Review (MSR) to the following written determinations with regard to the ability of an agency to provide services:¹¹

- (1) Growth and population projections for the affected area
- (2) The location and characteristics of any disadvantaged unincorporated communities within and 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 2022 MSR updates the 2017 MSR.¹² The MSR addresses the current sphere of influence and each of these municipal service determinations in a separate chapter.

This MSR is exempt from the California Environmental Quality Act because it is an information document that is intended only to be used in the consideration of future actions that have not been approved or funded. LAFCO will prepare a notice of exemption as part of the process of reviewing this MSR.

¹¹ Gov't Code Sec. 56430(a).

¹² Municipal Service Review and Sphere of Influence Plan, January 12, 2017, Final.

III. SPHERE OF INFLUENCE PLAN

The California Government Code defines a Sphere of Influence (SOI) as a "plan for the probable physical boundaries and service area of a local agency, as determined by the commission."¹³ It is an area within which a city or district may expand through the annexation process.

The SOI is a planning tool and the establishment of a SOI or the inclusion of property within a SOI of an existing governmental entity does not automatically mean that the area is being proposed for annexation and development at this time. LAFCO is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the MHCSO and in the SOI. The information in this MSR supports the MHCSO current boundaries to expand via annexation to buildout of the master plan community, which coincides with the existing SOI.

This chapter describes the MHCSO SOI Plan and analyzes the District's ability to serve both the current residents and the projected buildout population within the SOI boundaries. Analysis is provided that will permit LAFCO to make determinations for the following factors required to be considered:¹⁴

- Present and planned land uses in the area, including agricultural and open-space lands.
- Present and probable need for public facilities and services in the area.
- Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- Existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- Present and probable need for those public facilities and services¹⁵ of any disadvantaged unincorporated communities within the existing sphere of influence.

LAFCO's guidelines for determining spheres of influence (SOI)¹⁶ provide that territory that is currently receiving services from the MHCSO, or is projected to need services from the MHCSO, within a 30 year timeframe may be considered for inclusion within the MHCSO SOI. LAFCO requires that "Sphere Horizons," or planning increments, should depict the District's logical boundaries at a time period between 5 and 10 years and up to a 30-year time period. The territory must be consistent with the General Plan Land Use element. The adopted SOI must also consider the County general plans, and policies for growth management, annexation, resource management and any other relevant policies, unless the plans or policies conflict with

¹³ Gov. Code Sec. 56076.

¹⁴ Gov. Code Sec. 56425(e).

¹⁵ Per Gov. Code Sec. 56425(e)(5) which applies to an SOI update of a "...special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012.

¹⁶ San Joaquin LAFCO Policies and Procedures for Spheres of Influence, rev. Dec. 14, 2012.

the legislative intent of the Cortese-Knox-Hertzberg Act.¹⁷ LAFCO Policies and Procedures make it clear that LAFCO's preference is for sphere of influence proposals that are based on general plan policies for implementing ordinances and programs that address smart growth principles, infill and redevelopment strategies, mixed use and increased densities, job development centers, community buffers, and conservation of habitat, agricultural land, and open space.

The SOI determinations are based on this updated 2022 MSR and the MSR determinations described in subsequent chapters.

A. SPHERE OF INFLUENCE BOUNDARIES

The MHCS D was created by the County of San Joaquin to provide services within the boundaries of the master planned Mountain House community. A General Plan and three Specific Plans have been adopted that encompass the entirety of the 4,784-acre territory (approximately 7.5 square miles) intended to be the maximum geographic extent of growth for MHCS D. **Map III-1** shows the Master Plan's land use designations and Master Plan boundaries, which are the same as the established boundaries of the MHCS D Sphere of Influence. This MSR is only intended to provide LAFCO with the information and determinations to reaffirm the existing Sphere of Influence for the MHCS D.

1. Present and Planned Land Uses

As shown in **Map III-1**, the Mountain House Master Plan provides for a range of land uses including residential, commercial, mixed use, industrial, open space, and public (schools, transit, and utilities). **Exhibit I** includes the Master Plan Land Use Summary showing total planned buildout by land use. Buildout land use includes approximately 2,486 acres of residential, 501 acres of commercial, 382 acres of industrial, 524 acres of open space, and 423 acres of public/school land use.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.¹⁸ Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.¹⁹ MHCS D anticipates about 2.3 million of commercial and industrial uses remain to be developed.²⁰

Not all of the area within the Master Plan and Sphere of Influence has been annexed to the District, although Specific Plans have been adopted for the entire area. **Map III-2** shows the current boundaries of MHCS D and the portions of the Master Plan area that have not been annexed. The non-MHCS D property in **Map III-2** is expected to be annexed when the property owners complete their infrastructure design and are ready for construction. These annexations

¹⁷ Gov. Code Sec. 56000 et seq.

¹⁸ Correspondence with MHCS D received May 6, 2022.

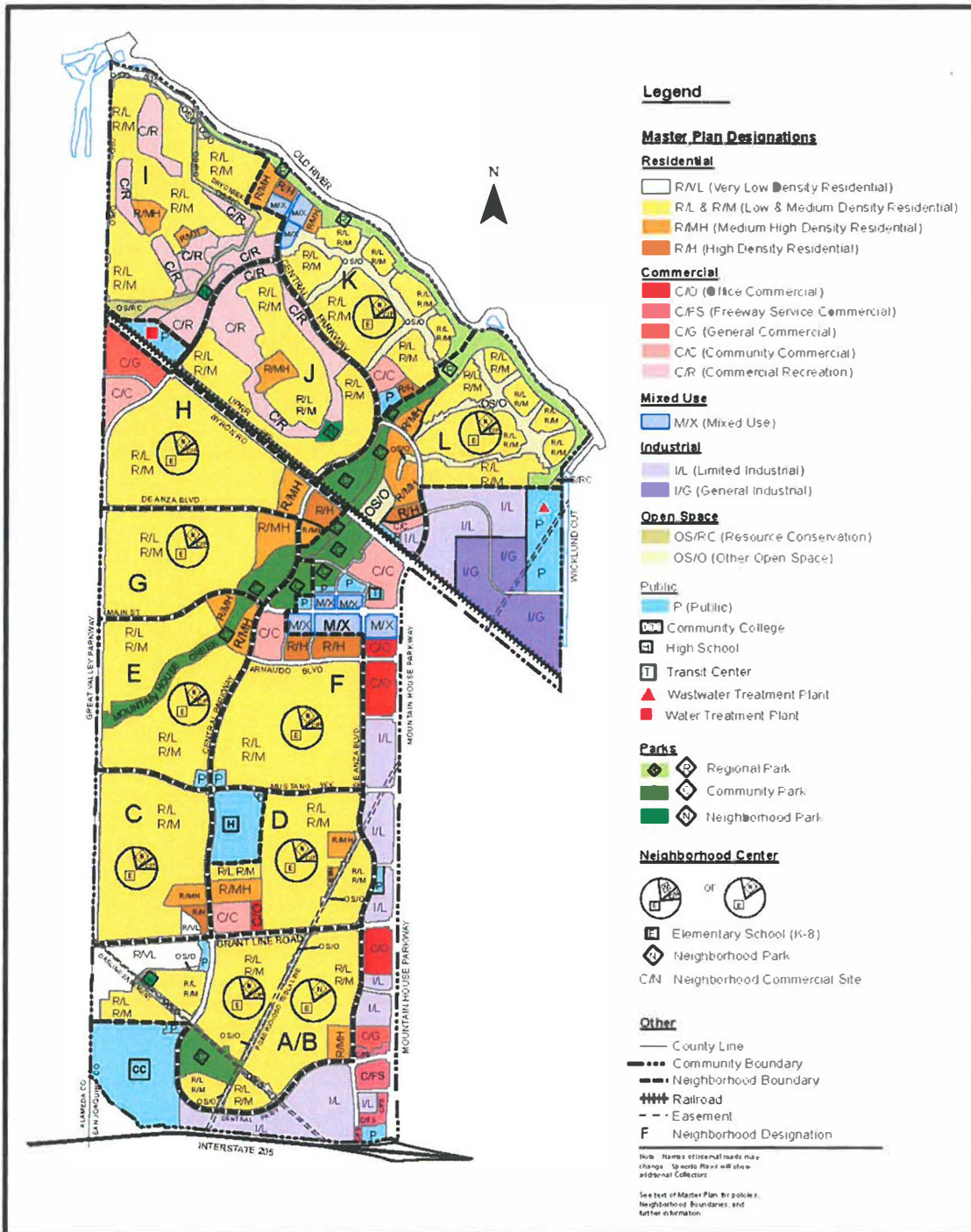
¹⁹ MHCS D, as of March 31, 2022.

²⁰ Correspondence with MHCS D received April 7, 2022, file: "Projected Projects.xlsx".

are anticipated in the Master Plan and all of the associated public facility and public financing plans for Mountain House.

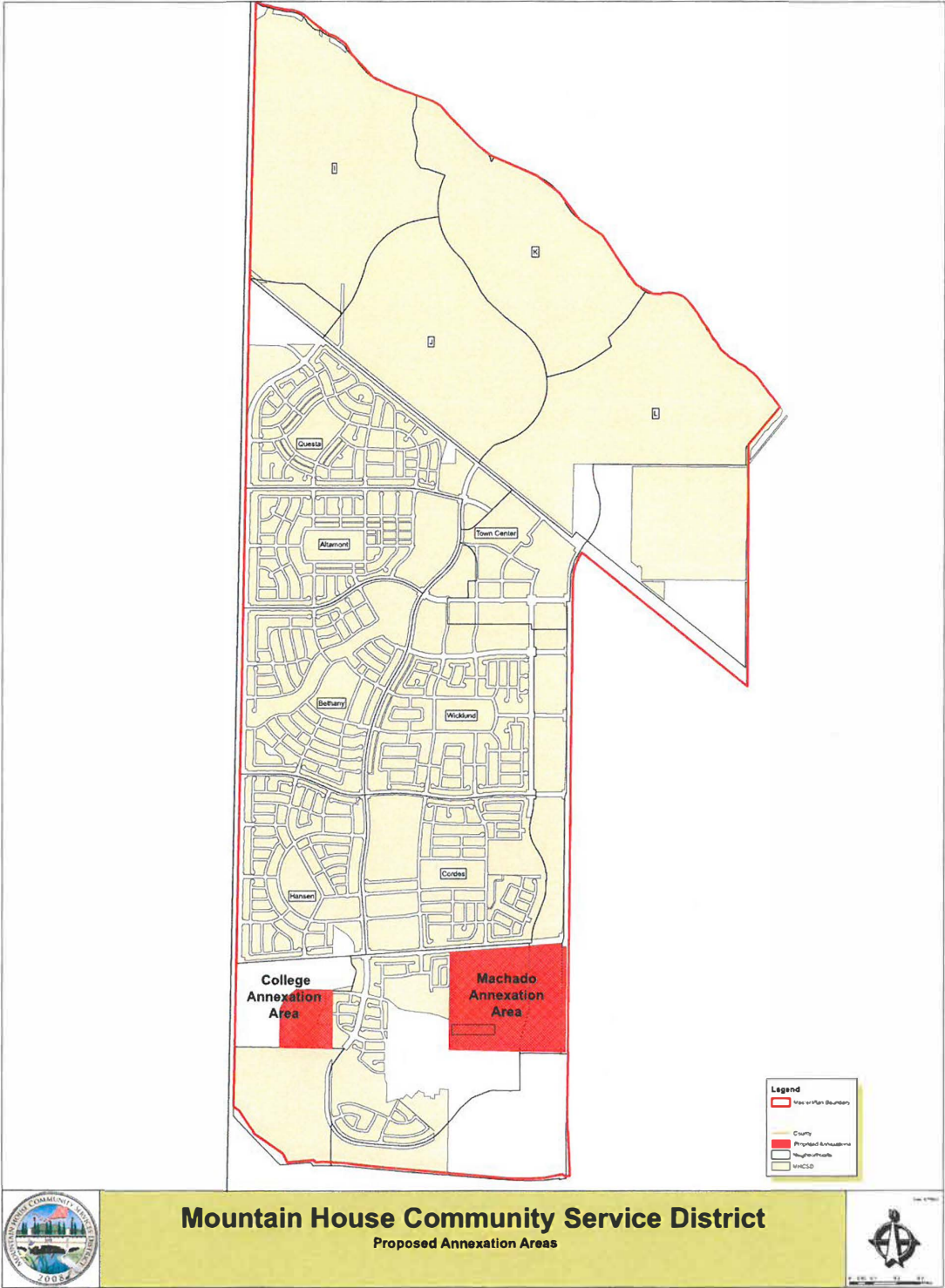
Map III-2 also shows two proposed projects requiring annexation to MHCSD. The proposed projects include a 34.17 acre parcel, the “College Annexation Area” (more specifically referred to as College Park - Q & N) and a 141.28 acre parcel, the “Machado Annexation Area” (more specifically referred to as Machado - P). The Machado project has an existing Tentative Map approval. The Machado application also includes Specific Plan amendments to convert a school site to residential and a Tentative Map on that site as well as swapping certain locations of Office Commercial and Limited Industrial designations.

Map III-1 Mountain House Master Plan Land Uses



Revised April 2004, February & November 2005, December 2006, September 2007, November 2017, April & November 2019

Map III-2 MHCSD and Remaining Annexation Areas within Master Plan



B. PROJECTED POPULATION WITHIN THE SPHERE OF INFLUENCE

As described under Determination #1, recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout²¹ and a buildout population of 39,062.

C. DETERMINATIONS

MHCSD is not requesting, nor does it intend to change the current sphere of influence boundary. Therefore, the determinations in the following sections describe the continuing ability of the MHCSD to provide services adequate to meet the needs of both the current population within the Mountain House Master Plan and Sphere of Influence boundaries as well as the projected population at buildout of the Master Plan area.

1. Present and Planned Land Use within the Current Sphere of Influence

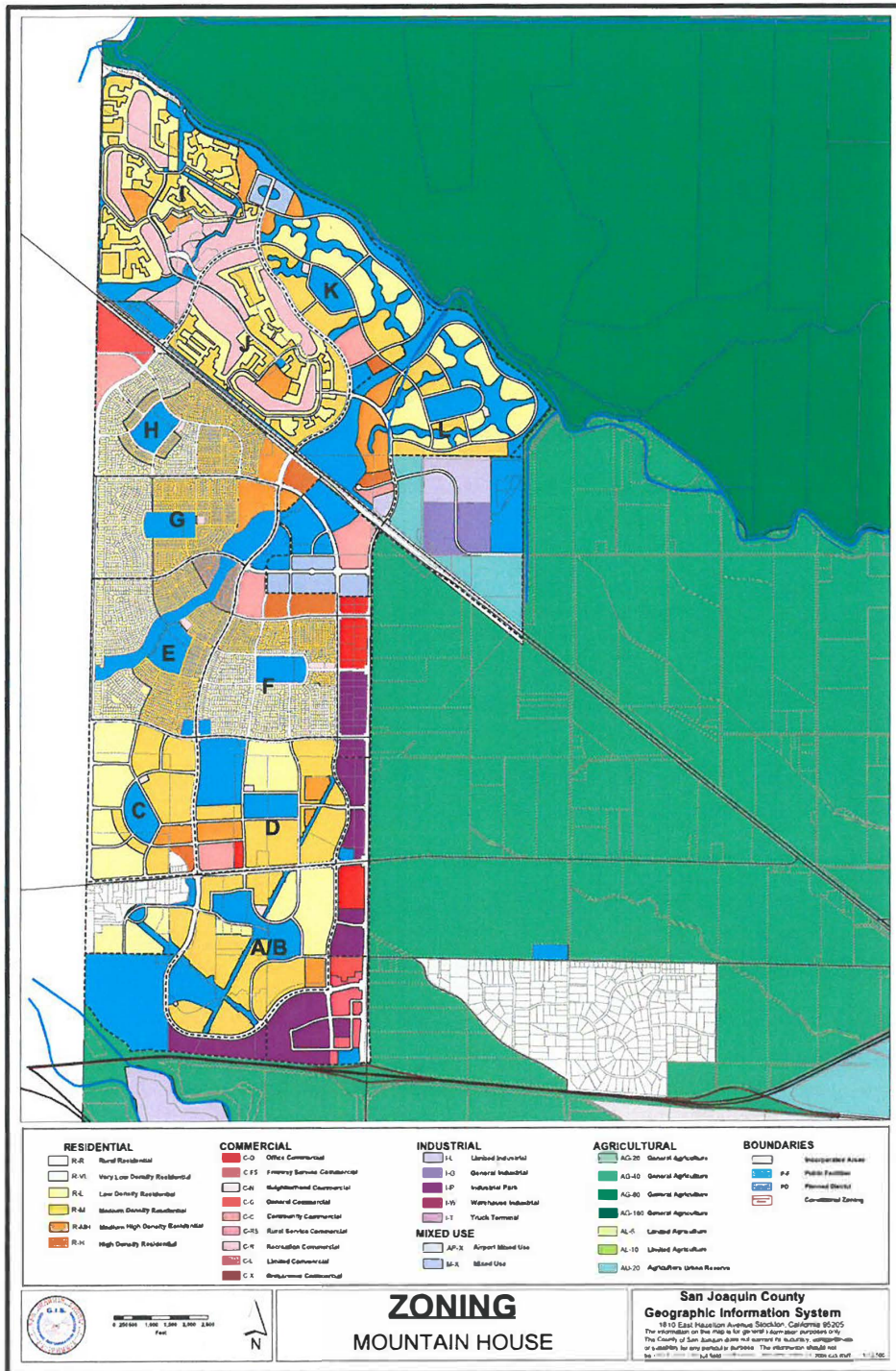
The Mountain House Master Plan and Specific Plan I were adopted by the San Joaquin County Board of Supervisors on November 10, 1994, Specific Plan II adopted on February 8, 2005, and Specific Plan III adopted on November 22, 2005. The total Master Plan area is 4,784 acres. Presently approved land uses are reflected on **Map III-3**. The land uses reflect a mix of Low- to High-Density residential, commercial and industrial uses to provide job opportunities for those that want to work in the community, and to provide housing that is affordable to those working residents. Open space and recreational facilities have been provided in the Master Plan, with their implementation provided in greater detail in the Specific Plans. Fiscal policies to ensure the implementation of community amenities are provided in the Mountain House Public Financing Plan (PFP) and the Master Acquisition and Reimbursement Agreements (MARA) with each developer. A buffer around the community is provided by policies of San Joaquin County as well as sizing the infrastructure to serve only the geographic area and population within the sphere of influence/master plan area.

Present and planned land uses as specified in the Master Plan, SOI, and Specific Plans (Plans) are appropriate for serving existing and future residents of the Mountain House community. Together, these Plans are consistent with land use goals, policies, and objectives contained in the existing and current draft San Joaquin County General Plans. All of these plans include goals, policies, and implementing programs that address growth, development, and conservation of open space. Present and planned land uses as specified in the Master Plan include Very Low Density Residential, Low Density Residential, Medium Density Residential, Medium-High Density Residential, High Density Residential, Neighborhood Commercial, Community Commercial, General Commercial, Freeway Service Commercial, Mixed Use, Office Commercial, Recreation Commercial, Limited Industrial, General Industrial, Industrial Park,

²¹ MHCSD, as of March 31, 2022.

Open Space/Resource Conservation, Open Space/Other, Public Facilities, Neighborhood Park, Community Park, and Regional Park.

Map III-3 Presently Approved Land Uses



The 2035 San Joaquin County General Plan Land Use Map remains unchanged for Mountain House from what is shown in the current County General Plan 2010. The updated 2035 General Plan is also carrying forward all the current policies from the 2010 General Plan regarding Mountain House to the General Plan 2035. No new policies or map updates are being added. Open space and recreational facilities have been provided in the Master Plan, with their implementation provided in greater detail in the Specific Plans. Fiscal policies to ensure the implementation of community amenities are provided in the Mountain House Public Financing Plan (PFP) and the Master Acquisition and Reimbursement Agreements (MARA) with each developer. A buffer around the community is provided by policies of San Joaquin County as well as sizing the infrastructure to serve only the geographic area and population within the sphere of influence/master plan area.

Currently, approximately 2,000 acres, or about 45 percent of Mountain House Master Plan acreage is developed.²² Present population of 25,673 represents about two-thirds of projected buildout population anticipated by 2040; recent data indicate 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.²³ MHCS D anticipates about 2.3 million of commercial and industrial uses remain to be developed.²⁴

The 2035 San Joaquin County General Plan Land Use Map remains unchanged for Mountain House from what is shown in the current County General Plan 2010. The updated 2035 General Plan is also carrying forward all the current policies from the 2010 General Plan regarding Mountain House to the General Plan 2035. No new policies or map updates are being added.

2. Present and Probable Need for Public Facilities and Services

The ability of the MHCS D to provide services is presented in this MSR with an analysis that shows MHCS D's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

The MHCS D entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCS D provides services under its eighteen legal powers as defined in the California government code establishing the MHCS D for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be

²² Correspondence with MHCS D received May 6, 2022.

²³ MHCS D, as of March 31, 2022.

²⁴ Correspondence with MHCS D received April 7, 2022, file: "Projected Projects.xlsx".

continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan.

Master Plan policies, including financing mechanisms, are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter III**.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The determinations included in this MSR beginning with **Chapter IV** demonstrate that public facilities and services are adequate to meet the needs of the current population, are being improved over time, and specific timeframes and triggers have been established to meet the public facility and public service needs of future populations.

4. Existence of Social and Economic Communities of Interest

No change in the Mountain House Sphere of Influence is being proposed. Thus, no adjacent community or population will be impacted any differently than anticipated in the environmental review of the Master Plan and subsequent Specific Plans.

MUNICIPAL SERVICE REVIEW

IV. DETERMINATION #1: GROWTH AND POPULATION PROJECTIONS

This part of the Municipal Services Review provides information on the current and projected population in Mountain House that will create the need for the services discussed in Chapter III.

Occupancy in Mountain House began in 2003 following the conclusion of the 2000 United States federal census, therefore detailed demographic data for the current population were not available until the 2010 census, where records show a population as of April 1, 2010, of 9,675. Estimated current population is based on California Department of Finance estimates. Projections are from the draft Mountain House Urban Water Management Plan (2022).

A. CURRENT POPULATION AND DWELLING UNITS

The most recent 2020 census reports a population of 24,499. The present population of Mountain House is currently estimated by the California Department of Finance to be 25,673 as of January 1, 2021, and the persons per household is 3.812.²⁵

The overall average 3.8 persons per household is higher than the 3.04 persons/unit from a 2006 special census noted in the 2017 MHCSD MSR. The average density is expected to decline as higher density residential units are constructed.

B. PROJECTED POPULATION

Table IV-1 shows current and projected population for Master Plan and Sphere of Influence buildout expected by 2040. Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout²⁶ and a buildout population of 39,062.

The anticipated growth is based on the land uses approved in the most recent Specific Plans and tentative maps and General Plan designations.

²⁵ Cal. Dept. of Finance letter to MHCSD, Sept. 7, 2001.

²⁶ MHCSD, as of March 31, 2022.

Table IV-1 Projected Population²⁷

Population Served	2020	2025	2030	2035	2040	2045(opt)
	24,499	28,140	31,781	35,421	39,062	39,062
<p>NOTES: 2020 population is based on the 2020 Census. Buildout of the Mountain House community is estimated in 2040, and buildout population is based on the MHCSD's 2020 PWSMP. Population is assumed to grow linearly between 2020 and 2040 and remain flat between 2040 and 2045.</p>						

C. DETERMINATIONS

The Mountain House Master Plan and Specific Plans provide the basis for development of the community. Together, these plans detail the approved land uses and project the population in the land uses that will need the services provided by the MHCSD.

As shown in **Table IV-1**, the current population of 25,673 as of January 1, 2021, is projected to continue to grow. According to the Master Plan, the buildout population is projected to be approximately 39,000. The updated projected buildout year is year 2040.

Recent data indicate that 6,931 existing units (as of December 27, 2021, excluding 685 second units) will increase by 8,484 future units to total 15,415 units by buildout.²⁸

Facilities, services and infrastructure described in Chapter VI are adequate to meet the needs of the projected buildout population of the Master Plan and Sphere of Influence area.

²⁷ 2020 Urban Water Management Plan (UWMP), Draft Report November 2021, Prepared for MHCSD by West Yost.

²⁸ MHCSD, as of March 31, 2022.

V. Determination #2: Disadvantaged Unincorporated Communities

According to the Department of Water Resource's Disadvantaged Communities mapping instrument,²⁹ there are no communities within or contiguous to the City's SOI that meet the definition of a disadvantaged unincorporated community.

The State Codes describe a "Disadvantaged unincorporated community"³⁰ to mean inhabited territory,³¹ or as determined by commission policy, that constitutes all or a portion of a "disadvantaged community" as defined by the Water Code.³²

²⁹ DAC Mapping Tool, <https://gis.water.ca.gov/app/dacs/>

³⁰ Gov. Code Sec. 56033.5.

³¹ As defined by Gov. Code Sec. 56046.

³² Water Code Sec. 79505.5.

VI. Determination #3: Present and Planned Capacity of Public Facilities and Adequacy of Public Services, including Infrastructure Needs or Deficiencies

The purpose of this section is to evaluate infrastructure needs and identify potential deficiencies of services provided by the MHCS D, especially as they relate to current and future users. LAFCO is required to make a determination regarding the infrastructure needs, or deficiencies, within the MHCS D and the SOI.

This section of the MSR will address the provision of the following public services, some of which are directly provided by the MHCS D and others which are provided through contracted services:

- Fire Protection and Emergency Medical Services
- Law Enforcement
- Water Supply and Treatment
- Wastewater Collection and Treatment
- Storm Water Collection, Treatment, and Discharge and Flood Protection
- Parks, Schools and Libraries.

In order to approve a change in the SOI and annexation of land into the MHCS D, LAFCO must determine that the necessary infrastructure and public services exist to support the new uses at comparable service levels. The information put forward in this MSR demonstrates support for the MHCS D build-out SOI boundaries.

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES³³

Fire and Emergency Medical Services are managed through a combination of service providers. The Fire and Emergency Medical Services (Fire and EMS) is managed through a contract³⁴ with the French Camp McKinley Fire District (FCMFD), also referred to as the Mountain House Fire Department (MHFD), since September 13, 2015. Prior to this date the contracted fire services were managed through Tracy Rural Fire Protection District (TRFPD - by contract with the City of Tracy through the South County Fire Authority).³⁵ The MHFD holds a public protection classification of "03/3X".³⁶

³³ Response to 4/8/2022 data request, Marty Cornilsen, Fire Chief, French Camp McKinley Fire District.

³⁴ Fire Protection and EMS Agreement Between MHCS D and French Camp McKinley Rural County Fire Protection District, Second Amendment, Aug. 11, 2021.

³⁵ MHCS D 2017 MSR.

³⁶ ISO, January 23, 2017. This means properties located within 5 road miles of municipal water supply were classified as a 3. Properties located within 5 road miles of a fire station were classified as a 3X.

The MHFD is a recognized member of the San Joaquin County Fire Chief's Association and participates in the local and statewide mutual aid system. Automatic aid agreements exist between MHFD and the following organizations: The Defense Logistics Agency (Tracy Depot), Montezuma Fire District, along with additional resources available through the San Joaquin County Mutual Aid system. Currently MHFD and SCFPA have a standing mutual aid response that is activated through the two dispatch agencies. Both organizations are members of the SJC Fire Chiefs Association, and currently attend county training and EMS meetings held within the county. MHFD is open to any correspondence with SCFPA and would participate in any joint meeting or training that would enhance both organizations.

The Emergency Medical Services are provided through a combination of expanded scope Basic Life Support 7 (Expanded Scope BLS provides additional life saving measures beyond BLS) through MHFD with transport provided primarily by American Medical Response (AMR); AMR provides basic life support (BLS), advanced life support (ALS), critical care transport, and neonatal transport. The expanded BLS scope provided by MHFD allows department personnel to administer Epinephrine in severe allergic reaction cases and Naloxone to reverse the effects of opiate (pain killers, narcotics) overdoses. These were formerly only allowed to be given by Paramedic Personnel. MHFD is the first fire department in the County to participate in this program under the San Joaquin EMS Agency.³⁷

The MHD Fire and EMS is staffed through a contract with the FCMFD. FCMFD is considered a combination agency, with Full-Time line staff and Reserve Firefighter personnel. FCMFD employs approximately 29 personnel: 24 full time firefighters working a 48-96, on a three-shift platoon schedule. One full time Fire Chief and one full time Administrative Assistant, working a 40 hour a week schedule. 3 Reserve Fire Fighters that are in a support roll to the paid firefighting staff. Reserve Firefighters have the qualifications to assist in firefighting and driver operating roles as needed by the fire district.

French Camp Station 11-1 is staffed with three personnel one officer, engineer, and firefighter. Mountain House Station 16-1 is staffed with two officers (Captain & Lieutenant} two engineers, and one firefighter. The district responded to approximately 1,900 emergency calls between Mountain House and French Camp (2021). The French Camp McKinley Fire District has several significant life-safety hazards such as the San Joaquin County Jail, San Joaquin County Juvenile Justice Center, Honor Farm, San Joaquin County Sheriff's Office, San Joaquin County General Hospital, and Interstate 5.

Fire & EMS Service Delivery

MHFD operates out of Mountain House Fire Station 1 (aka Station 16-1) at 911 Tradition Ln. Mountain House Station 1 is staffed with 5 personnel daily, with an on-duty officer to oversee major incidents. Station 1 houses two type 1 engines, a ladder truck, and a type 6 wildland apparatus.

³⁷ MHCS 2017 MSR.

Station 16-1 continues to staff five personnel, 24 hours a day, 7 days a week, with an available Duty Officer. They work on a 48-96 hours three platoon system. The shift includes one Captain (Duty Officer) one Lieutenant, two engineers or certified driver operator, and one firefighter. This allows for a 3-person engine company and a two person cross-staffed truck or wildland unit to be always available. MHFD's five fire personnel provide expanded services to the Mountain House community beyond traditional Fire & EMS duties that include the following: assistance in emergency preparedness to include the MHCSD's Emergency Operation Plan and Emergency Operations Center, Incident Action Plans, Community Emergency Response Team, education in the classrooms from K-12, and participation in community events such as National Night Out, Music in the Park, 4th of July, Bike Rodeo, Farmers Market, Veterans Day, and Santa's Parade and Tree Lighting.

Training

The Department's Fire and EMS training officers are assigned to two of the current shift captains. The training captains are responsible for the delivery of all fire and EMS programs, through both cognitive and psychomotor skills. Staff training consists of fire operations, including live fire training, technical rescue, special operation, auto extrication, Hazmat First Responder Operations (FRO) and Decontamination (Decon), professional development courses, prevention courses, EMS operation and procedures. These training requirements are scheduled annually by the training officers using local, state, and national standards. Department training standards are two hours of training per shift with a minimum of 240 hours per year. Department utilizes on-line training in conjunction with a hands-on training program.

Equipment

Equipment at Mountain House Station 16-1:

Vehicle	Type	Make/Model	Year	Flow	Capacity
E16-1	Type 1	Rosenbauer	2014	1500 gpm	1000 gal
E16-2	Type 1	KME	1999	1750 gpm	500 gal
T16-1	Aerial 75'	Pierce	1991	1750 gpm	300 gal
BC11-1		Ford F150	2017		
BR16-1	Type 6	Ford F550	2008	95 gpm	300 gal

Equipment at French Camp Station 11-1:					
Vehicle	Type	Make/Model	Year	Flow	Capacity
E11-1	Type 1	Spartan	2010	1500 gpm	500 gal
E11-2	Type 1	Spartan	1995	1500 gpm	750 gal

E11-3	Type 3	Pierce	2012	500 gpm	500 gal
Ch11-1		Chevrolet	2021		
UT11-1		Ford F150	2010		
OES4606	Type 6	Ford F550	2020	500 gpm	280 gal

(State owned vehicle)

Currently MHFD is awaiting the delivery of a 2021 Rosenbauer 109' Viper EXT Aerial Apparatus in June 2022. This new aerial will replace the 1991 Pierce 75' aerial that MHFD currently has in service. MHFD is also in the process of presenting proposals for two new type 1 engines to replace and add to the current fleet. One type 1 engine will be replacing the 2016 Rosenbauer and putting it into a reserve status at Station 16-1. The MHFD recommends that the second type 1 engine be put into service at Station 16-2 when the new station is operational.

Fire and EMS Responses

Calls are dispatched through the Valley Regional Emergency Communications Center (VRECC), as part of a Joint Powers Agreement with the San Joaquin County Joint Radio Users Group (JRUG) in which the FCMFD participates as a voting member.

As shown in the table below, the average response time (turn out time after receiving the assignment plus travel time) to all calls is 6 minutes and 32 seconds.³⁸ The response time for ninety percent of all calls is 9 minutes and 39 seconds or less; for ninety percent of fire emergencies the response time is 9 minutes and 31 seconds or less.

Table VI-1: Fire - EMS Summary Statistics (2021)³⁹

Mountain House Data January 1-December 31 2021		Total								
		Count	Average				90th Percentile			
			Pick up to Dispatch	Assign Time	Turn Out	Travel Time	Pick up to Dispatch	Assign Time	Turn Out	Travel Time
Fire Emergency	Total	242	0:01:44	0:00:16	0:01:02	0:04:51	0:03:04	0:00:23	0:02:00	0:07:31
Medical Emergency	Total	474	0:03:06	0:00:14	0:01:20	0:05:32	0:04:08	0:00:24	0:01:57	0:07:41
All Responses	Total	716	0:01:45	0:00:15	0:01:14	0:05:18	0:03:07	0:00:23	0:01:58	0:07:41

Note: "Pick up to Dispatch" plus "Assign Time" equals the total "Call Assignment, Received to Dispatch" time applicable to the dispatch center's activity.

Ability to Serve Existing and Future Development

The Mountain House Master Plan, consistent with the County General Plan, specifies that the MHCS D will provide a suburban level of fire protection service and emergency medical services either as direct provider or by contracting for services. Fire protection is required to be

³⁸ Correspondence from Chief Cornilsen, French Camp McKinley Fire District, 6/7/2022.

³⁹ ibid, Chief Cornilsen, 6/7/2022.

provided in compliance with County General Plan requirements and all applicable standards adopted by the MHCSO. The MHFD's ISO rating of "3" has not changed since 2017, although since then, MHFD has added one type 1 reserve engine and a 75' aerial truck to its fleet, and currently a second station is in planning stage and should be completed in the fall of 2024. These additions should improve the next ISO rating.

The contract with the FCMFD provides for staffing additional fire stations and engine companies as the need occurs. A second fire station is planned north of Byron Road and as noted above should be completed in 2024. National Fire Protection Administration and Insurance Service Office performance standards are met through the current Fire and EMS level and will continue to be met as demands increase from the growing population, equipment is added, and when the second fire station is operational.

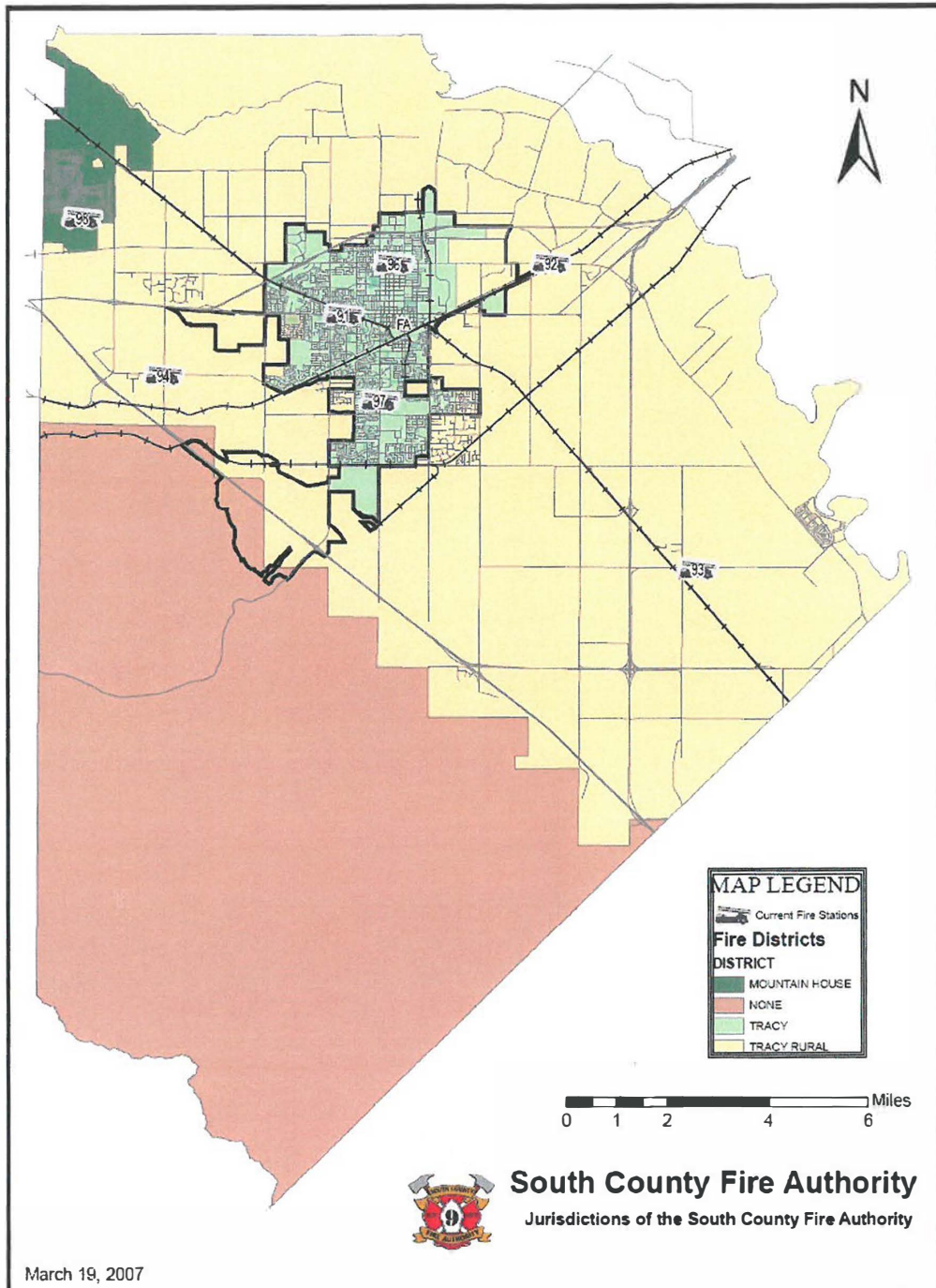
Map VI-1 shows the location of existing Mountain House Fire Station No. 1 located at 911 Tradition Street, in Mountain House, and the surrounding *South County Fire Authority* fire stations which all have available services for the Master Planned Mountain House community and SOI areas. A second new fire station Mountain House Fire Station No.2 is to be located north of Byron Road, in the Mountain House SOI and master planned areas, to help respond to calls from development north of Byron Highway. With the new station added, MHFD will have a total of three companies (2 engine/1 truck/ 1 duty office) and nine total personnel when build-out is complete. The addition of a new station, more personnel and new engines will improve response times and services.⁴⁰

The adopted Fiscal Year 2021-22 budget by the MHCSO for Fire and Emergency Medical Services contracted services is \$2,541,035 which is sufficient to cover the current staffing levels and operations and maintenance of the fire station and equipment.⁴¹ The need for additional personnel in the future will be addressed by the Board of Directors, MHCSO General Manager, the FCMFD Board of Directors, and the FCMFD Fire Chief, as response times are reassessed and as the budget allows and as new development occurs.

⁴⁰ *ibid*, Chief Cornilsen, 6/7/2022.

⁴¹ MHCSO 2021/2022 Adopted Budget, pg. 97.

Map VI-1 Fire Stations in SCFA Service Area⁴²



⁴² South County Fire Authority—Fire Department Standards of Cover Study
Volume 2—Technical Report, Citygate Associates, May 2, 2017, pg. 16.

B. LAW ENFORCEMENT

Law enforcement is contracted through the San Joaquin County Sheriff's Office (SJCOSO).⁴³ The SJCOSO command staff and deputies operate out of two facilities: (1) a satellite office located at the MHCSO Town Hall, 251 E. Main Street, Mountain House, California; and (2) the SJCOSO headquarters located at 7000 Michael Canlis Blvd, French Camp, California. As the community grows, a separate law enforcement headquarters building is planned to be constructed adjacent to Town Center Community park near Byron Road. No date for construction has been established; its timing is dependent on the needs of law enforcement and the community.

The SJCOSO presently assigns six patrol officers and a sergeant full time to Mountain House; this number will increase with the addition of another full time deputy expected in 2022.⁴⁴ Additional law enforcement service is provided by the deputies assigned to Beat 8, a "beat area" that includes Mountain House and the adjacent unincorporated county area. Investigative and all other law enforcement support services are provided through the SJCOSO.⁴⁵ **Table VI-2** summarizes response times by call priority; the high priority calls require a longer response time due to the need for additional backup required by serious crimes.

The California Highway Patrol (CHP) is responsible for all traffic related matters that occur within the unincorporated areas of the state, including Mountain House. Specific to Mountain House, the CHP is responsible to enforce traffic laws, as outlined in the California Vehicle Code, investigate traffic accidents, investigate vehicle thefts that occur from a roadway and respond to parking and other traffic complaints. As a law enforcement agency, the CHP also assists other local and state agencies when requested for general law enforcement and traffic control.⁴⁶ MHCSO contracts with the CHP for services to supplement those provided by the SJCOSO.⁴⁷

⁴³ Agreement, Police Protection Services, A-04-432, June 15, 2004.

⁴⁴ Correspondence from San Joaquin County Sheriff's Office to MHCSO, 4/27/2022.

⁴⁵ MHCSO 2017 MSR, pg. 31.

⁴⁶ MHCSO 2017 MSR, pg. 33.

⁴⁷ Department of California Highway Patrol and Mountain House Community Service District CHP Agreement# 20R266000, 12/1/2020 through 11/30/22.

Table VI-2: San Joaquin Sheriff’s Department Response Times to Mountain House⁴⁸

Priority	Description	Avg. Response Time
Priority 1	Highest Priority, requires immediate dispatching, A crime, typically in-progress, where the physical well-being of a person is in jeopardy, e.g., assault, homicide, kidnapping, robbery, home invasion, burglary (suspect possibly on premises), brandishing a weapon, bomb threats, coroner’s case, missing or lost children, disaster, etc.	9.6 minutes
Priority 2	Priority 2 calls do not require an immediate response but should be dealt with as soon as possible. Non-violent persons' crimes and property crimes with known suspects, e.g., family disturbance, suspicious person (no weapons seen), burglary (suspect not on premises), theft of property with possible suspect lead, welfare check, etc.	5.4 minutes
Priority 3	The majority of calls fall into Priority 3; these calls are handled in the order in which the call is received. Property crimes with no suspect leads, incidents where the victim delayed reporting the crime. Examples include cold burglary, property theft or damage, mail theft, noise complaints, information requests, etc.	27.6 minutes

Crime rates are typically low in Mountain House, especially when compared with other communities located in northern San Joaquin Valley and compared to other metrics as shown in **Table VI-3**. Mountain House property and violent crime rates per 100,000 population were among the lowest by comparison to other San Joaquin County communities. Property crime rates and violent crime rates both declined from 2017 through 2019.

⁴⁸ Correspondence with Sgt. Burke, SJCOSO, 2022-05-03.

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Table VI-3 Comparison of Violent and Property Crime Rates per 100,000 2017-2019⁴⁹

City	2017 Violent Crime Rate per 100000	2018 Violent Crime Rate per 100000	2019 Violent Crime Rate per 100000	2017 Property Crime Rate per 100000	2018 Property Crime Rate per 100000	2019 Property Crime Rate per 100000
Mountain House	61	43	36	1677	1302	1078
Lathrop	NA	790	362	NA	2932	1299
San Ramon	73	56	76	1276	1027	1439
Ripon	83	63	81	1826	1417	1540
Pleasanton	117	129	133	1967	1700	1942
Tracy	214	216	179	2414	2534	1984
Escalon	448	274	209	2267	1620	1766
Livermore	183	203	211	2185	1851	1700
Manteca	326	316	238	2851	2822	2213
Lodi	497	417	351	2584	2561	2452
Stockton MSA- San Joaquin County	809	795	785	2935	2956	2836
National Crime Rate	384	370	367	2363	2210	2109
California	449	397	441	2497	2672	2331
Suburban Cities 10K-24K	224	216	218	1973	1784	1712
Non Suburban Cities 10K -24K	422	413	401	3274	3077	2821

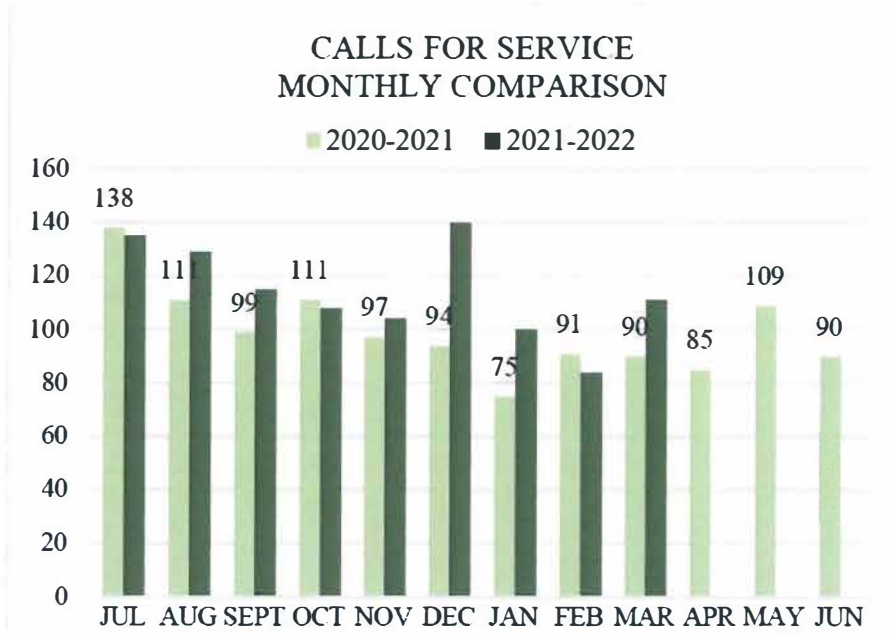
Table VI-4 shows 1,190 total monthly calls for service for FY2020-21 compared to FY2021-22 year-to-date through March 2022. MHCSD staff works closely with the SJCSO command staff and deputies to proactively address concerns, such as crime or traffic safety. The Sheriff's Office collects monthly statistical data for Mountain House that is available online at the (1) Sheriff's web page⁵⁰ and (2) the MHCSD website in the monthly Board agenda packages.⁵¹

⁴⁹ Kirchoff and Associates, Report to MHCSD, March 3, 2021, Exh. II-C.

⁵⁰ www.sjsheriff.org and mapping of calls at:
<https://www.communitycrimemap.com/?address=San+Joaquin+County>

⁵¹ <https://www.mountainhousecsd.org/government/board-meeting-agendas-and-minutes>

Table VI-4 San Joaquin Sheriff's Department Calls for Service to Mountain House
FY2020-21 and FY2021-22 (year-to-date through March)



Through its contract with the San Joaquin County Sheriff's Department for law enforcement, the MHCS D provides the Mountain House community with six full-time (Full-Time Equivalents or FTEs) deputies; the service levels are planned to increase as noted below. Mountain House is designated by the Sheriff's Department as Beat 8. The Sheriff's Office also provides additional deputy support to Mountain House through its assignment of one full-time deputy for the western part of the county defined as Beat 8.

The Fiscal Year 2021-22 MHCS D Budget contains funds to hire the additional staff for full-time assignment to Mountain House that will ensure a patrol unit 24 hours per day, 7 days a week present within the MHCS D boundaries and SOI. The current budget also contains funds to provide 'enhanced' traffic enforcement by the SJCOSO in Mountain House, with assistance by the California Highway Patrol. The Fiscal Year 2021-22 MHCS D adopted budget for law enforcement services is \$2,863,523 which is sufficient to cover the current law enforcement services.⁵² The budget includes \$50,000 for California Highway Patrol traffic enforcement services to supplement existing services in Mountain House.

The Master Plan includes policies and implementation measures that would allow for the MHCS D to continue providing adequate staffing levels. The Mountain House Master Plan provides that sworn officers will be added at levels specified in the County General Plan

⁵² MHCS D 2021/2022 Adopted Budget, pg. 96.

consistent with standards for comparable urban communities within the County and any additional needs determined by the community.

As the community of Mountain House grows, the need for additional law enforcement personnel will be addressed by the Board of Directors, MHCS D General Manager, the County's Board of Supervisors, and the Sheriff's Department. The analysis will include an assessment of crime statistics, response times, community needs, and revenue availability.

C. WATER SUPPLY, CONSERVATION AND TREATMENT

The MHCS D serves drinking water to the Mountain House community. The MHCS D water system consists of one water treatment plant, three storage tanks, three booster pump stations, and approximately 74 miles of pipelines.⁵³ All water supply infrastructure, including the diversion point, conveyance facilities, treatment plant, storage, and pump stations is designed for ultimate buildout of the community. MHCS D owns the water treatment plant and distribution system and contracts operations and maintenance (O&M) to a private operator to meet MHCS D contract specifications and State and Federal laws and permit conditions.

Prior to development, the San Joaquin County Board of Supervisors approved a water supply reliability analysis conducted as part of an Environmental Impact Report in 1994 for Specific Plan I; subsequently, Specific Plan II and Specific Plan III were the subject of water supply assessments (WSAs)⁵⁴ that demonstrated an adequate, reliable water supply.

MHCS D is in the process of updating its Urban Water Management Plan (UWMP) which is a requirement of State law⁵⁵ to help water suppliers assess the availability of their water supplies with current and projected water use to help ensure reliable water service under different conditions. The UWMP evaluate conditions for the next 20 to 25 years, so required updates every five years ensure continued, long-term water supply planning. The UWMP provides further detail about the MHCS D water system including how it is meeting conservation targets, achieving water service reliability, and preparing a plan to respond to water shortages.

The MHCS D's current water supplies are exclusively purchased from the Byron Bethany Irrigation District (BBID). BBID's primary source of supply is the State Water Project (SWP), which diverts surface water from the Sacramento-San Joaquin Delta (Delta). The raw water is provided by BBID through their pump station located along the California Aqueduct downstream of the Harvey O. Banks Pumping Plant (BBID's diversion and pumping facilities pre-date the State Water Project system, and therefore, the BBID possesses a settlement agreement with the SWP recognizing BBID's right to divert) and is delivered through a BBID-owned 30-inch pipeline to the treatment plant, where the raw water becomes the responsibility of MHCS D's O&M operator.⁵⁶

⁵³ 2020 Urban Water Management Plan (UWMP), Draft Report November 2021, Prepared for MHCS D by West Yost.

⁵⁴ WSAs were required by SB 610 and SB 221 (statutes adopted by the California State Legislature in 2001)

⁵⁵ Urban Water Management Planning Act.

⁵⁶ MHCS D 2017 MSR.

1. Water Distribution System

The existing water distribution system includes distribution mains, a treated water storage tank and pump station located at the water treatment plant (WTP) site, the Westside Booster Pump Station, and two College Park Storage Tanks and booster pump stations (BPS).⁵⁷

The existing distribution system consists of approximately 74 miles of pipelines ranging from 6 to 36 inches in diameter. Most existing pipelines are polyvinyl chloride, with the remainder being ductile iron or cement-lined steel.

2. Water Treatment Plant and Storage⁵⁸

The BBID diversion to Mountain House is located approximately three miles northwest of the MHCS D WTP. The WTP began operations in 2002 and is currently operated under a third-party contract with Inframark Water & Infrastructure Operations (Inframark). While the WTP has a current capacity of 15 million gallons per day (MGD), it will ultimately be expanded to a capacity of approximately 20 MGD.

At the WTP site, raw water from BBID is stored in a 4-million gallon (MG) raw water storage tank before entering the compact water treatment facility containing an absorption clarifier, filter, and filter well. The treated water is then pumped through an ultraviolet disinfection system, chlorinated, and stored in a 4.5 MG treated water storage tank.

The existing water system has three treated water storage tanks, which provide water to meet hourly demand fluctuations, supply demands during emergency and power outage conditions, and provide a fire flow reserve. The 4.5-MG treated water storage tank at the WTP is described above. The other two tanks (College Park Tanks 1 and 2) are 3.7 MG each and provide water to the Zone 1 and Zone 2 booster pumps.

3. Water Conservation Measures

MHCS D continues to implement demand management measures (DMMs) to promote conservation and reduce demands on water supplies. DMMs include water waste prevention ordinances, required water metering, conservation pricing, public education and outreach, and programs to assess and manage distribution system losses. MHCS D also provides staff to support its residential water conservation program and its large landscape irrigation conservation program.⁵⁹

By implementing the DMMs summarized above and described in Chapter 9 of the 2015 UWMP, MHCS D achieved its interim and final targets established in the 2015 UWMP.⁶⁰

⁵⁷ Ibid, 2020 UWMP.

⁵⁸ Ibid, 2020 UWMP.

⁵⁹ Ibid, 2020 UWMP.

⁶⁰ Ibid, 2020 UWMP.

4. Future Supply and Demand and Improvements to the System

The MHCS D reviewed development and planning documents to estimate water demands for a fully developed community (i.e., buildout), which is expected in 2040. Mountain House is projected to develop the remaining 6 residential neighborhoods over the next 20 years. The Town Center/Central Commercial area and the industrial and office space areas of the Master Plan are yet to be built out. Mountain House plans to align with the overall community goals outlined in the Master Plan as a self-sufficient community offering employment, goods, services, and recreation to a growing population.

Based on data presented in the 2020 Potable Water System Master Plan Update⁶¹ (2020 PWSMP), the buildout land use includes approximately 2,486 acres of residential, 502 acres of commercial, 382 acres of industrial, 525 acres of open space, and 423 acres of public/school land use.⁶² The MHCS D's 2020 service area population is based on the 2020 US Census and estimated at 24,499. Buildout of the Mountain House community is expected in 2040. Per the MHCS D's 2020 Potable Water System Master Plan Update (2020 PWSMP), buildout population is projected to be 39,062, an increase of approximately 59 percent from 2020.

Current total water demand for 2020 of 4,672 Acre Feet (AF), including system losses, is projected to grow to 9,595 AF by buildout expected in 2040.⁶³ Water demand is expected to remain constant between 2040 and 2045 because buildout is anticipated around 2040.⁶⁴

MHCS D is expected to continue to purchase water from BBID. In the future, the MHCS D will be able to use the riparian water rights on properties north of Byron Road as they are developed. MHCS D is in the process of finalizing the transfer and ability to use these riparian rights.⁶⁵ These rights allow for the beneficial use of Old River water within those properties, and the projected increase in water supply is approximately 2,570 AF.⁶⁶ For the MHCS D to use Old River water, certain properties near the river must be developed. After development, Old River water must be used within those properties.

Table VI-5 compares projected buildout demand to future supplies. As shown in the table, MHCS D will have a surplus of 2,788 AF/yr.⁶⁷ Therefore, MHCS D will be able to meet projected buildout demands with available water from BBID and riparian rights. The District is pursuing additional sources and conservation measures to further bolster water supplies.

⁶¹ MHCS D 2020 Potable Water System Master Plan Update, Nov. 2020, West Yost Associates.

⁶² *ibid*, 2020 UWMP.

⁶³ *ibid*, 2020 UWMP, Table 4-3.

⁶⁴ *ibid*, 2020 UWMP.

⁶⁵ Correspondence from MHCS D, Nadir Shareghi, May 25, 2022.

⁶⁶ *ibid*, 2020 UWMP, Table 6-5.

⁶⁷ *ibid*, 2020 Potable Water System Master Plan Update, pg. 4-3.

Table VI-5 Comparison of Water Supplies to Projected Demands⁶⁸

Origin	BBID, af/yr	Riparian, af/yr	Total, af/yr
Specific Plan I	2,662	-	2,662
Specific Plan II	5,246	2,570 ^(a)	7,816
Specific Plan III	1,505	-	1,505
Additional Contracted Amount	400	-	400
Total Supplies	9,813	2,570	12,383
Projected Buildout Demands (Raw and Potable)			9,595
Projected Supply Surplus			2,788
(a) Because riparian water is not a right to a particular quantity of water, the projected amount of riparian water supply available (2,570 af) is based on the current estimate of customer demands within the riparian area at buildout (subject to the availability of riparian water). The amount of riparian water supply available to the MHCS D is subject to change based on the actual amount of water used by customers on the land with riparian water rights.			

The MHCS D does not currently have plans to use recycled water (i.e., highly treated wastewater) or develop groundwater supplies, though it may in the future.

Existing distribution systems are sized to serve the community at buildout with additional lines to be constructed by the developers as future neighborhoods are built. The existing WTP is designed to be expanded by adding treatment equipment into existing treatment bays with new water storage tanks to be constructed as a requirement to meet future development needs.

MHCS D maintains two funds to support its water enterprise fund: (1) annual Operations and Maintenance fund; and (2) Capital Improvement Plan (CIP)⁶⁹ to fund water system upgrades. Both plans are updated each year and adopted as part of the overall annual operation budget for the MHCS D. Revenues for these funds are generated from water rates. Water rates are reviewed and updated as needed periodically to assure adequate funds are available for required water system upgrades and maintenance. Expansion to the system to serve new development is funded by developers.

D. WASTEWATER COLLECTION AND TREATMENT⁷⁰

The MHCS D provides wastewater collection and treatment infrastructure for the master planned Mountain House community. Key documents and primary sources of information include:

- *Mountain House-Master Plan (November 10, 1994), the Mountain House-Specific Plan I (November 10, 1994)*

⁶⁸ *ibid*, 2020 Potable Water System Master Plan Update, Table 4-2.

⁶⁹ MHCS D prepares and annually updates (or more frequently, as needed) its 5-year CIP.

⁷⁰ 2017 MSR has been updated based on review and comment by MHCS D DPW, 5/4/2022.

- *MHCS D Sanitary Sewer Collection System Study (dated June 1, 1999, revised May 17, 2001)*
- *Amendment to the Sanitary Sewer Collection System Study (May 17, 2001)*

The master plans and studies outline a long-term strategy for meeting future discharge and capacity requirements in order to meet the community needs for buildout of the Master Plan. A drawing of the Wastewater System Master Plan is attached as **Exhibit III**.

The wastewater collection and treatment system are managed by the MHCS D's Public Works Department. Operations and maintenance services (O&M) are contracted to a private entity, currently Inframark (formerly known as Severn Trent), for the wastewater collection and treatment system to meet MHCS D contract specifications, State and Federal laws, and permits conditions. The wastewater O&M contract was originally approved by the MHCS D Board of Directors in May 2008, but has since been renewed, including an extension in 2020 through 2024.⁷¹

The wastewater treatment plant (WWTP) and additional lift stations and collection lines will be constructed by developers as needed to connect the trunk sewer lines as new development comes online.

1. Wastewater Collection System

The wastewater system serving the Mountain House community includes a wastewater collection, treatment and disposal system. Approximately 80% of the service area drains by gravity through a backbone collection system to the treatment plant. The remaining 20% is and will be pumped as development occurs to the treatment plant through lift stations and force mains. For instance, the wastewater collection system located south of Byron Road is a gravity system to the treatment plant, currently consisting of approximately 67 miles of collection lines. The wastewater treatment and disposal system were designed and built to serve build out of the community with phasing for expansion of equipment within the treatment plant to be added as necessary to meet development needs. The existing system serves Neighborhoods A (Delta College), B, C, D (High School, Fire Station), E, F, G and H. Additional wastewater infrastructure will be constructed by the developers, as development occurs to meet new demands.

At buildout of the community, all wastewater will flow to the WWTP located within the community master plan and SOI boundaries.

2. Wastewater Treatment Plant

The WWTP will be sized at total buildout to provide 5.4 million gallons per day (mgd) Average Dry Weather Flow (ADWF) of treatment capacity (all future references to treatment plant capacity will be ADWF). During 2007, the present Phase II treatment system and the associated

⁷¹ Amendment Renewing Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Facilities and Utility Billing Services for the MHCS D, effective June 1, 2021 through June 30, 2024.

infrastructure were replaced with 3.0 mgd Sequential Batch Reactor (SBR) system. Subsequent improvements changed the SBR system to a Membrane Bioreactor (MBR) treatment system. All new treatment plant facilities have extensive instrumentation and control (I&C) systems, such as SCADA, and an integrated state-of-the-art security system.

Design of the additional expansion of the WWTP is complete and construction is anticipated as development triggers the need per the master plan. Final phase of the WWTP expansion will bring the plant treatment capacity to a total dry weather treatment capacity of 5.4 mgd, sufficient to treat all of the wastewater generated within the Master Plan and SOI boundaries and contained within the existing permit conditions.

Past, current (2021) and projected annual flows at the wastewater treatment plant are as shown in **Table VI-6**:

Table VI-6 Total Annual Average Day Flow (AADF) in million gallons per day

	2008	2015	2021	Estimated Buildout 2040
Flows (MGD)	0.60	0.70	1.25	5.4

The actual amount of wastewater treated each year between now and buildout of the community will depend upon the pace of development as determined by market conditions.

3. Effluent Discharge, Sludge Disposal and Industrial Waste Regulation

Treated effluent is discharged to the Old River pursuant to Wastewater Discharge Requirements in the Order No. R5-2017-0119 , NPDES Permit No. CA0084271 and Time Schedule Order No. R5-2017-0120. These orders and the permit are effective February 1, 2018 and expire on January 31, 2023.

Sludge generated in the Sequential Batch Reactors is removed as needed and recycled on permitted lands or disposed of in a landfill of appropriate classification.

The MHCS D Board of Directors has adopted an ordinance "Regulating Industrial Waste into the Mountain House Wastewater Collection and Treatment System."⁷² MHCS D is responsible for administration of the programs to enforce the provisions of this ordinance and expects day-to-day monitoring to be the responsibility of the contracted services provider. The MHCS D's WWTP is governed by an NPDES permit issued by the Central Valley Regional Water Quality Control Board (Regional Board), which is required to be reviewed every five years.

4. Future Wastewater Demand and Systems Improvement

Based on projected wastewater generation factors for various land use, the projected buildout plant capacity is 5.4 mgd. An evaluation is underway that estimates the capacity to be 4.0 mgd

⁷² See Div. 6. – Wastewater Control and Pretreatment Ordinance, MHCS D Municipal Codes.

and the current expansion is for a 4.0 mgd MBR treatment plant that can be expanded to 5.4 mgd if necessary, by adding additional membranes.

The Wastewater Operations and Maintenance (O&M) Fund and the Capital Improvement Plan (CIP) Fund pay for necessary O&M as well as any system upgrades necessary to meet regulatory conditions and infrastructure repairs. Revenues for these two funds are generated from wastewater rates which are reviewed and updated as necessary. Rates are planned to be reviewed every five years to ensure O&M expenses and CIP requirements are met. Infrastructure expansion to serve new development is funded by developer impact fees.

The MHCS D evaluates its rates and pledged facilities fee structure on a continuous basis to assure that sufficient funds are generated to pay for the various public improvements needed to provide wastewater treatment and collection services for the existing and increased population, and to reimburse initial developers of infrastructure.

Current ongoing maintenance and CIP projects include evaluation of pumps and mixers to determine indications of bearing or bus ing failure; based on this assessment and age of the equipment, certain units may be marked for removal and replacement. An amount of \$368,000 is budgeted in the FY2021-22 CIP budget for this testing and repair.⁷³

During Phase III of the Wastewater Treatment Plant expansion the plant was designed and is being constructed as an MBR plant with a 4.0 mgd capacity which is expandable to 5.4 or any capacity needed for the buildout of the community.

E. STORM WATER DRAINAGE

The MHCS D provides storm water drainage infrastructure for the master planned Mountain House community. The Mountain House Master Plan establishes objectives, policies and implementation measures for the community's storm drain collection system, including off-site watershed, primary storm drain facilities, secondary storm drain facilities, Mountain House Creek, BMP treatment, flood protection, and phasing of the storm drain collection system. Subsequent storm water master plan updates revised the Master Plan. A drawing of the Storm Water Drainage System Master Plan is attached as **Exhibit IV**.

The storm water drainage system is managed by the MHCS D's Public Works Department. Although managed by the MHCS D, the operations and maintenance services are contracted to a private entity, currently Inframark (formerly known as Severn Trent), for the storm water drainage system to meet MHCS D contract specifications, State and Federal laws, and permits conditions. The MHCS D NPDES permit is also managed by the Public Works Department. The contract was originally approved by the MHCS D Board of Directors in May 2008, but has since been renewed, including an extension through 2024.⁷⁴

⁷³ MHCS D 2021/2022 fiscal year budget, pg. 139.

⁷⁴ Amendment Renewing Agreement for Operation and Maintenance of Water, Wastewater and Stormwater Facilities and Utility Billing Services for the MHCS D, effective June 1, 2021 through June 30, 2024.

1. Existing Storm Water Collection System and Planned Expansion⁷⁵

The existing "state-of-the-art" storm water collection system collects, filters, conveys, and treats runoff from within the master planned SOI area and from within the watersheds to Old River via a gravity flow system.

The Mountain House storm water collection system is a gravity system consisting of street inlets, carbon filters located at the inlets, water quality storage ponds and treatment basins, an engineered Mountain House Creek (for further treatment), culverts, inlets, and approximately 78.14 miles of lines.⁷⁶

The storm water collection system has been designed for buildout through its various master infrastructure plans. The current system will be expanded as development occurs within the master planned and SOI area. Additional lines and infrastructure will be constructed by the developers as neighborhoods are ready for development and as development occurs in Town Center and other planned development areas.

The charcoal filters located at each existing inlet within the developed area provides initial treatment of runoff collected from rooftops and streets. The primary treated storm water flows from the street level inlets to water quality detention and treatment ponds where secondary treatment occur allowing sediments, debris, and chemicals to settle before runoff is allowed to enter the primary channel of Mountain House Creek, and ultimately Old River. Maintenance of the detention basins is contained in a Mountain House Creek O&M plan. Further filtration of water quality occurs in Mountain House Creek as flow meanders through vegetated areas. In addition to treatment, the ponds serve as temporary storage regulating storm water flow to the system downstream. Additional water quality detention basins currently exist north of Byron Road, adjacent to the railroad and Mountain House Creek, and south of Grant Line Road at Central Parkway.

Storm water quality standards imposed and monitored by the EPA and the State Water Resources Control Board through the City's storm water NPDES permit require treatment of storm water runoff prior to its release into the sloughs, creeks, rivers or the Delta. Treatment is often provided within the detention basins in a separate "wet" area that is adjacent to the main basin. Other treatments are being provided by on-site source control and by site specific BMP measures such as inlet filtration fabrics, and street sweeping.

Mountain House Creek has been enlarged to maintain the minimum required freeboard for 100-year flood conditions and to contain detention ponds to regulate flow downstream. MHCSO has updated a hydraulic model of Mountain House Creek showing capacity to contain flows in excess of the 100-year flood event. In accordance, with Senate Bill 5 and interrelated flood management bills passed by the California Legislature in 2007, the County of San Joaquin defined a 200-year discharge event in terms of flow. In 2022 MHCSO updated the previous

⁷⁵ MHCSO 2017 MSR.

⁷⁶ Correspondence from MHCSO, 4/25/2022.

Mountain House floodplain mapping analysis (2017) that analyzed flood risks to the MHCSD lands to incorporate the consideration of future hydrologic projections due to climate change.⁷⁷

2. Storm Water Discharge Permit and Water Quality Management Program

MHCSD has obtained a NPDES Storm Water Discharge permit from the Central Valley Regional Water Quality Control Board.⁷⁸ These permits issued by the Regional Board set forth the regulatory requirements that MHCSD is required to follow in order to operate and maintain its storm water facility with the goal of minimizing any environmental impact to the waterways of the state. These requirements are contained in the Regional Board's Basin Plan and are better known as Best Management Practices (BMPs), which identify the following programmatic requirements to protect water quality. BMPs include the following: educational activities, street sweeping, periodic testing of storm water runoff and working with commercial and industrial businesses to minimize their contribution of polluting elements contained in runoff that goes into the storm water system. The MHCSD has installed individual storm drain catch basin carbon-based filter inserts to treat and capture various debris, litter, waste, and other contaminants at its collection points prior to entering the storm water conveyance facilities.

A Storm Water Management Program (SWMP) was developed in August 2008.⁷⁹ In October 2015, the SWMP was revised to comply with the NPDES Phase II requirements for small municipal separate storm sewer systems (MS4s). The goal of the SWMP is to reduce the discharge of storm water pollutants to the Maximum Extent Practicable (MEP), protect water quality and satisfy the requirements of the Clean Water Act (CWA). The SWMP includes the implementation of best management practices (BMPs) in each of six categories, an implementation schedule, and measurable goals to help ensure that storm water discharged is of the highest quality that is economically possible.

3. Future Storm Water Drainage Demands and System Improvements

MHCSD maintains a Storm Water Master Plan (May 2003) with updates (2006) for the Mountain House community. The existing storm water infrastructure is designed to employ a variety of drainage concepts, the most critical being the ability to exceed 100-year flood protection. In 2006, development located along Old River added and graded material to protect against a 100-year flood event.

The storm water system also serves to improve water quality and enhance the community's natural aesthetics by providing open space and nature trails along the perimeter of Mountain House Creek, the primary storm water conveyance that collects storm water from the residential villages and conveys the storm water to the downstream discharge at Old River.

⁷⁷ Mountain House 200-Year Climate Change Floodplain Mapping, Prepared by R&F Engineering, Inc., March 9, 2022.

⁷⁸ NPDES permit numbers for Mountain House MS4 Small Non-Traditional Stormwater: ORDER NO. 2013-0001 DWQ NPDES NO. CAS000004.

⁷⁹ MHCSD Storm Water Management Program, August 2008, Prepared by Jacobs Carter Burgess.

According to modeling studies,⁸⁰ Mountain House Creek is able to convey the 200-year flood event, with several areas of minor over topping of the creek's banks adjacent to woodland and park areas that can store and regulate the 200-year storm water event without damage to critical infrastructure or residential areas.

MHCSD has an Operations and Maintenance Manual - Mountain House Creek.⁸¹ The purpose of this manual is to determine and provide O&M guidelines for proper management and engineering of Mountain House Creek.

The Capital Improvement Plan contained in the FY2021-21 adopted MHCSD Operating and Capital Improvement Budget includes \$575,000 for Stormwater Facility Repair for permit related consultation, establishment of staging areas and access for Creek Park maintenance, and work related to beaver burrows. The funding source for this project is identified from the Storm Water Fund.

MHCSD evaluates its storm water fee structure on a continuous basis to assure that sufficient funds are generated from development to pay for the various public improvements needed to serve the increased population.

F. Determinations

The ability of the MHCSD to provide services is presented in this MSR with an analysis that shows MHCSD's capability in providing adequate public facilities and services to meet the existing and growing needs of the community.

MHCSD entered into a Public Services Allocation (PSA) agreement that defines which services will continue to be the responsibility of the County and which will be provided by the District. The County will provide land use and building approval/inspection services, while the MHCSD provides services under its eighteen legal powers as defined in the California government code establishing the MHCSD for water, wastewater, storm water, garbage, law enforcement, fire and EMS, street lighting, library and building services, road maintenance, transportation services, graffiti abatement, CC&R enforcement, flood control protection, pest and weed abatement, wildlife habitat mitigation, telecommunication, dissemination of information, and park and recreation. Many of these services are currently provided through contracts for service. As the community grows and/or incorporates, contract for services will be continually re-evaluated for cost-effectiveness, efficiency, and service quality to the community.

Public facilities, including all water, wastewater, storm water, streets/signals/lighting, parks, schools, community centers, public safety buildings, library, corporation yard, and town hall are specified in the Master Plan, along with binding agreements with developers to ensure proper funding and triggers for construction of the facilities are met. New development within the SOI will lead to population growth and the need for additional public facilities and service

⁸⁰ Pace Advanced Water Engineering Technical Memorandum, 200-Year Flood Elevations in Mountain House Creek, November 2015

⁸¹ Operations and Maintenance Manual - Mountain House Creek, 2016.

provisions as stipulated within the development and financing agreements that serve as implementation of the Master Plan. MHCS D track and forecasts the timing and amount of new development to anticipate and plan for needed public facilities and infrastructure; the District continually updates its long-term plans and its 5-Year Capital Improvement Program.

Master Plan policies are in place to ensure adequate service provisions for current and future populations. Greater detail regarding present and planned public facilities is in **Chapter VI**.

VII. Determination #4: Financial Ability of the Agency to Provide Service

This chapter of the Municipal Services Review describes the financing system currently in place that provides the Mountain House Community Services District with the ability to fund all of the services contemplated in the original Master Plan and the Public Service Allocation Agreement between the MHCS D and San Joaquin County. The financing system was described in the Public Financing Plan adopted by the County as one the "Community Approvals" that provide the guidance for the implementation of the Master Plan.

A. INFRASTRUCTURE FINANCING

All infrastructure needs for the Mountain House Master Plan area and SOI are described in the Mountain House Master Plan and detailed in the Specific Plans and the tentative maps. The concept approved by the San Joaquin County Board of Supervisors (from the beginning and carried out today) is that developers would install and fund all infrastructure necessary for buildout of Mountain House.

Developers would be reimbursed from subsequent development and from bond proceeds as development occurs for the costs associated with installing this "backbone" infrastructure. This financial system is managed by the MHCS D as developers construct the various required facilities contained within the conditions of approvals for each map. Required facilities include utility collection and distribution lines, water and wastewater treatment plants, pump and lift stations, storm water basins, arterial and many of the collector streets and associated street lighting, traffic signals, parks and public facilities - all facilities necessary to provide a high quality of life for Mountain House residents. These facilities are detailed in the various planning documents. Costs for infrastructure within the boundaries of individual "tracts" that serve individual parcels are not reimbursable since this is the developers' cost of preparing parcels for building.

Developer reimbursements occur through two financial vehicles. The first primary financial reimbursement is to the Master Developer, Trimark, for the construction of the water, wastewater, and stormwater treatment facilities required prior to any construction in Mountain House. Located on Mountain House ratepayer monthly utility bills is a line item for debt service. These line items represent water, wastewater, and stormwater notes payable to the Master Developer that constructed the original improvements. The current debt balance for the systems identified above is \$135.9 million.⁸² Bonds typically contain a fixed repayment schedule at an identified interest rate; notes can have a repayment schedule as well, but in the case of Mountain House, the debt payments are paid as they are received from the ratepayers, which means there is no repayment schedule or term that is defined when the debt should be paid in full, which is projected to be around the year 2050. MHCS D discloses the debt numbers and supporting documentation in the annual financial statements, the most recent available is for the fiscal year ending June 30, 2021. According to the "Payment Requirements for Debt

⁸² MHCS D Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021, Long-term debt, pg. 11.

Service", an explanation reads as follows: "Due to the unknown amount and timing of future debt payments on the pledged (debt service) notes payable, the future maturity schedules for these payables are not available."⁸³

The second financial vehicle for reimbursing developers for constructing public facilities and roads is through the Community Facility Fee (CFF) and Transportation Improvement Fee (TIF) programs. As the community develops, maps are approved that contain conditions of approval requiring the construction of public facilities, many of which contain triggers when certain public facilities and roads must be built. Once the facilities are built, MHCS D accepts and certifies the facility following a detailed inspection to ensure it meets all standards and specifications. Once accepted by MHCS D, the facility ownership and responsibility for operations and maintenance (O&M) is transferred to MHCS D. The certification process and the Master Acquisition and Reimbursement Agreement (MARA) stipulate the amount to be reimbursed to the developer. As building permits are pulled, a certain amount of each permit goes into restricted CFF and TIF funds maintained by the MHCS D, which are then paid to the developer next in line for reimbursement.

B. OPERATING SERVICES FINANCING

The Public Finance Plan for the Mountain House Community Services District was coordinated with the Public Service Allocation Agreement (PSAA) between the MHCS D and San Joaquin County to ensure that the MHCS D has sufficient funds at buildout to provide the services that the Agreement delegates to the District without a financial impact to the County. This chapter of the MSR addresses the source and adequacy of funding for each type of service.

Operating Services have five principal sources of funding. Utility Services are funded through user fees. General government services such as public safety, parks and recreation, and road maintenance are funded through a combination of Parcel Taxes designated for particular services, property taxes, and franchise and permit fees from the gas and electric and other utility type providers and the refuse collection provider. Services to oversee developer construction of infrastructure are funded entirely through charges to the developers.

Gas Tax, Motor Vehicle in lieu taxes and Sales Taxes are unavailable to the CSD and retained by the County to provide a source of funding for county land use, law enforcement (MHCS D also funds law enforcement via contract with the county described elsewhere within this document), social and health services available and provided to Mountain House residents.

Four special taxes by parcel exist in Mountain House - one of the primary funding mechanisms to adequately fund services and to ensure that the Master Plan community of Mountain House is not a financial burden to existing San Joaquin County residents. The table below reflects the

⁸³ Notes to Basic Financial Statements, June 30, 2021, Page 37

use of the tax and the amount paid by the average sized residential property in Mountain House.⁸⁴ Rates are subject to adjustment annually by the MHCS D Board.

Table VII-1: Special Parcel Tax Use and Annual Rate

<u>Tax</u>	<u>Use</u>	<u>Rate for Average Size Home</u>
Special Tax No. 1 - Roads, Transportation and Community Services	Maintenance of streets, public transportation, and operational costs not adequately funded from other sources	\$984
Special Tax No. 2 - Public Safety	Fire, police, ambulance, security, graffiti abatement and animal control	\$505
Special Tax No. 3 - Parks	Parks, landscaping, open space and community facilities maintenance and operation and provision of recreation services	\$86
Special Tax No.4 - Public Works	Street lighting and traffic signals, and other public works services.	\$92

Approximately 15.9 percent of the 1 percent of property tax collected on property within the MHCS D is returned to the District to fund services. The Byron Bethany Irrigation District collects 11 percent of the 1 percent of the property tax within MHCS D because Mountain House is located within BBID's irrigation district service area, which provides access to the pre-1914 water rights.

1. Utility Services

Water, wastewater and storm water utilities are intended to be funded through user fees, billed monthly to the customers. The user fee rates were initially set to require the use of property tax revenue to supplement user fee revenue in the first five years, assuming that land within the Mountain House Master Plan area would be developed at the rate last projected in 2002. It was understood that fixed costs to operate the utilities would change largely at the rate of inflation and in response to any new federal or state regulatory conditions. Some costs, such

⁸⁴ Avg. rate per home estimated based on current rates per ordinances adopted June 9, 2021. Rates assume average home size of 2,650 sq.ft. on an average lot of 4,000 sq.ft. and 42% FAR. Actual rates will vary depending on home and parcel size.

as purchase of raw water from the Byron Bethany Irrigation District, would increase in proportion to the rate of development in Mountain House.

With the downturn in the housing market in 2008, the projected growth did not occur leaving single-family residential construction significantly behind expectations, along with little in the way of retail, commercial, or industrial development. As a result, utility user fees revenue continued to be insufficient to cover all of the costs of operating the three utilities, requiring the use of property tax revenue to balance the utility enterprise. As described in the District's budget, in order to address the unsustainable subsidy of the water and sewer enterprises, the District conducted a rate study during the 2016/2017 fiscal year to determine the appropriate rates needed to make the enterprises self-supporting. The District is entering the fifth year of the adopted plan and reviewed and approved utility rates in 2022.⁸⁵ The goal is to eliminate the subsidy by the end of the 2021/2022 fiscal year. MHCS D will need to perform another rate study for the five-year period beginning in fiscal year 2022/2023.⁸⁶

2. General Government Services

MHCS D is legally responsible to provide eighteen (18) general government services. Eighteen of the primary general government services for which the MHCS D is responsible are the following:

1. Water Service
2. Sewer Service
3. Garbage Service
4. Fire Protection
5. Public Recreation
6. Street Lighting
7. Library Buildings and Services
8. Convert Utilities to Underground
9. Police Protection
10. Road Maintenance
11. Transportation Services
12. Graffiti Abatement
13. Covenant Codes & Restrictions Enforcement
14. Flood Control Protection
15. Pest and Weed Abatement

⁸⁵ Fees were reviewed and approved by the MHCS D Board 5/11/2022.

⁸⁶ MHCS D 2021/2022 Adopted Budget, pg. 8.

16. Wildlife Habitat Mitigation
17. Telecommunication Services
18. Dissemination of Information

Some of the regulatory powers provided to MHCS D by law, such as "Convert Utilities Underground," are not applicable, since all utilities are designed and built underground per the Master Plan since the inception of the community. Services that do apply are funded through Special Taxes, Property Taxes, Franchise Fees and Permit revenue. The most recent fiscal model prepared for the adoption of Specific Plan III illustrates that there is sufficient funding available at buildout of the Master Plan and Sphere of Influence area to finance the required services.

3. Services to Assist Developers

As developers construct water, wastewater and storm water facilities, parks, roads and community buildings, MHCS D checks the plans to ensure that they conform to the Master Plan requirements and that the detailed plans and specifications will provide a facility that is long lived and meets the expectations of levels of service in various detailed planning documents such as the Mountain House Water, Wastewater and Storm Water Master Plans and the Park and Leisure Plan. As facilities are constructed, the MHCS D inspects them to ensure they are constructed according to the approved plans. This work is preceded by extensive meetings with the developers as they plan the timing of facility construction. The Master Acquisition and Reimbursement Agreement (MARA), tentative map conditions, and fee schedule collectively provide developer funding requirements for MHCS D staff time and materials to facilitate approval of infrastructure development and community planning. No general government funds are used to support developer activities. Rather, the developers are invoiced and reimburse MHCS D for the cost of services.

C. School Construction Financing

Prior to approval of a final map, the developer must reach a financing mitigation agreement with the Lammersville Unified School District (LUSD). To date, those mitigation measures have been the formation of a Mello-Roos District, pursuant to the Mello-Roos Community Facilities Act of 1982, to have each property pay a tax to generate the revenue for school construction. While each developer may use some other financing arrangement to pay the cost of school construction, it is anticipated that all of the property within the Mountain House Master Plan and Sphere of Influence area will be included in a Mello-Roos District to generate the needed school construction funds. MHCS D is not legally responsible or involved in any way with the LUSD and development activities regarding the payment and construction of schools.

D. Other Assessment Districts

If the developer chooses to provide open space, park land or lighting infrastructure in excess of the standards established for Mountain House, they are required to form an assessment district under the appropriate state code provisions, so that the properties that will benefit from the

higher level of infrastructure to pay the cost of on-going maintenance. The MHCS D is in the process of forming several lighting and landscape assessment districts at the request of developers pursuant to this policy.

E. Opportunities

The residents of Mountain House and Board of Directors of the MHCS D have the following opportunities to increase revenue to fund District services:

- Increase utility user charges to reduce the amount of general tax money needed to fund utility services. This option would trigger the statutory requirement for a protest ballot vote contained within Proposition 218 requirements approved by California voters in 1996. MHCS D reviewed and updated its utility fees in 2022.⁸⁷
- Increase the special tax rate. The MHCS D Board is limited to increasing the rate not more than 4% per year to offset the impact of inflation on service costs. The Board has limited past increases because of concerns regarding high property taxes, assessments, and rates in Mountain House.
- Establish a community-wide Mello Roos District to fund a higher level of service than the present tax and fee revenue might allow.
- Establish and periodically review and update park and recreation fees to help offset operating costs as recreation services are implemented and community facilities, such as community centers and swimming pools, are constructed and operated.

F. Determinations

Revenue from the current fee and tax structure is adequate to fund the projected level of services needed at buildout of the community, except utility rate charges for water and wastewater operations and maintenance costs. As stated previously, ongoing rate analysis for water and wastewater operations and maintenance enterprise funds is conducted to eliminate General Fund subsidies for utilities. All property owners and residents will pay their fair proportionate share toward the provision of services based on the fee and tax structure adopted by the MHCS D Board of Directors.

A financing plan was developed that projected the costs of providing an urban level of service to the Master Plan area at buildout of the community and established financing mechanisms sufficient to fund needed facilities. Details regarding the level of services are contained in the Master Plan and subsequent supporting documents approved by the County. Sufficient funds are currently available to meet the needs of the present population and are projected to be

⁸⁷ Fees were reviewed and approved by the MHCS D Board 5/11/2022.

sufficient to meet the needs of the population at buildout. The sufficiency of funding has been reviewed by the County each time it has approved a Specific Plan.

The MHCSD receives funds from utility user service charges, property and special parcel taxes, franchise and permit fees, and developer reimbursement of MHCSD costs in support of developer construction of infrastructure and planning activities. As land within the Master Plan and Sphere of Influence area are annexed to the MHCSD, the tax and fee structure of the District will apply equally to the newly annexed territory.

The expanded tax base that results from new development will provide funding for these facilities and services. Development fees collected when building permits are issued are used to pay back developers for constructing community facilities, while utility debt service fees collected as part of the monthly utility bill are used to pay back the Master Developer for design and construction of the state-of-the-art water, wastewater and storm water treatment systems. Development and connection fees will fund capital costs with user charges funding operating and maintenance (O&M) expenses. Current O&M rates are under review by the MHCSD to ensure revenues cover O&M expenses.

VIII. Determination #5: Status of, and Opportunities for, Shared Services

This chapter is a review of the current use of shared facilities by MHCS D and the opportunity for sharing additional facilities and resources. MHCS D provide an appropriate level of fire protection and emergency medical services, law enforcement, water, wastewater (sewer), and storm water services in a cost efficient manner to areas within the master planned area and SOI as buildout continues.

A. Current and Future Potential Shared Facilities

1. Law Enforcement, Fire and Emergency Medical Services

Currently, the MHCS D has a joint fire station and sheriff's administrative substation located in the same building. Dedicated office space is also located within the MHCS D offices that the Sheriff's patrol deputies utilize on a 24/7 basis. Law enforcement support services originate from the main Sheriff's Department facility, approximately 20 minutes driving time from Mountain House. At times, the Sheriff's department utilizes personnel and resources from the California Highway Patrol, from the nearby CHP Tracy, California station. Additionally, the new, permanent Town Hall has been built with a significantly larger police substation within the shared town hall.

Additionally, the MHCS D main fire station and the planned second station north of Byron Road are part of an overall fire response and emergency medical system for the community of Mountain House. Mutual and Automatic Aid is received from and provided to fire districts adjacent to Mountain House providing additional Fire and EMS services. This sharing of resources and facilities avoids duplication and overlapping service areas while providing all of the residents with a properly spaced set of fire stations and a timely response from not only the closest station but also quick and adequate backup from nearby fire stations.

The current fire station has provided sharing opportunities for community meetings to take place by sharing their conference rooms for meetings and assembly. The Emergency Operations Center is housed at the current fire station and is available for shared emergency response and the California Office of Emergency Services. The fire station parking facility also is utilized for shared parking of MHCS D official vehicles.

2. Utility Services

The current contract for utility operations and maintenance provides that the operator can establish a state certified laboratory at the Mountain House facility. This laboratory results in cost savings to the MHCS D by having the ability to conduct tests with on-site staff rather than send them to another laboratory. The certified lab was established however it is not currently staffed and tests are sent to an outside facility. The lab could be re-established in the future.⁸⁸

⁸⁸ Correspondence from MHCS D, N.Shareghi, May 13, 2022.

3. Landscape Maintenance

Presently, the contractor providing landscape maintenance services stores equipment outside of Mountain House because storage and work yard facilities are not available. The MHCS D has considered the usefulness of the contractor leasing a portion of a 3-5 acre site outside the wastewater treatment plan compound that would include a power supply and an area for equipment and a job trailer; no plans for leasing have been implemented, however, the option remains open for future discussion.⁸⁹ Once the corporation yard is constructed by the developer, the landscape maintenance contractor intends to share a portion of the MHCS D corporation yard to house its equipment. This will provide a faster response and lower cost of service to the MHCS D through the lease revenue.

4. Library Services

The Mountain House branch library is part of the Stockton-San Joaquin County unified library system. The Master Plan for the community and the Public Service Allocation Agreement between the County and the MHCS D both note that the library services will be provided to Mountain House through this arrangement. The MHCS D, like other communities with branch libraries of the countywide system, provides the library building and building operating expenses. The initial collection of library material and all furnishings were also provided by the MHCS D. The library system provides the staff and replacement/enhancement of the collection. Funding for the library system's responsibility comes from a portion of the County property tax revenue that is earmarked by the County to fund library services to the branches outside of the City of Stockton and to provide access for all county residents to both the main library in Stockton and any branch library. Materials can be reserved and will be delivered to Mountain House from other branches upon request by a library patron.

MHCS D included a new permanent library co-located with the new permanent community Town Hall on Main Street in the Town Center. The two new buildings share a common conditioned lobby and courtyard, as well as share a multi-purpose room and conference rooms accessible to the community. Both facilities are designed to serve the community through buildout of the Master Plan and SOI.

5. Parks and Recreation

The Mountain House community in conjunction with the MHCS D has individual neighborhood parks located in each of the twelve villages and a Central Community Park to provide ample park and recreational shared facilities with various parties, groups, vendors, bands, and others who wish to hold events, activities, and recreation. The Master Plan discusses the planned regional trail system that can have the opportunity to share and link with other regional trails such as the Alameda County's East Bay Regional Park District's trail system. This trail system connectivity will provide shared facilities for recreational use on a regional level. Portions of the

⁸⁹ Correspondence from MHCS D, D.Louie, May 16, 2022.

regional trail system including the trail along the creek have been built. A proposed trail along the river located north of Byron Road will be built as development occurs in the area.

6. Infrastructure

The current infrastructure in terms of poles, public facilities, and lands offers shared opportunities with high-tech companies to provide modern technologies (i.e., cell phone towers, Wi-Fi antennas, 5G facilities, etc.) to the master planned population while providing an additional revenue stream for the MHCS D from franchise fees.

7. Transit

The planned Transit Center located within the Town Center will provide shared facilities with other transit agencies, operators, and entities to/from the master planned community for commuting or mobility purposes. These shared transit opportunities and facilities will serve and provide quality of life benefits for the current and future population within and outside the master plan and SOI boundaries. MHCS D is also working with Commute Connection and Regional Transit to develop Park-N-Rides strategically located throughout the Mountain House community using a phased approach to begin providing this service at the earliest possible date. During this interim period, the MHCS D parking lot is used as a Park-N-Ride for commuters to meet and carpool.

B. Determinations

The MHCS D has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including appropriately noticed and managed Board meetings, the Master Plan and Specific Plans, financial planning and audits, strategic planning, capital improvement plans, pavement management plans, annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, urban water management plan, as well as fire protection and law enforcement services. The financial department is now preparing non-mandated, but appropriate, Comprehensive Annual Financial Report (CAFR) as a tool to provide high level financial integrity in the District's systems. Through these processes the MHCS D will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

IX. Determination #6: Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

This chapter of the Municipal Services Review considers the accountability for community service needs given the MHCS D's government structure and operational efficiencies. LAFCO is required to consider the advantages and disadvantages of any options that might be available to provide the services. In reviewing potential government structure options, consideration may be given to financial feasibility, service delivery, quality and cost, regulatory or government frameworks, operational practicality, and public reference.

A. Governmental Structure

The initial stage in the process of creating a district that is representative of the Mountain House community residents was to create a "dependent district," with the San Joaquin County Board of Supervisors serving as the District Board of Directors. The state legislation creating the district specified that an election would be held to determine if the residents wanted to change the district to an "independent district." This election was held in November 2008, and the residents voted to convert to an "independent district" governmental structure also known as the MHCS D. The election for the Mountain House Board of Directors was also held in November 2008 and the new Board took office in December 2008.

The functions of the MHCS D Board of Directors are the same as those of the Board of Supervisors who initially acted as the District Board of Directors. These functions are spelled out in the Public Services Allocation Agreement as well as the Master Plan. The County Board of Supervisors retained and continues to provide responsibility through its planning and building department for land use decisions, as originally planned. The sources of revenue for the district have remained unchanged and all ordinances, resolutions, board orders and agreements approved by the San Joaquin County Board of Directors to-date have remained in effect.

1. Incorporation

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable while increasing and improving local services and facilities provided to the community.⁹⁰

2. Public Information and Participation

Since its creation and election, the MHCS D and its Board of Directors have been holding public meetings in the evening. Such Board meetings and other meetings are widely advertised in advance per the Brown Act and encourage the community to attend/participate. These same meetings are streamed live online. In addition, for those who are not able to attend, or are not

⁹⁰ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

able to watch real time via streaming services, community members can watch a recording of the board meeting available thru the MHCS D website. Over the past few years, the community has communicated and ramped up its public participation processes and the MHCS D has exchanged public information through expanding use of social media. Representatives of the Sheriff's Department and the Fire Department, the Library and local medical providers continue to make presentations at MHCS D Board meetings and MHCS D sponsored community Town Hall meetings. The use of "Town Hall" meetings is very successful and meetings are well attended, which serves to convey important and timely information to the community.

MHCS D publishes a monthly newsletter mailed to all of the residents and notifies them of special community events and other information. Further, the District's website allows staff to update the website on a continual basis to provide dynamic, current information to the community. To assure inclusion of non-digital residents, the MHCS D conducts an annual public survey thru a combination of either or both hard copy mailings and home visits. MHCS D offices and staff are public and directly accessible to the public.

B. Evaluation of Operational Efficiencies

1. Method of Establishing New Operating Systems and Procedures

As a participatory form of local government, residents ultimately have input and oversight on the provision of community service needs and public services. Residents elect its Board of Directors through staggered four-year (4) terms. Elected directors take an oath of office to serve in the best interest of the community. In turn, the Board of Directors appoints a General Manager responsible for carrying out the day-to-day policy decisions and direction of the Board. The General Manager is responsible for overseeing and directing the MHCS D staff and resources for meeting the community service needs.

Since the principal focus of the staff is necessarily on designing and implementing infrastructure and services, the MHCS D uses the services of consultants experienced in managing all aspects of urban services to develop the detailed plans, ordinances, policies, standards and financial systems. Where possible, MHCS D has continued to use the services of the County. However, the MHCS D has also developed its own personnel rules and labor relations policy, purchasing ordinance, waste management, water and sewer ordinances. Many new operating systems and procedures are continually being developed, implemented, or purchased as they are needed.

The MHCS D is constantly evolving to add new operating systems, policies, and procedures. The MHCS D staff via the General Manager brings these issues to the attention of the Board of Directors, along with the history and status of policies and procedures, and recommends new operating systems, policies, and procedures for the Board to adopt. The Board of Directors work with the General Manager to ensure that staffing levels are appropriate to the level of service desired by the community and that work processes are prioritized to the needs of the community and are the most cost effective.

C. Determinations

The present governance structure of the MHCS D changed to that of an independent district in December 2008. The establishment of a voter-approved MHCS D resulted with the seating of a newly elected Board of Directors. The Board of Directors make the final decisions concerning fee structures and provisions of service subject to state law. The MHCS D Board of Directors reviews its fee structures for fire protection and emergency medical, water, sewer, and storm drainage on a nearly continual basis, but no less than once every five years. MHCS D Master Plan and other documents have numerous goals, objectives, policies, and actions to ensure that adequate services are provided in a cost effective manner to accommodate new growth; the documents are publicly reviewed and posted to assure transparency.

MHCS D has submitted an application to LAFCO to incorporate and become a city. LAFCO is in the process of preparing a Comprehensive Fiscal Analysis (CFA) as required by to determine financial feasibility. The Incorporation Feasibility Analysis (IFA) prepared by MHCS D in advance of its application to LAFCO concluded that a new city could be financially viable and increase services provided to the community.⁹¹

Mechanisms are in place within the organization to effectively provide for public participation in the planning and development process to address government structure options to provide efficient and cost effective public facilities and services. Most of the planning, operational and financial systems of the MHCS D are continually being improved as the District staff implement large infrastructure projects and establish new services for the growing community. MHCS D staff continues to seek approval and direction from the Board in prioritizing goals and objectives to assess service levels, appropriate staff levels for the needed services, and to monitor the effectiveness of service delivery.

The MHCS D's use of its budget process and long range infrastructure planning processes ensure that it is able to provide directly, and through contract, adequate levels of service in a cost-effective manner within its service areas. The MHCS D has demonstrated the ability to work with other service providers and districts to ensure that adequate, reliable services are provided in a cost effective manner. Efforts to ensure effective government structure for the provision of fire protection and emergency medical, law enforcement, water supply, wastewater treatment, and storm drainage facilities demonstrate the MHCS D's foresight to plan and provide for future service needs as MHCS D boundaries expand due to annexations and population increases.

⁹¹ MHCS D Incorporation Feasibility Analysis (IFA), Oct. 2, 2020, prepared by Berkson Associates.

Exhibit I Mountain House Master Plan Land Use Summary

Table 3.1: Land Use Summary								
LAND USE	Gross Area AC	% Acres	Expected Density DU/AC	Expected Units DU	Person/ DU	Population	Jobs per Acre	Jobs
RESIDENTIAL								
RVL	Residential/Very Low	63.7	2.6%	2.0	121	3.12		378
RL	Residential/Low	921.8	37.1%	4.5	4,106	3.12		12,811
RL	Residential/Low - Active Adult	277.2	11.1%	4.5	1,247	1.80		2,245
RM	Residential/Medium	878.0	35.3%	6.0	5,339	2.70		14,415
RM	Residential/Medium - Active Adult	104.7	4.2%	6.0	628	1.80		1,130
RMH	Residential/Medium High	149.7	6.0%	14.0	2,075	2.00		4,150
RMH	Residential/Medium High - Active Adult	29.4	1.2%	14.0	412	2.00		824
RMH	Residential/Medium High - Senior Housing	5.0	0.2%	14.0	70	2.00		140
RH	Residential/High	45.2	1.6%	20.0	904	2.00		1,808
RH	Residential/High - Senior Housing	11.3	0.5%	20.0	230	2.00		460
MX	Mixed Use (Town Center)			200	200			400
	SUBTOTAL	2,486.2	100.0%		16,332			38,781
ADDITIONAL & BONUS UNITS								
	Additional Units (Town Center)			240	2.00			480
	Bonus Units (For HD Housing)			90	2.00			180
	SUBTOTAL			330				660
COMMERCIAL								
CN	Neighborhood Commercial	12.8	2.6%				24	307
CC	Community Commercial	97.4	19.4%				24	2,338
CG	General Commercial	41.8	8.3%				24	1,000
CO	Office Commercial	50.8	10.1%				44	2,259
CFS	Freeway Service Commercial	24.8	4.9%				24	596
CR	Commercial Recreation	215.5	43.0%				0.5	108
MX	Mixed Use (Town Center)			39.8	7.9%			51
MX	Mixed Use (Old River)	18.4	3.7%					51
	SUBTOTAL	501.4	100.0%					9,654
INDUSTRIAL								
IL	Limited Industrial (N. of Byron)	87.6					26	2,278
IL	Limited Industrial (S. of Byron)	187.9					32.3	8,000
IG	General Industrial	106.6					14	1,452
	SUBTOTAL	382.1						9,730
OPEN SPACE								
NP	Neighborhood Park	61.2					0.2	12
CP	MH Creek Community Park	92.2					0.2	18
CP	Central Community Park	41.6					0.2	8
CP	Other Community Parks	58.3					0.2	11
RP	Regional Park	88.2					0.2	18
OS/O	Lakes	95.6					0.2	19
OS/O	Water Quality/Retention Basins	20.8					0	0
OS/O	Other Open Space (buffers, gas/electric corridors)	41.2					0.2	8
OS/RC	Wetland / Resource Conservation	17.2					0	0
OS/RC	Dry Creek	13.0					0.2	3
	SUBTOTAL	626.4						97
SCHOOLS								
	K-8	160.0					2.5	400
	High School	46.5					2.5	116
	Community College	107.9					5.0	532
	SUBTOTAL	314.4						1,048
PUBLIC								
P	Wastewater Treatment Plant/Service Areas	48.2					5	241
P	Water Treatment Plant	16.9					5	86
P	Transit (includes designated par/pk lots)	10.9					5	56
P	Public Facilities (public)	22.3					5	112
P	Public Facilities (private)	10.2					5	51
	SUBTOTAL	108.5						543
TOTALS		4,317.0			16,662		38,421	21,062

- Notes:
- 1) All acreages exclude Arterial roadways. In Town Center, acreages also exclude Collector roads. RVL, RL, and RM areas include Collector and Local roadways (including some roads serving non-residential uses) and areas under power line easement.
 - 2) Neighborhood-D total excludes the High school and fire station. 1.6 acres of Neighborhood-Commercial in Neighborhood-F is for a community pool.
 - 3) Dwelling units are "Expected Units." For "Minimum Units" and "Maximum Units," see Table 3. Second unit dwellings are not included in Expected Units.

Exhibit II Buildout Potable Water Distribution System

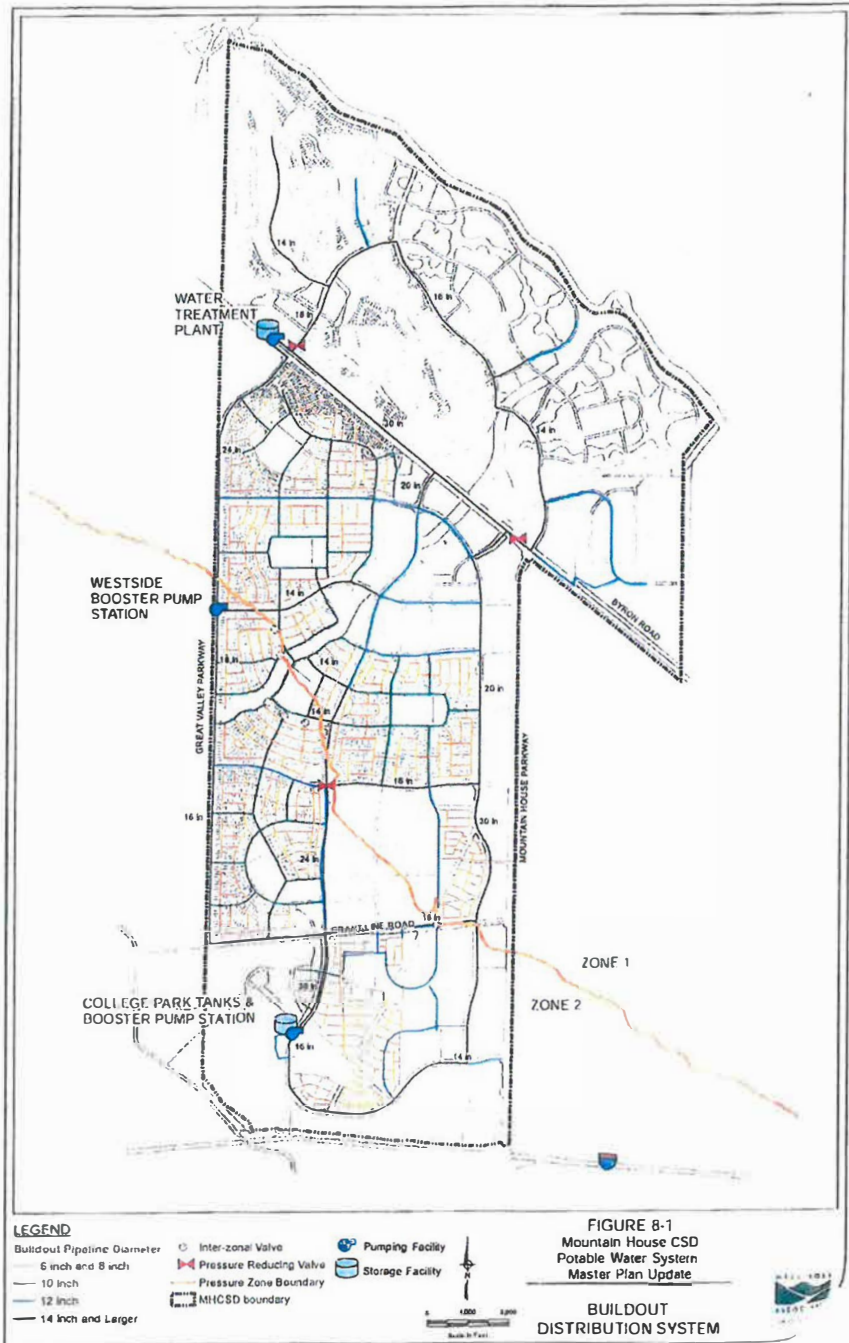


Exhibit III Buildout Wastewater Collection Facilities

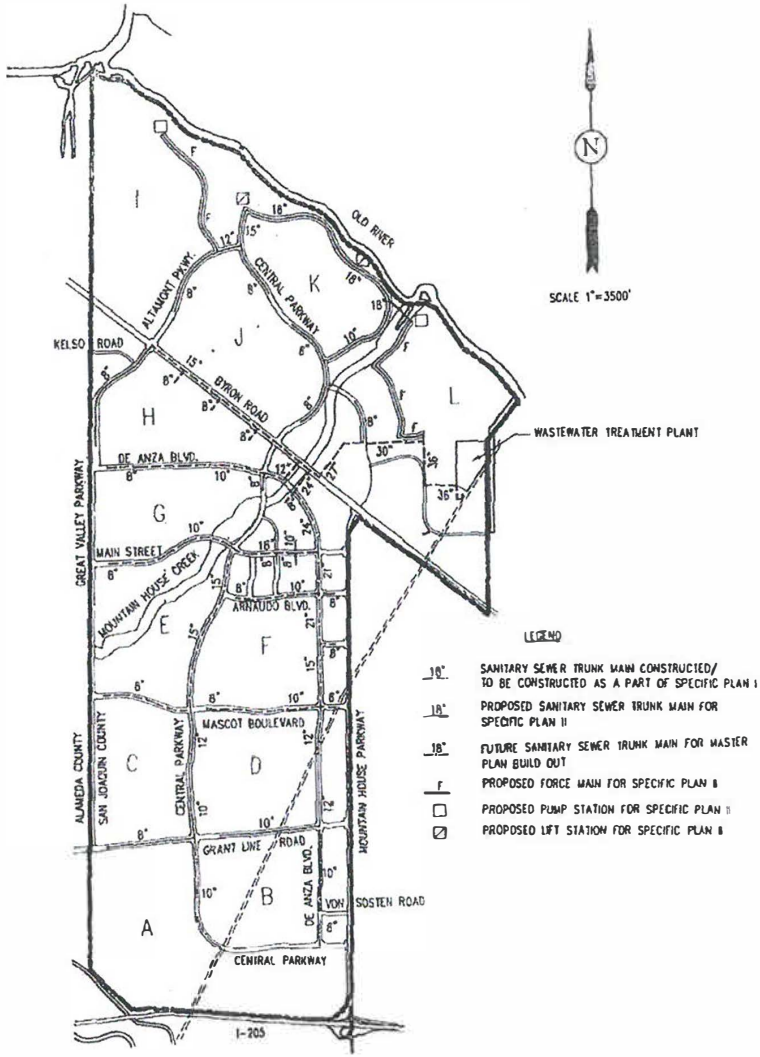


Exhibit IV On-site Watershed Drainage Map

