P C

Balancing Community and Commerce

5000 S. AIRPORT WAY □ SUITE 209 □ STOCKTON, CA 95206 □ 209-953-7646

TO:

City of Tracy	Tracy Unified School District
SJC Community Development Dept.	California Highway Patrol
Tracy Rural Fire District	SJ County Sheriff's Department
Environemntal Health Dept.	South County Fire Authority
State of California Dept. of Fish and Wildlife	San Joaquin Valley APCD
SJ Resource Conservation Dept.	SJ Council of Government (HCD)
California Valley Regional Water Quality Control Board	SJ Council of Government (ALUC)
SJ Flood Control Agency	SJC MVCD
SJ County Committee on School District	City of Lathrop
California Attorney General Office - Bureau of Environmental Justice	City of Mountain House
SJC Administrators Office	SJ County Public Works Department

FROM: JD Hightower, Executive Officer

PROJECT: Municipal Servive Review and Sphere of Influence Update for the City of Tracy

REFERRAL DATE: July 22, 2026

Location: City of Tracy

Please visit https://www.sjlafco.org/projects-under-review-and-receiving-comments to review application for the above referenced project. Please submit your project-related comments along with any proposed requirements to the LAFCo Office no later than **5:00 P.M. on August 21, 2026.** Environmental concerns may also be included in your comments. If a response is not received by this date, we will assume you have no comment.

A public hearing on this proposal is tentatively scheduled for the LAFCo Commission meeting on **Thursday September 10, 2026**, at 9:00 A.M. in the Board of Supervisors Chambers, 6th Floor, 44 North San Joaquin Street, Stockton.

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cc: Carolyn Steman, County Assessors Office
Corinne King, Community Developem-Planning
Scott Cooper, Public Services
David Bollinger, Commumnity Development Services

DRAFT
TRACY MUNICIPAL SERVICES REVIEW

JULY 2026

Prepared for:

San Joaquin Local Agency Formation Commission
509 W. Weber Avenue, Suite 420
Stockton, CA 95203

Prepared by:

De Novo Planning Group
1020 Suncast Lane, Suite 106
El Dorado Hills, CA 95762

On behalf of:

City of Tracy
333 Civic Center Plaza
Tracy, CA 95376
(209) 599-2108

De Novo Planning Group

A Land Use Planning, Design, and Environmental Firm

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EXECUTIVE SUMMARY

This Municipal Services Review (MSR) is being prepared for the San Joaquin Local Agency Formation Commission (LAFCo) by the City of Tracy (City) in compliance with the 2000 Cortese-Knox-Hertzberg Act, which requires that a MSR be prepared prior to or concurrent with an update of a Sphere of Influence (SOI). The MSR evaluates existing and future service conditions and reviews the advantages and disadvantages of various government service structure options in the form of written determinations. A MSR is a tool upon which LAFCo can base its action on a SOI. This MSR will be used by the San Joaquin LAFCo when reviewing annexations and amendments to the City of Tracy's SOI. The City last updated its SOI and MSR in 2019. This MSR is intended to inform LAFCo as it considers various annexation applications submitted by the City.

The MSR reviews the City's ability to provide services to residents and businesses within its existing boundaries as well as the future residents and businesses within 10-Year and 30-Year Horizons. A SOI is a planning boundary defined by LAFCo within which a city or district is expected to grow over time. The MSR provides the basis for modifying the City's SOI.

The MSR is required by the Cortese-Knox-Hertzberg Act to address 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 Disadvantaged 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 or Deficiencies including Needs or Deficiencies related to Sewers, Municipal and Industrial Water, and Structure Fire Protection in any Disadvantaged, Unincorporated Communities (DUCs) within or contiguous to the Sphere of Influence
- 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

CONTENTS

This MSR includes the following chapters:

Executive Summary and Determinations. This chapter summarizes the purpose of the MSR, the determination requirements for an MSR, and the contents of the MSR, and makes a written determination for each of the required categories.

Chapter 1, Introduction. Chapter 1 defines and describes the SOI, describes the determination factors LAFCo must consider when determining a SOI, and addresses compliance with the California Environmental Quality Act.

Chapter 2, Sphere of Influence Plan. Chapter 2 provides a detailed description of the capacity of the City and SOI to accommodate growth and addresses present and planned land uses in the area, including agricultural 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, and the present and probable need for those public facilities and services within any disadvantaged unincorporated communities (DUCs) within the SOI. The SOI Plan does not propose any changes to the City's SOI, but does include modifications to the 10- and 30-Year Horizons.

Chapter 3, Growth and Population Projections. Chapter 3 identifies growth trends and projections for the City and its 10-Year and 30-Year Horizons.

Chapter 4, Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs and Deficiencies. Chapter 4 addresses the needs and deficiencies of public services and facilities, particularly in terms of supply, capacity, condition of facilities, and service quality. This chapter addresses the following public services, some of which are provided by the City and some of which are provided through contract or special district: fire protection and emergency medical services, law enforcement, water supply and treatment, wastewater supply and treatment, and storm water drainage and flood protection.

Chapter 5, Financial Ability. Chapter 5 addresses the financial ability of the City to fund public services necessary to serve existing and planned growth; this chapter also addresses the financial resources available to provide fire protection services through SSJCFA.

DETERMINATIONS

Written determinations are included for each of the required areas and are provided below. The San Joaquin LAFCo "Service Review Policies" document dated December 14, 2012 prepared by the San Joaquin LAFCo was used as a guide in the preparation of this MSR. The following determinations are based on a comprehensive review of services contained in this MSR. These determinations affirm the City's ability to provide services to existing and future populations within its SOI in accordance with Government Code section 56425:

DETERMINATION 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

1-A. Present and Planned Land Uses

The City of Tracy has a large amount of vacant acreage within the City limits, much of which lies within three Specific Plan areas in the early and mid stages of development, including Tracy Hills, Cordes Ranch, and Ellis, the Gateway Concept Development Plan, and Urban Reserve 5. These developments are located generally to the west and southwest of the central core of the City. There are also numerous vacant properties within the City that are steadily being developed with new construction. Overall, Tracy is primarily a lower density residential community, with a historic downtown, a commercial core including a mall, restaurants and auto dealers, and a robust industrial market with multiple warehouse/distribution facilities.

Planned land uses in the City are summarized in **Table 2-1** and shown in **Figure 2-1** and include residential development ranging from very low to high densities, commercial, office, industrial uses, and public uses, as well as agricultural and open space uses.

Agricultural lands continue to make up a portion of the area within the SOI and Planning Area outside of the City limits, with all Williamson Act lands within the 10-Year Horizon. While the majority of land within the SOI is designated for urban development, the majority of the Williamson Act parcels (94%) within the SOI that are located outside of the current City limits are designated for aggregate, agricultural, and open space uses and are not planned for urban development (see **Figures 2-1 and 2-2**). There are a total of 20 Williamson Act contract parcels within the SOI.

There are three Prime Agricultural land parcels, which are all located within the northern portion of the SOI within the 10-Year Horizon. The continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. One of the parcels is designated Commercial and is anticipated to ultimately develop with urban (commercial) uses as this parcel represents a logical extension of the City's urban footprint and is adjacent to existing development. This site is not anticipated to develop within the 10-Year Horizon, but planning for its annexation may begin during this period.

There are also twelve non-prime Agricultural land parcels and five non-renewal parcels within the SOI. Ten of the non-prime parcels are within the Tracy Hills open space area, one parcel is in the western portion of the SOI designated Industrial, and one parcel is in the southern portion of the SOI designated Aggregate; the continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the non-renewal parcels, there are two located within the 10-Year Horizon in the central/southern portion of the SOI south of Linne Road and three located along the eastern boundary of the SOI; these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Beyond these identified parcels, there are no other Williamson Act Land located within the SOI.

State Government Code Section §56426.6 specifies under what conditions Williamson Act properties can be included within a change to a SOI. LAFCO can approve a change to an SOI with Williamson Act territory if either of the following findings are made:

(A) That the change would facilitate planned, orderly, and efficient patterns of land use or provision of services, and the public interest in the change substantially outweighs the public interest in the current continuation of the contract beyond its current expiration date; or

(B) That the change is not likely to adversely affect the continuation of the contract beyond its current expiration date.

10-YEAR HORIZON

While **Table 2-3** identifies the planned capacity of the 10-Year Horizon, it is anticipated that actual development during the 2025-2035 period would be less than the full capacity, with growth occurring at a rate similar to Scenario 3, as shown in **Table 2-1**. The City's General Plan requires comprehensive planning of areas within the SOI, including Urban Reserve areas, as identified by Land Use Element Objective LU-1.2 and implementing policies P1 through P3. This level of comprehensive planning is demonstrated through the City's approach to Urban Reserve 6 (Cordes Ranch), Urban Reserve 9 (Ponderosa), and the Tracy Hills Specific Plan. A significant amount of land designated for open space uses is included in the 10-Year Horizon to allow the City the flexibility to consider annexation of these lands. Buildout of the 10-Year Horizon would accommodate an increase of approximately 4,046 dwelling units, 9,690 people, and 17,844 jobs.

It is anticipated that, although the planning process may begin for areas within the SOI, many of the areas will remain underdeveloped and unplanned. As discussed previously, demand for development is based on the interest of property owners and developers and market demand. While the City can influence the location and pace of growth through its General Plan and master planning for services and utilities, the City must provide flexibility to accommodate market demand and property owner interest.

30-YEAR HORIZON

As shown in Table 2-6, the 30-Year Horizon includes lands planned for residential, commercial, industrial, aggregate, and agricultural uses. Buildout of the 30-Year Horizon would result in an increase of approximately 228 dwelling units, 508 persons, and a decrease of 496 jobs.

Summary: The City's SOI would provide for logical, orderly development as new development within the 10- and 30-Year Horizons would expand the existing community in a logical, orderly, and efficient manner, and would facilitate the logical, orderly, and efficient provision of services. In its consideration of future development projects in the 10- and 30-Year Horizons, the City will determine on a case-by-case basis whether a proposed development is timely and appropriate, whether the conversion of agricultural land to urban uses is consistent with the goals and policies of the City of Tracy General Plan, in determining whether it is appropriate to submit an application to LAFCO for annexation. Prior to approval of any annexation application, LAFCO would consider whether the proposed development is consistent with LAFCO policies.

Present and planned land uses as specified in the City of Tracy General Plan are appropriate for serving existing and future residents of Tracy. The City of Tracy General Plan represents the City's vision for its future and includes goals and policies that address growth, development, and conservation of open space. Planned land uses in the City of Tracy General Plan include Residential Very Low, Residential Low, Residential Medium, Residential High, Traditional Residential – Ellis, Commercial, Office, Industrial, Downtown, Village Center, Public Facilities, Park, Open Space, Agriculture, Aggregate, Active Adult Residential, and Urban Reserve. Land designations applicable to the 10 and 30-Year Horizons are summarized in **Tables 2-5** and **2-6**, respectively, and shown in **Figure 1-3**.

1-B. Social and Economic Communities of Interest

While the City of Tracy does not abut any incorporated communities, the residents of Tracy share social and economic interests with the nearby communities of Lathrop, Manteca, and Mountain House as well as a variety of local organizations of interest, such as numerous businesses, schools, churches, and other community service programs that serve Tracy's residents. Lands in the SOI are unincorporated, but are historically, socially, and economically related to Tracy. The existing social fabric of the city will not change substantially with the growth anticipated in the SOI, including growth projected for the 10-Year and 30-Year Horizons. As described in the 2011 and 2019 City of Tracy Municipal Service Reviews, new growth is expected to be positive, bringing in new families and economic buying power as well as possible revenues that increase the City's budget. Industrial, commercial, and retail growth anticipated in the SOI would bring jobs and economic growth and improve the City's jobs-housing balance. An increase in jobs in the City would benefit the larger region as many local communities export workers to the Bay Area, as evidenced by approximately 55% of San Joaquin County employed residents working outside of the County (129,151 jobs with persons living and working in the County and 155,257 jobs with persons living in the County and working outside of the County).[1] Maintaining the City's SOI would continue to provide these benefits to the City and region.

Historically, the area surrounding Tracy has been largely agricultural. Much of the area surrounding the City limits and SOI includes Williamson Act lands. In addition, the existing SOI includes 20 parcels within the SOI that are under Williamson Act protection (see **Figure 1-2**). As previously described, the continued inclusion of two of the Prime Agricultural parcels as well as the ten Non-Prime parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the remaining one Prime parcel, one Non-Prime parcel, and five Non-Renewal parcels, these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Further, the General Plan includes policies that will be implemented as development occurs on or adjacent to agricultural lands that address and reduce impacts between urban development and agricultural land uses.

1-C. Growth and Population Projections of the Affected Area

The City of Tracy General Plan provides a framework for future growth and development within the City and the SOI. The City of Tracy has created a thorough policy structure to manage the SOI, including maps that identify two key geographies: Primary Residential Growth Areas and Secondary Residential Growth Areas. The City of Tracy initially adopted a residential GMO in 1987. The current GMO is provided under City Resolution 2012-1201 and was most recently revised by the City Council on October 20, 2015. The City's RGMP, established in Chapter 10.12 of the Municipal Code, set annual limits on the Residential Growth Allotment (RGA), which is the allotment made by the City that must be obtained by a developer (by allocation or conveyance) before each residential building permit is issued by the City, unless the subdivider obtains an exemption. The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year,

[1] U.S. Census, 2026. *OnTheMap Inflow/Outflow Job Counts (All Jobs)*. Accessed November 2025.

although there are exceptions for affordable housing, small custom residential projects, and to meet state RHNA units, and Active Adult Residential Allotments.

The City's population was estimated at 98,215 in 2025. Between 1990 and 2025, the City experienced a 4.4% annual growth rate; however, the growth rate decreased to approximately 1.1% from 2010 to 2025. The latest SJCOG population projections for Tracy are 108,856 people by 2040 and 115,950 people by 2050. Under the City's GMO, taking exemptions, RHNA units, and annexations of existing units into account, a population of approximately 125,812 would be realized by 2040 and approximately 153,435 persons by 2050 (see **Table 2-2**).

The current SOI, including the 10-Year and 30-Year Horizons, provides for maximum population growth of up to approximately 168,226 people (**see Table 2-3**) if all vacant and underutilized parcels were developed; however, it is not expected that actual population growth will reach this amount based on the historical trends, population projections, and an unrealistic expectation of full development of all vacant and underutilized parcels. Additionally, since the City has created limits on the number of new housing units (to approximately 600 units per year for market rating housing) with various exceptions, including permitting additional units to accommodate the State-mandated Regional Housing Needs Allocation (RHNA), this would limit the actual level of population growth within the 10-Year and 30-Year Horizons. There are many factors that will ultimately influence the actual population (including job availability, housing availability/affordability, etc.).

The 10- and 30-Year Horizons within the existing SOI will adequately provide for the projected population and jobs growth through 2055. This level of population, housing, and jobs growth is consistent with the City's General Plan. The City's ability to provide adequate service to new developments will be ensured prior to approval of new developments, in accordance with existing City policies and fee programs, as described in Chapters 4 and 5.

DETERMINATION 2: THE LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

There are no currently identified Disadvantaged Unincorporated Communities within the Tracy SOI, as described in Chapter 2. As there are no Disadvantaged Unincorporated Communities located within the Tracy SOI, no analysis of public facilities and services associated with DUCs is provided within this MSR.

DETERMINATION 3: PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES INCLUDING NEEDS OR DEFICIENCIES RELATED TO SEWERS, MUNICIPAL AND INDUSTRIAL WATER, AND STRUCTURE FIRE PROTECTION IN ANY DISADVANTAGED, UNINCORPORATED COMMUNITIES (DUCS) WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

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

Existing public facilities and services are adequate for serving the needs of Tracy's population. In early 2018, the Tracy Rural Fire District and the City of Tracy entered into a new joint powers to form a new joint powers authority agreement known as the SSJCFA to provide first response fire services to the entire jurisdictional area of the SSJCFA. SSJCFA maintains fire stations throughout its service area; the City and the Tracy Rural Fire District are each responsible for capital improvements to their fire stations and replacement, when needed, of their fire equipment. Both Tracy's fire and police services maintain adequate staff and facilities. As discussed in Chapter 4, the City regularly studies the need for facilities and services and works to address the existing and planned service needs of the City. The City's water supply, wastewater and storm drainage services meet the needs of current population, and are being updated and expanded to meet the needs of future populations.[2] The determinations included in Chapter 4 of this MSR show that public facilities and services are adequate to meet the needs of the current population. In addition, public facilities and services are being improved over time, and specific timeframes and policies have been established to meet the projected demand from the City's future growth.

3-B. Present and Probable Need for Public Facilities and Services

The ability of the City of Tracy to provide public facilities and services has been explored in the Municipal Services Review and the City has been found to provide adequate facilities and services to meet the needs of the existing population. Public services provided by the City and addressed in this MSR include police, water, wastewater, and stormwater drainage. The City also provides public facilities including transportation (i.e. TRACER bus) and recreational facilities (including parks). The City of Tracy and the Tracy Rural Fire District also provide fire service via the South San Joaquin County Fire Authority (SSJCFA). Services provided by other agencies include schools (e.g. Tracy Joint Unified School District and Jefferson School District). New development within the SOI will lead to population growth and the need for additional service provision. The expanded tax base and fees that result from new development, as well as establishment of Community Facilities Districts where appropriate, will provide funding for these services. Development and connection fees will address the capital costs and user charges will address the infrastructure and operating expenses of new development. General Plan policies are in place to ensure adequate service provision for current and future populations, and require the City to address any gaps in funding that present themselves in the future.

3-B-1. FIRE PROTECTION DETERMINATIONS

As described in Chapter 4, the City has an appropriate process in place to plan and fund fire protection services, including regular review of its service levels and funding sources and annual budgeting of resources, that will ensure adequate fire protection staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The Citywide Public Safety Master Plan, adopted in 2024, plans through 2040 and plans for adequate facilities to serve a population of 141,000 by 2040 and is consistent with the Standards of Cover Study recommendations. While it is anticipated that the City may grow at a slightly slower rate, as described in Chapters 2 and 3 of this MSR, the Citywide Public Safety Master Plan addresses the fire protection facilities and staffing needs expected to serve the City and development in the SOI through 2040. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City fire services to areas within the City and SOI, including updating the Public Safety Master Plan to reflect proposed and planned annexations, amendments and updates to the General Plan,

[2] Master Plans are available for buildout of the City's water, wastewater and storm drainage systems. See Chapter 4.

including the recently adopted 6th Cycle Housing Element, and updated growth projections that reflect population, housing, and employment trends.

3-B-2. LAW ENFORCEMENT DETERMINATIONS

The City has an appropriate process in place to plan and fund police services, including regular review of its service levels and funding sources, which will ensure adequate police staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The Citywide Public Safety Master Plan, adopted in 2024, plans through 2040 and plans for adequate facilities to serve a population of 141,000 by 2040. While it is anticipated that the City may grow at a slightly slower rate, as described in Chapters 2 and 3 of this MSR, the Citywide Public Safety Master Plan addresses the law enforcement facilities and staffing needs expected to serve the City and development in the SOI through 2040. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City law enforcement services to areas within the City and SOI, including updating the Public Safety Master Plan to reflect proposed and planned annexations, amendments and updates to the General Plan, including the recently adopted 6th Cycle Housing Element, and updated growth projections that reflect population, housing, and employment trends.

3-B-C. WATER SUPPLY AND TREATMENT DETERMINATIONS

As described in Chapter 4, the water demands for development of the City and SOI, including the 10-Year and 30-Year Horizons, do not conflict with growth projections. The City has planned for adequate capacity in its water supply, water distribution, and water treatment infrastructure to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for water service. The City regularly updates its public services and infrastructure master plans, ensuring that it is addressing population and employment conditions and trends, regulatory constraints, General Plan amendments and updates, and other factors that may affect water supply, treatment, and delivery.

3-B-4. WASTEWATER COLLECTION AND TREATMENT DETERMINATIONS

As described in Chapter 4, the City has planned for adequate capacity in its wastewater treatment services and wastewater conveyance infrastructure to accommodate new development in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for wastewater services. The City regularly updates its public services and infrastructure master plans, ensuring that it is addressing population and employment conditions and trends, regulatory constraints, and other factors that may affect wastewater collection and treatment.

3-B-5. STORMWATER DRAINAGE DETERMINATIONS

As described in Chapter 4, the City has planned for adequate capacity in its storm drainage facilities to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to provide storm water control. The City has addressed potential hazards associated with flooding, including the 100- and 200-year floodplains, in the General Plan, General Plan EIR, and Municipal Code. The City's General Plan includes requirements that are applied to new development to ensure that developing areas are protected from 100- and 200-year flood hazards through requiring new development to comply with applicable local, state, and federal regulations, as described above. Implementation of the City's existing requirements will ensure that flood hazards are addressed prior to development of any areas within the SOI.

3-C. Present and Probable Need for Public Facilities and Services within DUCs

There are no currently identified Disadvantaged Unincorporated Communities within the Tracy SOI, as described in Chapter 2. As there are no Disadvantaged Unincorporated Communities located within the Tracy SOI, no analysis of public facilities and services associated with DUCs is provided within this MSR.

DETERMINATION 5: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

The City's expenses are covered through the revenues that it receives from charges for services, operating grants and contributions, capital grants and contributions, property tax, and sales and uses tax. As land is developed within the City and land is annexed into the City of Tracy from the SOI, fees and charges for services apply. Duplication of costs will be avoided by ensuring that any services that will be provided by the City will be removed from County or other agency responsibility. The City manages finances on a continual basis, which is reported on an annual basis through the annual Audited Financial Statement and the City Budget. The City's management and reporting of their finances are in accordance with the legal requirements for such. An outside audit is performed each year to ensure that the legal requirements are met.

The General Plan includes polices and implementation measures that require new development to pay its fair share to offset capital costs for public facilities and services. Development will pay a fair share of all costs of required public infrastructure and services.

The City's Tracy Infrastructure Master Plans (TIMP) programs funding for capital improvements to address planned growth and maintain adequate service levels. The City's TIMP fees are based on the cost of infrastructure improvements identified in the TIMP. The City reviews its fees and charges for services/usage of City facilities on an annual basis to determine the correct level of adjustment required to pay for adequate services and to reverse any deficits and assure funding for needed infrastructure going forward.

The City has created an additional source of revenue to fund the provision of public services such as police and public works by forming a Citywide Services Community Facilities District ("Services CFD") pursuant to the California Mello-Roos Act. The Services CFD is another tool for securing a revenue source to fund the expansion of services as the City grows and continues to develop.

LAFCO has adopted a policy of requiring the City to providing fire services to annexed lands and to no longer annex lands without detachment from the Rural Fire District. The City and Rural Fire District have planned for the provision of new and relocated fire stations, which are funded mainly through the City's impact fees and developer agreement fees. These fees will continue to be available to fund the new and relocated fire stations as described in Chapter 5.

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, which will include adjustments to address any projected cost increases or deficiencies as necessary.

DETERMINATION 6: STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The City of Tracy has existing and planned arrangements for shared facilities and resources in order to reduce overall costs and ensure adequate levels of service. These arrangements include shared supply and facility resources with SSJCFA, SSJID, United States Bureau of Reclamation, irrigation water providers, wastewater producers, and Stockton-San Joaquin Public Library District. The City also shares personnel between the City's Police Department and federal, state and County law enforcement agencies to provide special operations resources, and has mutual aid agreements between the Tracy Rural Fire Department and the State of California, San Joaquin County agencies, Alameda County, Stanislaus County, and Contra Costa County. The City shares facilities with other entities, including outside agencies and private entities, as described in Chapter 6 and regularly reviews opportunities for shared facilities in order to provide cost and resource efficiencies.

The City of Tracy has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including the City of Tracy General Plan, the City's annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, as well as fire protection 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.

DETERMINATION 7: ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

Since the City of Tracy is an incorporated city, the City Council makes final decisions concerning fee structures and provisions of service. Actions of the City Council, including opportunities for public involvement and public hearings, are regulated in accordance with the Brown Act (California Government Code Section 54950 et seq.), other applicable statues and regulations, and City procedures. The residents of Tracy are offered a wide range of opportunities to oversee the activities of elected, appointed and paid representatives responsible for the provision of public services to the community through elections, publicized meetings and hearings, as well as through the reports completed in compliance with State and Federal reporting requirements.

The City provides transparency and accountability in its planning for growth, provision of services, and fiscal activities. Agendas, agenda packages, and minutes for City Council, Planning Commission, and other City commissions are available for review online and at City Hall. The City's General Plan, specific plans, infrastructure and public safety master plans, annual budgets, fees for services, fees for development impacts, and annual consolidated financial reports are available for review on the City's website and can also be requested at City Hall for review by the public.

The City of Tracy periodically reviews its fee structures and budget for public services and facilities, including fire protection, law enforcement, transportation, water, sewer, and storm drainage. The City of Tracy General Plan also has numerous goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner to accommodate new growth. The City's government structure is adequate and meets the needs of its residents and the City's accountability system is adequate.

The ability to serve the anticipated growth within the SOI is not expected to have a significant effect on governmental structure of the City or its ability to provide services. Mechanisms are in place within City departments to effectively provide for public participation in the planning and development process to address growth within the SOI. The City will continue to work with service providers such as the Rural Fire District, SSJID, Banta-Carbona Irrigation District, West Side Irrigation, CAL Fire, the San Joaquin Sheriff's office, and others, to address government structure options to provide efficient and cost effective public facilities and services.

The City and the Rural Fire District have evaluated the best approach to providing fire protection services through a joint powers authority to provide efficiency of fire services and maximize efficiencies through sharing of fire stations and staffing resources to best serve the combined service area of the City and Rural Fire District.

The City's current management process is adequate and meets the needs of the City. The City has demonstrated the ability to work with other service providers and districts to ensure that adequate services are provided in a cost-effective and well-planned manner. Efforts to ensure effective government structure for the provision of fire and police protection, transportation, water supply, wastewater treatment, and storm drainage facilities which include the completion of comprehensive planning documents demonstrate the City's foresight to plan for future service needs as City boundaries expand due to annexations and its population increases. Assuming the City continues to evaluate its existing government structure and seek opportunities for improvement, no significant barriers are expected in regards to government structure during the 10 and 30-Year Horizons.

1. INTRODUCTION

This Municipal Service Review (MSR) and Sphere of Influence (SOI) Plan for the City of Tracy is prepared for the San Joaquin County Local Agency Formation Commission (LAFCo) in compliance with the 2000 Cortese-Knox-Hertzberg Act (CKH Act) (Government Code 56000 et seq.). The need for the MSR and SOI is spurred by the expiration of the City's 2019 MSR, which was amended in 2025 to address.

According to the CKH Act, the LAFCo's purpose is as follows:

- 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 agriculture and open space lands, efficient provision 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; and
- Guide consideration of proposals and studies for changes of organization or reorganization.

To carry out State policy, LAFCo has the power to conduct studies, approve and disapprove proposals, modify proposal boundaries, and impose reasonable terms and conditions on approval of proposals. San Joaquin LAFCo has adopted policies and procedures for preparing MSRs and determining SOIs consistent with the CKH Act.

San Joaquin LAFCo policies state that it must adopt an SOI for all cities in San Joaquin County and all LAFCo actions must be consistent with the SOI. An SOI is defined in Section 56425 of the Government Code as "a plan for the probable physical boundary and service area of a local agency or municipality." The SOI is the area around the city where LAFCo expects development could occur and require services. The CKH Act requires that an MSR be conducted prior to or, in conjunction with, the update of an SOI.

The adoption of an SOI is one of the most important planning functions assigned to LAFCo by the State Legislature. SOIs are described by the CKH Act as an important tool for "planning and shaping the logical and orderly development and coordination of local governmental agencies so as to advantageously provide for the present and future needs of the county and its communities." SOIs serve a similar function in LAFCO determinations as general plans do for cities and counties. Consistency with the adopted SOI Plan is mandatory, and changes to the Plan require careful review. Written determinations adopted by LAFCO and the SOI map guide the provision of MSRs for areas within the SOI.

San Joaquin LAFCo's procedural guidelines for determining the SOI requires documentation of the City's ability to meet the requirements of the CKH. The SOI Plan, along with the MSR, and the City of Tracy General Plan, provide the basis for establishing the City of Tracy's SOI.

A. SAN JOAQUIN LAFCO'S SERVICES REVIEW POLICIES

Consistent with State Law, San Joaquin LAFCo's Service Review Policies (December 2012) require the MSR to make written determinations for six categories, as described below.

Determination 1: Growth and population projections for the affected area.
The need for, and patterns of, service provision should be determined by existing and anticipated growth patterns and population projections. The MSR must evaluate whether projections for future growth and population patterns are integrated into an agency's planning function. This analysis provides the basis for determining whether the sphere of influence boundaries reflect expected growth boundaries. Consideration should be given to the impact on growth/land use patterns for adjacent areas, on mutual or regional social and economic interests, on open space and agricultural land, and on the government structure of the county. Growth and population projections should correspond to the sphere horizon and phasing plan depicted in the sphere of influence.

Determination 2: The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.
Cities or special districts that provide sewer, municipal and industrial water, and structural fire services must identify any disadvantaged unincorporated communities (DUCs) within or contiguous to the sphere of influence of cities or special districts, and must make a determination on infrastructure needs or efficiencies for those public facilities and services within any identified DUCs.

Determination 3: Present and planned capacity of 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.
The MSR must describe the status of existing and planned public facilities and its relationship to the quality and levels of service that are, can, and need to be provided. Infrastructure needs and deficiencies can be evaluated in terms of supply, capacity, condition of facilities, and service quality with correlations to operational, capital improvement, and finance plans. Maps and explanatory text that clearly indicate the location of existing facilities and proposed facilities, including a plan for the timing and location of new or expanded facilities, need to be included. The identification of the anticipated service level needs to be tailored to the 5–10, and 30-year sphere horizons.

Determination 4: Financial ability of agencies to provide service.
A community's public service needs should be viewed in light of the resources available to fund the services. The MSR must evaluate factors that affect the financing of necessary improvements and whether agencies are capitalizing on financing opportunities and collaborative strategies to deal with financial constraints.

Determination 5: Status of, and opportunities for, shared facilities.
The MSR must identify opportunities for jurisdictions to share facilities and resources creating a more efficient service delivery system. Sharing facilities and using excess capacity in another agency's service system works to avoid service duplications, reduces costs, and minimizes unnecessary resource consumption. The MSR must inventory facilities within the study area to determine if facilities are being used to capacity and whether efficiencies can be achieved by accommodating the facility needs of adjacent agencies. Options for planning for future shared facilities and services must also be considered.

Determination 6: Accountability for community service needs, including governmental structure and operational efficiencies.

The MSR will consider the advantages and disadvantages of various government structures that could provide public services. San Joaquin LAFCo encourages local agencies to use service reviews to determine whether initiation of proceedings for changes of organization and reorganization, including spheres of influence, would be in order and in the best interests of the agency and the community it serves. LAFCo will examine efficiencies that could be gained through: (1) functional reorganizations within existing agencies; (2) amending or updating spheres of influence; (3) annexations or detachments from cities or special districts; (4) formation of new special districts; (5) special district dissolutions; (6) mergers or special districts with cities; (7) establishment of subsidiary districts; or (8) any additional reorganization options found in the LAFCo statute.

Operational efficiency refers to the quality of public services and the agency's ability to provide services. Efficiently managed entities consistently implement plans to improve service delivery, reduce waste, eliminate duplications of effort, contain costs, build and maintain adequate contingency reserves, and encourage open dialogues with the public and other public and private agencies. The MSR will evaluate operational efficiency by analyzing agency functions, operations, and practices as well as the agency's ability to meet current and future service demands.

B. SPHERE OF INFLUENCE POLICIES AND PROCEDURES

The San Joaquin Local Agency Formation Commission is required to adopt an SOI for each local governmental agency within its jurisdiction. 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).

An SOI is primarily a planning tool that provides guidance in reviewing individual proposals. Inclusion within an agency's SOI does not indicate that an affected area automatically will be annexed; an adopted sphere of influence is only one of several factors that LAFCo must consider in reviewing individual proposals (Government Code Section 56668). San Joaquin LAFCo uses SOIs to:

1. Promote orderly growth and urban development.
2. Promote cooperative planning efforts among cities, the county and special districts to address concerns regarding land use and development standards, premature conversion of agriculture and open space lands, efficient provision of services, and discouragement of urban sprawl.
3. Serve as a master plan for future local government reorganization by providing long range guidelines for efficient provision of public services.
4. Guide consideration of proposals and studies for changes of organization or reorganization.
5. For cities and special districts that provide public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services within any disadvantaged unincorporated communities (DUCs) within the sphere of influence.

While LAFCo encourages the participation and cooperation of the subject agencies, SOI Plans are a LAFCo responsibility and the Commission is the sole authority as to the sufficiency of the documentation and the SOI Plan's consistency with law and LAFCo policy.

LAFCo Procedural Guidelines for Determining Spheres of Influence

Timeframe: Territory that is currently receiving services from a local agency, or territory that is projected to need a local agency's services within a 0 to 30-year timeframe may be considered for inclusion within an agency SOI. "Sphere horizons" or planning increments should depict the agency's logical boundary at a time period of between 5 and 10 years and at the end of the 30-year time period.

Consistency Required: Territory will not be considered for inclusion within a City's SOI unless the area is included within the City's General Plan Land Use Element. The adopted SOI shall also consider City and County General Plans, growth management policies, annexation policies, resource management policies, and any other policies related to ultimate boundary area of an affected agency unless those plan or policies conflict with the legislative intent of the Cortese-Knox-Hertzberg Act (Government Code Section 56000 et seq.). Where inconsistencies between Plans exist, LAFCo shall rely upon that Plan which most closely follows the legislature's directive to discourage urban sprawl and encourage the orderly formation and development of local governmental agencies based upon local conditions and circumstances.

General Plan Approach: LAFCo would prefer an SOI proposal where the City has adopted General Plan policies, implementing ordinances and programs that address: smart growth principles; infill and redevelopment strategies to minimize conversion of open space/agricultural land; mixed use and increased densities; job development centers; community buffers; and habitat, agriculture and open space preservation strategies.

Open Space and Rural Lands: Territory not in need of urban services, including open space, agriculture, recreational, rural lands, or residential rural areas shall not be assigned to an agency's SOI unless the area's exclusion would impede the planned, orderly and efficient development of the area. Open space and agriculturally designated lands as designated by the applying agency may be considered for inclusion within a sphere if the agency can demonstrate that a preservation plan can effectively preserve such lands within the agency's SOI.

Community Separators: SOI boundaries shall, to the extent feasible, maintain a separation between existing communities to protect open space and agricultural lands and the identity of an individual community.

Regional Housing Needs: The SOI plans for cities should consider the agency's policies and approaches to meet its fair share of regional housing needs.

Districts and Cities: LAFCo shall encourage districts and cities to develop plans for the orderly detachment, merger/dissolution of a district when districts have significant territory within a proposed city's SOI.

Types of Spheres: In addition to a traditional sphere, the following other types of spheres may be considered by the Commission:

a. A special district that provides services, which ultimately will be provided by another agency, will be assigned a zero sphere.
b. If additional information is necessary to determine a sphere boundary, but is currently unavailable, a partial sphere may be approved and a special study area may be designated.

c. A local agency may be allocated a coterminous sphere if there is no anticipated need for the agency's services outside its existing boundaries, or if there is insufficient information to support inclusion of areas outside the agency's boundaries in the SOI.

Sphere Hierarchy: Where an area could be assigned to the SOI of more than one agency providing needed service, the following hierarchy shall apply dependent upon ability to serve, unless an agency or district has specialized capacity to provide such service:

a. Inclusion within a municipality SOI.
b. Inclusion within a multipurpose district SOI.
c. Inclusion within a single-purpose district SOI.

Areas of Interest: LAFCo may, at its discretion, designate a geographic area beyond the SOI as an Area of Interest to any local agency.

a. Areas of Interest is a geographic area beyond the SOI in which land use decisions or other governmental actions of one local agency (the "Acting Agency") impact directly or indirectly upon another local agency ("the Concerned Agency").
b. Within each Area of Interest there is to be no more than one city.
c. LAFCo will notify any Concerned Agency when LAFCo receives notice of a proposal of another agency in the Area of Interest and will give great weight to its comments.
d. LAFCo encourages agencies to provide advance notice to other agencies of any action or project being considered within the Area of Interest and commit to considering any comments made by the other agency. Agencies may formalize agreements through Memorandums of Understanding (M.O.U.s.)

Adoption and Revision: LAFCo will adopt a SOI after a public hearing and pursuant to the procedures set forth in Section 56427 of the Cortese Knox-Hertzberg Act. Sphere actions are subject to the provisions of the California Environmental Quality Act. A SOI shall be updated every five years or more often if deemed necessary by the Commission. Whenever possible, city sphere updates shall be scheduled to coincide with City General Plan updates.

C. REQUIREMENTS FOR A SPHERE OF INFLUENCE PLAN

The SOI Plan for each governmental agency within San Joaquin LAFCo jurisdiction shall contain each of the following:

1. Present and planned land uses in the area including agricultural and open space lands.
    a. A map defining the probable 30-year boundary of its service area and defining the agency's sphere horizons at the end of the 10- and 30-year time period coordinated with the Municipal Service Review.
    b. Maps and explanatory text delineating the following:
        i. Present land uses including improved and unimproved development, agricultural lands and open space areas.
        ii. Propose future use of the area.

2. The present and probable need for public facilities and services (i.e., water, sewer, drainage, police and fire) for the sphere including the need of all types of major facilities not just those provided by the agency.
3. The present capacity of public facilities and adequacy of public services that the agency provides or it's authorized to provide.
4. Identification of any social or economic communities of interest.
5. A phasing plan for annexation of territory in the sphere of influence that is time coordinated (10- and 30-year time period) and consistent with the Municipal Service Review.
6. Existing and projected population at the various sphere horizons.
7. In determining the 0-to-30-year timeframe, LAFCo shall consider and accord reasonable deference to each local agency's policies with respect to the rate of residential and non-residential growth, anticipated absorption of land, and the agency's policies and strategies for economic and employment growth.

D. AMENDMENTS AND UPDATES OF THE SOI

Amendments and Updates Defined: Amendments generally involve changes to a Sphere of Influence Map or Plan that are proposed by an agency or individual to accommodate a specific proposal. An amendment may or may not involve changes to the Municipal Service Review of the agency.

Updates generally involve a comprehensive review of the entire sphere of influence, including the map and Municipal Service Review.

Amendments Required: An amendment to the Sphere of Influence Plan will be required in the following circumstances:

a. When an agency seeks to add new territory or remove territory from its sphere.
b. When an agency seeks to move territory already within its sphere from one sphere horizon to another.
c. When a district seeks to provide a new or different function or class of service.
d. When an agency proposes a significant change in its plans for service which makes the current Municipal Service Review inaccurate.

Precedence of Amendments over Annexations: Sphere of influence amendments shall precede consideration of proposals for changes of organization or reorganization. Proposals may be considered at the same meeting.

Consistency Required: Amendment proposals must be consistent with an updated Municipal Service Review.

Demonstrated Need Required: An application for amendment to a sphere of influence must demonstrate a probable need or (in the case of reduction of the sphere) lack of need or capacity to provide service.

Sphere of Influence Amendment and Update Procedures: As required by Government Code Section 56425, each request for sphere amendment or update must be heard in a public hearing and is subject to the provisions of the California Environmental Quality Act.

E. NEED FOR A MSR UPDATE

LAFCo requires that an MSR be updated no later that every five years. The City last comprehensively updated the MSR in June 2019. Following the June 2019 MSR, LAFCo approved an amendment to the MSR in 2025 specific to several pending annexations. Since the MSR was comprehensively updated in 2019, the City has continued to develop, annex lands, and has updated multiple infrastructure and service plans. As such, the current MSR is being updated to reflect the City's planned growth and provision of services in order for LAFCo to consider SOI reviews and annexations.

F. SPHERE OF INFLUENCE

The Sphere of Influence (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 current City limits and in the SOI.

The City of Tracy's proposed 10- and 30-Year Horizon boundaries are located within the boundary of the City's current SOI.

The City of Tracy adopted its General Plan in February 2011. The General Plan designates land to provide for future growth of residential and non-residential land uses through 2025. Since the General Plan was adopted in 2011, the Housing Element was amended with the current Housing Element that was adopted in 2025, and the Safety Element was amended to address updated flooding requirements in June 2016. The General Plan Land Use Map has also been amended from time to time, with recent amendments that include revisions to the land use designations at: Tracy Hills Specific Plan (to address refinements to individual phases), Ellis Specific Plan (to incorporate Avenues Specific Plan), Valpico Glenbriar Apartments, and the Tru by Hilton hotel site. The City is in the process of updating its Land Use Element for consistency with the Housing Element, refining its Safety and Circulation Elements, and introducing a new Environmental Justice Element, with the project anticipated for completion in 2026. The City plans to undertake a comprehensive update to its General Plan beginning in 2026.

The General Plan addresses growth in the City, SOI, and the Planning Area. The SOI, which is within the General Plan Planning Area, currently consists of a total of 42.0 square miles. The City limits, which are within both the Planning Area and SOI, contain 26.6 square miles. The area within the SOI located outside of the City limits is 15.4 square miles (42.0 – 26.6 square miles). The General Plan describes the Planning Area and SOI as follows:

Planning Area: State law allows cities to identify a Planning Area. This is an area outside of city boundaries and generally outside the SOI that bears a relation to the City's planning and policy direction. While Tracy does not have any regulatory authority within the Planning Area outside of the SOI, the Planning Area is included in the General Plan as a signal to San Joaquin County and to other nearby local and regional authorities that Tracy recognizes that planning and development within this area has an impact on the future of the City. The community of Mountain House lies just within the City's Planning Area to the northwest. Immediately north and east of the City's Planning Area are the City of Lathrop and the Primary Zone of the Sacramento-San Joaquin Delta.

Sphere of Influence: The SOI is the area outside of the City limits that the City expects to annex and urbanize in the future. It is the expected physical limit of the City based on the most current information. During the General Plan update process and in response to Local Agency Formation Commission (LAFCo) policies established in 2007, revisions to the SOI were made to more accurately reflect locations where the City may grow in the future and locations where no urban growth is expected.

The 10-Year Horizon spans from 2025 to 2035 and the 30-Year Horizon addresses 2025 to 2055. The SOI 10-Year and 30-Year Horizons are located within the City's SOI.

Table 1-1 presents the acreages of each planned land use, based on General Plan land use designations, within the existing City limits, and within the 10-Year and 30-Year Horizons.

Figure 1-1 illustrates the current City limits and the existing SOI, as well as the proposed 10-Year and 30-Year Horizons. **Figure 1-2** illustrates the Williamson Act lands in the SOI and **Figure 1-3** illustrates the City of Tracy General Plan Land Use Map for entire Planning Area, including the City and SOI. It is noted that areas designated Urban Reserve are required by the General Plan to complete comprehensive planning, including the preparation of a Zoning District, Specific Plan, or Planned Unit Development, and be consistent with the vision for each Urban Reserve area as described in the General Plan. Several Urban Reserves have been identified by the City of Tracy General Plan. Chapter 2 summarizes the potential growth for the City, including potential development anticipated within the 10-Year and 30-Year Horizons. Chapter 2 also provides a discussion of the various Urban Reserve designations and the Primary and Secondary Residential Growth Areas as identified by the City.

The 10-Year Horizon contains approximately 8,576 acres of land within assessor's parcels; the 30-Year Horizon contains approximately 433 acres of land within assessor's parcels, as shown in **Table 1-1** (below). A significant portion of the 10-Year Horizon is not planned for development, 3,372 acres designated Open Space and 577 acres designated Agriculture. The proposed uses and development capacity in the 10- and 30-Year Horizons are described in greater detail in Chapter 2.

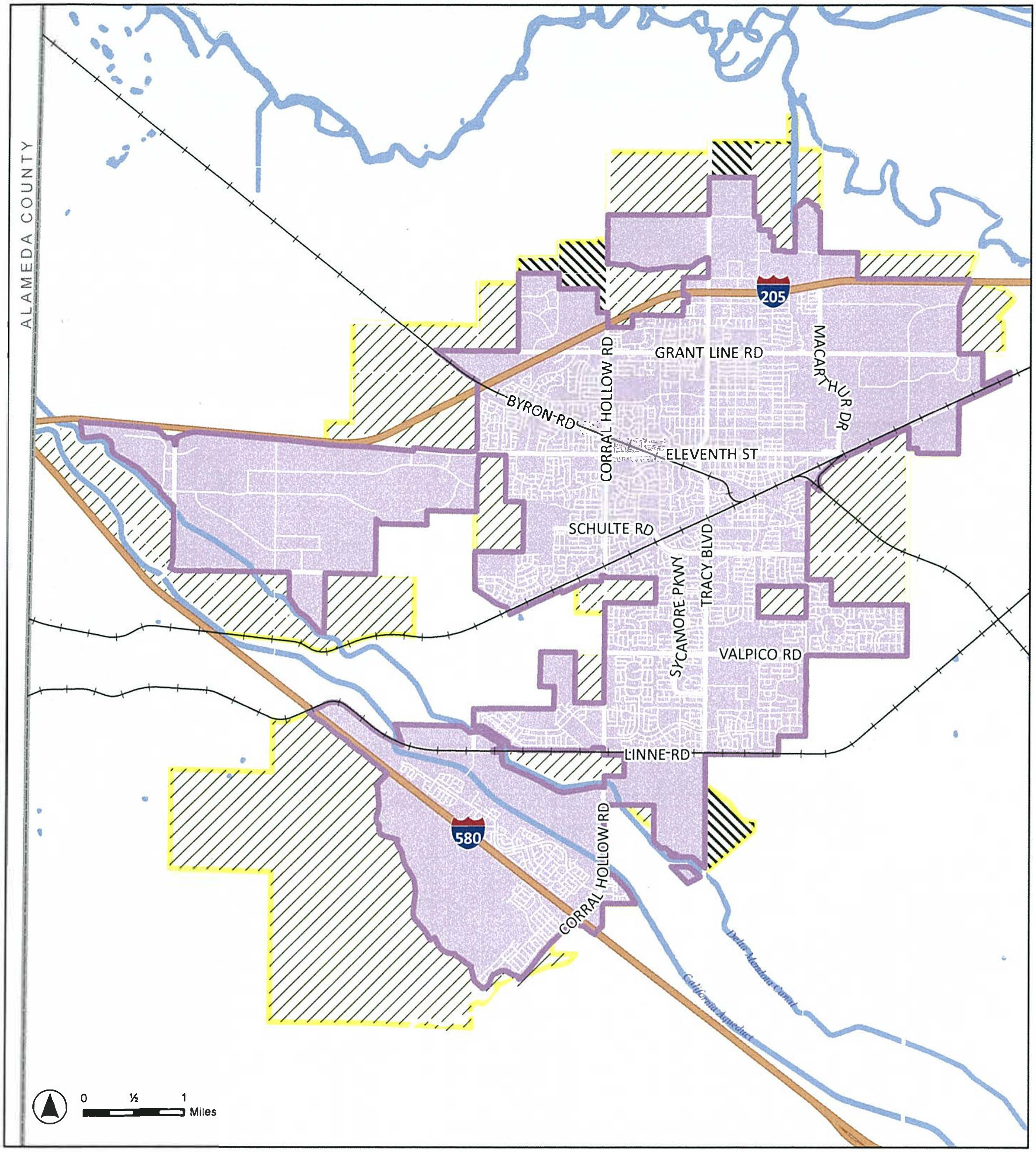
TABLE 1-1 GENERAL PLAN LAND USE DESIGNATIONS (CITY LIMITS, 10-YEAR, 30-YEAR)

LAND USE DESIGNATION	CITY	SOI 10-YEAR HORIZON	SOI 30-YEAR HORIZON	TOTAL
Residential				
Residential Very Low	105	134	136	375
Residential Low	4,529	165	0	4,695
Residential Medium	1,333	29	0	1,362
Residential High	257	31	0	288
Traditional Residential - Ellis	210	0	0	211
Subtotal Residential	***6,434***	***359***	***136***	***6,930***
Commercial, Office, Mixed Use, and Industrial				
Commercial	931	400	60	1,391
Downtown	115	0	0	115
Industrial	3,921	1,617	0	5,538
Office	593	0	0	593

Village Center	72	0	0	73
Subtotal Commercial, Office, Mixed Use, and Industrial	***5,633***	***2,017***	***60***	***7,710***
Natural Resources				
Aggregate	11	21	137	169
Agriculture	0	577	100	677
Subtotal Natural Resources	***11***	***599***	***237***	***846***
Public / Quasi-Public				
Public Facilities	957	67	0	1,024
Park	650	200	0	849
Open Space	84	3,372	0	3,456
Subtotal Public / Quasi-Public	***1,690***	***3,639***	***0***	***5,329***
Urban Reserve				
Urban Reserve 1	2	779	0	781
Urban Reserve 3	0	686	0	686
Urban Reserve 4	1	195	0	196
Urban Reserve 5	0	173	0	173
Urban Reserve 7	111	0	0	111
Urban Reserve 10	0	130	0	130
Subtotal Urban Reserve	***114***	***1,963***	***0***	***2,076***
Total	**13,882**	**8,576**	**0**	**22,891**

SOURCE: CITY OF TRACY, 2025; DE NOVO PLANNING GROUP, 2025

NOTE: TOTALS IN TABLE MAY NOT ADD UP PRECISELY DUE TO ROUNDING



Tracy City Limits

Sphere of Influence

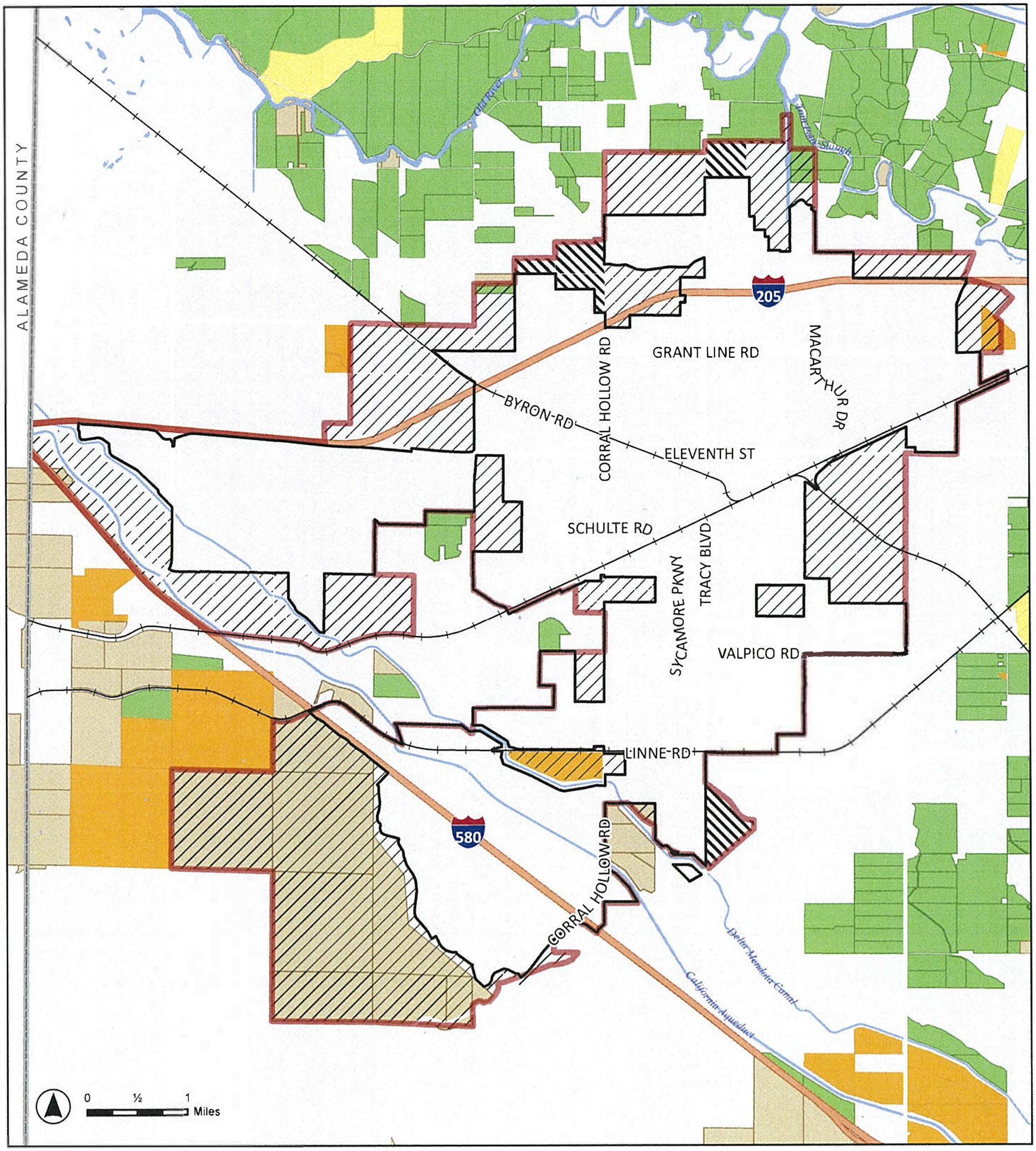
10-Year Planning Horizon

30-Year Planning Horizon

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 1-1
City and Sphere of Influence Boundaries
with Planning Horizons

DE NOVO PLANNING GROUP
A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM



Tracy City Limits
Tracy Sphere of Influence
10-Year Planning Horizon
30-Year Planning Horizon

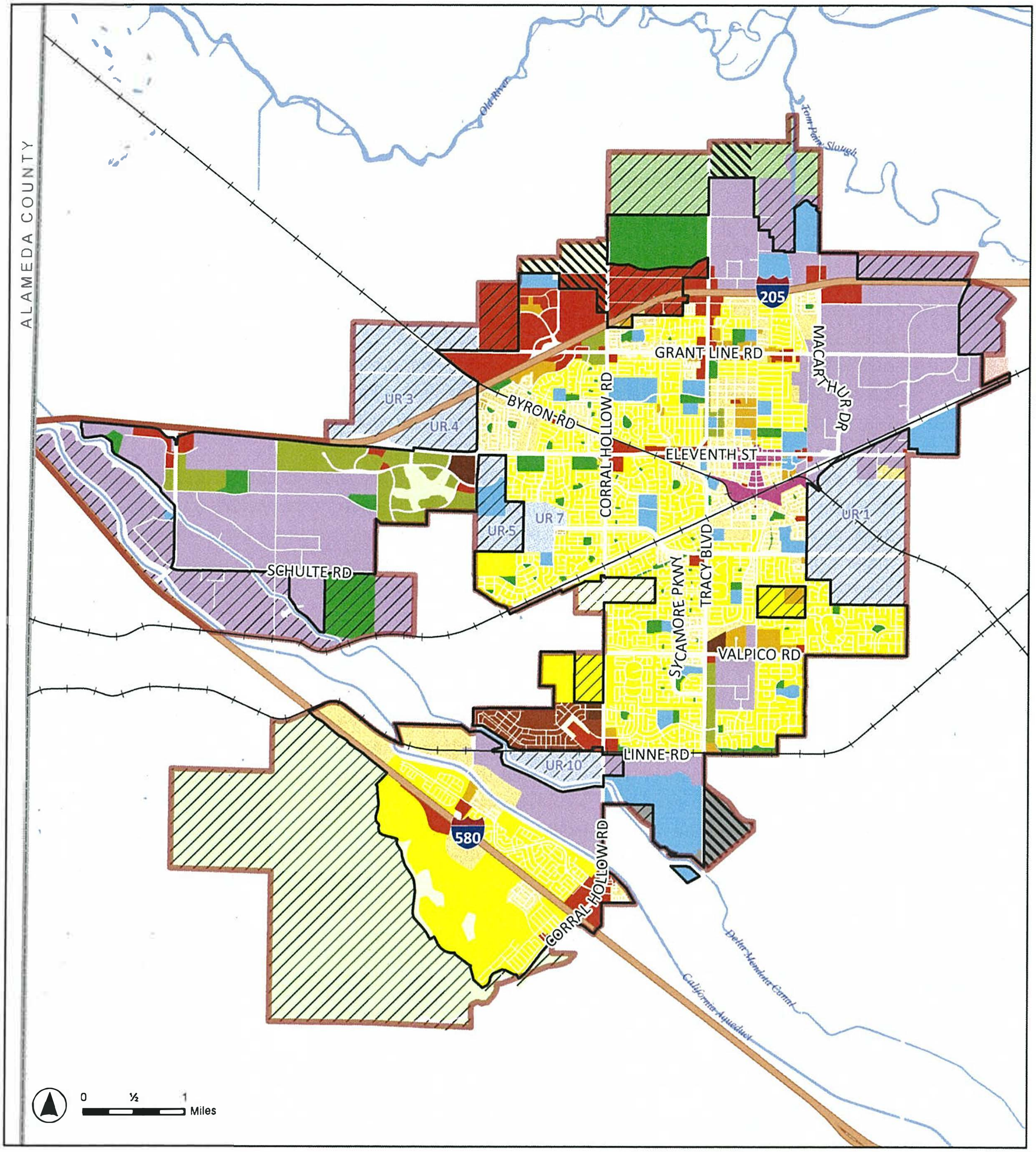
Williamson Act Lands
Prime Agricultural Land
Nonprime Agricultural Land
Farmland Security Zone
Nonrenewal
Mixed

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 1-2.
Williamson Act Lands

Sources: California Department of Conservation Williamson Act Lands Database 2024; San Joaquin County; City of Tracy. Map date: February 3, 2026.

De Novo Planning Group
A Land Use Planning, Design, and Environmental Firm



- Tracy City Limits
- Tracy Sphere of Influence
- 10-Year Planning Horizon
- 30-Year Planning Horizon
- Residential Very Low
- Residential Low
- Residential Medium
- Residential High
- Traditional Residential - Ellis
- Commercial
- Office
- Industrial
- Downtown
- Village Center
- Public Facilities
- Park
- Open Space
- Agriculture
- Aggregate
- Urban Reserve
- Area of Interest

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 1-3.
General Plan Land Use Map

DE NOVO PLANNING GROUP
A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM

1. 10-Year Horizon (2025-2035 Horizon)

The 10-Year Horizon consists of areas surrounding the existing City limits, anticipated for development within the relative near-term. **Figure 1-1** shows the boundary for the 10-Year Horizon. The parcels shown were included within this boundary for the following reasons:

- They are generally contiguous with existing urban uses where urban services are already available, which will allow for the well-planned expansion of services, consistent with good growth management practices.
- They allow for a range of housing, retail, and employment opportunities to help provide a balance of housing and jobs within the City. This is important since a large proportion of residents currently have to travel out of the community to find employment and shop, consequently there is a demand for new employment and retail opportunities in Tracy. The additional homes will also help to support the new commercial uses, which along with additional local jobs, will provide new sources of sales tax revenue for the City.
- They are areas that are generally less restricted by active Williamson Act contracts (see **Figure 1-2**)[1] There is some Williamson Act contract land within the 10-Year Horizon which is hard to avoid because of the Williamson Act lands location in proximity to urbanizing areas. However, the majority of Williamson Act land in the 10-Year Horizon is designated for continuation of existing use (3,220 acres of Open Space and 22 acres of Aggregate, with only 12 acres designated for Industrial development) as described in Chapter 2.

Although **Figure 1-1** shows a large portion of the SOI within the 10-year horizon, not all of the land in the 10-year horizon will be completely built out within 10 years. LAFCo allows cities to show an area as planned for development in a 10-year horizon even if it will only be partially built out in this time. This is because planning for future development and infrastructure provision requires a long-term view[2]. Comprehensive planning is important to the City and the City has included lands beyond its projected needs in the 10-Year Horizon to allow the City to respond to market demand as various areas within the SOI become ready for annexation, since it is difficult to identify which property owners will respond to market demands and be interested in annexation during the 10-Year Horizon. Therefore, lands within the 10-year SOI horizon may only be partially developed within ten years and will be fully developed over a longer time frame. This approach is consistent with LAFCo policies on SOIs and annexations. See Chapter 2 for a detailed discussion of the development capacity of the 10-Year Horizon.

2. 30-Year Horizon (2025-2055 Horizon)

The 30-Year Horizon contains additional land located outside of the City limits (in the SOI) and the 10-Year Growth Horizon, as shown in **Figure 1-1**. The City anticipates the potential for urban development within the 30-Year Horizon ending in 2055. The City has included these areas within its 30-Year Horizon to ensure

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[1] A Williamson Act contract can be terminated in 4 ways: 1) the contract fulfills its 10-year obligation after filing a Notice of Non-renewal; 2) landowner filing for termination with the County (subject to findings by the County; a cancellation fee of 12.5% of unrestricted current fair market value shall apply); 3) termination upon annexation to the City. The latter option is allowed if: a) contract was executed prior to Jan 1, 1991; b) contracted area within one mile of City boundaries; c) City filed a protest identifying affected contract and parcel. 4) Succeed to the contract and then cancel by the City with payment of fees.

[2] City of Tracy. January 15, 2008. City Council Agenda Packet, Agenda Item 5, page 3.

that the City has control over future proposed development. The goal is to encourage orderly and managed growth.

G. CALIFORNIA ENVIRONMENTAL QUALITY ACT

Because the study area for the City of Tracy General Plan and EIR included the area within the existing SOI, which includes the City's current 10-Year and 30-Year Horizons, the General Plan EIR is sufficient for MSR environmental documentation. The MSR does not change the location, intensity, or density of development that was considered in the Tracy General Plan, as amended, and the Tracy General Plan EIR (SCH#2008092006).

H. UNINCORPORATED ISLANDS POLICIES

The LAFCo Commission adopted policies relating to island annexations in 2007.

- *Annexations to Eliminate Islands*: Proposals to annex islands or to otherwise correct illogical distortion of boundaries will normally be approved unless they would violate another provision of these standards. In order to avoid the creation of an island or to encourage the elimination of an existing island, detailed development plans may not be required for the remnant areas.

- *Annexations that Create Islands*: An annexation will not be approved if it will result in the creation of an island of unincorporated territory or otherwise cause or further the distortion of existing boundaries. The commission may nevertheless approve such an annexation where it finds that the application of this policy would be detrimental to the orderly development of the community and that a reasonable effort has been made to include the island in the annexation but that inclusion is not feasible at this time.

- *Substantially Surrounded*: For the purpose of applying the provision of the Cortese-Knox-Hertzberg Act regarding island annexation without protest hearings (Section 56375.5), the subject territory of an annexation proposal shall be deemed "substantially surrounded" if it is within the sphere of influence of the affected city and two-thirds (66 2/3%) of its boundary is surrounded by the affected city.

Unincorporated islands included in the 10-year horizon are listed below. Some of these areas have significant development potential, while some are built out and have little to no development potential.

T.1 Larch Clover: Larch Clover became an island with the annexation of the Tracy Holly Sugar Sports Park in 2012. The island is over 350 acres and does not meet the State guidelines for annexation under the island provisions (150 acres or less.) In 2004, the City made an attempt to annex 364 acres of the Larch-Clover community area to coincide with the formation of an assessment district. It was estimated that single-family dwelling would be assessed about $28,000 and an approximate annual payment of $1,820 to be paid with the property's tax bill. LAFCo held a protest hearing and more than 50% of the property owners protested the annexation. This island is designated Commercial, Residential Very Low, and Residential High by the City of Tracy General Plan and includes lands within both the 10-Year Horizon and the 30-Year Horizon.

T.2 Corral Hollow-Mountain View: In 1996, when the City annexed the area (Kagehiro Reorganization) south of the Corral Hollow-Mountain View Island, Commissioners expressed concern that an island would be created. Prior to their request for annexation, the City held an informational meeting and requested comments from the property owners on Mountain View Road. Of the 43 parcels, the City received 33 letters from owners strongly objecting to being annexed to the City. As a result, the City Council adopted a resolution stating that the City will not petition LAFCo to annex the Mountain View area. This 81-acre island is designated Residential Very Low by the City of Tracy General Plan and is located within the 10-Year Horizon.

T.3 SE Tracy/MacArthur Boulevard: The Tracy/MacArthur Boulevard Island was created in 1994. The 95-acre island is currently in agricultural production, however it is surrounded by residential subdivisions. Lands in this island are not under Williamson Act contract. This 81-acre island is designated Residential Low and Residential High by the City of Tracy General Plan and is located within the 10-Year Horizon.

T.5 SW Tracy. This 255-acre area does not meet the State guidelines for annexation under the island provisions (150 acres or less.) The majority of the island is in Non-Renewal under the Williamson Act. This island is designated Urban Reserve 10 and Industrial by the City of Tracy General Plan and is in the 10-Year Horizon.

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2. SPHERE OF INFLUENCE PLAN

The Sphere of Influence (SOI) Plan for the City of Tracy analyzes the City's ability to serve existing and future residents within the City's SOI. LAFCo is responsible for determining the sufficiency of the documentation and the Plan's consistency with State law and LAFCo policy. According to Government Code 56425 of the Cortese-Knox-Hertzberg Act, LAFCo must consider and prepare determinations for the following five factors:

- The present and planned land uses in the area, including agricultural 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.

LAFCo guidelines for determining SOI require that "sphere horizons," or planning increments, depict a City's logical boundaries at time periods of between five and ten years, and up to thirty years. SOI areas must be consistent with general plan land use elements, and with the municipal services review (MSR). LAFCo also encourages general plan policies for implementing ordinances and programs that address smart growth principles, infill and redevelopment strategies, mixed use and increased densities, community buffers, and conservation of habitat, open space, and agricultural land.

LAFCo has established procedural guidelines for determining SOIs, including a timeframe guideline which states "Territory that is currently receiving services from a local agency, or territory that is projected to need a local agency's services within a 0-30 year timeframe may be considered for inclusion within an agency sphere. "Sphere horizons" or planning increments should depict the agency's logical boundary at a time period of between 5 and 10 years and at the end of the 30-year time period."

Detailed determinations as to the City's ability to provide adequate services to existing and future residents within the existing SOI are contained in the subsequent chapters of this MSR.

A. SPHERE OF INFLUENCE

The City of Tracy is not proposing to modify the SOI but has identified adjustments to the 10-Year and 30-Year Horizons to reflect current development trends, including development anticipated by the General Plan, and ensure the SOI reflects the anticipated need for public services over the 10- and 30-Year Horizons. The 10- and 30-Year Horizons and the SOI are described in Chapter 1 and the capacity for new growth and the anticipated phasing of such growth for both horizons is described in this chapter.

The City designates Primary Residential Growth Areas and Secondary Residential Growth Areas. To manage the SOI, and specifically the 10-Year Horizon, the City created a policy structure (both in the General Plan and in the City's Growth Management Ordinance, or GMO), including maps that identify two key geographies: Primary Residential Growth Areas and Secondary Residential Growth Areas. In accordance with the City's GMO, and as described in further detail later within this chapter, in any given calendar year, Residential Growth Allotments (RGAs) are made available for the Primary and Secondary Residential Growth Areas. The Primary Residential Growth Area, as the Primary Residential Growth Area is comprised mostly of smaller infill parcels. The General Plan and GMO policies and regulations provide for a system of balancing the Primary and Secondary Residential Growth Areas within the City limits and the SOI. The GMO and GMO Guidelines also recognize projects that have vesting rights through vesting tentative subdivision maps and development agreements, with such properties following the regulations as established by their vesting status.

There are also several Urban Reserve areas located throughout the SOI, as shown in Figure **1-3**. The Urban Reserve designation is the City's principal planning tool for areas within the SOI, and is applied to relatively large, contiguous geographic areas where comprehensive planning must occur prior to urbanization. The Urban Reserve designation is a planning tool of Tracy's General Plan that requires the infrastructure and development planning of large areas to be completed through a comprehensive planning process prior to annexation and development, while full development will occur over a longer timeframe. Most of the SOI acreage is in the 10-Year Horizon, with the expectation that comprehensive planning, annexation, and development of areas within the SOI may begin within the 10-Year Horizon, but will be completed over a longer period of time. This is described in greater detail in Section C, Sphere Capacity, of this chapter.

The Urban Reserve designations can include both residential and non-residential uses. Several of the original Urban Reserve areas are no longer designated Urban Reserve and have been annexed by the City and/or developed. The following discussion provides an overview of the various Urban Reserve areas that currently exist within the SOI:

- **Urban Reserve 1**: This area, located on the eastern side of the City of Tracy, is approximately 780 acres. The vision for this area includes primarily residential uses, with a small amount of commercial uses, parks and public schools to support the residential neighborhoods.
- **Urban Reserve 3**: This area is commonly referred to as the Catellus property and consists of approximately 700 acres. It is located to the north of I-205 and to the northwest of the developed portion of Tracy. The vision for this area is for industrial and office uses with the potential for some low-density residential uses.
- **Urban Reserve 4**: Located just west of the current City limits, this 190-acre area is bounded by I-205, Eleventh Street and Lammers Road.
- **Urban Reserve 5**: This area, located south of Eleventh Street and east of Lammers Road, is approximately 170 acres. The vision for this area is for residential uses at a mix of densities and some supporting retail.
- **Urban Reserve 10**: The vision for this 120-acre area, which is a portion of the previously-approved South Schulte Specific Plan area, is for industrial development to capitalize on the area's proximity to I-580 and the Union Pacific Railroad line.

The 2011 General Plan included ten Urban Reserve areas; however, only five remain in the SOI and one in the City, as five have already had Specific Plans, Planned Unit Developments (PUDs), or General Plan Amendments approved to replace those Urban Reserve designations.

B. SPHERE ANALYSIS

The following section describes the City of Tracy's projected development for 10-Year and 30-Year Horizons.

1. Existing and Projected Population

The City of Tracy's growth rate has shown large swings through the decades. Chapter 3 addresses the City's population and demographic trends; **Tables 3-1 and 3-2** summarize Tracy's growth from 1990 through 2025. The City grew rapidly from 1990 to 2000, in fact, during this period, the growth rate exceeded 69%, with a population change from 33,558 to 56,929 residents. The period from 2000 to 2010 also witnessed a rapid population growth of over 45%. This was followed by lower growth rates in the current decade.

The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated grow to 115,950 by 2050, as shown in **Table 2-1**. These projections were developed January 10, 2025. These SJCOG growth projections do not appear to fully consider the City's adopted General Plan, approved development projects, and potential development within the City's SOI, nor the City's Regional Housing Needs Allocation (RHNA). In order to consider the full growth potential within the City and SOI through 2055, **Table 2-1** also includes growth projections based on 1) future growth based on the City's historical growth rate from 2010 through 2025, 2) population growth associated with annexations of the 10- and 30-Year Horizons, and 3) the maximum growth allowed under the City's GMO and Active Adult Residential Allocations plus adequate units to accommodate a realistic portion of the City's RHNA and annexation of existing units in the SOI. The City's The City's 2023-2031 RHNA, which is a state-mandated allocation of housing that the City must identify adequate sites to accommodate, is 8,830 units, an average of 1,103 units per year. The City has not experienced development applications at a pace commensurate with the RHNA, so the maximum growth scenario based on the GMO, Active Residential Allotments, and RHNA assumes that approximately 50 percent of the RHNA will be built.

For the purpose of this MSR, it is anticipated that population growth will occur similar to Scenario 3 presented in Table 3-3. This is a conservative approach as it anticipates higher population growth than historic growth rates in recent years but is more consistent with State mandates to accommodate housing development, including streamlining housing approvals and requiring ministerial approval of various qualified projects, including accessory dwelling units and projects with two or more units that comply with objective development standards.

TABLE 2-1 COMPARATIVE POPULATION PROJECTIONS

YEAR	POPULATION GROWTH: ANNEXATION OF EXISTING UNITS	SCENARIO 1: SJCOG FORECASTED POPULATION (CITY LIMITS)	SCENARIO 2: PROJECTIONS BASED ON HISTORICAL (2010-2025) GROWTH RATE	SCENARIO 3: MAXIMUM GROWTH ANTICIPATED BASED ON CITY'S GMO, ACTIVE ADULT RESIDENTIAL ALLOTMENTS, AND PROJECTED DEVELOPMENT[1]
2025 Population Estimate: 98,215				
2030	290	102,331	103,916	107,445
2035	243	105,576	109,948	116,628
2040	243	108,856	116,334	125,812
2045	243	112,327	123,083	134,995
2050	280	115,950	130,229	144,215
2055	280	-	137,789	153,435

SOURCE: UNIVERSITY OF THE PACIFIC / SAN JOAQUIN COUNCIL OF GOVERNMENTS, 2025. DRAFT: SAN JOAQUIN COUNTY DEMOGRAPHIC AND EMPLOYMENT FORECAST, JANUARY 10, 2025; DE NOVO PLANNING GROUP, 2026.

NOTE: POPULATION PROJECTIONS BASED ON THE 'MAXIMUM GROWTH ALLOWED UNDER THE CITY'S GMO' INCLUDE GROWTH IN TRACY ASSOCIATED WITH ANNEXATIONS, GROWTH ALLOWED UNDER THE GMO, ANTICIPATED EXEMPTIONS TO THE GMO, AND 600 ACTIVE ADULT RESIDENTIAL ALLOTMENTS WITH AN AVERAGE HOUSEHOLD SIZE OF 3.23 PERSONS.

1 ASSUMES INCLUDES POPULATION ASSOCIATED WITH ANNEXATION OF EXISTING DWELLING UNITS IN THE 10- AND 30-YEAR HORIZONS AND ASSUMES GROWTH WILL INCLUDE ADEQUATE UNITS TO ACCOMMODATE THE AVERAGE REGIONAL HOUSING NEEDS ALLOCATION (1,261.4 UNITS PER YEAR BASED ON THE 2023-2031 ALLOCATION)

2. Sphere Capacity

The years 2025-2035 are used for the 10-Year Horizon and 2025-2055 for the 30-Year Horizon in this Municipal Services Review. There are three pending projects proposing annexation to the City. The West Tracy annexation is approximately 1,499 acres located within the southwest portion of the SOI and proposes park and industrial uses. The North Tracy annexation is approximately 762 acres located north of the City limits generally between N. MacArthur Drive and Corral Hollow Road. The Tracy Schulte Warehouse Depot annexation is approximately 22 acres located south of Schulte Road proposed for industrial uses.

Table 2-2 summarizes the General Plan land use designations for the City and SOI.

TABLE 2-2: GENERAL PLAN LAND USE DESIGNATIONS – CITY AND SOI

LAND USE DESIGNATION	CITY	SOI	TOTAL
Residential			
Residential Very Low	105	270	375
Residential Low	4,529	165	4,695
Residential Medium	1,333	29	1,362
Residential High	257	31	288
Traditional Residential - Ellis	210	0	211
Subtotal Residential	***6,434***	***496***	***6,930***

Commercial, Office, Mixed Use, and Industrial			
Commercial	931	460	1,391
Downtown	115	0	115
Industrial	3,921	1,617	5,538
Office	593	0	593
Village Center	72	0	73
Subtotal Commercial, Office, Mixed Use, and Industrial	***5,633***	***2,077***	***7,710***
Natural Resources			
Aggregate	11	158	169
Agriculture	0	677	677
Subtotal Natural Resources	***11***	***835***	***846***
Public / Quasi-Public			
Open Space	84	3,372	3,456
Park	650	200	849
Public Facilities	957	67	1,024
Subtotal Public / Quasi-Public	***1,690***	***3,639***	***5,329***
Urban Reserve			
Urban Reserve 1	2	779	781
Urban Reserve 3	0	686	686
Urban Reserve 4	1	195	196
Urban Reserve 5	0	173	173
Urban Reserve 7	111	0	111
Urban Reserve 10	0	130	130
Subtotal Urban Reserve	***114***	***1,963***	***2,076***
Total	**13,882**	**9,009**	**22,891**

SOURCE: CITY OF TRACY, 2025; DE NOVO PLANNING GROUP, 2025
NOTE: TOTALS IN TABLE MAY NOT ADD UP PRECISELY DUE TO ROUNDING

Table 2-3 summarizes the dwelling units, population, and employment potential for the City and SOI broken down by City limits, 10-Year, and 30-Year Horizons. Table 2-3 identifies the approximate maximum development potential based on the existing land uses and physical area available, which does not necessarily represent the likely development trajectory as development may occur at a slower pace, based on market demand, growth management by the City, or other factors.

For a detailed discussion of development potential within the city, see the discussion below under "A. Within the City Limits" including **Table 2-4**.

For a detailed discussion of development potential within the 10-Year Horizon, see the discussion below under "B. Within 10-Year Horizon" including **Table 2-5**.

For a detailed discussion of development potential within the 30-Year Horizon, see the discussion below under "C. Within the City Limits" including **Table 2-6**.

TABLE 2-3 RESIDENTIAL AND EMPLOYMENT DEVELOPMENT – EXISTING AND PROJECTED GROWTH (CITY AND SOI)

	ACRES	DWELLING UNITS[2]	POPULATION[2]	JOBS[2]
Existing City Limits Capacity				
Existing Development - City Limits[1]	17,042.2	31,376	98,215	43,700
Remaining Development Capacity- City Limits[2]	17,042.2	25,822	57,933	41,028
Subtotal: Existing City Limits Capacity	*17,042.2*	*57,198*	*156,148*	*84,728*
SOI Capacity				
Existing Development - SOI[1]	9,856.6	599	1,880	4,106
SOI: 10-Year Horizon Development Capacity[2]	9,405.2	4,046	9,690	17,844
SOI: 30-Year Horizon Development Capacity[2]	451.4	228	508	-496
Subtotal: SOI Capacity	*9,856.6*	*4,873*	*12,078*	*21,454*
Total New Development Capacity: City + SOI	***26,898.8***	***30,095***	***68,131***	***68,733***
Total	**26,898.8**	**62,071**	**168,226**	**106,181**

1. *EXISTING UNITS AND POPULATION DATA PROVIDED BY THE STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2020- 2025. ESTIMATES FROM 1/1/2025. EXISTING JOBS PROVIDED BY U.S. CENSUS ONTHEMAP DATA (2023), ACCESSED 2025.*
2. *PROJECTED GROWTH BASED ON KIMLEY HORN TRAFFIC DATA BY TAZ FOR BUILDOUT CONDITIONS, 2025*

A. WITHIN THE CITY LIMITS

Future development within the city will occur within existing approved Specific Plans, approved/pending development projects, and on vacant infill sites located throughout the city, as envisioned by the General Plan Land Use Map (see **Figure 2-1**).

Residential Land: Future dwelling unit estimates within the City (**Table 2-3**) are based on lands designated for residential development, primarily the residential land use designations and the Downtown, Village Center, and Urban Reserve 7 designations that encourage inclusion of residential uses. There are 6,434 acres designated with residential land use designations and 301 acres designated with other designations that anticipate residential uses in the City. Approximately 25,822 additional units (57,933 population) would be accommodated by the residential, mixed use, and other designations. **Table 2-4** below provides a breakdown of the residential land uses within the City limits.

Non-residential land: There is also a variety of land use designations within the City limits that would accommodate non-residential development. These lands include the Downtown and Village Commercial designations, which allow a mix of uses and total 187 acres, Commercial, Office, and Industrial designations (5,445 acres), Urban Reserve 1, Urban Reserve 3, Urban Reserve 4, Urban Reserve 5, and Urban Reserve 10 (114 acres), and Public Facilities (957 acres). Approximately 41,028 additional jobs would be accommodated by the non-residential land use designations. **Table 2-4** below provides a breakdown of the non-residential land uses and acreages within the City limits.

In addition to the likelihood for future development to occur below the maximum capacity of a given site, buildout within the City limits, nor the SOI, is not likely to occur in the near future as there are a number of factors that may delay development, including the small size of many of the remaining vacant, infill parcels that discourages 'master' development of those parcels and not all property owners wish to develop their land. Development occurs when the property owner is interested in developing or selling their land and when market conditions make the development of their property economically profitable; while the City can plan for development, it cannot force property owners to develop their land. Further, some of the Specific Plans and approved/pending development projects may develop over a long-term period of 10 to 30 years, particularly the commercial components that typically occur after the majority of residential development within an area has occurred, and there is also the potential for development within the Specific Plans to occur at levels lower than the maximum capacity, particularly for the non-residential uses where development plans have not yet been submitted. For example, the Tracy Hills Specific Plan anticipates that full development of the Plan area may take 20 years or more to complete and the Cordes Ranch Specific Plan anticipates that buildout will occur over a 20- to 30-year period.

Under the GMO, the approved growth (Specific Plans and development projects) could build out within an approximately 7- to 10-year time frame. In order for the City to continue to plan for accommodate projected growth into the future and provide adequate lands to encourage economic development and vitality, the City will need to plan for development within the SOI.

TABLE 2-4: GENERAL PLAN LAND USE DESIGNATIONS – CITY

LAND USE DESIGNATION	CITY
Residential	
Residential High	257
Residential Low	4,529
Residential Medium	1,333
Residential Very Low	105
Traditional Residential - Ellis	210
Subtotal Residential	***6,434***
Commercial, Office, Mixed Use, and Industrial	
Commercial	931
Downtown	115
Industrial	3,921
Office	593
Village Center	72
Subtotal Commercial, Office, Mixed Use, and Industrial	***5,633***
Natural Resources	
Aggregate	11
Subtotal Natural Resources	***11***
Public / Quasi-Public	
Open Space	84
Park	650
Public Facilities	957
Subtotal Public / Quasi-Public	***1,690***
Urban Reserve	
Urban Reserve 1	2
Urban Reserve 4	1
Urban Reserve 5	0
Urban Reserve 7	111

LAND USE DESIGNATION	CITY
Subtotal Urban Reserve	***114***
Total	**13,882**

SOURCE: CITY OF TRACY, 2025; DE NOVO PLANNING GROUP, 2025

B. WITHIN THE TEN-YEAR HORIZON

Residential Land: Future development estimates for the 10-Year Horizon are based on the City's General Plan land use designations. Specifically, future dwelling unit estimates within the 10-Year Horizon (**Table 2-3**) are based on lands designated for residential development, primarily the residential land use designations and the Urban Reserve 1, Urban Reserve 3, Urban Reserve 4, and Urban Reserve 5 designations that encourage inclusion of residential uses. There are 359 acres designated with residential land use designations and 1,833 acres designated with Urban Reserve designations that anticipate residential uses in the 10-Year Horizon. Approximately 4,046 new units (9,690 population) would be accommodated by the residential and mixed use designations. **Table 2-5** below provides a breakdown of the residential land uses within the City limits.

Non-residential land: There is also a variety of land use designations within the 10-Year Horizon limits that would accommodate non-residential development. These lands include the Commercial, Office, and Industrial designations (2,017 acres) and the Urban Reserve 1, Urban Reserve 3, Urban Reserve 4, Urban Reserve 5, and Urban Reserve 10 (1,963 acres), and Public Facilities (967 acres). Approximately 17,844 additional jobs would be accommodated by the non-residential land use designations. **Table 2-5** below provides a breakdown of the non-residential land uses and acreages within the City limits.

TABLE 2-5: GENERAL PLAN LAND USE DESIGNATIONS –SOI – 10-YEAR HORIZON

LAND USE DESIGNATION	10-YEAR HORIZON
Residential	
Residential Very Low	134
Residential Low	165
Residential Medium	29
Residential High	31
Subtotal Residential	***359***
Commercial, Office, Mixed Use, and Industrial	
Commercial	400
Industrial	1,617
Subtotal Commercial, Office, Mixed Use, and Industrial	***2,017***
Natural Resources	
Aggregate	21
Agriculture	577
Subtotal Natural Resources	***599***
Public / Quasi-Public	
Public Facilities	67
Park	200

LAND USE DESIGNATION	10-YEAR HORIZON
Open Space	3,372
Subtotal Public / Quasi-Public	***3,639***
Urban Reserve	
Urban Reserve 1	779
Urban Reserve 3	686
Urban Reserve 4	195
Urban Reserve 5	173
Urban Reserve 10	130
Subtotal Urban Reserve	***1,963***
Total	**8,576**

SOURCE: CITY OF TRACY, 2025; DE NOVO PLANNING GROUP, 2025

C. WITHIN THE 30-YEAR HORIZON

Residential Land: Future development estimates for the 30-Year Horizon are based on the City's General Plan land use designations. Specifically, future dwelling unit estimates within the 30-Year Horizon (**Table 2-3**) are based on lands designated for residential development, primarily the Very Low Residential designation (136 acres). An increase of approximately 228 units and 508 persons would be accommodated by the residential designations. **Table 2-6** below provides a breakdown of the residential land uses within the City limits.

Non-residential land: There is also a variety of land use designations within the 130-Year Horizon limits that would accommodate non-residential development. These lands include the Industrial designation (60 acres). A reduction of approximately 496 jobs is projected. **Table 2-6** below provides a breakdown of the non-residential land uses and acreages within the City limits.

TABLE 2-6: GENERAL PLAN LAND USE DESIGNATIONS – SOI 30-YEAR HORIZON

LAND USE DESIGNATION	30-YEAR HORIZON
Residential	
Residential Very Low	136
Subtotal Residential	***136***
Commercial, Office, Mixed Use, and Industrial	
Commercial	60
Subtotal Commercial, Office, Mixed Use, and Industrial	***60***
Natural Resources	
Aggregate	137
Agriculture	100
Subtotal Natural Resources	***237***
Total	**433**

SOURCE: CITY OF TRACY, 2025; DE NOVO PLANNING GROUP, 2025

C. FARMLAND

In the SOI, there are 20 parcels with a Williamson Act contract totaling 3,487.9 acres, as identified in **Table 2-7**. All of the land under Williamson Act contract is in the 10-year horizon. Of the Williamson Act lands that include prime farmland, the majority of these lands are not identified for development as 52.1 acres of the Prime Farmland is designated Open Space; the remaining 24.8 acres are designated Commercial and are adjacent existing urbanized uses and have been planned for development in the City's General Plan and the prior MSR. The majority of the Non-Prime lands are not identified for development as 3,219.9 acres of the Prime Farmland is designated Open Space and 22.0 acres are designated Aggregate; these lands are anticipated to continue their existing uses under the General Plan designations. Williamson Act lands anticipated for urbanization under the General Plan and SOI Plan include 24.8 acres of Prime Farmland designated Commercial, 12.1 acres of Non-Prime Farmland and 47.1 acres of Non-Renewal lands designated Industrial, and 129.7 acres of Non-Renewal lands designated Urban Reserve 10. Lands designated Urban Reserve 10 are not anticipated to be developed during the 10-year horizon, but may begin the process of being planned for longer term development.

TABLE 2-7 WILLIAMSON ACT LANDS BY GENERAL PLAN DESIGNATION

	WILLIAMSON ACT TYPE			
GENERAL PLAN LAND USE DESIGNATION	PRIME	NON-PRIME	NON-RENEWAL	TOTAL
Aggregate	0	22.0	0	22.0
Agriculture	52.1	0	0	52.1
Commercial	24.8	0	0	24.8
Industrial	0	12.1	47.1	58.7
Open Space	0	3,219.9	0	3,219.9
Urban Reserve 10	0	0	129.6	115.5
Total	**76.9**	**3,254.0**	**176.7**	**3,492.9**

SOURCE: HTTPS://MAPS.CONSERVATION.CA.GOV/DLRP/WILLIAMSONACT/APP/, ACCESSED DECEMBER 2025.

C. DEVELOPMENT PROJECTIONS

Tracy remained a regional railroad town and local commerce center for surrounding farms and ranches into the 1970s, when growth in the San Francisco Bay Area started to spill over to Tracy. Planned land uses along the outer edges of the city along Highway 205 and Highway 580 have created development opportunities along this corridor.

Figure 1-1 shows the existing City limits, the 10-Year and 30-Year Horizons, and the SOI. It is unlikely that all land uses within the SOI will be developed by 2055. The San Joaquin Council of Governments (SJCOG) updates the population projections for the cities of San Joaquin County every four years to facilitate their regional transportation planning efforts. SJCOG's latest population projections anticipate 115,590 people by 2050; growth projections based on the City's residential Growth Management Ordinance and the City's allocation of housing units show that the actual population may be higher as described below.

The City of Tracy adopted a residential Growth Management Ordinance in 1987. In general terms, the goal of the GMO is to achieve a steady and orderly growth rate that allows for the adequate provision of services and community facilities; it includes a balance of housing opportunities. Under the GMO, builders must obtain a RGA in order to secure a residential building permit. One RGA equals the public services and facilities required by one dwelling unit[1]. The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year. There are exceptions for affordable housing. The current GMO is provided under City Ordinance 1201, effective December 3, 2015. The GMO provides guidelines which contemporize the City's residential growth management program. The GMO Guidelines were most recently revised by the City Council on October 16, 2012, Resolution 2012-214. It is not expected that the City would exceed the GMO or deviate from related growth policies through the 10-Year and 30-Year Horizons. In 2015, a special election was held and City residents voted to pass Measure K, which created an Active Adult Residential Allotment Program that is exempt from the City's GMO and allocated 600 Active Adult Residential Allotments to the property formerly known as Urban Reserve 9.

The currently designated SOI, specifically the 10 and 30-Year Horizons, is expected to provide for population growth of approximately 11,397 people (see also **Table 2-3**); however, it is not expected that actual population growth will approach this maximum amount based on the historical trends and the growth allowed under the GMO and Active Adult Residential Allotments for Tracy. For the purpose of this MSR, it is anticipated that population growth will occur similar to Scenario 3 presented in Table 3-3. This is a conservative approach as it anticipates higher population growth than historic growth rates in recent years but is more consistent with State mandates to accommodate housing development, including streamlining housing approvals and requiring ministerial approval of various qualified projects, including accessory dwelling units and projects with two or more units that comply with objective development standards.

Development within the City and the 10-Year SOI is not anticipated to fully build out in the next 10 years. Much of the development accommodated within the City's Specific Plan areas is planned to occur over a 20-year (or more) timeframe and would not be fully developed during the next 10 years. Similarly, many of the vacant, infill sites in the City are anticipated to develop slowly due to a variety of factors, including preferences of the property owners to not request development at this time. While the City anticipates annexation of lands in the 10-Year Horizon during the 10-year planning period, many of these lands will begin to be developed but will not be fully built-our within 10 years. Some of these lands may not be annexed until the end of the 10-year planning period and it is possible that while such lands may be annexed, development will not commence until the following 10-Year Horizon.

D. DETERMINATIONS

This section includes the five determinations required by State law for SOIs. The determinations discuss the City's ability to provide adequate services to existing and future populations within the SOI.

1. Present and Planned Land Uses

The City of Tracy has a large amount of vacant acreage within the City limits, much of which lies within three Specific Plan areas in the early and mid stages of development, including Tracy Hills, Cordes Ranch, and Ellis, the Gateway Concept Development Plan, and Urban Reserve 5. These developments are located generally to the west and southwest of the central core of the City. There are also numerous vacant properties within the City that are steadily being developed with new construction. Overall, Tracy is

[1] City of Tracy, 2009, *City of Tracy Residential Growth Management Plan*, page 4.

primarily a lower density residential community, with a historic downtown, a commercial core including a mall, restaurants and auto dealers, and a robust industrial market with multiple warehouse/distribution facilities.

Planned land uses in the City are summarized in **Table 2-1** and shown in **Figure 2-1** and include residential development ranging from very low to high densities, commercial, office, industrial uses, and public uses, as well as agricultural and open space uses.

Agricultural lands continue to make up a portion of the area within the SOI and Planning Area outside of the City limits, with all Williamson Act lands within the 10-Year Horizon. While the majority of land within the SOI is designated for urban development, the majority of the Williamson Act parcels (94%) within the SOI that are located outside of the current City limits are designated for aggregate, agricultural, and open space uses and are not planned for urban development (see **Figures 2-1 and 2-2**). There are a total of 21 Williamson Act contract lands within the SOI.

There are three Prime Agricultural land parcels, which are all located within the northern portion of the SOI within the 10-Year Horizon. The continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. One of the parcels is designated Commercial and is anticipated to ultimately develop with urban (commercial) uses as this parcel represents a logical extension of the City's urban footprint and is adjacent to existing development. This site is not anticipated to develop within the 10-Year Horizon, but planning for its annexation may begin during this period.

There are also twelve non-prime Agricultural land parcels and five non-renewal parcels within the SOI. Ten of the non-prime parcels are within the Tracy Hills open space area, one parcel is in the western portion of the SOI designated Industrial, and one parcel is in the southern portion of the SOI designated Aggregate; the continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the non-renewal parcels, there are two located within the 10-Year Horizon in the central/southern portion of the SOI south of Linne Road and three located along the eastern boundary of the SOI; these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Beyond these identified parcels, there are no other Williamson Act Land located within the SOI.

State Government Code Section §56426.6 specifies under what conditions Williamson Act properties can be included within a change to a SOI. LAFCO can approve a change to an SOI with Williamson Act territory if either of the following findings are made:

(A) That the change would facilitate planned, orderly, and efficient patterns of land use or provision of services, and the public interest in the change substantially outweighs the public interest in the current continuation of the contract beyond its current expiration date; or

(B) That the change is not likely to adversely affect the continuation of the contract beyond its current expiration date.

10-YEAR HORIZON

While **Table 2-3** identifies the planned capacity of the 10-Year Horizon, it is anticipated that actual development during the 2025-2035 period would be less than the full capacity, with growth occurring at a rate similar to Scenario 3, as shown in **Table 2-1**. The City's General Plan requires comprehensive planning of areas within the SOI, including Urban Reserve areas, as identified by Land Use Element Objective LU-1.2 and implementing policies P1 through P3. This level of comprehensive planning is demonstrated through the City's approach to Urban Reserve 6 (Cordes Ranch), Urban Reserve 9 (Ponderosa), and the Tracy Hills Specific Plan. A significant amount of land designated for open space uses is included in the 10-Year Horizon to allow the City the flexibility to consider annexation of these lands. Buildout of the 10-Year Horizon would accommodate an increase of approximately 4,046 dwelling units, 9,690 people, and 17,844 jobs.

It is anticipated that, although the planning process may begin for areas within the SOI, many of the areas will remain underdeveloped and unplanned. As discussed previously, demand for development is based on the interest of property owners and developers and market demand. While the City can influence the location and pace of growth through its General Plan and master planning for services and utilities, the City must provide flexibility to accommodate market demand and property owner interest.

30-YEAR HORIZON

As shown in Table 2-6, the 30-Year Horizon includes lands planned for residential, commercial, industrial, aggregate, and agricultural uses. Buildout of the 30-Year Horizon would result in an increase of approximately 228 dwelling units, 508 persons, and a decrease of 496 jobs.

Summary: The City's SOI would provide for logical, orderly development as new development within the 10- and 30-Year Horizons would expand the existing community in a logical, orderly, and efficient manner, and would facilitate the logical, orderly, and efficient provision of services. In its consideration of future development projects in the 10- and 30-Year Horizons, the City will determine on a case-by-case basis whether a proposed development is timely and appropriate, whether the conversion of agricultural land to urban uses is consistent with the goals and policies of the City of Tracy General Plan, in determining whether it is appropriate to submit an application to LAFCO for annexation. Prior to approval of any annexation application, LAFCO would consider whether the proposed development is consistent with LAFCO policies.

Present and planned land uses as specified in the City of Tracy General Plan are appropriate for serving existing and future residents of Tracy. The City of Tracy General Plan represents the City's vision for its future and includes goals and policies that address growth, development, and conservation of open space. Planned land uses in the City of Tracy General Plan include Residential Very Low, Residential Low, Residential Medium, Residential High, Traditional Residential – Ellis, Commercial, Office, Industrial, Downtown, Village Center, Public Facilities, Park, Open Space, Agriculture, Aggregate, Active Adult Residential, and Urban Reserve. Land designations applicable to the 10 and 30-Year Horizons are summarized in **Tables 2-5** and **2-6**, respectively, and shown in **Figure 1-3**.

2. Present and Probable Need for Public Facilities and Services

The ability of the City of Tracy to provide public facilities and services has been explored in the Municipal Services Review and the City has been found to provide adequate facilities and services to meet the needs of the existing population. Public services provided by the City and addressed in this MSR include police, water, wastewater, and stormwater drainage. The City also provides public facilities including transportation (i.e. TRACER bus) and recreational facilities (including parks). The City of Tracy and the Tracy Rural Fire District also provide fire service via the South San Joaquin County Fire Authority (SSJCFA). Services provided by other agencies include schools (e.g. Tracy Joint Unified School District and Jefferson School District). New development within the SOI will lead to population growth and the need for additional service provision. The expanded tax base and fees that result from new development, as well as establishment of Community Facilities Districts where appropriate, will provide funding for these services. Development and connection fees will address the capital costs and user charges will address the infrastructure and operating expenses of new development. General Plan policies are in place to ensure adequate service provision for current and future populations, and require the City to address any gaps in funding that present themselves in the future.

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

Existing public facilities and services are adequate for serving the needs of Tracy's population. In early 2018, the Tracy Rural Fire District and the City of Tracy entered into a new joint powers to form a new joint powers authority agreement known as the SSJCFA to provide first response fire services to the entire jurisdictional area of the SSJCFA. SSJCFA maintains fire stations throughout its service area; the City and the Tracy Rural Fire District are each responsible for capital improvements to their fire stations and replacement, when needed, of their fire equipment. Both Tracy's fire and police services maintain adequate staff and facilities. As discussed in Chapter 4, the City regularly studies the need for facilities and services and works to address the existing and planned service needs of the City. The City's water supply, wastewater and storm drainage services meet the needs of current population, and are being updated and expanded to meet the needs of future populations.[2] The determinations included in Chapter 4 of this MSR show that public facilities and services are adequate to meet the needs of the current population. In addition, public facilities and services are being improved over time, and specific timeframes and policies have been established to meet the projected demand from the City's future growth.

4. Social and Economic Communities of Interest

While the City of Tracy does not abut any incorporated communities, the residents of Tracy share social and economic interests with the nearby communities of Lathrop, Manteca, and Mountain House as well as a variety of local organizations of interest, such as numerous businesses, schools, churches, and other community service programs that serve Tracy's residents. Lands in the SOI are unincorporated, but are historically, socially, and economically related to Tracy. The existing social fabric of the city will not change substantially with the growth anticipated in the SOI, including growth projected for the 10-Year and 30-Year Horizons. As described in the 2011 and 2019 City of Tracy Municipal Service Reviews, new growth is expected to be positive, bringing in new families and economic buying power as well as possible revenues that increase the City's budget. Industrial, commercial, and retail growth anticipated in the SOI would

[2] Master Plans are available for buildout of the City's water, wastewater and storm drainage systems. See Chapter 4.

bring jobs and economic growth and improve the City's jobs-housing balance. An increase in jobs in the City would benefit the larger region as many local communities export workers to the Bay Area, as evidenced by approximately 55% of San Joaquin County employed residents working outside of the County (129,151 jobs with persons living and working in the County and 155,257 jobs with persons living in the County and working outside of the County).[3] Maintaining the City's SOI would continue to provide these benefits to the City and region.

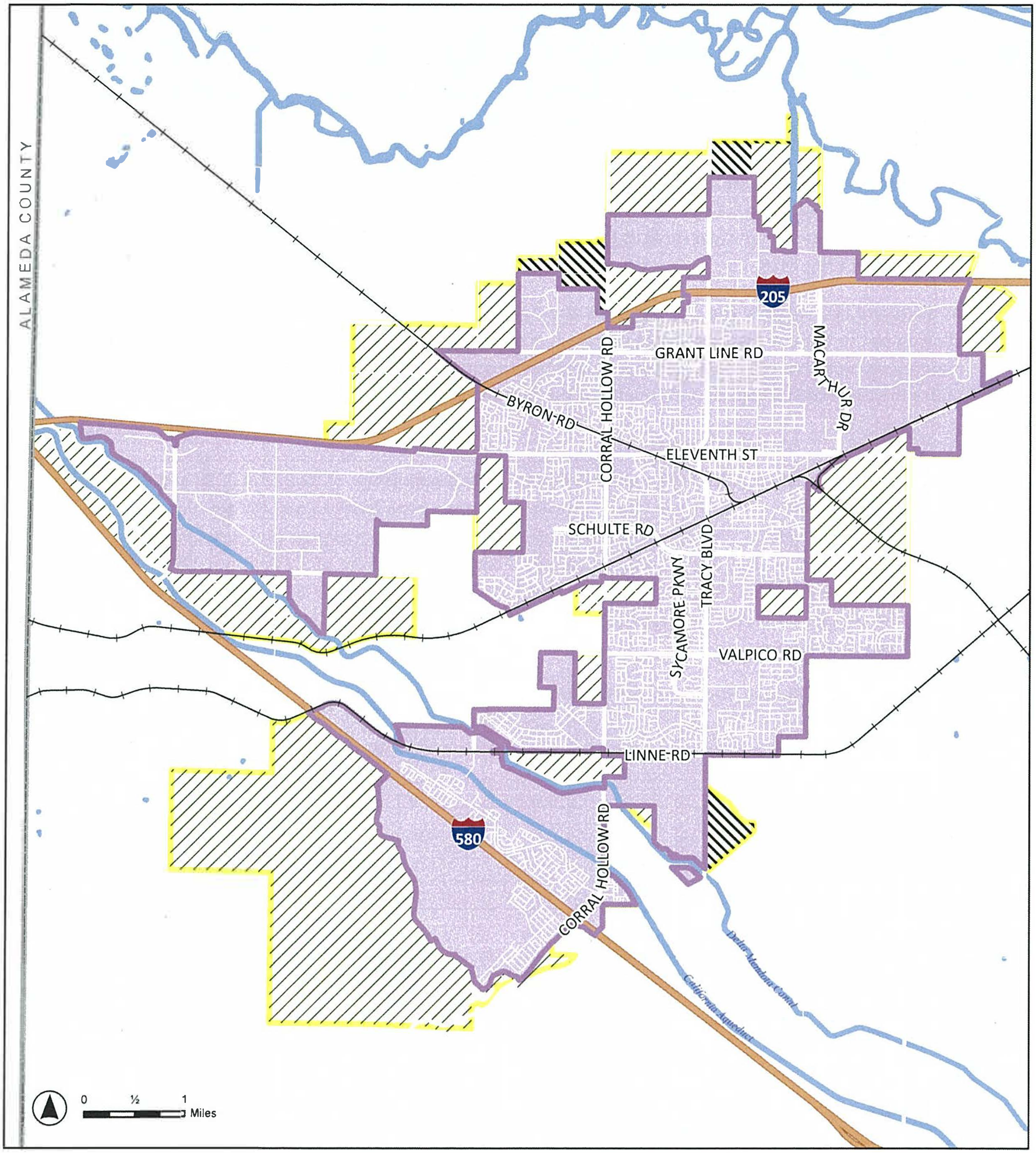
Historically, the area surrounding Tracy has been largely agricultural. Much of the area surrounding the City limits and SOI includes Williamson Act lands. In addition, the existing SOI includes 20 parcels within the SOI that are under Williamson Act protection (see **Figure 1-2**). As previously described, the continued inclusion of two of the Prime Agricultural parcels as well as the ten Non-Prime parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the remaining one Prime parcel, one Non-Prime parcel, and five Non-Renewal parcels, these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Further, the General Plan includes policies that will be implemented as development occurs on or adjacent to agricultural lands that address and reduce impacts between urban development and agricultural land uses.

5. Present and Probable Need for Public Facilities and Services in DUCs within the SOI

There are no currently identified Disadvantaged Unincorporated Communities within the Tracy SOI[4]. A thorough review was conducted of the California Department of Water Resources data identifying Disadvantaged Communities by Block Group based on the most recent available data (2019-2023 U.S. Census American Community Survey) was reviewed at the block group level to identify any potential Disadvantaged Unincorporated Communities within the City's SOI. None of the block groups within the SOI had a median income of 80% or less than the California annual median income. As there are no Disadvantaged Unincorporated Communities located within the Tracy SOI, no further discussion of this determination is provided within this MSR.

[3] U.S. Census, 2026. *OnTheMap Inflow/Outflow Job Counts (All Jobs).* Accessed November 2025.

[4] San Joaquin LAFCO, 2012. *Change of Organization Policies and Procedures Including Annexations and Reorganizations*, Exhibit A.



Tracy City Limits
Sphere of Influence
10-Year Planning Horizon
30-Year Planning Horizon

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 2-1
City and Sphere of Influence Boundaries
with Planning Horizons

DE NOVO PLANNING GROUP
A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM

3. GROWTH AND POPULATION PROJECTIONS

This chapter identifies future growth projections for the City of Tracy and its 10-Year and 30-Year Horizons 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 chapter is included in Chapter 4 of this MSR.

As discussed in Chapter 4, the City has plans and policies in place to ensure that if demand increases, as allowed by the General Plan, adequate public services will be provided while existing levels of service are maintained. Patterns of infrastructure and facilities to support the provision of services as Tracy grows under the General Plan will be determined by existing and anticipated growth patterns.

A. POPULATION AND DEMOGRAPHICS

Tracy is one of the larger cities in San Joaquin County, with a population of 82,922 in 2010 and 98,215 in 2025[1]. Between 1990 and 2000, the City of Tracy's population grew from 33,558 to 56,929, as indicated in **Table 3-1**. This reflects a 69.6% increase, which reflects a 5.4% annual growth. From 2000-2010, the population grew from 56,929 to 82,922, reflecting an annual growth rate of 3.8%. From 2010-2025, the population increased from 89,222 to 98,215, an 18.4% increase, reflecting a 1.2% annual growth rate during this period. Data from the State of California Department of Finance was available for years 1990, 2000, 2010, 20202025.

TABLE 3-1 POPULATION AND HOUSEHOLD TRENDS IN TRACY

	1990	2000	2010	2020	2025
Population	33,558	56,929	82,922	92,959	98,215
Housing Units	12,174	18,087	25,963	28,436	31,376
Single Family Units	*9,198*	*15,076*	*22,002*	*23,678*	*26,061*
Multi-Family Units	*2,531*	*2,536*	*3,494*	*4,306*	*4,864*
Mobile Homes	*445*	*475*	*467*	*452*	*451*
Average Household Size	2.98	3.21	3.40	3.35	3.23

NOTE: ESTIMATES FOR 1990, 2000, 2010, AND 2020 ARE FROM STATE OF CALIFORNIA DEPARTMENT OF FINANCE E-5 ESTIMATES BENCHMARKED TO APRIL 1ST U.S. CENSUS DATA. ESTIMATES FOR 2025 ARE FROM JANUARY 1ST.

SOURCES: STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2020- 2025; E-8 HISTORICAL POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES, AND THE STATE, 1990-2000 AND 2010-2020.

Table 3-2 summarizes the City's historical population growth and associated growth rates for 1990 – 2025 and 2010 - 2025 based on U.S. Census and California Department of Finance (DOF) data.

[1] State of California, Department of Finance: E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2011- 2017; State of California, Department of Finance: E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2020- 2025

TABLE 3-2 HISTORICAL POPULATION AND HOUSING TRENDS

YEAR	*POPULATION*	*HOUSING UNITS*
	HISTORICAL DEMOGRAPHICS	
1990	33,558	12,174
2000	56,929	18,087
2010	82,922	25,963
2020	92,959	28,436
2025	98,215	31,376
	HISTORICAL GROWTH RATES	
1990 – 2025: Total Growth	192.7%	157.7%
1990 – 2025: Compound Annual Growth	4.4%	3.9%
2010 – 2025: Total Growth	18.4%	20.8%
2010 – 2025: Compound Annual Growth	1.1%	1.3%

SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, CALIFORNIA DEPARTMENT OF FINANCE POPULATION ESTIMATES, TABLE 2: E-5 CITY/COUNTY POPULATION AND HOUSING ESTIMATES, 1/1/2025.

1. Growth Accommodation

The City of Tracy adopted a residential Growth Management Ordinance (GMO) in 1987. In general terms, the goal of the GMO is to achieve a steady and orderly growth rate that allows for the adequate provision of services and community facilities, and includes a balance of housing opportunities. Under the GMO, builders must obtain a Residential Growth Allotment (RGA) in order to secure a residential building permit. One RGA equals the public services and facilities required by one dwelling unit[2]. The GMO limits the number of RGAs and building permits to an average of 600 market rate housing units per year for market rate housing, with a maximum of 750 units in any single year including an annual allocation of 150 units. There are exceptions for affordable housing, and to accommodate the Regional Housing Needs Allocation (RHNA) in compliance with the General Plan.

The current GMO is provided under City Ordinance 1201, effective December 3, 2015. The GMO provides guidelines which contemporize the City's residential growth management program. The GMO Guidelines were most recently revised by the City Council on September 2, 2014, Resolution 2014-145. Under the GMO, a total of only 22,500 building permits can be issued through the GMO between the years 2025 and 2055[3]. Additional affordable dwelling units can be built; however, with a lack of funding from previously available sources (such as the redevelopment agency), there has been no demand from developers for affordable RGAs in recent years. In addition, the GMO includes exceptions for other types of projects, such as very small projects with four or fewer units on a single lot (such as custom homes, duplexes, triplexes, and fourplexes). Based on past permit history, it is projected that an additional 58 units, including approximately 48 accessory dwelling units, 5 very small units (2- to 4-unit projects), and 5 custom units per year would be constructed annually through the GMO exemption, totaling 1,740 units

[2] City of Tracy, 2009, *City of Tracy Residential Growth Management Plan*, page 4.
[3] Based on an average of 750 building permits allowed per year during the period from 2025 to 2055, not including exemptions that may apply.

between 2025 and 2055[4]. The availability of building permits under the GMO will be a primary factor in determining how development occurs within the city and SOI in the future. In 2015, a special election was held and City residents voted to pass Measure K, which created an Active Adult Residential Allotment Program that is exempt from the City's GMO and allocated 600 Active Adult Residential Allotments to the property formerly known as Urban Reserve 9. In total, it is projected that the market rate units, affordable units, and other exemptions allowed by the GMO would result in a total of approximately 24,240 units by 2055.

However, Ordinance No. 1201 adopted in November 2015 further increases the potential for growth through allowing the City to issue building permits in excess of those allowed through the GMO in order to meet the City's Regional Housing Needs Allocation (RHNA), as required by the State Department of Housing and Community Development. The maximum number of building permits issued may be the limit prescribed in the GMO (in general, 600 annual average or 750 per year max) or the number of units identified in the RHNA (by income category), whichever is higher. RHNA projects are issued building permits and are effectively exempt from the GMO provisions.

Furthermore, the City of Tracy has created a policy structure to manage the SOI, including maps that identify two key geographies: Primary Residential Growth Areas and Secondary Residential Growth Areas. The City's Residential Growth Management Plan (RGMP) is encapsulated in Chapter 10.12 of the City of Tracy Municipal Code. The purpose and intent of the RGMP is to:

- Achieve a steady and orderly rate of annual residential growth in the City, and to encourage diverse housing opportunities for the region in which the City is situated, and to balance these needs with the City's obligation to provide public facilities and services to the City's residents with available fiscal resources;
- Regulate the timing and annual amount of new development projects, so that necessary and sufficient public facilities and services are provided, and so that new development projects will not diminish the City's level of service standards;
- Encourage concentric growth of the City by promoting efficient residential development patterns and orderly expansion of residential areas to maximize the use of existing public services and infrastructure;
- Encourage development which will efficiently utilize existing and planned future, public facilities;
- Encourage a balance of housing types in the City which will accommodate a variety of persons, including affordable housing projects which will accommodate persons of very low, low, and moderate income, and persons on limited or fixed incomes; and
- Implement and augment the City policies related to the regulation of new development as set forth in the general plan, specific plans, City ordinances and resolutions, master plans, finance and implementation plans and design documents.

The General Plan establishes policies for orderly residential growth which are implemented through the GMO and GMO Guidelines. These regulations allow for residential growth to occur in both infill and

[4] Department of Housing and Community Development. City of Tracy Annual Performance Report data, 2018-2024.

greenfield areas, and is prioritized both geographically and through other means (such as development agreements).

2. City Services and Infrastructure Master Plans

The City plans the extension of services and utilities to its population through the periodic preparation and updating of its various public facility master plans, including water, sewage, and drainage. Additionally, the City maintains a Water Shortage Contingency Plan (adopted 2023), a Citywide Public Safety Master Plan (adopted 2024), an Urban Water Management Plan (adopted 2021), a Citywide Water System Master Plan (adopted 2024), a Wastewater Master Plan (adopted 2012), a Storm Drain Master Plan (adopted 2012), and a Transportation Master Plan (updated 2012). The City's capacity to serve existing development and planned growth is addressed in Chapter 4.

B. POPULATION PROJECTIONS

The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated grow to 115,950 by 2050, as shown in **Table 3-3**. These projections were developed January 10, 2025. These SJCOG growth projections do not appear to fully consider the City's adopted General Plan, approved development projects, and potential development within the City's SOI, nor the City's Regional Housing Needs Allocation. In order to consider the full growth potential within the City and SOI, **Table 3-4** also includes growth projections based on 1) future growth based on the City's historical growth rate from 2010 through 2025, 2) population growth associated with annexations of the 10- and 30-Year Horizons, and 3) the maximum growth allowed under the City's GMO and Active Adult Residential Allocations plus adequate units to accommodate a realistic portion of the City's RHNA and annexation of existing units in the SOI. The City's The City's 2023-2031 RHNA, which is a state-mandated allocation of housing that the City must identify adequate sites to accommodate, is 8,830 units, an average of 1,103 units per year. The City has not experienced development applications at a pace commensurate with the RHNA, so the maximum growth scenario based on the GMO, Active Residential Allotments, and RHNA assumes that approximately 60 percent of the RHNA will be built.

For the purpose of this MSR, it is anticipated that population growth will occur similar to Scenario 3 presented in Table 3-3. This is a conservative approach as it anticipates higher population growth than historic growth rates in recent years but is more consistent with State mandates to accommodate housing development, including streamlining housing approvals and requiring ministerial approval of various qualified projects, including accessory dwelling units and projects with two or more units that comply with objective development standards.

TABLE 3-3 COMPARATIVE POPULATION PROJECTIONS

YEAR	POPULATION GROWTH: ANNEXATION OF EXISTING UNITS	SCENARIO 1: SJCOG FORECASTED POPULATION (CITY LIMITS)	SCENARIO 2: PROJECTIONS BASED ON HISTORICAL (2010-2025) GROWTH RATE	SCENARIO 3: MAXIMUM GROWTH ANTICIPATED BASED ON CITY'S GMO, ACTIVE ADULT RESIDENTIAL ALLOTMENTS, AND PROJECTED DEVELOPMENT[1]
2025 Population Estimate: 98,215				
2030	290	102,331	103,916	107,445
2035	243	105,576	109,948	116,628
2040	243	108,856	116,334	125,812
2045	243	112,327	123,083	134,995
2050	280	115,950	130,229	144,215
2055	280	-	137,789	153,435

SOURCE: UNIVERSITY OF THE PACIFIC / SAN JOAQUIN COUNCIL OF GOVERNMENTS, 2025. DRAFT: SAN JOAQUIN COUNTY DEMOGRAPHIC AND EMPLOYMENT FORECAST, JANUARY 10, 2025; DE NOVO PLANNING GROUP, 2026.

NOTE: POPULATION PROJECTIONS BASED ON THE 'MAXIMUM GROWTH ALLOWED UNDER THE CITY'S GMO' INCLUDE GROWTH IN TRACY ASSOCIATED WITH ANNEXATIONS, GROWTH ALLOWED UNDER THE GMO, ANTICIPATED EXEMPTIONS TO THE GMO, AND 600 ACTIVE ADULT RESIDENTIAL ALLOTMENTS WITH AN AVERAGE HOUSEHOLD SIZE OF 3.23 PERSONS.

1 ASSUMES INCLUDES POPULATION ASSOCIATED WITH ANNEXATION OF EXISTING DWELLING UNITS IN THE 10- AND 30-YEAR HORIZONS AND ASSUMES GROWTH WILL INCLUDE ADEQUATE UNITS TO ACCOMMODATE THE AVERAGE REGIONAL HOUSING NEEDS ALLOCATION (1,261.4 UNITS PER YEAR BASED ON THE 2023-2031 ALLOCATION)

C. EMPLOYMENT TRENDS AND PROJECTIONS

Table 3-4 below identifies employment data for the City of Tracy for the years 2010 and 2020. As indicated, the labor force in Tracy increased from 39,833 in 2010 to 47,302 in 2020, representing an approximate 18.8% growth over the decade. During the same period, the number of employed residents rose from 35,433 to 45,000. Notably, the unemployment rate declined from 7.9% in 2010 to 3.3% in 2020. Note that the jobs reflect the number of jobs, not the number of employed residents. While the City prefers to retain skilled workers inside its labor market, comparing the two tables, it is clear that a large portion of the Tracy labor force commutes to jobs outside of the City. A large proportion of commuters choose to work in the neighboring San Francisco Bay Area region.

TABLE 3-4 TRACY EMPLOYMENT ESTIMATES

YEAR	TOTAL LABOR FORCE LIVING IN TRACY	EMPLOYED LABOR FORCE LIVING IN TRACY	UNEMPLOYMENT RATE OF LABOR FORCE LIVING IN TRACY	JOBS IN THE CITY OF TRACY
2010	41,100	35,200[1]	14.5%	15,878
2022	47,300	45,600	3.7%	43,700

SOURCES: UNIVERSITY OF THE PACIFIC / SAN JOAQUIN COUNCIL OF GOVERNMENTS, 2025. DRAFT: SAN JOAQUIN COUNTY DEMOGRAPHIC AND EMPLOYMENT FORECAST, JANUARY 10, 2025.

1 U.S. CENSUS ONTHEMAP DATA IDENTIFIES 26,521 WORKERS LIVING IN TRACY IN 2010 WHILE CALIFORNIA EMPLOYMENT DEVELOPMENT DEPARTMENT IDENTIFIES THAT 35,200 EMPLOYED MEMBERS OF THE LABOR FORCE LIVED IN TRACY IN 2010

TABLE 3-5 TRACY JOBS PROJECTIONS (2025-2050)

	2025	3030	2035	2040	2045	2050
Employment	58,014	60,947	64,375	67,706	71,271	75,310

SOURCE: SAN JOAQUIN COUNCIL OF GOVERNMENTS 2022 RTP/SCS PLAN SEPTEMBER 10, 2020.

It is noted that the SJCOG projection for jobs in Tracy is below the City's labor force and below U.S. Census jobs data for the City. The City's jobs:housing ratio has increased significantly over the past 15 years. In 2010, there were approximately 15,878 jobs in the City and 41,100 housing units, resulting in 0.6 jobs per housing unit. In 2025, there were approximately 43,700 jobs in the City and approximately 31,376 housing units, resulting in 1.4 jobs per housing unit.

As described in the City's General Plan, the City has planned to improve the jobs to housing balance to provide more employment opportunities for the City's residents. The General Plan would accommodate approximately 68,733 jobs (as shown in **Table 3-6**), which improves the current jobs to housing ratio of approximately 1.4 (2025) to a ratio of 1.7 upon buildout of the City and SOI.

D. DEVELOPMENT PROJECTIONS

This section provides an overview of projected development to accommodate growth in Tracy. The City recently updated its growth projections based on potential development under the General Plan, including planning for housing to accommodate the City's RHNA. Since approval of the 2019 MSR, the City has received a new RHNA allocation of is 8,830 units, an average of 1,261 units per year, from the San Joaquin Council of Governments for the 2023-2031 planning period. To accommodate this RHNA, the City developed a General Plan Amendment, including a Housing Element that addressed accommodating the RHNA along with a buffer and rezoned land to accommodate the RHNA. This MSR update reflects updated growth projections within the SOI, based on the City's General Plan and the update to the City's traffic model.

Upon full annexation of lands within the SOI, Tracy's total build-out capacity within the total area contained by both the City limits and the SOI 10-Year Horizon and 30-Year Horizon is approximately 168,226 people and 62,071 dwelling units (see **Table 3-6**). The discussion below discusses growth potential within the City limits, the SOI Horizons, and the combined City and SOI area.

TABLE 3-6 RESIDENTIAL AND EMPLOYMENT DEVELOPMENT – EXISTING AND PROJECTED GROWTH (CITY AND SOI)

	ACRES	DWELLING UNITS	POPULATION	JOBS
Existing City Limits Capacity				
Existing Development - City Limits[1]	17,042.2	31,376	98,215	43,700
Remaining Development Capacity- City Limits[2]	17,042.2	25,822	57,933	41,028
Subtotal: Existing City Limits Capacity	*17,042.2*	*57,198*	*156,148*	*84,728*
SOI Capacity				
Existing Development - SOI[1]	9,856.6	599	1,880	4,106
SOI: 10-Year Horizon Development Capacity[2]	9,405.2	4,046	9,690	17,844
SOI: 30-Year Horizon Development Capacity[2]	451.4	228	508	-496
Subtotal: SOI Capacity	*9,856.6*	*4,873*	*12,078*	*21,454*
Total New Development Capacity: City + SOI	***26,898.8***	***30,095***	***68,131***	***68,733***
Total	**26,898.8**	**62,071**	**168,226**	**106,181**

1. *EXISTING UNITS AND POPULATION DATA PROVIDED BY THE STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2020- 2025. ESTIMATES FROM 1/1/2025. EXISTING JOBS PROVIDED BY U.S. CENSUS 'ONTHEMAP' TOOL; JOBS DATA PROVIDED FOR YEAR 2022 (LATEST DATA AVAILABLE).*
2. *PROJECTED GROWTH BASED ON KIMLEY HORN TRAFFIC DATA BY TAZ FOR BUILDOUT CONDITIONS, 2025*

1. Within City Limits

The total acreage within the City limits represents 63% of the total land within the current City limits and SOI. The land within the current City limits is anticipated to accommodate a population of approximately 57,198 housing units, 156,148 people, and 84,728 jobs at buildout, as shown in **Table 3-6**. This growth represents an increase of 57,933 people, 25,822 housing units, and 41,028 jobs compared to current conditions.

2. 10-Year Horizon (2025-2035)

The approximately 9,405.2 acres of land within the 10-Year Horizon represents 35% of the total land within the current City limits and SOI. Tracy's development capacity within the 10-Year Horizon is approximately 4,046 housing units, 9,690 people, and 17,844 jobs, as shown in **Table 3-6**.

3. 30-Year Horizon (2025-2055)

The approximately 451.4 acres of land within the 30-Year Horizon represents 2% of the total land within the current City limits and SOI. The 30-Year Horizon has capacity for an additional 508 people, 228 dwelling units, and a decrease of 496 jobs, as shown in **Table 3-6**.

4. Total City and SOI Growth

Tracy's total build-out capacity within the total area contained by the City limits and SOI is approximately 168,226 people, 62,071 dwelling units, and 106,181 jobs (see **Table 3-6**).

E. DETERMINATION

The City of Tracy General Plan provides a framework for future growth and development within the City and the SOI. The City of Tracy has created a thorough policy structure to manage the SOI, including maps that identify two key geographies: Primary Residential Growth Areas and Secondary Residential Growth Areas. The City of Tracy initially adopted a residential GMO in 1987. The current GMO is provided under City Resolution 2012-1201 and was most recently revised by the City Council on October 20, 2015. The City's RGMP, established in Chapter 10.12 of the Municipal Code, set annual limits on the Residential Growth Allotment (RGA), which is the allotment made by the City that must be obtained by a developer (by allocation or conveyance) before each residential building permit is issued by the City, unless the subdivider obtains an exemption. The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year, although there are exceptions for affordable housing, small custom residential projects, and to meet state RHNA units, and Active Adult Residential Allotments.

The City's population was estimated at 98,215 in 2025. Between 1990 and 2025, the City experienced a 4.4% annual growth rate; however, the growth rate decreased to approximately 1.1% from 2010 to 2025. The latest SJCOG population projections for Tracy are 108,856 people by 2040 and 115,950 people by 2050. Under the City's GMO, taking exemptions, RHNA units, and annexations of existing units into account, a population of approximately 125,812 would be realized by 2040 and approximately 153,435 persons by 2050 (see **Table 2-2**).

The current SOI, including the 10-Year and 30-Year Horizons, provides for maximum population growth of up to approximately 168,226 people (**see Table 2-3**) if all vacant and underutilized parcels were developed; however, it is not expected that actual population growth will reach this amount based on the historical trends, population projections, and an unrealistic expectation of full development of all vacant and underutilized parcels. Additionally, since the City has created limits on the number of new housing units (to approximately 600 units per year for market rating housing) with various exceptions, including permitting additional units to accommodate the State-mandated Regional Housing Needs Allocation (RHNA), this would limit the actual level of population growth within the 10-Year and 30-Year Horizons. There are many factors that will ultimately influence the actual population (including job availability, housing availability/affordability, etc.).

The 10- and 30-Year Horizons within the existing SOI will adequately provide for the projected population and jobs growth through 2055. This level of population, housing, and jobs growth is consistent with the City's General Plan. The City's ability to provide adequate service to new developments will be ensured prior to approval of new developments, in accordance with existing City policies and fee programs, as described in Chapters 4 and 5.

4. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS AND DEFICIENCIES

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

This section of the MSR will address the provision of the following public services, some of which are directly provided by the City of Tracy (City) and others which are provided through contract or by special district:

- Fire Protection and Emergency Medical Services
- Law Enforcement
- Water Supply and Treatment
- Wastewater Supply and Treatment
- Storm Water Drainage and Flood Protection

In order to approve a change in the SOI and annexation of land into the City, 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 supports the City's requested 10-Year and 30-Year Horizons.

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES

The South San Joaquin County Fire Authority (SSJCFA) currently provides fire protection and emergency medical services to the City, as well as to unincorporated areas within the Tracy Rural County Fire Protection District (Rural Fire District). The City and the Rural Fire District formed the SSJCFA by entering into a joint exercise of powers agreement, effective July 1, 2018. The SSJCFA is responsible for fire protection services within the entire City limits area, except for a vacant area covered primarily by grassland, located south of the California Aqueduct, west of Interstate 580 adjacent to the Tracy Hills development which is served by CAL FIRE. The City area served by SSJCFA is shown in **Figure 4-1**. The SSJCFA also provides Advanced Life Support Emergency Medical Services within the City, in coordination with the San Joaquin Emergency Medical Services (EMS) Agency.

LAFCO adopted a policy in April 2019 that requires future annexations to the City to detach from the Rural Fire District to ensure that fire service responsibilities align with city jurisdiction boundaries and the SSJCFA service area.

CITY OF TRACY FIRE DEPARTMENT

The City of Tracy Fire Department was established under Ordinance No. 12 by the City of Tracy Board of Trustees on November 3, 1910. This ordinance also established the City's fire district boundaries. Tracy's firefighting force initially consisted of nothing more than "bucket brigades" from volunteers summoned during a fire. A City-owned building on 7th Street, just west of Central Avenue, was utilized as Tracy's very first firehouse.

TRACY RURAL FIRE PROTECTION DISTRICT

In 1945, the Rural Fire District was established to provide fire protection services to the greater Tracy Region, consisting of areas surrounding the Tracy City limits. This encompassed an area of over 200 square miles, from the Lathrop city limits northeast, down the San Joaquin River to the Stanislaus County line; then to the west up Interstate 580 until the Alameda County line; straight up to the Grant Line canal a few miles north Interstate 205 and then east again along the canal to Lathrop.

SOUTH COUNTY FIRE AUTHORITY

On September 16, 1999, after decades of talks and two previously unsuccessful attempts, the City Fire Department joined with the Rural Fire District to form the now-dissolved South County Fire Authority (SCFA). The SCFA was created to provide fire protection services to the entire jurisdictional area of both the incorporated City limits and surrounding rural community. Employees of the Rural Fire District became employees of the City with the City maintaining day to day administrative control of all operations and personnel.

Leading up to the JPA, the City was experiencing rapid growth and development, creating a need to construct new fire stations to meet response times. At the same time, rural firefighters found themselves having to respond to several emergency calls by driving through the City, frequently passing right in front of City fire stations along the way. It was obvious that a consolidation could significantly lower response times, eliminate the duplication of resources and provide better overall services. It was apparent that having improved staffing levels and a "streamlined" organization would benefit both entities, and more importantly, those residing in the Tracy community and surrounding rural area.

Both Rural Fire District and the City contracted with the SCFA to receive fire protection services. The SCFA in turn contracted with the City to provide employees and administrative services. First response fire service was provided to the entire jurisdictional area from the closest fire station regardless of station ownership.

The SCFA was directed by a four-person Joint Powers Authority (JPA) Board. This board was comprised of two members appointed by the Rural Fire District Board and two members appointed by the Tracy City Council. Meetings of the SCFA were typically held on a quarterly basis or as the Authority directs. The Chief Executive Officer of the SCFA was the City Manager of Tracy while the Controller/Treasurer of the SCFA was the City's Finance Director.

On February 20, 2018, the member agencies of the SCFA moved to dissolve the existing SCFA and establish a new joint powers authority (JPA) known as the South San Joaquin County Fire Authority (SSJCFA). The City and Rural Fire District agreed that dissolving the SCFA and establishing a new joint powers authority would allow the entities to resolve outstanding financial and operational issues, which included a cumbersome cost-sharing plan and concerns of the Rural Fire District regarding allocation of costs and adequate representation as part of the JPA, while allowing them to continue to combine their resources, revenues and personnel to address some operational and financial efficiencies. The SSJCFA was formed to provide a full range of fire services to the entire jurisdictional area of both the incorporated City limits of Tracy and the surrounding rural community. The SCFA and SSJCFA will run concurrently to allow the existing SCFA to dissolve effective June 30, 2018, and the new SSJCFA to be implemented effective July 1, 2018.

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY

The SSJCFA was formed in an effort to streamline the governance of the Authority and to clearly allow the community to bring fire-related issues to the Board of Directors. The new Authority has a simplified cost-sharing formula that ensures fairness in how costs to provide service are allocated to member agencies. The cost-sharing formula requires each member agency (the City and the Rural Fire District) to fund: 1) its pro-rata share of daily staffed positions, based on the number of daily staffed positions of each member agency divided by the total number of daily staffed positions within SSJCFA, and 2) all capital improvements to real property owned by each member agency. The SSJCFA is governed by up to two directors from each member agency. Currently, two members of the Tracy City Council and two members of the Rural Fire District Board comprise the SSJCFA Board. The SSJCFA-appointed Fire Chief functions as the Chief Executive Officer of the Authority and serves at the will of the SSJCFA Board of Directors. This dual role allows the Fire Chief to report directly to the SSJCFA Board and to not be representative of any single member agency of the Authority. The SSJCFA is represented by independent legal counsel. The SSJCFA has specified powers to enter into contracts, hire and employ personnel, incur debt, receive grants, adopt policies, and carry out all provisions of the Joint Powers Agreement.

The SSJCFA is initially contracting with a member agency, in this case the City, to serve as the "Employer of Record" for its personnel and to provide all employee services to the Authority. Current personnel are employees of the City. It is stated within the JPA agreement that the member agencies of the SSJCFA desire to have the Authority employ its own personnel to provide fire services. If and when the Board of the SSJCFA decides to employ personnel, any transfer of employees from the City to the JPA which occurs pursuant to an agreement in which their respective obligations regarding retirement and benefits would be addressed.

The City and Rural Fire District maintain that combining their respective resources including assets, revenues, and personnel to provide fire protection services to residents in their respective jurisdictions will best serve Tracy and the greater Tracy area.

CAL FIRE

CAL FIRE provides fire protection services to the area generally west of the California Aqueduct and/or Interstate 580, west of the City boundaries. This area is shown in **Figure 4-1** and includes land within the SOI. This area is covered in rural grasses and is within a CAL FIRE State Responsibility Area for Fire Protection.

EMERGENCY MEDICAL SERVICES (EMS)

Medical transport is provided by private ambulance company via contract with the San Joaquin County Emergency Medical Services Agency. American Medical Response (AMR) is the current exclusive emergency ambulance service provider in San Joaquin County.[1] Escalon Community Ambulance, Manteca

[1] Bramell, David. Tracy Fire Department. Personal communication on February 1, 2018.

District Ambulance, and Ripon Consolidated Fire District are exceptions to the County's exclusive contract with AMR. EMS incidents made up 70.31% of all calls that the Tracy Fire Department was dispatched to in all of the SCFA jurisdiction during FY 2017/18.

In FY 2016/17, the SCFA negotiated a new Advanced Life Support (ALS) agreement with the San Joaquin Emergency Medical Services. Prior to the new agreement, the SCFA was prevented from responding to minor medical emergencies that often escalate into significant medical emergencies. The new agreement allows SCFA to respond to all medical emergencies within the jurisdictional boundaries. This agreement was assigned from the SCFA to the SSJCFA in 2018.

1. Existing Facilities and Services

The SSJCFA provides fire protection, life safety and emergency response services to approximately 170 square miles of the southern part of San Joaquin County. As previously described, the City provides services as a member of the SSJCFA. Formed through a joint powers agreement between the City and the Rural Fire District, the SSJCFA operates as a single agency. The City and the Rural Fire District resources are combined to provide service to the jurisdictional area, although a five-member elected board still runs the Rural Fire District while the City Council and City Manager control the City.

The SSJCFA currently operates seven fire stations (see **Figure 4-2**) and an administrative office. As of 2024, twenty-four hour-a-day staffing is provided with seven paramedic engine companies and one paramedic ladder truck company. Five fire stations are within the incorporated area of the City, and two are in the surrounding rural Tracy area. The City Fire Department maintains a repurposed unstaffed fire station that serves as support for operations and apparatus storage. Fire Stations 92 and 96 relocated in 2014 due to findings of a Standards of Cover study. The repositioning of these facilities provided more efficient fire protection coverage to the jurisdictional area of both the City and Rural Fire District. Pursuant to the JPA agreement, SSJCFA maintains all fire stations and each member agency is responsible for structural repairs to its fire stations and for the replacement of its fire equipment. The financial ability of the member agencies to fund existing and planned facilities services is discussed in Chapter 5.

TABLE 4-1 TRACY FIRE STATIONS, EQUIPMENT AND SERVICES SERVING THE CITY OF TRACY

STATION/OWNERSHIP	LOCATION	COMPANY NUMBER/EQUIPMENT	
91/City	1701 West Eleventh Street	Truck 91	2017 Pierce Velocity Tractor Drawn Aerial, 100' All-steel ladder
		Engine 91	2015 Spartan Hi-Tech 1500gpm Type 1 pumper
		WT 90	2005 Pierce Kenworth Water Tender
		USAR 9	2004 Utility Trailer – Type 2, Medium Rescue
92/City	1035 East Grant Line Road	Engine	2020 Pierce/Velocity Type 1 pumper
		OES 349	2008 HME 1250 gpm Type 1 pumper
95/Rural Fire District	Tracy Hills Drive/Criseldo Mina Way	Engine	2020 Pierce/Velocity Type 1 pumper
		Engine	2017 International/HME Type 3 Engine
96/City	1800 West Grant Line Road	Engine 96	2009 Spartan Hi-Tech 1500 gpm Type 1 pumper
		Haz-Mat 42	Type 2 Hazardous Materials Response - OES

STATION/OWNERSHIP	LOCATION	COMPANY NUMBER/EQUIPMENT	
97/City	595 West Central Avenue[1]	Engine 97	2015 Spartan Hi-Tech 1500 gpm Type 1 pumper
Support (Unstaffed)/City	301 West Grant Line Road	R-Engine 95	2003 Pierce 1500 gpm Type 1 pumper
		R-Engine 98	2000 Pierce 1500 gpm Type 1 pumper
93*/Rural Fire District	1400 West Durham Ferry Road (New Jerusalem)	Engine 92	2015 Spartan Hi-Tech 1500 gpm Type 1 pumper
		R-Truck 90	2000 Spartan/LTI tractor drawn aerial, 100' ladder
		Grass 90	2000 Ford F-550 100gpm Type 4 pumper
		R-Engine 90	2000 Pierce 1000 gpm Type 1 pumper
94*/Rural Fire District	16502 West Schulte Road (Patterson Pass)[2]	Engine	2020 Pierce/Velocity Type 1 pumper
		Engine 4307	2020 Type 3 OES Engine

SOURCE: SSJCFA, 2025. HTTPS://WWW.SJCFIRE.ORG/OPERATIONS/STATIONS. ACCESSED NOVEMBER 2025.
** - STATIONS WITH AN ASTERISK ARE LOCATED OUTSIDE OF THE CITY LIMITS. EMERGENCIES ARE RESPONDED TO FROM THE CLOSEST FACILITY REGARDLESS OF CITY LIMITS.*
1 RELOCATION OF STATION 97 TO VALPICO ROAD SOUTHEAST OF ITS CURRENT LOCATION IS PLANNED.
2 RELOCATION OF STATION 94 NORTH OF ITS CURRENT LOCATION TO OPTIMIZE SERVICE IS PLANNED.

RESPONSE TO CALLS FOR SERVICE

NFPA 1710

The NFPA 1710 Standards are applicable to urban areas and where staffing is comprised of career firefighters. These standards only apply to urbanized areas served by the City and the annexed areas within the City not detached from the Rural Fire District; these standards do not apply to the rural areas served by the Rural Fire District. According to these guidelines, a career fire department needs to respond within six minutes, 90 percent of the time with a response time measured from the 911 call to the time of arrival of the first responder.

The standards are divided as follows:

- Dispatch time of one (1) minute or less for at least 90 percent of the alarms.
- Turnout time of one (1) minute or less for EMS calls (80 seconds for fire and special operations response). It is noted that the Standards of Cover study identified that this NFPA standard is rarely met in practice due to the time for the crew to hear the dispatch message and don the mandated personal protective clothing for the specific type of emergency. The Standards of Cover study noted that it is reasonable for agencies to achieve a 2 minute turnout to 90% of emergency incidents.
- Fire response travel time of four (4) minutes or less for the arrival of the first arriving engine company at a fire incident and eight (8) minutes or less travel time for the deployment of an initial full alarm assignment at a fire incident.
- Eight (8) minutes or less travel time for the arrival of an advanced life support (4 minutes or less if provided by the fire department).

SSJCFA GOALS AND RESPONSE TIMES

The SSJCFA maintains a goal for the initial company of firefighters to arrive on scene for City fire and EMS incidents within six minutes, thirty seconds 90% of the time; this goal applies to the City and annexed areas undetached from the Rural Fire District. The 6:30 minute goal includes 30 seconds for the call to be received at the primary Public Safety Answering Point (PSAP), and information obtained, then measured one minute for dispatch processing, one minute for fire station staff turnout, and four minutes for travel time.

In the rural areas served by the Rural Fire District, the response goal is to arrive on scene within 10 minutes 90% of the time. The 10:00 minute goal includes 30 seconds for the call to be received at the primary PSAP and information obtained, then measured one minute for dispatch processing, one minute for fire station staff turnout, and 7:30 minutes for travel time.

In 2023, SSJCFA responded to a total of 10,572 reported incidents- reflecting a 1.3% decrease in calls from 2022. The predominant incident type were EMA calls, with a total of 6,764 incidents comprising 64% of calls for service. While there was a total of 10,572 calls for service throughout the year, it is important to note that some calls require multiple apparatus. In total, there were 16,980 apparatus responses in 2023.

The Community Risk Assessment Standards of Cover and Deployment Analysis prepared for SSJCFA in December 2024 by AP Triton analyzed response times at the 90th percentile for the following individual components:

- Alarm Processing Time—The time interval between receipt of the alarm at the primary PSAP until the beginning of the transmittal of the response information via voice or electronic means to emergency response facilities (ERFs) or the emergency response units (ERUs) in the field.
- Turnout Time—The time interval between the time that the emergency response facility (ERF) and emergency response unit (ERU) are notified (by either an audible alarm or visual annunciation or both), and the time the unit begins to respond.
- Travel Time—The interval between the time the unit goes en route to the emergency incident and the time of arrival at the scene.
- Response Time—The combination of turnout time and travel time. This is often utilized as the measure of fire department response performance.

As shown in **Table 4-2** below, during the 2021-2023 period, the alarm processing performance met the NFPA benchmark for all high-acuity calls, turnout time exceeded the NFPA benchmark of 60 seconds for EMS calls and 80 seconds for fire and special operations calls as well as the SSJCFA turnout goal of 60 seconds for all calls except structure fires which is 90 seconds, travel time performance during the preceding three-year period exceeded the NFPA benchmark of four minutes for EMS calls and four minutes and 20 seconds for fire and special operations calls, response time performance exceeded the NFPA benchmark of five minutes for EMS calls and five minutes and 20 seconds for fire and special operations calls as well as SSJCFA's response time goal of five minutes for all call types

TABLE 4-2 SSJCFA RESPONSE TIME BY INCIDENT TYPE (2021-2023)

	ALARM PROCESSING TIME	TURNOUT TIME	TRAVEL TIME	RESPONSE TIME (TURNOUT AND TRAVEL)	TOTAL RESPONSE TIME (CALL RECEIVED TO FIRST RESPONSE)
EMS Benchmark	1:04	1:00	-	-	6:04
Fire Benchmark	1:46	1:20	4:00[1]	8:00[2]	7:06
Fire Calls	1:02	2:24	9:06	10:44	11:20
Medical/ Rescue Calls	1:02	2:09	7:49	9:20	9:53
Other Calls	1:05	2:06	7:36	8:53	9:21
Total All Call Types	**1:02**	**2:10**	**7:57**	**9:27**	**10:00**

[1]*FIRST-DUE ENGINE BENCHMARK*

[2]*FULL ALARM RESPONSE BENCHMARK*

SOURCE: AP TRITON, COMMUNITY RISK ASSESSMENT STANDARDS OF COVER & DEPLOYMENT ANALYSIS, DECEMBER 2024

The 2017 Standards of Cover Study recommended an eight-station deployment to provide improved first-due and multiple unit coverage to serious emergencies in the growing urban areas. The Standards of Cover Study identified additional response time issues associated with dispatch call handling. The Citywide Public Safety Master Plan Update, dated December 4, 2023, reports that response time issues have been resolved: *"We have worked to speed up the dispatch process through Stockton Fire Dispatch taking the live caller directly from the Public Safety Answering Point (PSAP) instead of the live caller being questioned by AMR before sending it to Stockton. In 2019 (after the 2017 SOC study), our staff and particularly Chief Bradley, led an effort to introduce and change state legislation that provided a pathway to improve the dispatch process. The particulars of this legislation are found in Senate Bill 438."*

The 2024 Standards of Cover Study included the following operational recommendations, which would address and improve response times:

- B-1: Consider adopting performance benchmark objectives that meet the community's acceptable level of risk for response time, station locations, and staffing, aligning with real-world discrepancies that arise from traffic, geography, and infrastructure issues.
- B-2: Consider adding four-person crews to all engine and truck companies with a Unit Hour Utilization (UHU) over 10% (Engines 91, 92, 96, 97, and Truck 91).
- B-3: Consider additional staffing to reduce overtime costs.
- B-4: Add an aerial device at Station 94 to improve fire flow capabilities for large square footage buildings over 50,000 square feet and improve the ISO 2.5 travel distance coverage for the department.
- B-5: Consider relocating Stations 94 and Station 97 to improve working conditions for personnel and accommodate the need for additional apparatus and ambulance resources.
- B-6: Prioritize construction of Station 98 to improve current service capabilities for the community. A location has been identified for this station.
- B-7: Prioritize the construction of SCF's Training Center. The location has been identified for the training center. This facility is critical for training firefighters and officers as well as technical rescue teams.

The City, Rural Fire District, and SSJCFA are implementing the recommendations of the Standards of Cover Studies. In 2021, Station 95 (Rural) opened in the community of Tracy Hills. The Citywide Public Safety Master Plan addresses the relocation of Fire Station 97 (City), relocation of Fire Station 94 (Rural), and construction of a new fire station (Station 99 in the Ellis area), as well as subsequent phases of the City Fire Training Facility in order to meet staffing and facility needs to address response times and service needs associated with development.

ISO RATING

The Insurance Services Office (ISO) Public Protection Classification Program currently rates the City Fire Department as **Class 2**, and the Rural Fire District as **Class 03/3Y**. ISO ratings are provided on a scale of 1 to 10, with 1 being the highest possible protection rating and 10 being the lowest. The ISO rating measures individual fire protection agencies against a Fire Suppression Rating Schedule, which includes such criteria as facilities and support for handling and dispatching fire alarms, first-alarm response and initial attack, and adequacy of local water supply for fire-suppression purposes. The ISO ratings are used to establish fire insurance premiums.

BUDGET

The SSJCFA is funded through revenue received from the City and the Rural Fire District. City General Fund allocations are derived from property taxes, sales tax revenue, and user fees. The Rural Fire District revenue allocations are received from property taxes and a special assessment. Additionally, Title 13 of the City of Tracy Municipal Code establishes development impact fees requiring that new development provide a fair share contribution toward the provision of services, in combination with the fee structure set forth in the Citywide Public Safety Master Plan (CPSMP).

The City and the Rural Fire District share costs and contribute to the agency with the City's share at 62.5% and the Rural Fire District's share at 37.5%. During FY 2024-25, the SSJCFA incurred costs of $25.8 million, of which $16.8 million was paid by the City and $10.2 million was paid by the Rural Fire District. The City prepaid their annual membership dues to SSJCFA for fiscal year 2024 in the amount of $5,987,525, this balance is reported by the City and SSJCFA in prepaid items and unearned revenue, respectively. The FY 2025-2026 budget funds $19,967,624 to cover the City's anticipated share of SSJCFA costs for fire protection. The need for additional firefighters in the future will be addressed as warranted.

2. Provisions for Future Growth and Systems Improvement

Fire station locations or "deployment" were recently analyzed in the South County Fire Authority Standards of Cover Study conducted by Citygate Associates, LLC (March 2017). This study analyzed fire station locations within the jurisdictional area of the SSJCFA with includes both the City and the Rural Fire District's jurisdictions. The study found that the four urban area fire stations are too few and too far to provide 4-minute travel time coverage to urban annexation areas and recommended that at least two additional and two relocated fire stations be considered. The study found that existing fire stations are appropriately located with the exception of Fire Station 97 at 595 Central Avenue within the City and Fire Station 94 at 16502 W. Schulte Road within the Rural Fire District. The study identified the need for future facilities in the Tracy Hills development (Corral Hollow/I-580 area) and another near the Ellis development (Valpico Road west of Corral Hollow).

The Standards of Cover study recommended that the response time policy be expanded to address specialty response measures and have a second measurement to define multiple-unit response for serious emergencies.

The City and Rural Fire District have reviewed and considered the findings of the Standards of Cover Study and are taking steps to address the recommendations in order to meet response time standards in light of growth and development patterns. The City further evaluated public safety needs and addressed the recommendations of the Standards of Cover Study in its Citywide Public Safety Master Plan Update, completed in 2023 and adopted in 2024. The following stations are planned:

Station 94: Station 94 will be relocated north of its current location to optimally serve the Prologis International Park of Commerce and the Patterson Pass Business Park and will continue to be owned by the Rural Fire District. Design and construction are estimated to start in 2019 and be completed in 2021. The existing Station 94 will remain in operation until completion of the relocated station. This is consistent with the Standards of Cover Study.

Station 95: Station 95 is a new station that is located in Tracy Hills north of I-580 and is owned by the Rural Fire District. This station serves the southern developing area of the City. Station 95 is completed. Construction and operation of this station is consistent with the Standards of Cover Study.

Station 97: Station 97 will be relocated along Valpico Road, southeast of its current location, and will continue to be owned by the Rural Fire District. The existing Station 97 will remain in operation until completion of the relocated station. This is consistent with the Standards of Cover Study.

Station 99: Station 99 will be located near Ellis and the proposed Avenues development; this station will be owned by the Rural Fire District and will provide coverage to the middle developing area of the SOI, west of Coral Hollow Road and east of Lammerers Road. This is consistent with the Standards of Cover Study; this station is referred to as Station 98 in the 2024 Standards of Cover Study.

City Fire Training Facility: Phase 1 of the new Fire Training Facility has been completed at 1399 S. Chrisman Road. Phases 2 and 3 are planned to include classroom, office, training, and storage facilities. This is consistent with the Standards of Cover Study.

Station 98: This station is not planned in the

The City, the Rural Fire District, and SSJCFA are in the process of evaluating response times from the relocated stations and will determine appropriate response goals based on the evaluation.

The SSJCFA provides Advanced Life Support paramedic service from every fire station. Emergency medical services in Tracy and the surrounding areas are reported to be good and there are no reported concerns about the level of service provided.

Recognizing the potential need for increases in fire protection and emergency medical services, the City's General Plan includes policies to ensure that adequate related facilities are funded and provided to meet future growth (Objective PF-1.1 and Policies P1 and P2). These policies include the updating of master plans and development impact fees on a regular basis, and the establishment of a citywide Community Facilities District that facilitates the funding of public facilities and public services in perpetuity by new development by establishing an annual tax. The City's General Plan also policies to promote coordination between land use planning and fire protection (Objective PF-1.2).

In 2013, the City Council adopted the "Citywide Public Safety Master Plan". This plan created the nexus for development impact fees for the City's sphere of influence and anticipated the need for five new fire stations to serve development within the City and Rural Fire District service areas. The City collects development impact fees to fund the City's share of the new fire facilities. Significant areas within the sphere include areas of the Tracy Rural Fire District. The Rural Fire District contains significant acreage that has been annexed by the City but remains within the District's service area. The amount of development that has occurred in these areas such as the International Park of Commerce, has positively impacted Rural Fire District property tax revenues and has provided impact fees that will be used to construct fire stations within the service area of the Rural Fire District. For rural areas not included within the Citywide Public Safety Master Plan, the Rural Fire District maintains the Fire Facilities Impact Fee of $0.15 per square foot per San Joaquin County ordinance.

Funds for future infrastructure will be derived from impact fees as indicated within the Citywide Public Safety Master Plan, collected by the City and passed through to the Rural Fire District accordingly. The operating costs to staff the facilities will be derived from property tax revenue growth in developing areas. Development impact fees are calculated to provide for facilities needed to serve long-term development, which means that the fees are calculated over a large geographical area and may require 10 to 20 years before the total fees are collected from all developers. The City addresses this lag (difference between the timing of the collection of funds from 100% of development and the appropriate time to construct facilities which are needed in advance of or concurrent with development) through advancing funds through interfund loans. The City has developed a financing plan to relocate Stations 94 and 97 and to construct Stations 95 and 99 and the City Council approved the plan on October 16, 2018.

Station 94, estimated to cost $5 million to design and construct, will be funded primarily by the advancement of public safety fees. Prologis has agreed to advance their payment of public safety fees in the amount of $4.25 million and the Rural Fire District will fund the remaining amount through contributions related to assuming the coverage of the existing station. Apparatus and equipment for this station will be relocated from the existing station to the new station.

Station 97 is estimated to cost $5.5 million to design and construct. The City has collected $4.5 million in public safety fees that will be used for this station. The City will fund the remaining $1 million from its General Fund to address the existing need for this station based on the coverage area within the City. Apparatus and equipment for this station will be relocated from the existing station to the new station.

Station 95 is estimated to cost $6.6 million to design, construct, and equip. Of this amount, $5.5 million will be funded by the advancement of public safety fees by the Tracy Hills development and will cover the cost to design and construct the station. The apparatus and equipment will be purchased through an advance (loan) from the City's equipment fund that will be repaid by future public safety fees collected from development.

Station 99 is estimated to cost $6.6 million to design, construct, and equip. Of this amount, $1.1 million will be funded by the advancement of public safety fees by Ellis and Avenues developments and the remaining fees will be collected from developments within the coverage area over a long horizon period. The City is advancing (loaning) General Fund monies from the Public Benefit and Equipment funds to cover the remaining construction and equipment costs; these loans will be using public safety fees received as the area is developed.

As discussed in Chapter 5, the City and the Rural Fire District have demonstrated financial capacity to provide fire services, including the relocation of fire stations, construction of new fire stations, and funding for operations and maintenance.

Similar to the provision of police services discussed below, Objective PF-1.1 states that the City would strive to continuously improve the performance and efficiency of fire protection and emergency medical services. In this regard, the City would coordinate land use planning, project development and site design to reduce fire hazards. Fire hazards shall be identified and mitigated during the project review and approval process (Objective PF-1.2, P1), and new developments shall satisfy fire flow and hydrant requirements and other design requirements as established by the City (Objective PF-1.2, P5).

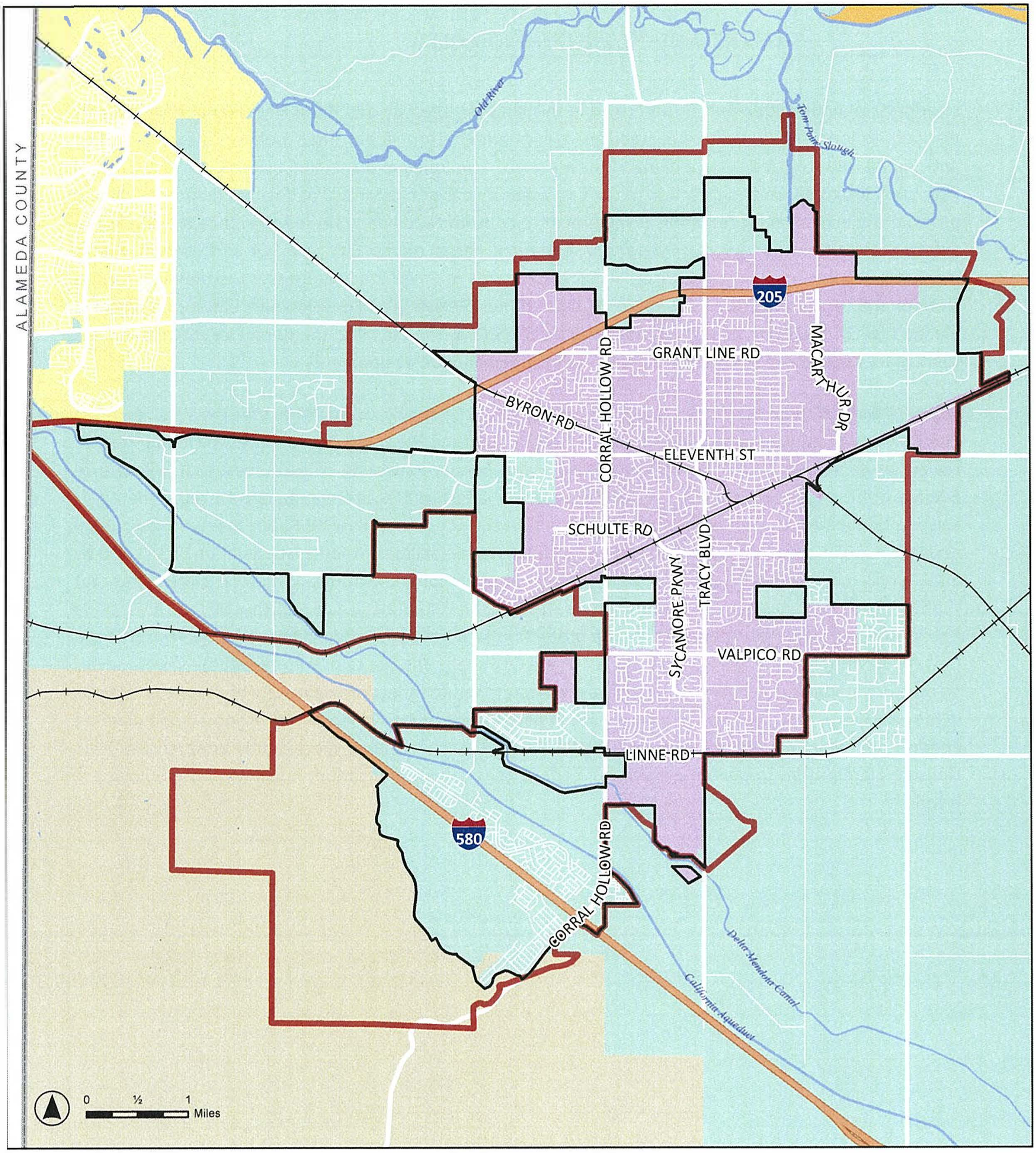
The General Plan also outlines land use policies to take full advantage of the use of existing public services and minimize the need for additional ones. As discussed further below, Objective LU-1.3 would ensure that public facilities are accessible and distributed evenly and efficiently throughout the city, and that residential development is directed in a way to maximize the use of existing public services and infrastructure (Objective LU-1.4). As new facilities are needed, the City and Rural Fire District shall plan fire station locations to maintain or enhance current response levels. (Objective PF-1.2, P3 and P4).

The SSJCFA receives funding from various revenue sources including the City's General Fund and the Rural Fire District. General Fund allocations are derived from property taxes, sales tax revenue and user fees. The Rural Fire District receives its funding through property tax from San Joaquin County as well as a special assessment fee for those structures located in the Rural Fire District. The Rural Fire District derives approximately 94% of its revenue from unsecured and secured property tax. Another approximately 6% is derived from the $0.03 per square foot special assessment. The SSJCFA also bills for cost recovery for those calls for service that occur in the Rural Fire District; however, this revenue source makes up less than 1 percent of the JPA's overall budget.

The SSJCFA Board reviews its budget on an annual basis to ensure that adequate staffing and facilities are maintained to address existing and new development. The City reviews budget needs of all departments, including its financial contribution to fire services on an annual basis and will address the need for additional personnel, equipment, and facility improvements in the future to maintain response times and to address new development. As described in this chapter, the City and Rural Fire District have actively planned to ensure adequate fire services are provided throughout their service areas, including anticipation of increased service demands as areas are developed and annexed by the City. The General Plan provides guidance and direction to the City when it considers approval of development projects and provides a mechanism for requiring development to contribute to adequate services, the Citywide Public Safety Master Plan addresses existing and long-term needs of the City and SOI and ensures that a mechanism is in place to fund services, and the Standards of Cover Study addresses the planning for fire stations and services to ensure adequate response times to existing and developing areas, including areas planned for annexation. As discussed in Chapter 5, SSJCFA, the City, and the Rural Fire District address funding for facilities and services to serve existing and planned development.

DETERMINATION:

The City has an appropriate process in place to plan and fund fire protection services, including regular review of its service levels and funding sources and annual budgeting of resources, that will ensure adequate fire protection staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The Citywide Public Safety Master Plan, adopted in 2024, plans through 2040 and plans for adequate facilities to serve a population of 141,000 by 2040 and is consistent with the Standards of Cover Study recommendations. While it is anticipated that the City may grow at a slightly slower rate, as described in Chapters 2 and 3 of this MSR, the Citywide Public Safety Master Plan addresses the fire protection facilities and staffing needs expected to serve the City and development in the SOI through 2040. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City fire services to areas within the City and SOI, including updating the Public Safety Master Plan to reflect proposed and planned annexations, amendments and updates to the General Plan, including the recently adopted 6th Cycle Housing Element, and updated growth projections that reflect population, housing, and employment trends.



Tracy City Limits

Tracy Sphere of Influence

Fire Districts

Tracy

Tracy Rural

None

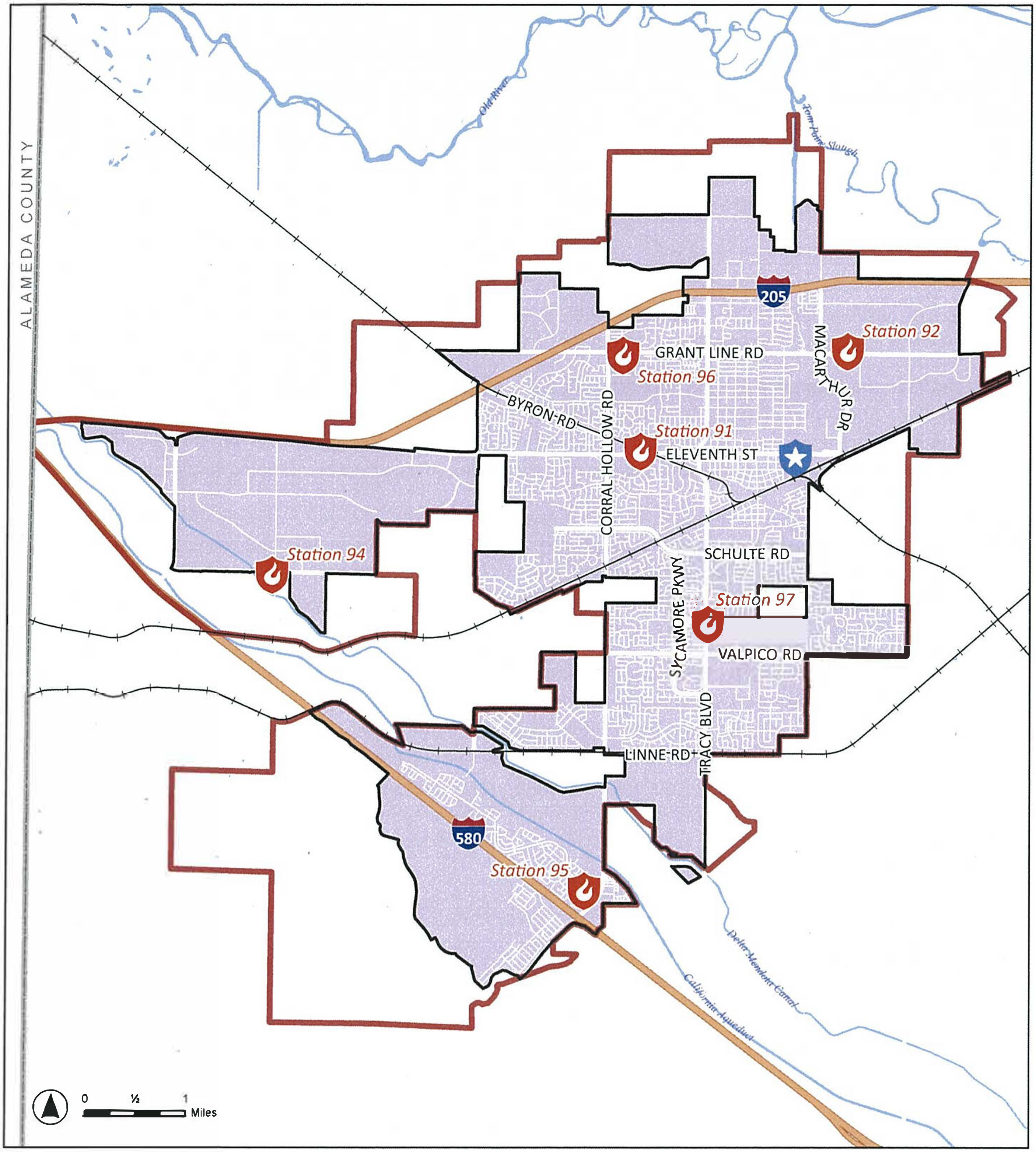
Mountain House

Lathrop-Manteca

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 4-1. Fire Districts

DE NOVO PLANNING GROUP
A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM



Tracy City Limits

Tracy Sphere of Influence

Police Station

Fire Station

Note: Station 93 is not shown. It is located southeast of the mapped area, at 1400 W. Durham Ferry Road.

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 4-2. Tracy Police and Fire Stations

B. LAW ENFORCEMENT

Police protection service in the City is provided by the City of Tracy Police Department (Police Department).

1. Existing Facilities and Services

EXISTING FACILITIES

The Police Department operates from its headquarters located at 1000 Civic Center Drive (see **Figure 4-2).** The headquarters comprise the main building and an annex, both in the Civic Center complex. Both buildings are occupied at capacity.

The Police Department provides police protection services to the City's residents and businesses, currently serving a population of approximately 95,931. The TPD operates out of its headquarters at 1000 Civic Center Drive; there are no satellite offices. Currently the TPD has 96 full-time sworn officers, 59 full-time non-sworn personnel, five part-time reserve officers, and seven part-time professional employees.

The Police Department divides calls into three categories, Priority 1, 2, and 3 calls. Priority 1 calls are defined as life threatening situations. Priority 2 calls are not life threatening, but require immediate response. Priority 3 calls cover all other calls received by the police. As of 2022, the average response time for Priority 1 calls in the City is 9 minutes 24 seconds, for Priority 2 it's 17 minutes 48 seconds, and for Priority 3 it's 25 minutes 6 seconds.

The 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 2023, 1,904 Part 1 offences were reported, including homicide, rape, burglary and larceny. Property crimes accounted for roughly 1,658 of those incidents, while violent crimes totaled 246. Property crimes—which include larceny, burglary, car break-ins, auto accessory theft and shoplifting—remain the most frequent crimes in Tracy. Larceny and motor vehicle theft were again the two most common property crimes in 2023, with 1,122 larceny incidents and 345 vehicle thefts year-to-date. Compared to 2022, total Part 1 offences in Tracy declined.

Police service within the Planning Area outside of Tracy's City limits is provided by the San Joaquin County Sheriff's Department, which is located in French Camp, about five miles south of Stockton. The County is divided into eight geographical areas or "beats." These beats are staffed around the clock, providing emergency response capability to citizens in the unincorporated area.

The Police Department and San Joaquin County Sheriff's Department provide mutual aid when a situation exceeds the capabilities of either department. Mutual aid is coordinated by the San Joaquin County Sheriff's Office.[2]

[2] Personal communication with City of Tracy Police Captain Alex Neicu. January 8, 2018.

ORGANIZATION

The Police Department is organized into three bureaus: Bureau of Field Operations, the Bureau of Investigations, and Bureau of Support Services. Bureaus are coordinated out of one facility.

The Bureau of Field Operations is the largest of the three bureaus and includes the Field Patrol, Traffic Safety, School Resource Officers, Neighborhood Resource Officers, Special Enforcement Team, Crime Prevention, and Animal Services Unit. The Bureau of Field Operations also has oversight of SWAT, the Crisis Negotiation Team, K-9 program, Explorer Program, D.A.R.E program, and Honor Guard.

The Bureau of Support Services has a variety of specialized units, including Communications 9-1-1, Records, Forensic Services, Crime Analysis, Facilities Management, and Fiscal Management.

The Bureau of Investigations consists of specially trained police officers and civilian employees who are responsible for completing complex and time-consuming investigations, including homicide, robberies, gang related crimes, financial crimes, property crimes, narcotics, vice and human trafficking. These specially trained employees frequently partner with investigators from the Federal Bureau of Investigations, Alcohol Tobacco and Firearms, Federal Drug Enforcement Agency, Department of Homeland Security, and other federal, state and county law enforcement agencies. The division also works closely with the San Joaquin District Attorney's Office to obtain and secure criminal complaints and convictions.

STAFFING

As of FY 2024-25, the Police Department has 111 sworn officers, supported by 64 full-time non-sworn professional staff. Staffing is projected to increase by 1 dispatcher position in FY 2025-26.

Staffing levels are assessed by the City on an annual basis, based on a variety of factors including response times for the three priorities listed above. With a population of over 98,000 as of 2025, the Police Department's 111 sworn police officers in FY 2024-25 equate to a police officer staffing level of approximately 1.13 officers per 1,000 residents.

CRIME STATISTICS

The California Department of Justice reports crime data by agency and location, with three primary classes of crimes: violent crimes, property crimes, and arson. Aggravated assault, forcible rape, murder, and robbery are classified as violent crimes while, burglary, larceny-theft, and motor vehicle theft are classified as property crimes. **Table 4-3** shows the crime statistics for the City between 2021 and 2024.

TABLE 4-3: TRACY POLICE DEPARTMENT CRIME STATISTICS (2021-2024)

CATEGORY/CRIME	*2021*	*2022*	*2023*	*2024*
Total Violent Crimes	205	289	274	300
Homicide	4	2	9	4
Rape	18	22	20	37
Robbery	46	58	76	84
Assault	137	207	169	175
Total Property Crimes	1,482	1,474	1,634	1,584
Burglary	127	152	164	153
Motor Vehicle Theft	241	210	336	265

Larceny	1,114	1,112	1,134	1,166
Total Arson Crimes	11	15	12	7

SOURCE: CALIFORNIA DEPARTMENT OF JUSTICE DATA: HTTPS://OPENJUSTICE.DOJ.CA.GOV/, ACCESSED FEBRUARY 6, 2026.

RESPONSE TIMES

The Police Department classifies calls for service as priority 1, priority 2 or priority 3. Priority 1 calls are calls where a threat is posed to life or is a crime of violence. Priority 2 calls are calls for service where there is an urgency or suspicious behavior. Priority 3 calls are calls for service where no emergency or serious problem is involved. In 2023, the Police Department handled 75,648 calls for service. The averages for the department's response times for 2023 for the 3 priorities are listed below.

- Priority 1 calls: 9 minutes and 24 seconds
- Priority 2 calls: 17 minutes and 48 seconds
- Priority 3 calls: 25 minutes and 6 seconds

2. San Joaquin County Sheriff's Department and California Highway Patrol

All areas outside of the City boundaries are currently under the jurisdiction of the San Joaquin County Sheriff's Department and the California Highway Patrol (CHP), which handles all traffic-related incidents on the freeway and in the unincorporated County area, which includes issuing traffic citations, and investigating vehicle accidents and auto thefts. As areas outside of the current city limits are annexed to the City over time, the Police Department will expand police services to the newly annexed areas.

3. Provisions for Future Growth and Systems Improvement

The City's General Plan includes goals, objectives, policies and actions to achieve a steady and orderly growth rate that allows for the adequate provision of services and community facilities. To support this goal as it relates to law enforcement, the General Plan outlines policies to ensure the provision of adequate police services needed to provide a safe environment in Tracy (Goal PF-2, Objective PF-2.1). Objective PF-2.1, P1 specifically states that the City would maintain adequate police staffing, performance levels and facilities to serve Tracy's existing population as well as any future growth. The City would also continue to provide mutual aid with the San Joaquin County Sheriff's Department when a situation exceeds the capabilities of either department (Objective PF-2.1, P4).

The General Plan also contains policies that were designed to provide police services in an efficient manner and ensure project designs help to reduce the need for policing. The Land Use Element of the General Plan outlines two objectives to foster the efficient match of public facilities to development. Objective LU-1.3 would ensure that public facilities are accessible and distributed evenly and efficiently throughout the City, and that residential development is directed in a way to maximize the use of existing public services and infrastructure (Objective LU-1.4). In addition, the City would continually strive for improved performance and efficiency of the Tracy Police Department (Objective PF-2.1, P3) and would review all project proposals for potential law enforcement hazards and encourage the use of physical site planning for crime prevention. Four specific action items are also included under Objective PF-2.3 to maintain and improve law enforcement services to keep up with Tracy's changing population and help reduce crime in general. The combination of these policies would help minimize the demand for police services.

Since some level of staffing increases would be needed over the lifetime of the General Plan, there will be a need for new or expanded police facilities in the City. The General Plan does not specifically identify where potential expansions or new police facilities would occur since it would depend on the ultimate location of new development. However, police sub-stations would be required in conjunction with new development as needed to meet the City's response time standards (Objective PF-2.3, P3). The General Plan includes policies to offset these potential capital costs by requiring new development to pay its fair share of these expenses through an assessed public facilities impact fee (Objective PF-2.1, P2).

The Police Department annually reviews its need for increases in personnel and equipment, based on the Police Department's response times, expected budget, and expected growth and demand for law enforcement services.

In 2023, the Police Department completed an updated staffing and resource assessment, which reaffirmed the need to maintain current staffing levels and invest in technology upgrades to improve efficiency. Since the initial 2018 staffing growth plan approved by City Council, Tracy has fully implemented the phased increases in sworn and civilian personnel as follow:

- Three sworn positions (One Traffic Officer, One SIU Investigator, One Administrative Sergeant) and one non-sworn (Crime Analyst) in July 2018.
- Three sworn positions (Three Patrol Officers) and one non-sworn (ASO Admin Assistant II) in July 2019.
- The final three sworn positions (Two Patrol Officers, One Lieutenant) in July 2020.

The Citywide Public Safety Master Plan Update indicated that the City provides a ratio of 0.99 sworn officers per 1,000 population, indicating that the Police Department will need to grow to 230 personnel, including 152 sworn officers, to serve the projected population of 141,000 anticipated in 2040, resulting in a ratio of 1.08 sworn officers per 1,000 population. The Citywide Public Safety Master Plan Update further supports the complete renovation of the existing Police Facility at 1000 Civic Center Drive and a 2-acre expansion of the site, including a 2-story addition of 19,784 square feet. This would result in a new 47,400 square foot all-in-one Public Safety Center at City Hall on 4.7 acres. The Citywide Public Safety Master Plan Update also supports the construction of a new 8,800 square foot Police Substation on 2.3 acres to be purchased by City near the Ellis, South Linne, and Tracy Hills developments. Additional facilities needs include: adding an additional 12,900 square feet of training facilities and upgrading 900 square feet of the existing 2,300 square foot Capt. John J. Serpa Memorial Training Facility at 6649 S. Tracy Blvd and including small office space (approximately 323 square feet) will be included for the Police Department at the proposed Multi-Generation Recreation Center.

New police facilities are funded through the collection of development impact fees, which are reviewed regularly to ensure that the fees adequately address the facility demands of planned development. Tracy currently funds its law enforcement operations almost exclusively through the General Fund; however, a Community Facilities District (CFD) has been formed to ensure adequate funding to provide police operations to serve new residential development.

As new specific plans and development projects within the SOI are considered, the City reviews the specific details of each project to: 1) identify the associated demand for new police facilities and operations, and 2) to identify whether the City's funding, including fees and assessments generated by the new development through the payment of development impact fees, sales tax revenues, and annual CFD assessments, will be adequate to address the demand for police services. Prior to approving any new development project, the City can ensure that any CFD associated with the project, development agreement provisions for funding police services, and development impact fee schedule is appropriately adjusted to reflect anticipated funding gaps. Therefore, it is determined that the City has the capacity to provide police services to the planned development within the SOI and that City will have adequate revenue to expand police services, sufficient to ensure that such services are maintained for existing development and are made available for new development.

DETERMINATION:

The City has an appropriate process in place to plan and fund police services, including regular review of its service levels and funding sources, which will ensure adequate police staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The Citywide Public Safety Master Plan, adopted in 2024, plans through 2040 and plans for adequate facilities to serve a population of 141,000 by 2040. While it is anticipated that the City may grow at a slightly slower rate, as described in Chapters 2 and 3 of this MSR, the Citywide Public Safety Master Plan addresses the law enforcement facilities and staffing needs expected to serve the City and development in the SOI through 2040. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City law enforcement services to areas within the City and SOI, including updating the Public Safety Master Plan to reflect proposed and planned annexations, amendments and updates to the General Plan, including the recently adopted 6th Cycle Housing Element, and updated growth projections that reflect population, housing, and employment trends.

C. WATER SUPPLY, CONSERVATION AND TREATMENT

The City provides potable water supplies to all users within the City's water service area through its own water distribution system. The City's existing water service area is generally coterminous with the City limits (approximately 26.6 square miles). The City provides potable water service to all of its residents; the City does not currently supply non-potable water. The City's water supply system is maintained by the City's Public Works Department. As of 2025, the City prepares about 25,000 monthly water bills, reflecting active potable water customer accounts. Including residential, commercial, industrial, institutional/governmental, and landscape accounts. **Figure 4-3** illustrates the existing water infrastructure. The Water Supply and Wastewater Treatment Capacity Evaluations (Water and Wastewater Capacity Evaluations) prepared by West Yost Associates on July 16, 2025, which included assessment of the *City of Tracy Citywide Water System Master Plan Update* (CWSMP Update) adopted in 2024 and the *City of Tracy 2020 Urban Water Management Plan* (2020 UWMP) adopted in 2021, the Water Supply and Wastewater Treatment Capacity Evaluations (Water and Wastewater Capacity Evaluations) prepared by West Yost Associates on July 16, 2025, which included assessment of the CWSMP Update and the 2020 UWMP, and the *2022 Consumer Confidence Report* were the primary sources of information used in this section.

1. Existing Supply and Demand

CITY OF TRACY POTABLE WATER SUPPLIES

The City currently receives water from the following sources:

- Untreated surface water from the Central Valley Project (CVP) via the Delta-Mendota Canal (DMC) (treated at the City's John Jones Water Treatment Plant);
- Untreated surface water from the Byron Bethany Irrigation District (BBID) pre-1914 rights (treated at the City's John Jones Water Treatment Plant);
- Surface water from the Stanislaus River via the South County Water Supply Project (SCWSP) (delivered by the South San Joaquin Irrigation District [SSJID]); and
- Groundwater pumped from nine groundwater wells located within the City.

Also, the City has entered into an agreement with the Semitropic Water Storage District for storage of water supplies for use in dry years and has implemented an Aquifer Storage and Recovery (ASR) Program to allow for injection of surface water supplies into the underlying groundwater basin for storage and later extraction.

Surface Water Supply

CENTRAL VALLEY PROJECT WATER VIA THE DELTA-MENDOTA CANAL

The City has contractual entitlements for CVP water. In the aggregate, the City's contractual entitlement to the municipal and industrial (M&I) reliability CVP water and assignments of agricultural (Ag) reliability CVP water from the Banta Carbona Irrigation District (BCID) and West Side Irrigation District (WSID) are referred to as the City's "Existing Contract" with the United States Bureau of Reclamation (USBR). The total quantity of CVP water available to the City under its Existing Contract is 20,000 acre-feet per year (af/yr) (10,000 af/yr of M&I-reliability water and 10,000 af/yr of Ag-reliability water).

The City's CVP water supplies are treated at the City's John Jones Water Treatment Plant (JJWTP), which was constructed in 1979, expanded in 1988, and then expanded again in 2008. With the latest plant expansion, the current treatment capacity of the JJWTP is 30 million gallons per day (mgd) which is sufficient to treat all of the City's CVP water supplies.

The City's CVP water supplies are subject to allocations determined by the USBR for 'South-of-Delta' contractors. Based on the historical record, the City's long-term average allocation of CVP water pursuant to the contract is anticipated to be at least 85% of the total entitlement. However, due to recent environmental concerns in the Delta and potential future impacts due to climate change, the normal year reliability of CVP water was assumed to be 75% in the 2020 UWMP. In addition, the City conservatively estimated that it will receive 50% of its Ag-reliability contractual entitlement in normal water years.

During dry years, a CVP M&I contractor is typically eligible for a minimum shortage allocation equal to 75 percent of adjusted historical use. Per the CVP M&I Water Shortage Allocation Plan, the minimum shortage allocation may be reduced further when the allocation of Ag-reliability water in that year is reduced below 25 percent of contract entitlement. The component of the City's CVP supply that carries Ag-reliability is subject to more significant reductions and is much more dependent on yearly hydrologic conditions than the City's M&I-reliability allocation.

SURFACE WATER FROM BBID PRE-1914 WATER RIGHTS

Part of the Tracy Hills Specific Plan area was annexed into the BBID and is entitled to water service from BBID, using BBID's pre-1914 appropriative water rights. This water is delivered to the City via the DMC and is treated at the City's JJWTP before delivery to the Tracy Hills Specific Plan area. The City anticipates that up to 4,500 af/yr of pre-1914 water rights water could be provided by BBID on a year-round basis to serve the Tracy Hills Specific Plan in the BBID service area. However, the water available to the City through this agreement is limited to the demand in the BBID service area portion of the Tracy Hills Specific Plan. The projected potable water demand in this area is estimated to be 3,330 af/yr at buildout. Because this water supply is based on pre-1914 appropriative rights, the water supply has historically been considered to be firm and well-established; however, recent drought conditions have threatened the reliability of this water supply.[3]

STANISLAUS RIVER WATER

The City receives Stanislaus River water, in partnership with the cities of Manteca, Lathrop and Escalon, and the SSJID. This partnership constructed the South County Water Supply Project (SCWSP), which consists of the 36 mgd Nick C. DeGroot Water Treatment Plant (DGWTP) near Woodward Reservoir in Stanislaus County and a transmission pipeline to deliver treated surface water to each city. The water supply source for the SCWSP is based on SSJID's senior pre-1914 appropriative water rights to the Stanislaus River, coupled with an agreement with the USBR to store water in New Melones Reservoir.

As part of the SCWSP, the City was initially allocated up to 10,000 af/yr of water based upon SSJID's senior water rights. In August 2013, SSJID and the cities of Tracy and Lathrop approved a Lathrop-Tracy Purchase,

[3] In August 2021, following the June 2021 adoption of the City's 2020 UWMP, the SWRCB issued an initial order imposing water right curtailment and reporting requirements in the Sacramento-San Joaquin Delta watershed that included the curtailment of pre-1914 appropriative water right claims in the San Joaquin River watershed. Based on this August 2021 order, the reliability of BBID's pre-1914 appropriative water rights may be uncertain.

Sale and Amendment Agreement for the sale of a portion of the City of Lathrop's SCWSP supply and capacity to the City of Tracy. The agreement provides the City with an additional 1,120 af/yr of SCWSP supply and 2 mgd of SCWSP capacity. Thus, the City's current contractual amount of SCWSP water is 11,120 af/yr. This additional SCWSP supply has the same reliability as the City's original SCWSP supplies.

Due to the seniority of the water rights underling the SCWSP, SSJID's pre-1914 appropriative rights to Stanislaus River water, the City has historically assigned a high reliability to SCWSP water. However, in December 2018, the SWRCB released amendments to the Water Quality Control Plan for the San Francisco/Sacramento-San Joaquin Delta Estuary (Bay-Delta Plan Amendment) which included significant changes and could result in significant surface water cutbacks. In its 2020 UWMP, SSJID presented a water reliability analysis assuming that the Bay-Delta Plan Amendment will not be implemented given its uncertainties. As an SSJID retail agency customer, the City relies on SSJID for the reliability projections for the Stanislaus River water supply. Consistent with SSJID's approach, the City's 2020 UWMP assumes that the Bay-Delta Plan Amendment will not be implemented. However, to fully assess the potential impacts of the Bay-Delta Plan Amendment and better plan for the potential shortfalls, the City conducted a parallel set of reliability analyses assuming that the Bay-Delta Plan Amendment will be implemented and included it as Appendix G of its 2020 UWMP.

Consistent with the City's 2020 UWMP, the City is assumed to receive 100 percent of its SCWSP contractual entitlement in normal years. In future dry years, the City assumed that allocations would be based on the City's contractual entitlement, rather than consumption in a given year. In single dry years, the City expects to receive 76 percent of its SCWSP water supply allocation during 2025, 2030, and 2035 and 56 percent during 2040 and 2045, based on information received from SSJID. In multiple dry years, the City expects to receive 56 to 100 percent of its SCWSP water supply allocation, depending on hydrological conditions. In addition, SCWSP water transferred from Escalon is assumed to be unavailable after 20254.

The anticipated availability and reliability of the SCWSP supply under normal years, single dry years and multiple dry years may be revised based on updated evaluations in conjunction with resolutions of issues associated with the Bay-Delta Plan Amendment. Further, SSJID anticipates the likelihood that more water will be available for local purposes in 2040 based on more efficient water management and urban development displacing irrigated agricultural land uses.5

Groundwater Supply

The City's surface water supply is supplemented by local groundwater. The City overlies the Tracy Subbasin (Basin; Department of Water Resources [DWR] 5-22.15) of the San Joaquin Valley Groundwater Basin (DWR 5-22). The Tracy Subbasin is not adjudicated, and it is not in a condition of critical overdraft.

GROUNDWATER WELLS

The City currently operates nine groundwater wells, with a total extraction capacity of about 18,300 gallons per minute (gpm), or 26 mgd (GEI, 2015). Four wells (Production Wells 1, 2, 3 and 4) are located near the City's JJWTP and pump directly into the JJWTP clearwells, where the groundwater is blended

[4] City of Tracy 2020 UWMP, June 2021, Section 7.1.1.3.
[5] City of Tracy 2020 UWMP, June 2021, Section 7.1.1.2.

with treated surface water. The other wells (Lincoln Well, Lewis Manor Well (Well 5), Park and Ride Well (Well 6), Ball Park Well (Well 7) and Well 8) are located throughout the City and pump water directly into the distribution system after disinfection.

The City's Well 8, located near the intersection of Tracy Boulevard and 6th Street, was designed as an ASR well and is used as an ASR well as permitted by the Central Valley Regional Water Quality Control Board.

The City may sustainably pump up to 9,000 af/yr from the local groundwater basin. Since the hard, high TDS groundwater is of lower quality than the City's surface water sources, the City has scaled back its groundwater extraction in most years. However, the City will continue to rely on groundwater for peaking and drought and emergency water supply. The City anticipates that total extraction during a normal year will be 2,500 af/yr through the planning horizon. By reducing groundwater extraction on an average annual basis, the City will: (1) increase the overall quality of its drinking water, thus increasing customer satisfaction and reducing system maintenance and repair caused by the lower-quality groundwater; and (2) recharge the underlying aquifer, effectively increasing the availability of groundwater during a drought or emergency condition (i.e., effectively "banking" groundwater). The City's groundwater supplies are considered to be 100 percent reliable.

AQUIFER STORAGE AND RECOVERY (ASR)

The City has been implementing an ASR Program to store surplus treated surface water in the confined aquifer beneath Tracy and extract that water to meet peak demands or supplement surface water sources during dry years. The City has one former groundwater extraction well, Well 8, which has been operated as an ASR well since 2013. Well 8 is located near the intersection of Tracy Boulevard and 6th Street and penetrates the Lower Tulare Formation.

The recharge water source of the City's ASR Program is treated SCWSP water. The City's SCWSP water supply is of exceptionally high water quality, with a Total Dissolved Solids (TDS) concentration of approximately 64 milligrams per liter (mg/L). Since the TDS concentration of the recharge water source is much lower than that of the Lower Tulare Formation aquifer's native groundwater, operation of the City's ASR Program reduces the localized salinity of the aquifer, resulting in lower TDS content in water supplies extracted from Well 8 than would be expected in the absence of the ASR Program. Additionally, the reduced salinity in groundwater recovered from Well 8 results in lower salt loading at the City's Wastewater Treatment Plant (WWTP), which eventually reduces the salinity of effluent from the WWTP. This helps the City meet its Regional Water Quality Control Board (RWQCB) effluent salinity requirements and provides environmental benefits to the river ecosystems.

Injection of SCWSP water into the ASR well occurs during the winter months (i.e., November through April), when City demands are low. Extraction occurs primarily in the summer months to meet increased demands associated with irrigation needs, and as needed during droughts and water shortage emergencies. It is estimated that between 685 af/yr and 915 af/yr of potable water could be injected into the aquifer, assuming a 5-month continuous injection rate of 1.5 mgd to 2.0 mgd at Well 8. The City's strategic plan for ASR operations at Well 8 involves injecting up to 1,000 af/yr over six months during the winter and extracting 75% of the injection volume during the following summer. These operations would result in net injection into the Lower Tulare Formation aquifer, which will gradually create a "buffer supply" that the City can utilize in dry years or during water shortage emergencies. In 2020, a net volume of approximately 190 acre-feet was injected and stored at Well 8 for the following year.

The City plans to implement its ASR Program stages as new ASR wells are constructed. The ASR supply will be available to meet demands in dry years, thereby increasing the reliability of the City's water supply during drought conditions or water shortage emergencies.

SEMITROPIC GROUNDWATER STORAGE

The City has acquired the rights to store and recover water in the Semitropic Groundwater Storage Bank (Semitropic) operated by the Semitropic Water Storage District (Semitropic WSD). The Semitropic facilities are located in Kern County alongside the California Aqueduct and the DMC. The first phase of Semitropic was initiated in the early 1990s and established one million acre-feet of storage for a group of agencies referred to as the Original Banking Partners. In response to increased demand for banking capacity, up to 650,000 af of additional storage was created for the Stored Water Recovery Unit (SWRU). When an agency purchases storage capacity in Semitropic, it is able to recover the volume of water it has banked over a period of three consecutive years (i.e., 3,000 af equates to a maximum recovery rate of 1,000 af/yr for three years). The City originally entered into a pilot agreement with Semitropic WSD in June 2006 for 1,000 af of water storage in Semitropic's SWRU. The pilot agreement was intended to establish the procedures for water deposits and withdrawals by the City and was terminated when the permanent agreement was implemented. In 2012, the City entered into a long-term agreement with Semitropic WSD for up to 10,500 af of storage volume. This storage agreement allows the City to withdraw up to 3,500 af of water annually for three years. To store water in Semitropic, the City withdraws less than its available allocation of CVP water from the DMC. This water travels through the DMC where it is diverted by Semitropic and used for local groundwater recharge. When the City wishes to withdraw water that it has banked previously, Semitropic arranges for the City to divert CVP water beyond its allocation from the DMC. This source of water is provided through either an exchange of Semitropic WSD's contractual entitlement to State Water Project (SWP) water or through direct "pump back" of stored groundwater into the California Aqueduct by Semitropic WSD.

Though the City could utilize this supply in any year, it is most valuable during extended drought years when the City's surface water supplies are reduced. The City anticipates that banking water at Semitropic will increase the reliability of the City's water supply and help close the potential future gap between supply and demand during drought conditions or other water supply shortage emergencies. If the City uses water from the Semitropic water bank in any given year, it would manage its supplies during subsequent years such that it could refill the water bank for future use. The City plans to actively maintain storage in Semitropic as feasible.

As of December 2020, the City had 6,887 af of water in storage at Semitropic.

GROUNDWATER YIELD

A 1990 Kennedy/Jenks/Chilton (K/J/C) study estimated a perennial groundwater yield of 6,700 af/yr in the Tracy Subbasin within the Tracy Study Area. However, in 2001, to determine if additional groundwater resources were available in the Tracy Study Area, the City conducted an updated groundwater analysis. The Estimated Groundwater Yield Study, prepared by Bookman-Edmonston Engineering, provided an evaluation of potential groundwater yield and determined that a 2,300 af/yr increase of the average annual operational groundwater yield above the groundwater yield recommended in the 1990 K/J/C study could be provided within the estimated sustainable yield of the Tracy Subbasin in the Tracy Study Area, without adverse impact to groundwater resources or quality in the Tracy Study Area over a 50-year timeframe. This expansion of groundwater usage to 9,000 af/yr would be within the City's estimated share of the aquifer's sustainable yield of 22,000 af/yr of the 28,000 af/yr total (which includes groundwater usage within West Side Irrigation District, Naglee-Burk Irrigation District, Plain View Water District (now part of the BBID), and BCID). It was also estimated that this expansion of groundwater usage would result in a groundwater level drop of 10 feet but would stabilize at this level.

In 2015, the City hired GEI Consultants (GEI) to perform an assessment on what the effects would be if the City were to pump between 16,000 af/yr and 22,000 af/yr for a single year to meet its demands during a drought emergency when no surface water supplies were available. The assessment considered potential impacts on groundwater levels, groundwater quality, and land subsidence. GEI's approach to this assessment was to estimate drawdown beneath the City, including drawdown caused by well interference, under scenarios wherein all of the City's wells were pumped for a single year at rates needed to meet the above stated demands. Drawdown estimates were made using analytical methods and aquifer hydraulic property data from pumping tests performed at two of the City's wells. Results showed that the City does have capacity to pump its wells to meet these single dry year demands, but that drawdown in the City wells and at locations proximate to the City would exceed that which has been historically observed. GEI (2015) estimated that groundwater levels would recover from their drawdown within approximately seven years.[6]

GROUNDWATER QUALITY

Groundwater quality in the Tracy Subbasin varies spatially and with depth. In general, the northern part of the Tracy Subbasin is characterized by a sodium water type, and the southern part of the Tracy Subbasin is characterized by calcium-sodium type water. The northern part of the Tracy Subbasin is also characterized by a wide range of anionic water types, including bicarbonate; chloride; and mixed bicarbonate-chloride. Major anions in the southern part of the Tracy Subbasin include sulfate-chloride and bicarbonate-chloride.

One water quality concern that the City actively manages is Total Dissolved Solids (TDS). The City's groundwater supply typically meets the primary maximum contaminant level (MCL) of 1,000 milligrams per liter (mg/L) but frequently exceeds the secondary MCL of 500 mg/L. In 2019, the City's groundwater supply ranged from 386 to 876 mg/L of TDS, with an average concentration of 752 mg/L. Because the TDS concentrations are significantly higher in the groundwater supply than in the City's other water supply sources, in order to meet the secondary MCL in its overall water supply, the City typically scales back its groundwater production from its estimated sustainable yield of 9,000 af/yr, particularly in normal rainfall years.

HISTORICAL GROUNDWATER USE

The City currently operates eight groundwater extraction wells and one ASR well. The total production capacity of all of the wells combined is 28.2 mgd, which would equate to a total annual production capability of about 31,600 af/yr if the wells were pumped continuously; however, as described above, the

[6] GEI Consultants, 2015. As cited in City of Tracy, 2023. CWSMP Update. West Yost Associates. May. p. 5-11.

City's maximum annual groundwater extraction rate has been established to be 9,000 af/yr. The City's groundwater production over the last several years is provided in **Table 4-4**.

Table 4-4: Historical Groundwater Production, af/yr

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Groundwater Production (af/yr)	252	515	680	519	648	995	817	645	1,181

Source: City of Tracy 2020 UWMP, Table 5-1, Current and Historical Water Supply.

Project Future Groundwater Use

The City may sustainably pump up to 9,000 af/yr from the local groundwater basin. Since the hard, high TDS groundwater is of lower quality than the City's surface water sources, the City has scaled back its groundwater extraction in most years. However, the City will continue to rely on groundwater for peaking and drought and emergency water supply.

The City anticipates that total extraction during a normal year will be 2,500 af/yr. By reducing groundwater extraction on an average annual basis, the City will: (1) increase the overall quality of its drinking water, thus increasing customer satisfaction and reducing system maintenance and repair caused by the lower-quality groundwater; and (2) recharge the underlying aquifer, effectively increasing the availability of groundwater during a drought or emergency condition (i.e., effectively "banking" groundwater). **Table 4-5** shows the anticipated future groundwater production during a normal year and during dry years.

Table 4-5: Projected Future Groundwater Production in Normal and Dry Years, af/yr

	2020	2025	2030	2035	2040	2045
Total Groundwater Production During a Normal Year (af/yr)	2,500	2,500	2,500	2,500	2,500	2,500
Total Groundwater Production During Dry Years (af/yr)	4,500	4,500	4,500	4,500	4,500	4,500

Source: City of Tracy 2020 UWMP, Table 7-2, Projected Potable Water Supply in Normal Years.

As shown in **Table 4-5**, the City anticipates that total extraction during a normal year will be 2,500 af/yr through the planning horizon. The projected use of groundwater during dry years is about 4,500 af/yr and is consistent with the City's Groundwater Management Policy. In the event that the City is unable to secure additional high-quality surface water supplies in the future, the City is able to expand groundwater production up to 9,000 af/yr. In the event of a severe water supply shortage or emergency, the City has the ability to increase production dramatically, up to 22,000 af/yr. At the production volumes shown in **Table 4-5**, the City's groundwater supplies are considered to be 100 percent reliable.

City of Tracy Water Demand

The City's 2020 Urban Water Management Plan (UWMP) describes how future water resources and demands within the City's service area will be managed to provide an adequate and reliable water supply. Trends in water demand for the City are provided below. As shown in **Table 4-6**, the City's water demand increased in 2012 and 2013 as economic conditions improved, before decreasing dramatically in 2014 and 2015 due to the voluntary and mandatory water conservation efforts that were implemented by the City's water customers during the extended drought. Water production has begun to rebound again in recent years (2016-2020) as water use restrictions were lifted and new development projects were constructed.

TABLE 4-6 CURRENT AND HISTORICAL POTABLE WATER USE AND POPULATION

YEAR	POTABLE WATER DEMAND (ACRE-FEET)	SERVICE AREA POPULATION	PER CAPITA POTABLE WATER USE (GPCD)
2010	16,603	83,312	178
2011	16,882	83,648	180
2012	18,052	84,388	191
2013	18,587	84,883	195
2014	16,213	85,346	170
2015	14,041	85,707	146
2016	15,360	89,174	154
2017	18,160	90,980	178
2018	17,420	93,045	167
2019	17,672	95,000	166
2020	19,527	96,345	181

SOURCE: CITY OF TRACY UWMP, 2020.

The City's water demand is anticipated to continue to increase as approved projects build out and new developments are approved and constructed within the City's water service area in accordance with the City's General Plan. However, as discussed above, the rate of growth within the City's water service area has slowed as a result of the GMO and the slow economic recovery from the economic downturn between 2008 and 2011. Hence, water demands are not anticipated to increase as rapidly as they have in past years. Buildout for the City is not anticipated within the planning horizon of the UWMP. However, in the 2020 UWMP and for the purposes of this analysis, buildout is assumed to occur in 2045 to be conservative in the water reliability analysis.

The 2020 UWMP projected water demands, as documented in the City's 2020 UWMP and evaluated subsequently as part of the Citywide Water System Master Plan Update (CWSMP) and Citywide Wastewater Master Plan Update, are shown in **Table 4-7**. The City's projected future water demand was determined based on adopted potable water use factors for various land uses, which were developed based on historical metered water use data, and anticipated timing of future development projects. A detailed explanation of the adopted demand projection methodology is provided in the City's WSMP Update. The water demand projections include consideration for reduced future water use as a result of new building codes, improved water use efficiency, and implementation of water conservation measures. The projections also include savings from passive conservation which refers to water savings resulting from actions and activities that do not depend on direct financial assistance or educational programs from the City. These savings result primarily from: (1) the natural replacement of existing plumbing fixtures with water-efficient models required under current plumbing code standards, and (2) the installation of water-efficient fixtures and equipment in new buildings and retrofits as required under CALGreen Building Code Standards.

The Citywide Water System Master Plan Update anticipates an additional 15,609 new dwelling units by 2040 and 24,960 dwelling units at buildout. The CWSMP indicates that the City's population is projected to increase to approximately 186,000 people with buildout of the SOI. The Water Supply and Wastewater Treatment Capacity Evaluations (Water and Wastewater Capacity Evaluations) prepared by West Yost Associates on July 16, 2025 reviewed the Citywide Water System Master Plan Update and the 2020 UWMP to determine the capacity to serve a total of 27,059 new dwelling units by 2045 to address whether potential growth associated with the City's Housing Element and subsequent Rezone Program and General Plan Amendment would require changes to the conclusions and recommendations of the City's Citywide Water System Master Plan Update and the 2020 UWMP to address buildout conditions. While full buildout of the City is anticipated to result in an additional 30,095 units, as shown in **Table 2-3**, the population growth addressed by the CWSMP Update exceeds the full buildout population of the City. The CWSMP Update and the additional analysis provided by the Water and Wastewater Capacity Evaluations plan for growth that exceeds growth anticipated for the City and SOI by 2055, as discussed in Chapter 3.

At buildout, potable water demands are projected to be about 33,500 af/yr, while recycled water demands (for irrigation of landscaped areas) are projected to be 6,300 af/yr. As noted in the City's 2012 WSMP, the City's future use of recycled water for non-potable uses such as landscape irrigation is key to the reduction (offset) of the City's future potable water demand, and the City's ability to meet future demands using existing and future available water supplies.

TABLE 4-7 PROJECTED WATER DEMAND, ACRE-FEET PER YEAR

CONDITION	*2025 – NEAR TERM GROWTH*	*2040*	*BUILDOUT*
Potable Water Demand	21,400	29,300	34,100
Recycled Water Demand	1,000	4,200	6,300
Total Demand	**22,400**	**33,500**	**40,400**

[1] INCLUDES 600 AF/YR PPBP WHEELED WATER
SOURCE: CWSMP (WEST YOST ASSOCIATES, 2023)

2. Water Shortage Contingency Planning

The City maintains a Water Shortage Contingency Plan (WSCP), which has been developed to serve as a flexible framework of planning response measures to mitigate future water supply shortages. The City adopted its first WSCP in 1992 to provide City staff and City water customers with guidelines for reducing water consumption in the event of a drought. The City's WSCP was most recently updated and adopted in June 2021 as part of the City's 2020 Urban Water Management Plan (UWMP), in accordance with California Water Code Section 10632. The 2021 WSCP supersedes the previous 2015 version and reflects lessons learned from recent drought events and evolving state mandates. The current WSCP is codified within Chapter 11.28, Article 5 – Drought and Other Water Emergency, and Article 6 – Water Conservation and Rationing Plan, Water Emergency Plan, Variances and Appeals, of the Tracy Municipal Code. This version of the City's WSCP builds upon and supersedes the City's 2021 WSCP. The ordinance that establishes the current version of the City's WSCP is included in Appendix P of the 2020 UWMP, adopted by City Council on June 1, 2021.

The WSCP serves as a standalone document to be engaged in the case of a water shortage event, such as a drought or supply interruption, and defines specific policies and actions that will be implemented at various shortage level scenarios. The primary objective of the WSCP is to ensure that the City has in place the necessary resources and management responses needed to protect health and human safety, minimize economic disruption, and preserve environmental and community assets during water supply shortages and interruptions. Consistent with California Water Code (CWC) §10632, the WSCP includes six levels to address shortage conditions ranging from up to 10% to greater than 50% shortage, identifies a suite of demand mitigation measures for the City to implement at each level, and identifies procedures for the City to annually assess whether or not a water shortage is likely to occur in the coming year.

3. Existing Transmission and Distribution System

The City provides water services to all water users within the City limits, plus approximately 118 residences in the Larch-Clover County Services District (CSD). All connections are metered. In 2020, the City served 24,692 metered service connections. The majority of service connections in the City are associated with single-family residential accounts. The City's water infrastructure is shown in **Figure 4-3**. No recycled water through the City's system has been used in Tracy because a distribution system for recycled water has not yet been constructed.

Due to the several hundred-foot difference in elevation throughout its service area, Tracy has established different pressure zones for its treated water distribution system. Because of differences in elevation of up to several hundred feet within its service area, Tracy has established three pressure zones for its treated water distribution system. There are three existing pressure zones (Zones 1, 2, and 3 and Ellis Reduced Zone), as well as the water distribution infrastructure. To support the development planned in the foothills, a fifth pressure zone (Zone 4) is in development and two additional zones (Zones 5 and 6) have been proposed for future use.

Tracy has five treated water storage reservoirs, including two clearwells and three storage tanks. Clearwell #1 and Clearwell #2 are located adjacent to the John Jones Water Treatment Plant (JJWTP), with storage capacities of approximately 0.66 million gallons (MG) and 4.0 MG, respectively. Additional storage is provided by the 2.4 MG Northeast Industrial (NEI) Tank, the 7.1 MG Linne Tank, and the 2.0 MG Cordes Tank. Since Clearwell #1 is operated as a chlorine contact basin, it is no longer considered to provide available storage capacity. The total available storage capacity is 15.5 MG.

The City's DMC surface water supplies are treated at the JJWTP, located at the southern end of the City just east of the DMC and the California Aqueduct. The JJWTP was constructed in 1979, expanded in 1988, and expanded and upgraded again in 2008. The permitted treatment capacity is 30 million gallons per day (mgd), with a potential future expansion to 45 mgd. Groundwater is either treated at the wellhead or at the JJWTP. Stanislaus River water, provided by the South County Water Supply Project (SCWSP), is treated at the Nick C. DeGroot Water Treatment Plant (DGWTP), located near Woodward Reservoir in San Joaquin County. The DGWTP, completed in 2005, has a current capacity of approximately 40 mgd and a final build-out capacity of 60 mgd.

The SCWSP is a partnership between the cities of Tracy, Manteca, Lathrop, and Escalon and the SSJID, which developed a surface water treatment plant and pipeline system to deliver water from the Stanislaus River to each participating agency. Treated Stanislaus River water is conveyed from the DGWTP to the City through a 36-inch transmission main, where it is pumped to the City by the Mossdale Pump Station, which is operated by SSJID and located at the intersection of Manthey and Stewart Roads. Water from the Mossdale Pump Station first fills the Linne and NEI storage tanks before being pumped into the City's distribution system.

The City currently owns and operates nine groundwater production wells: the Lincoln Well, Production Wells 1, 2, 3, 4, 5 (Lewis Manor Well, currently inactive), 6 (Park & Ride), 7 (Ball Park), and ASR Well 8 (see Section 6.3). The pumping capacity of the City's production wells ranges from 1,500 gallons per minute (gpm) to 2,500 gpm. All production wells are screened below the confining Corcoran Clay with sanitary seals that entirely seal the wells from the upper, unconfined aquifer. Additionally, the City owns nested and clustered monitoring wells throughout its service area. These wells are screened over short intervals (i.e., less than 40 feet) and are designed to measure the properties of a specific aquifer.

4. Water Quality

As described within the City's 2023 Consumer Confidence Report, the quality of the City's water supply complied with or exceeded all State and Federal drinking water requirements. The City chlorinates its potable water supply. The City also uses chloramines as a secondary disinfectant when treating source water from the Delta Mendota Canal.

5. Water Conservation Measures

URBAN WATER MANAGEMENT PLAN

The City's 2020 Urban Water Management Plan (UWMP) identifies a series of water demand management measures (DMM). These measures are listed below.

- DMM 1 – Water Waste Prevention Ordinances
- DMM 2 – Metering
- DMM 3 – Conservation Pricing
- DMM 4 – Public Education Outreach
- DMM 5 – Programs to Assess and Manage Distribution System Real Loss
- DMM 6 – Water Conservation Program Coordination and Staffing Support
- DMM 7 – Other DMMs
    a. Ultra Low Flush Toilet (ULFT) Rebates
    b. Water Use Survey Program
    c. Plumbing Retrofit Material Giveaways

WATER MANAGEMENT

Chapter 11.28 of the Municipal Code contains water management requirements, specifically related to future restrictions on water use, should it become necessary. The City has the authority to restrict water usage based on the severity of future drought and other water emergency conditions. Article 5 addresses drought declarations and emergency conditions. Article 6 establishes the City's Water Conservation and Rationing Plan, Water Emergency Plan, and variances and appeals, and Article 8 establishes the Water

Efficient Landscaping Ordinance A description of the requirements for each of the five stages of water restrictions are provided.

I. *Water Shortage Contingency Plan*

The City's WSCP, described previously, has been developed to support the broader vision of the City laid out in the General Plan and is implemented by Chapter 11.28, Article 5 – Drought and Other Water Emergency, and Article 6 – Water Conservation and Rationing Plan, Water Emergency Plan, Variances and Appeals Water Management, of the Tracy Municipal Code.

II. *Water Efficient Landscape Ordinance*

Chapter 11.28, Article 8, of the Municipal Code establishes the Water Efficient Landscape Ordinance. The Water Efficient Landscape Ordinance establishes a structure for designing, installing, and maintaining water efficient landscapes in new projects, and establishes provisions for water management practices and water waste prevention for established landscapes. For example, the Ordinance requires that new projects implement water efficient landscape design practices.

RECYCLED AND NON-POTABLE WATER

Chapter 11.30 of Municipal Code establishes requirements for the use and distribution of recycled water, whereby the City reserves the right to require all users who connect to the City water system to use recycled water for approved recycled water uses. This chapter allows the City to establish and develop a recycled water system throughout the City. Although the City does not currently supply non-potable water, the City is attempting to expand recycled water use to offset potable water demands in the future.

6. Potable Water Supply Availability and Reliability

The City's surface water and groundwater supply reliability as described in the City's 2020 UWMP is summarized below.

The reliability of each of the City's existing and additional planned water supplies and their projected availability during normal, single dry, and multiple dry years as described in Section 6 of the City's 2020 UWMP and Chapter 5 of the CWSMP, is described below and summarized in **Table 4-8**.

TABLE 4-8: WATER SUPPLY RELIABILITY IN NORMAL, SINGLE DRY AND MULTIPLE DRY YEARS, AF/YR

SUPPLY SOURCE	ANTICIPATED RELIABILITY (% OF ENTITLEMENT)		
	NORMAL YEARS	SINGLE DRY YEARS	MULTIPLE DRY YEARS
EXISTING WATER SUPPLIES			
USBR CVP			
M&I Reliability Water (Tracy Contract)	75%	25%	40%
Ag Reliability Water (BCID & WSID Contract)	50%	0%	0%
South County Water Supply Project	100%	56-76%	56-100%
Groundwater	100%	100%	100%
BBID (pre-1914)	100%	100%	100%
Semitropic Water Storage Bank	--	0%	67%
Aquifer Storage and Recovery	--	100%	100%
ADDITIONAL PLANNED FUTURE WATER SUPPLIES			
USBR CVP (BBID contract) (Ag Reliability Water)	0%	0%	0%
Recycled Water Exchange (Potable)	100%	100%	100%

Recycled Water (for non-potable uses	100%	100%	100%

[A] *ALTHOUGH THE CITY CAN SUSTAINABLY EXTRACT UP TO 9,000 AF/YR OF GROUNDWATER ON A CONTINUOUS BASIS, THE CITY IS PLANNING TO SCALE BACK ITS GROUNDWATER EXTRACTION IN NORMAL YEARS TO INCREASE THE OVERALL QUALITY OF ITS WATER SUPPLY. WITH THESE REDUCED SUPPLY VOLUMES, THE GROUNDWATER RESOURCE IS CONSIDERED 100 PERCENT RELIABLE.*

[B] *DUE TO THE DIFFICULTIES EXPERIENCED BY THE CITY IN ACCESSING STORED WATER VIA THE DMC, THE CITY HAS CONSERVATIVELY ASSUMED THAT 0% OF THE CITY'S SEMITROPIC WATER SUPPLY WILL BE AVAILABLE IN THE FIRST YEAR OF A MULTIPLE DRY YEAR PERIOD AND 100% WILL BE AVAILABLE IN THE SECOND AND THIRD YEAR. THE 67% PRESENTED IN THIS TABLE FOR MULTIPLE DRY YEARS IS THE AVERAGE VALUE FOR A THREE-YEAR PERIOD.*

(C) ALTHOUGH RECYCLED WATER SUPPLIES ARE CURRENTLY AVAILABLE FROM THE CITY'S WWTP, REQUIRED RECYCLED WATER PIPELINES AND PUMP STATIONS TO CONVEY AND DELIVER THE RECYCLED WATER TO THE RECYCLED WATER USE AREAS HAVE NOT YET BEEN CONSTRUCTED.

SOURCE: CITYWIDE WATER MASTER PLAN, 2023

NORMAL YEARS

Normal or wet water years are those water years that match or exceed median rainfall and runoff levels. The following describes the availability and reliability of the City's existing and additional planned future water supplies under normal year conditions:

- The City's contract with the USBR for 10,000 af/yr of DMC/CVP water is subject to M&I reliability. Based on the historical record, the City's long-term average allocation of DMC/CVP water pursuant to this contract is anticipated to be at least 85 percent of the total entitlement. However, due to recent environmental concerns in the Delta and potential future impacts due to climate change, the normal year supply of DMC/CVP M&I water is assumed to be 75 percent of the City's historical use. Based on a historical use of 5,930 af/yr (i.e., the average quantity of CVP water put to beneficial use by the City during the last three years of water deliveries that were unconstrained by the availability of CVP water), the projected normal year supply is 4,448 af/yr.

- The City has received acquired assignments from Banta-Carbona Irrigation District (BCID; 5,000 af/yr) and West Side Irrigation District (WSID; 5,000 af/yr) for a total entitlement of 10,000 af/yr of DMC/CVP water. These supplies are subject to Ag-reliability. The City is conservatively estimating that it will receive 50 percent of its Ag-reliability contractual entitlement, or 5,000 af/yr, in normal years.

- The City has acquired up to 4,500 af/yr of pre-1914 appropriative water rights water from BBID. These supplies are restricted in their place of use, and therefore the supply is anticipated to be equal to the projected demand within that place of use (i.e., the Tracy Hills area) ranging from 800 af/yr in 2025 to 3,300 af/yr in 2045. The City anticipates being able to receive 100 percent of this supply in normal years.

- The City has a total contractual entitlement of 13,135 af/yr of Stanislaus River water provided through the SCWSP, including 10,000 af/yr from its original contract with SSJID, 1,120 af/yr purchased from Lathrop, and 2,015 af/yr purchased on an interim basis from Escalon. The agreement between Tracy and Escalon is assumed to terminate after 2025. Based on information provided by SSJID, the City expects to receive 100 percent of its SCWSP water supply allocation during a normal water year. As such, the City anticipates being able to receive 13,135 af/yr of SCWSP supply in 2025 and 11,120 af/yr afterwards, assuming normal year conditions.

- The City is able to withdraw up to 9,000 af/yr of groundwater from the Tracy Subbasin. However, due to the aging infrastructure and water quality issues in the City's groundwater supplies, the City is projecting to be able to withdraw up to 2,500 af/yr in normal years. This groundwater supply is considered to be 100 percent reliable.

- The City does not anticipate using its Semitropic water or ASR water in normal years.
- The City anticipates that a Recycled Water Distribution Network and Exchange agreement will be executed with the USBR by 2030 to provide additional CVP supplies to the City in exchange for the City discharging a like amount of tertiary-treated recycled water to the DMC. The City assumes that the Recycled Water Distribution Network and Exchange will be implemented as needed to meet future demand conditions and is currently projected to supply an amount ranging from 1,925 af/yr in 2030 to 7,500 af/yr in 2045. This water supply is considered to be 100 percent reliable.
- The City's recycled water supply is expected to be 100 percent reliable. Based on the projected non-potable demands and assuming that the City makes investments in infrastructure and permitting, the City estimates that they will have access to 1,000 af/yr of recycled water supply in 2025, increasing to 6,300 af/yr in 2045.

The City's recycled water supply is expected to be 100 percent reliable. Based on the projected non-potable demands and assuming that the City makes investments in infrastructure and permitting, the City estimates that they will have access to 1,000 AF/YR of recycled water supply in 2025, increasing to 6,300 AF/YR in 2045.

SINGLE DRY YEARS

During a single dry year, all of the City's existing surface water allotments are subject to some level of reduction. Assumed reductions are based on actual reductions in CVP deliveries experienced in the recent drought and the new USBR M&I Reliability Policy adopted in 2017. The actual reductions will vary with the severity of the regional water supply shortage and climatic conditions, and the consideration of contract agreements.

The following describes the availability and reliability of the City's existing and additional planned future water supplies under single dry year conditions:

- The City's contract with the USBR for 10,000 af/yr of DMC/CVP water is subject to M&I reliability. During a single dry year, the City estimates to receive 25 percent of the City's historical use. Based on the historical use of 5,930 af/yr, the projected supply is 1,483 af/yr.
- The City has a total entitlement of 10,000 af/yr of DMC/CVP Ag-reliability water. The City anticipates receiving 0 percent of its DMC/CVP Ag-reliability water in a single dry year.
- The City has acquired up to 4,500 af/yr of pre-1914 appropriative water rights water from BBID. This supply is restricted with regard to the place of use (Tracy Hills). The City anticipates being able to receive 85 percent of its contractual entitlement in a single dry year (3,825 af/yr). As the projected demand is 3,300 af/yr in 2045 and is lower than the 3,825 af/yr of available supply, the reduction in reliability does not result in a reduction to actual amount of water used. Therefore, the supply in a single dry year is anticipated to be equal to the projected demand within the Tracy Hills area, ranging from 800 af/yr in 2025 to 3,300 af/yr in 2045.
- The City has a total contractual entitlement of 13,135 af/yr of Stanislaus River water provided through the SCWSP. Based on information provided by SSJID, the City expects to receive 76 percent

of its SCWSP water supply allocation during 2025, 2030, and 2035 and 56 percent during 2040 and 2045. In addition, the SCWSP water transferred from Escalon is assumed to be unavailable after 2025. As such, the City estimates 9,974 af/yr of SCWSP supply in 2025, 8,444 af/yr in 2030 and 2035, and 6,177 af/yr afterwards.

- During a single dry year, the City anticipates increasing its groundwater production on a short- term basis from the normal year production of 2,500 af/yr to 4,500 af/yr. The groundwater supply is considered to be 100 percent reliable.
- The City anticipates that 700 af/yr of water will be available for use in a single dry year through operation of its ASR well. An additional 300 af/yr is estimated to be available by 2040 for a total of 1,000 af/yr. This water supply is considered to be 100 percent reliable assuming that the City is consistently able to refill the ASR storage during non-drought years to maintain at least 1,000 af in storage at the beginning of a single dry year.
- The City has acquired 10,500 af/yr of storage in Semitropic, which allows the City to withdraw up to 3,500 af/yr for three consecutive years. Due to the difficulties experienced by the City in accessing stored water via the DMC on a short timeframe, the City has conservatively assumed that the Semitropic water will not be available in a single dry year.
- The City anticipates that a Recycled Water Distribution Network and Exchange agreement will be executed with the USBR by 2030 to provide additional CVP supplies to the City in exchange for the City discharging a like amount of tertiary-treated recycled water to the DMC. The City assumes that the Recycled Water Distribution Network and Exchange will be implemented as needed to meet future demand conditions and is currently projected to supply an amount ranging from 1,925 af/yr in 2030 to 7,500 af/yr in 2045. This water supply is considered to be 100 percent reliable.
- The City's recycled water supply is expected to be 100 percent reliable. Based on the projected non-potable demands and assuming that the City makes investments in infrastructure and permitting, the City estimates that they will have access to 1,000 af/yr of recycled water supply in 2025, increasing to 6,300 af/yr in 2045.

MULTIPLE DRY YEARS

During multiple dry years, the City's surface water supplies (from both the CVP and SCWSP) may be significantly reduced. Thus, in the event of drought, the City will have to depend more heavily on conservation efforts, groundwater, and the proposed future supply projects.

The following describes the availability and reliability of the City's existing and additional planned future water supplies under multiple dry year conditions:

- The City's contract with the USBR for 10,000 AF/YR of DMC/CVP water is subject to M&I reliability. During multiple dry years, the City estimates that it will receive 40 percent of the City's historical use. Based on the historical use of 5,930 AF/YR, the projected supply is 2,372 AF/YR. The City has a total entitlement of 10,000 AF/YR of DMC/CVP Ag-reliability water. The City anticipates receiving 0 percent of its DMC/CVP Ag-reliability water in multiple dry years.
- The City has acquired up to 4,500 AF/YR of pre-1914 appropriative water rights water from BBID. This supply is restricted with regard to the place of use (Tracy Hills). The City anticipates being

able to receive 85 percent of its contractual entitlement in multiple dry years (3,825 AF/YR). As the projected demand is 3,300 AF/YR in 2045 and is lower than the 3,825 AF/YR of available supply, the reduction in reliability does not result in a reduction to actual amount of water used. Therefore, the supply in multiple dry years is anticipated to be equal to the projected demand within the Tracy Hills area, ranging from 800 AF/YR in 2025 to 3,300 AF/YR in 2045.

- The City has a total contractual entitlement of 13,135 AF/YR of Stanislaus River water provided through the SCWSP. Based on information provided by SSJID, the City's SCWSP water supply reliability during multiple dry years range from 56 to 100 percent. In addition, the SCWSP water transferred from Escalon is assumed to be unavailable after 2025.

- During multiple dry years, the City anticipates increasing its groundwater production on a short-term basis from the normal year production of 2,500 AF/YR to 4,500 AF/YR. The groundwater supply is considered to be 100 percent reliable.

- The City anticipates that 700 af of water will be available for use in multiple dry years through operation of its ASR well. An additional 300 af is estimated to be available by 2040 for a total of 1,000 af. The City is assumed to be unable to refill the ASR storage during multiple dry years. Therefore, the annual ASR supply available is assumed to equal one fifth of the total stored volume (i.e., 140 AF/YR between 2025 and 2035 and 200 AF/YR between 2040 and 2045). This water supply is considered to be 100 percent reliable assuming that the City is consistently able to refill the ASR storage in non-drought years to maintain at least 1,000 af in storage at the beginning of a multiple dry year sequence.

- The City has acquired 10,500 AF/YR of storage in Semitropic, which allows the City to withdraw up to 3,500 AF/YR for three consecutive years. Due to the difficulties experienced by the City in accessing stored water via the DMC on a short timeframe, the City has conservatively estimated that the 0 percent of the City's storage will be available in the first year of a five-consecutive-year drought, and 100 percent will be available over the following four years. Based on the City's current storage at Semitropic of 6,887 af, the amount available in the second to fifth year of a five- consecutive-year drought is assumed to be 1,722 AF/YR (6,887 af divided by four). A similar reliability estimate is provided for all dry-year sequences under the assumption that the City is consistently able to re-fill the water bank in non-drought years to maintain at least 7,000 AF/YR in storage at the beginning of a multiple dry year sequence.

- The City anticipates that a Recycled Water Distribution Network and Exchange agreement will be executed with the USBR by 2030 to provide additional CVP supplies to the City in exchange for the City discharging a like amount of tertiary-treated recycled water to the DMC. The City assumes that the Recycled Water Distribution Network and Exchange will be implemented as needed to meet future demand conditions and is currently projected to supply an amount ranging from 1,925 AF/YR in 2030 to 7,500 AF/YR in 2045. This water supply is considered to be 100 percent reliable.

- The City's recycled water supply is expected to be 100 percent reliable. Based on the projected non-potable demands and assuming that the City makes investments in infrastructure and permitting, the City estimates that they will have access to 1,000 AF/YR of recycled water supply in 2025, increasing to 6,300 AF/YR in 2045.

Table 4-9 summarizes the total water supply and demand projected for the City at buildout conditions.

TABLE 4-9 SUMMARY OF BUILDOUT TOTAL WATER SUPPLY VERSUS DEMAND DURING HYDROLOGIC NORMAL, SINGLE DRY, AND MULTIPLE DRY YEARS, AF/YR

Hydrologic Condition		Supply and Demand Comparison, AF/YR
Normal Year		
Available Total Water Supply		40,168
Total Water Demand		39,379
	Potential Surplus (Deficit)	789
	Percent Shortfall of Demand	-
Single Dry Year		
Available Total Water Supply		30,259
Total Water Demand		39,379
	Potential Surplus (Deficit)	(9,120)
	Percent Shortfall of Demand	23.0%
Multiple Dry Years		
Year 1	Available Total Water Supply	35,292
	Total Water Demand	39,379
	Potential Surplus (Deficit)	(4,087)
	Percent Shortfall of Demand	10.4%
Year 2	Available Total Water Supply	37,014
	Total Water Demand	39,379
	Potential Surplus (Deficit)	(2,365)
	Percent Shortfall of Demand	6.0%
Year 3	Available Total Water Supply	32,071
	Total Water Demand	39,379
	Potential Surplus (Deficit)	(7,308)
	Percent Shortfall of Demand	18.6%
Year 4	Available Total Water Supply	32,071
	Total Water Demand	39,379
	Potential Surplus (Deficit)	(7,308)
	Percent Shortfall of Demand	18.6%
Year 5	Available Total Water Supply	37,014
	Total Water Demand	39,379
	Potential Surplus (Deficit)	(2,365)
	Percent Shortfall of Demand	6.0%

SOURCE: TRACY WATER SUPPLY AND WASTEWATER TREATMENT CAPACITY EVALUATIONS, TABLE 5-14 (WEST YOST ASSOCIATES, 2024).

8. Planned Infrastructure Updates

The City anticipates implementation of the following projects for additional future potable water supplies:

- ASR Program Expansion
- Recycled Water Distribution Network and Exchange Program for Additional CVP Water Supplies.
- The City also anticipates increased water supply to meet M&I demands as agricultural land is developed. However, additional water supply through land use conversion has associated constraints that must be resolved.

In addition to the City's existing potable water supplies described above, the City has additional planned future potable water supplies to meet the City's existing and projected future water demands. The City anticipates implementation of the following projects for additional future potable water supplies:

- ASR Program Expansion;
- Recycled Water Distribution Network and Exchange Program for Additional CVP Water Supplies.

As described above, the City currently has one ASR well (Well 8) which allows the City to inject excess SCWSP water supplies into the groundwater basin for later extraction when needed. The current injection and extraction capacity is 700 af/yr. The City is planning to expand the ASR Program with the installation of additional ASR wells. According to the City's WSMP Update, the City's ASR Program will be expanded to provide up to 1,000 af/yr of water supplies from the existing and new ASR wells by 2040. The ASR supply will be used to meet demands during dry years, thereby increasing the reliability of the City's water supply and helping to close the potential gap between supply and demand during drought conditions or water shortage emergencies.

One constraint with the City's ASR Program is that the City's current ASR permit only allows for SCWSP water to be injected. This means that the City has to shut down the JJWTP and the groundwater wells during the injection period so that only SCWSP supplies are being utilized. A potential alternative to avoid this operational restriction, if the City's ASR permit cannot be modified to allow for other water supplies to be injected, would be to construct a dedicated SCWSP water pipeline to the ASR well(s). Future expansion of the ASR Program will need to fully evaluate these operational restrictions and potential alternatives.

The City is evaluating indirect reuse of its recycled water through an exchange agreement with the USBR, where a portion of the City's recycled water would be discharged into the DMC, and a like amount of water would be diverted from the DMC for treatment at the JJWTP for potable use. This project is considered an essential part of the City's projected future water supply portfolio as it provides the following multiple benefits:

- Provides for the beneficial use of recycled water;
- Provides an additional potable water supply for the City;
- Improves water supply reliability and reduces the City's dependence on other imported supplies;
- Builds on the existing wastewater and recycled water infrastructure;
- Reduces salt loading in the Delta as USBR has to release additional water from the New Melones Reservoir to meet Delta salinity standards.

The Recycled Water Distribution Network and Exchange Program would require development of a project description, National Environmental Policy Act (NEPA)/California Environmental Quality Act (CEQA) review, an exchange agreement with the USBR, and design and construction of a new recycled water pipeline to discharge recycled water to the DMC downstream of the City's JJWTP intake. Assuming such a project is implemented, the City expects that it would initially provide an estimated 1,925 af/yr of potable water, and future expansion of the program could be implemented as needed to meet future demands up to 7,500 af/yr. This supply would be 100 percent reliable and would not be subject to drought cutbacks.

The City has invested in infrastructure to produce and deliver recycled water. The City's WWTP has sufficient treatment capacity to produce approximately 9.0 mgd of tertiary-treated recycled water meeting the Title 22 requirements, which can be reused for landscape irrigation and other non-potable uses. The City's current recycled water system consists of a pump station at the WWTP and approximately 7.6 miles of recycled water transmission line from the WWTP west to Lammers Road and south to West Schulte Road.

The City is planning to expand the existing recycled water system to serve future development areas, as well as a small number of existing parks and irrigated areas. New developments in the City are required to include recycled water distribution systems in accordance with the City's Recycled and Non-Potable Water Ordinance (Tracy Municipal Code, Chapter 11.30). The City's Department of Utilities and Development Services are coordinating planning efforts to connect existing water customers and new development to recycled water.

The City intends to expand the existing recycled water system to serve non-potable water demands in most of the new development areas. The future recycled water use was estimated to be 1,000 af/yr in 2025, increasing to 6,300 af/yr in 2045 as new development areas build out, based on the adopted unit water demand factors and the future dwelling units or gross acreage.

Several future service areas already have recycled water distribution pipelines installed by developers, including Cordes Ranch, Ellis Specific Plan Phase 1, and Tracy Hills Phase 1. These pipelines are not yet connected to the recycled water mains, but instead are temporarily connected to the potable water system to meet irrigation demands. Once recycled water system construction is complete and the appropriate permitting is completed, the pipelines will be connected to the recycled water system and the temporary connections to the potable water system will be removed.

In March 2022, DWR awarded the City a $20 million grant through the Urban and Multi-benefit Drought Relief Grant Program for expansion of the City's recycled water system, including additional recycled water distribution pipelines and pump stations.

In addition, the City's General Plan includes the following policies and implementation programs related to maintaining an adequate water supply for the City's population:

- Golf courses shall be designed to minimize water, energy and chemical (e.g. pesticides and fertilizer) usage, preserve wildlife habitat, and incorporate native plants and drought-resistant turf (Goal OSC-4, Objective OSC-4.1, Policy P6).
- The City shall encourage landscaping that is water- and energy-efficient (Goal OSC-5, Objective OSC-5.1, Policy P3).
- The City shall promote water conservation by implementing the Best Management Practices contained in the Urban Water Management Plan (Goal PF-6, Objective PF-6.1, Policy P1).

- The City shall continue to acquire additional sources of water supplies to meet the City's future demands (Goal PF-2, Objective PF-6.1, Policy P2).
- To the extent feasible, the City shall use surface water supplies to meet daily water needs and reduce reliance on groundwater supplies (Goal PF-6, Objective PF-6.1, Policy P3).
- The City shall establish water demand reduction standards for new development and redevelopment to reduce per capita and total demand for water (Goal PF-6, Objective PF-6.1, Policy P4).
- The City shall maintain water storage, conveyance and treatment infrastructure in good working condition in order to supply domestic water to all users with adequate quantities, flows and pressures (Goal PF-6, Objective PF-6.2, Policy P1).
- The City shall be responsible for constructing new transmission water lines, as needed to meet future needs. Individual development projects shall be responsible for the construction of all water transmission mains (Goal PF-6, Objective PF-6.1, Policy P3).
- All new water facilities shall be designed to accommodate expected capacity for buildout of areas served by these facilities but may be constructed in phases to reduce initial and overall costs (Goal PF-6, Objective PF-6.3, Policy P5).
- The availability of sufficient, reliable water shall be taken into account when considering the approval of new development (Goal PF-6, Objective PF-6.3, Policy P5).
- Costs for water service expansion shall be distributed among new water users fairly and equitably (Goal PF-6, Objective PF-6.3, Policy 6).
- Groundwater supplies should be reserved for emergency use during water treatment shutdowns, short-term shortages of surface water supplies or during droughts (Goal PF-6, Objective PF-6.4, Policy 1).
- Backup emergency power systems shall be provided at all essential water facilities that rely on electric power (Goal PF-6, Objective PF-6.4, Policy P2).
- Storage reservoir facilities should be located at naturally high topographic locations to capitalize on gravity flow, whenever possible (Goal PF-6, Objective PF-6.4, Policy P3).
- Future water systems and facilities shall be designed to minimize the likelihood of damage from vandalism or terrorist activity (Goal PF-6, Objective PF-6.4, Policy P4).
- The City shall provide recycled water systems, including pipelines, pump stations and storage facilities, to serve primarily City-owned facilities, schools and parks as funding becomes available (Goal PF-6, Objective PF-6.5, Policy P1).
- Recycled water piping systems ("purple pipe") shall be constructed as appropriate in all new development projects to facilitate the distribution and use of recycled water. The specific location and size of the recycled water systems shall be determined during the development review process (Goal PF-6, Objective PF-6.5, Policy P2).
- Recycled water shall be used for all public properties and large private open spaces or common areas to the extent feasible (Goal PF-6, Objective PF-6.5, Policy P3).
- The City shall plan for recycled water infrastructure in the City's Infrastructure Master Plans and, to the extent feasible, recycled water should be utilized for non-potable uses, such as landscape irrigation, dust control, industrial uses, cooling water and irrigation of agricultural lands (Goal PF-6, Objective PF-6.5, Policy P3).

Expected growth in the City over the SOI 10- and 30-Year Horizons will generate substantial increases in demand for domestic water. The 2020 UWMP describes that future domestic water supplies will continue to be met from (1) the USBR, (2) the SSJID, (3) the BBID, and groundwater.

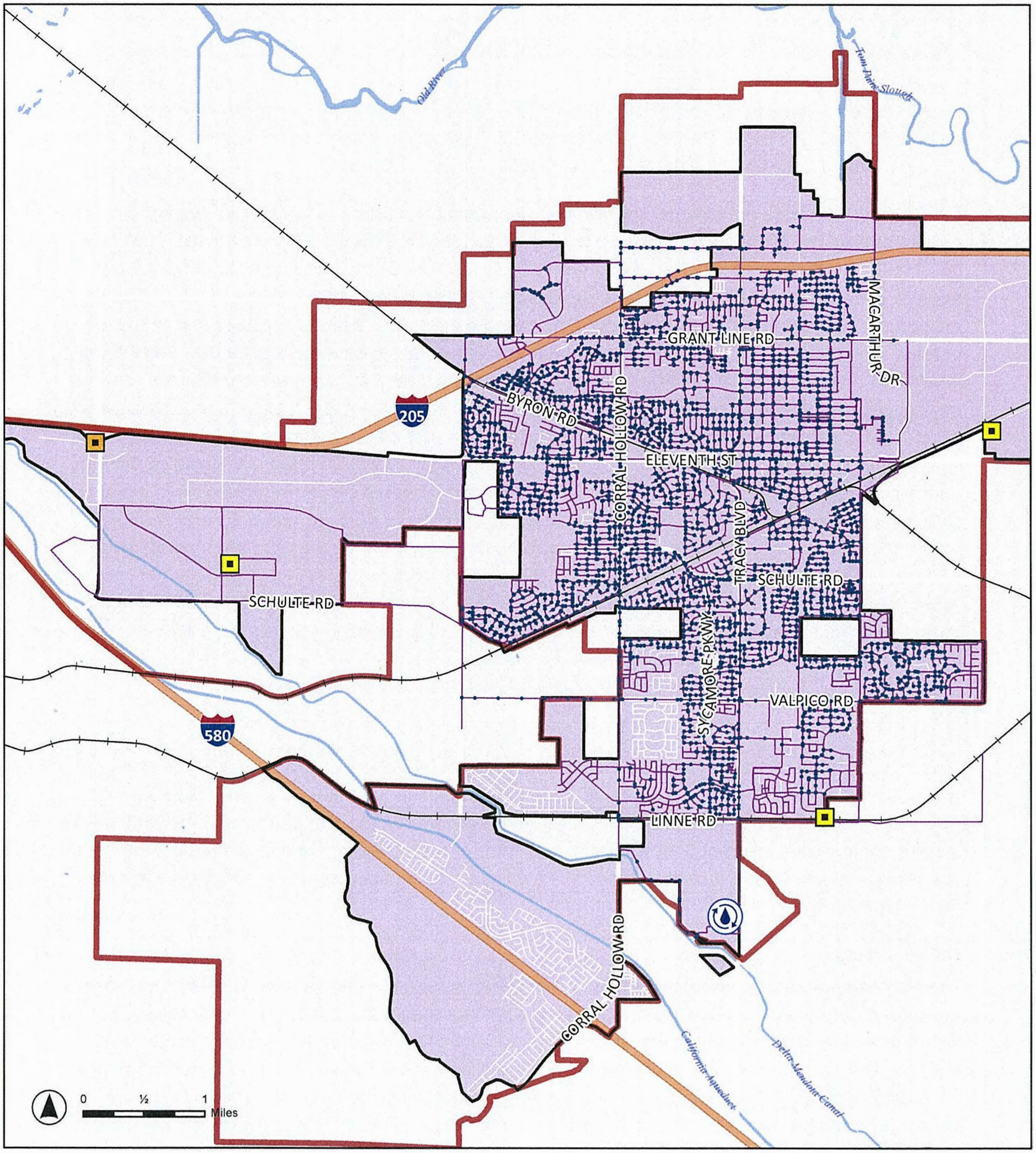
The 2020 UWMP describes how the City will meet the present and future potable water demands during normal and dry years. The City also maintains a Water Shortage Contingency Plan, which has been developed to serve as a flexible framework during dry years. The City will be able to supply potable and non-potable water to meet the needs of the buildout of the 10-Year and 30-Year Horizons. The City maintains a CWSMP, which plans for the necessary improvements to address existing potable and non-potable deficiencies and to serve buildout conditions, which include development of the SOI. The CWSMP is updated regularly to reflect additions to the City's water system that have been constructed to serve new development and to reflect the remaining facilities necessary under buildout conditions. New development projects are required to pay development impact fees to fund their fair-share of water system improvements. The City Council, City Manager, Public Works Director, and Utilities Director regularly review the City's ability to provide water to support proposed and anticipated growth. Based on such review, the City's development impact fees, which includes fees for water system facilities, is updated regularly to ensure that adequate fees are collected to pay for the requisite water infrastructure. Water users pay for their monthly water service; this funding provides for ongoing maintenance needs to maintain the service. The City's approach to funding water services, including collection of development impact fees from new development as well as on-going monthly water service fees from all of its water users, ensures that the City will have adequate revenue and infrastructure to provide the necessary facilities and water service to support existing development and new development.

BUDGET

The net position of the Water Fund at June 30, 2024 was $206.4 million, an increase of $1.3 million over the prior fiscal year. The net position of the Water fund at June 30, 2023 was $205.1 million. Approximately $13.6 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of $192.8 million. Activities for the year were comprised of $22.0 million in operating revenues for the current year and $23.4 million in operating expenses including $4.9 million in depreciation expense.

DETERMINATION:

The water demands for development of the City and SOI, including the 10-Year and 30-Year Horizons, do not conflict with growth projections. The City has planned for adequate capacity in its water supply, water distribution, and water treatment infrastructure to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for water service. The City regularly updates its public services and infrastructure master plans, ensuring that it is addressing population and employment conditions and trends, regulatory constraints, General Plan amendments and updates, and other factors that may affect water supply, treatment, and delivery.



Tracy City Limits

Tracy Sphere of Influence

Water Main

Water Valve

Booster Station

Booster Station and Tank

Water Treatment Plant

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 4-3. Water Infrastructure

DE NOVO PLANNING GROUP

A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM

Leprino Foods, conveys its wastewater through a separate force main to pre-treatment ponds that are operated by Leprino and located on the WWTP property. A significant portion of the biochemical oxygen demand (BOD) is removed in the pre-treatment ponds before the food process wastewater is conveyed to the WWTP. The main treatment processes at the WWTP are as follows:

- Aerated holding ponds partially treat the Leprino Foods industrial flows before treatment;
- Pre-treatment removes coarse solids;
- Primary treatment removes most settleable and floatable material;
- Secondary treatment with activated sludge reduces levels of soluble organic material and suspended solids;
- Secondary clarification;
- Flocculation and tertiary filtration;
- Chlorination disinfects treated wastewater, followed by sulfonation for dechlorination;
- Treated plant effluent is discharged to the Old River; and
- Solids are thickened, digested, and then spread in sludge drying beds.

After treatment, wastewater is disinfected, dechlorinated, and discharged into the Old River. Waste solids from the wastewater treatment processes are collected and conditioned for disposal. The treatment process for solids includes thickening, digestion, and dewatering. Dried biosolids are hauled off-site and land applied. This off-site hauling and disposal practice is expected to continue in the future.

In addition to recent upgrades, a final phase (Phase 2C) has been designed to increase WWTP capacity to 16 mgd, with an interim expansion to 12.5 mgd. This expansion includes upgrades to grit removal, primary clarification, solids handling, disinfection, and dechlorination processes.

3. Future Wastewater Demand and Systems Improvement

WASTEWATER DEMAND

The City's WWMP Update includes projected wastewater generation factors for various land uses. A summary of existing land uses within the City of Tracy city limits and corresponding wastewater flow factors are shown in **Table 4-10**. The wastewater flow factors shown in **Table 4-10** are applied to projected land use acreages as a means of estimating future average dry weather flows (ADWF).

D. WASTEWATER COLLECTION AND TREATMENT

The City provides wastewater collection and treatment for the incorporated area of the City. The City's Public Works Department maintains the City's wastewater collection and treatment system. Wastewater is collected from nearly all portions of the City and routed to the City's Wastewater Treatment Plant (WWTP), located at 3900 Holly Drive in Tracy. The Water Supply and Wastewater Treatment Capacity Evaluations (Water and Wastewater Capacity Evaluations) prepared by West Yost Associates on July 16, 2025, which included assessment of the *City of Tracy Wastewater Master Plan Update* (WWMP Update) completed in 2023, was used as the primary source of information in this section.

1. Wastewater Collection and Treatment

The City's wastewater collection system consists of gravity sewer lines, pump stations, force mains and a WWTP. Wastewater flows toward the northern part of the city where it is treated at the WWTP and then discharged into the Old River in the southern Sacramento-San Joaquin Delta. **Figure 4-4** shows the City's wastewater infrastructure. The wastewater collection system currently operates with sufficient capacity to meet average dry weather and wet weather flows.

The WWTP is located north of Interstate 205 and between MacArthur Drive and Holly Drive. The WWTP was constructed in 1930 and has undergone many major expansions and upgrades. The most recent major upgrade was completed in 2021, expanding treatment capacity and incorporating nutrient removal technologies Discharges from the WWTP are currently regulated by National Pollutant Discharge Elimination System (NPDES) Permit No. CA0079154, as updated under Waste Discharge Requirements Order R5-2021-0023,Waste Discharge Requirements Order R5-2017-0038, issued by the Central Valley Regional Water Quality Control Board (Central Valley Water Board) on June 10, 2021.

Waste solids from the wastewater treatment processes are collected and conveyed to the solids handling facilities so that the biosolids can be conditioned for disposal. The treatment process for solids includes thickening, digestion and dewatering to remove organics and inactive pathogens and reduce the volume of solids to be disposed. Dried biosolids are hauled off-site and used for land application for disposal as alternative daily cover at landfills. The City continues to evaluate options for long-term biosolids management in response to potential future regulatory changes under SB 1383. This off-site hauling and disposal practice is expected to continue in the future.

2. Wastewater Treatment Plant Permitting and Capacity

The City's NPDES permit CA0079154 for the WWTP currently allows for the discharge of 10.8 mgd of average dry weather flow (ADWF) and up to 16 mgd if applicable permit requirements, including construction of applicable treatment facilities, are met. The permit, which is administered by the RWQCB, sets forth the maximum allowable discharge rate, effluent quality requirements, discharge prohibitions, receiving water limitations, pretreatment program requirements, biosolids disposal requirements, and self-monitoring guidelines. The WWTP has a current design ADWF of 10.8 mgd, with planned expansion to 16 mgd included in current and upcoming permit documentation.

The WWTP provides disinfected tertiary level treatment meeting Title 22 requirements. Treatment processes at the WWTP includes primary clarifiers, activated sludge, secondary clarifiers, flocculation, tertiary filtration, and disinfection/dechlorination. The City's major industrial wastewater producer,

TRACY MUNICIPAL SERVICES REVIEW
2025

Figure 4-3a.
Water System Master Plan

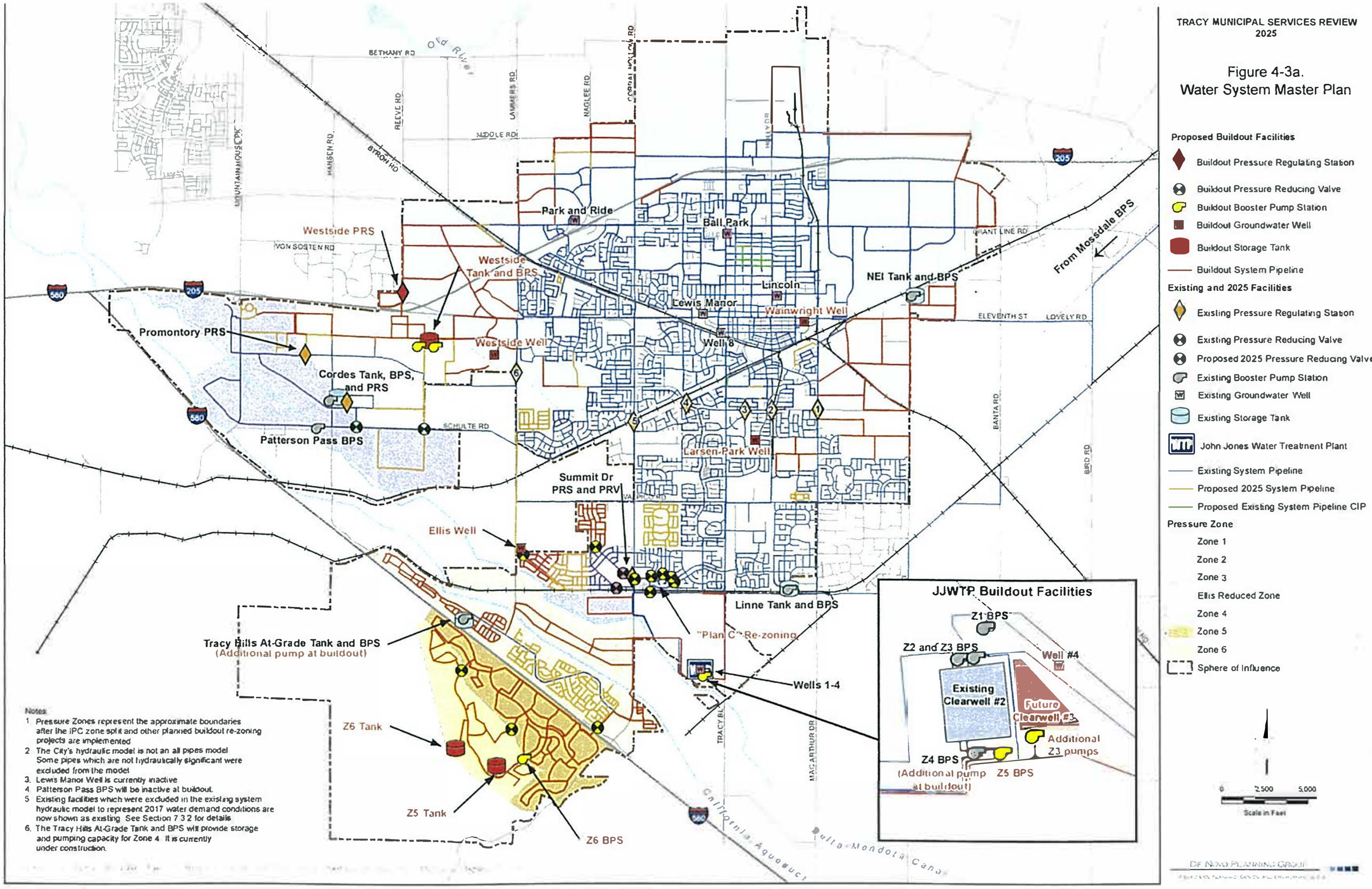


TABLE 4-10 LAND USE FLOW FACTORS AND EXISTING WASTEWATER FLOWS

LAND USE TYPE	EXISTING DEVELOPED ACREAGE	WASTEWATER FLOW FACTOR (GPD/AC)	WASTEWATER FLOW (MGD
Residential Very Low	76	350	0.03
Residential Low	2,817	1,000	2.82
Residential Medium	792	2,100	1.66
Residential High	158	3,600	0.57
Commercial	501	900	0.45
Industrial	1,828	750	1.37
Downtown	111	800	0.09
Public Facilities	665	550	0.37
Park	227	0	0.00
Aggregate	2	0	0.00
Total	**7,176**	-	**7.35**

SOURCE: WEST YOST ASSOCIATES, WATER AND WASTEWATER CAPACITY EVALUATIONS, 2025 REFERENCING WWMP UPDATE, TABLE 4.5 WASTEWATER FLOW FACTORS, JULY 2023.

In addition, the same flow factor methodology used to calculate the known development flows shown in **Table 4-10** were used to calculate infill flows. The resulting projected ADWFs and PWWFs for existing, 2040, and buildout conditions are shown in **Table 4-11**.

TABLE 4-11 EXISTING AND PROJECTED ADWF SUMMARY

PLANNING HORIZON	AWDF (MGD)	PPWF (MGD)
Existing	7.35	16.95
2040	12.84	25.35
Buildout	15.65	30.14

SOURCE: WEST YOST ASSOCIATES, WATER AND WASTEWATER CAPACITY EVALUATIONS, 2025 REFERENCING WWMP UPDATE, TABLES 4.7/4.9 EXISTING AND PROJECTED ADWF SUMMARY/PROJECTED PWWF SUMMARY, JULY 2023.

WASTEWATER SYSTEMS IMPROVEMENTS

The current WTWP capacity is not sufficient for the existing flows, in particular the outfall and secondary treatment system. However, both the outfall pipeline and secondary treatment system are currently undergoing expansion, which will increase the capacity to meet current influent flows. The outfall pipeline will increase from 9 mgd to 16 mgd which should provide enough capacity for projected buildout flows (15.65 MGD ADWF estimated at buildout as shown in **Table 4-11**). The secondary treatment system will be increased hydraulically by 30 percent, increasing the current capacity of 12.2 mgd to 16.2 mgd in the next few years. The updated hydraulic capacity will provide enough capacity for just under projected buildout flows and provides capacity for approximately 15,350 EDUs of growth. The secondary treatment load capacity will increase by approximately 30 percent as well, increasing from 18,000 ppd of BOD to 24,000 ppd of BOD. This will provide enough capacity for current loading conditions, but by 2040 the loading will exceed the capacity of the secondary clarifiers.

Several processes beyond secondary treatment and the outfall pipeline will require capacity increases before 2040. These processes include an additional aeration basin and secondary clarifier as discussed above, but also an additional grit basin, an additional circular primary clarifier, addition to the primary sludge pumping station, an additional primary effluent equalization tank, addition to the secondary sludge pump station, an additional anaerobic digester, an additional centrifuge, and an additional sludge drying bed. These recommended updates are recommended based on flow capacity alone, without taking age of existing equipment or maintenance requirements into account. Assuming all processes included in the Phase 3 Upgrades are upgraded and meet the capacity need of projected buildout flows, the only processes that will require capacity increases (on a flow-based capacity) before buildout flows are realized are an additional influent screen, an addition to the primary effluent equalization pump station, and additional capacity at the outfall.

The future expansion of the WWTP will require use of land located adjacent to the existing WWTP. Decades ago, the City's wastewater enterprise fund purchased land located north and west of the existing site for the future expansions. Portions of this land will be used for other purposes as well. A portion of the land will be reserved for potential improvements including the effluent cooling system if it is required by the future NPDES permit or other permitting requirements. The City has also leased certain portions of the land to Combined Solar Technologies for construction of a desalination plant and for storage of agricultural waste for fuel for the plant. Additionally, a portion of the land may be used for temporary or permanent storage facilities for recycled water.

The City of Tracy General Plan addresses wastewater treatment through the following policies:

- The City shall maintain wastewater conveyance, treatment and disposal infrastructure in good working condition in order to supply municipal sewer service to the City's residents and businesses (Goal PF-7, Objective PF-7.1, Policy 1).
- The City shall expand the existing wastewater treatment plant to the extent possible or pursue a single new west side facility instead of building new facilities at multiple locations to meet future needs (Goal PF-7, Objective PF-7.1, Policy 2).
- New habitable structures located within the City limits shall connect to the public wastewater collection system (Goal PF-7, Objective PF-7.1, Policy 3).
- Wastewater collection and treatment facilities shall be designed to serve expected buildout of the areas served by these facilities but constructed in phases to reduce initial and overall costs (Goal PF-7, Objective PF-7.3, Policy 1).
- The City shall construct new wastewater trunk lines as needed. Individual development projects shall be responsible for construction of all collection lines other than trunk lines (Goal PF-7, Objective PF-7.3, Policy 2).
- The approval of new development shall be conditioned on the availability of sufficient capacity in the wastewater collection and treatment system to serve the project (Goal PF-7, Objective PF-7.3, Policy 3).
- "Package" treatment plants shall not be allowed in the City (Goal PF-7, Objective PF-7.3, Policy 4).
- New development shall fully fund the cost of new wastewater treatment and disposal facilities (Goal PF-7, Objective PF-7.3, Policy 5).

- Prior to any development approvals within an Urban Reserve, the City shall complete new wastewater master planning and wastewater treatment and disposal studies, particularly for the west side of the city. These studies are to be funded by proponents of new development and must show how adequate wastewater treatment will be provided to the Urban Reserve in question (Goal PF-7, Objective PF-7.3, Policy 6.
- New wastewater treatment plants should be located to allow for distribution of recycled water to application areas by gravity flow where feasible (Goal PF-7, Objective PF-7.4, Policy 1).
- The City shall integrate public facilities and wastewater reclamation sites with agricultural and open space preservation programs where feasible (Goal PF-7, Objective PF-7.4, Policy 2).
- Biosolid disposal shall be managed so as to minimize impacts to the environment and public health (Goal PF-7, Objective PF-7.4, Policy 3).
- The City shall establish wastewater treatment demand reduction standards for new development and redevelopment to reduce per capita and total demand for wastewater treatment (Goal PF-7, Objective PF-7.4, Policy 4).

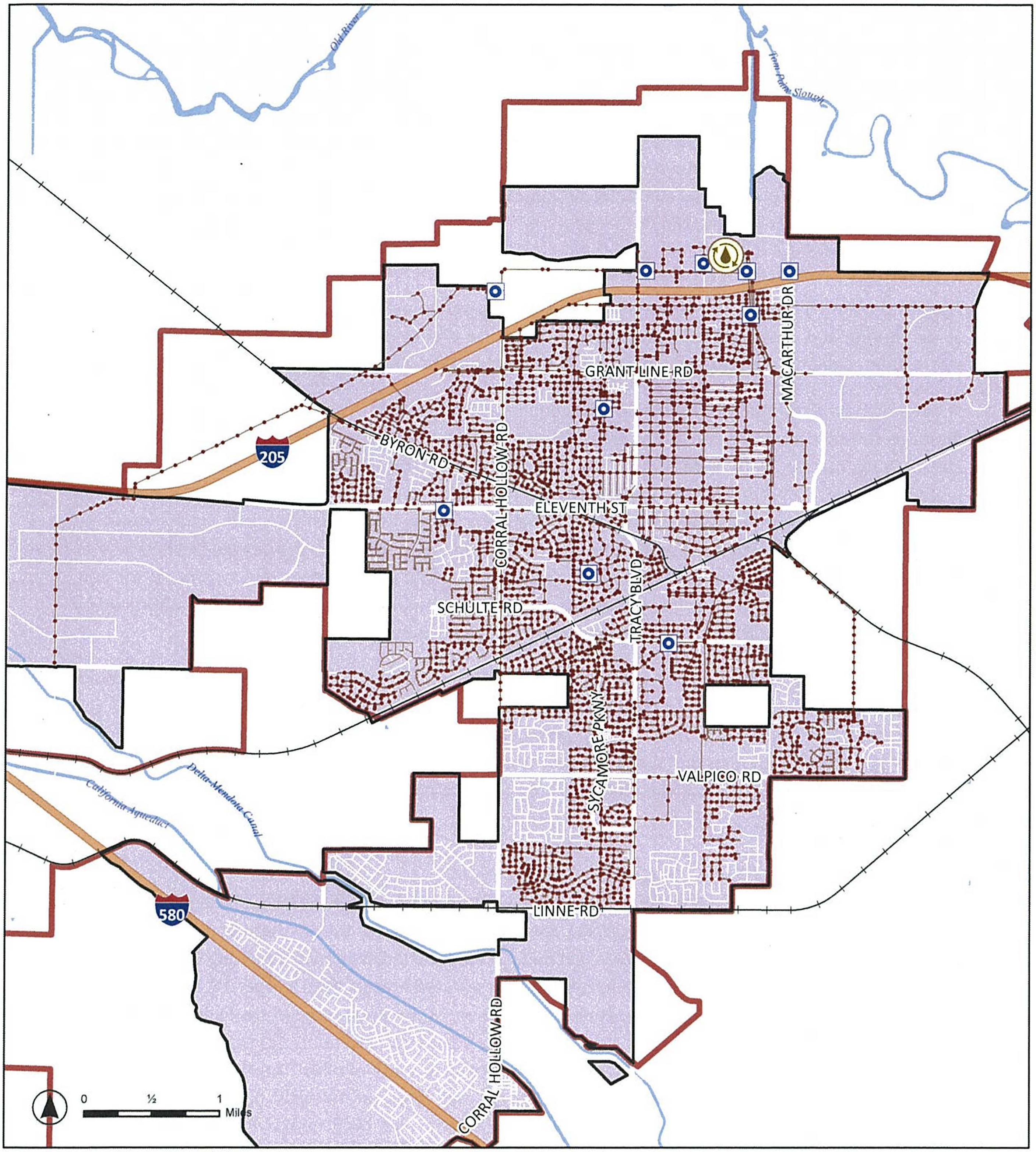
The Citywide Wastewater Master Plan, which includes the entirety of the area within the SOI, has planned for the future expansion of the WWTP as well as replacement gravity mains, pipes, and other infrastructure to serve buildout of the city and SOI. Expansion of the city limits to include area within the 10-Year and 30-Year Horizons would include the expansion of wastewater collection infrastructure alongside the construction of new road infrastructure. The City actively maintains its existing wastewater infrastructure, and regularly monitors its existing wastewater infrastructure to ensure that aging and/or failing infrastructure is replaced on an as-needed basis. The City also conducts on-going project-level reviews of new development to ensure adequate capacity for development is available prior to each expansion of the WWTP; the City maintains an accounting of the available wastewater capacity at the WWTP, which is updated with every project approval. Should it be necessary, the projected growth needs for wastewater treatment within the 10-Year and 30-Year Horizons would be met with improvements and expansion of the WWTP at its current location. The planned expansion of the WWTP will provide additional treatment capacity to serve upcoming developments. Expansion of the necessary wastewater infrastructure, including potential expansion of the WWTP, is paid through applicable wastewater fees collected from residential and non-residential development and/or grant funding. The City regularly reviews its fee structure and updates fees as necessary to ensure that the development impact fees adequately fund planned facilities, including wastewater, and that monthly wastewater service fees are adequate to fund operation and maintenance of the City's wastewater system. This ensures that the City will have adequate revenue and infrastructure to provide the necessary facilities and wastewater service to support existing development and new development within the city and SOI.

BUDGET

The net position of the Wastewater Fund at June 30, 2024 was $184.2 million, an increase of $0.7 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2023 was $183.5 million. Approximately $17.3 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of $166.9 million. Activities for the year were comprised of $21.3 million in operating revenues for the current year and $25.0 million in operating expenses including $6.3 million in depreciation expense. In August 2023, the Wastewater fund saw the first rate increase in a five-year Council adopted rate plan.

DETERMINATION:

The City has planned for adequate capacity in its wastewater treatment services and wastewater conveyance infrastructure to accommodate new development in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for wastewater services. The City regularly updates its public services and infrastructure master plans, ensuring that it is addressing population and employment conditions and trends, regulatory constraints, and other factors that may affect wastewater collection and treatment.



Tracy City Limits
Tracy Sphere of Influence
Wastewater Line
Wastewater Junction
Wastewater Pump
Wastewater Treatment Plant

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 4-4. Wastewater Infrastructure

E. STORMWATER DRAINAGE

Tracy's stormwater drainage system is maintained by the City's Public Works Department. The gravity-based stormwater system consists of trunk lines, pump stations, detention basins, and surface infrastructure such as gutters and alleys. Stormwater is disposed via outfalls into the Old River. The City's storm drainage infrastructure is shown in **Figure 4-5**.

1. Existing Stormwater Drainage System

The City provides and maintains a system of storm drains, detention basins, and pumping facilities as well as monitoring and control of the operations of the storm drain system. Additionally, the City enforces storm drain regulations established by the US EPA and the State of California.

In general, new development projects will be required to provide site-specific or project-specific storm drainage solutions that are consistent with the overall infrastructure approach presented in the City's Storm Drain Master Plan (SDMP). The City may allow for a reasonable degree of flexibility to be incorporated into specific design approaches as a part of achieving effective solutions, including adjustments to alignments of linear storm drainage conveyance facilities and adjustments to configurations of detention facilities. Modifications and refinement to the storm drainage facilities master plan may be considered by the City during the Specific Plan and development review process for new development. However, any significant modifications to the elements of the SDMP must be approved by the City and will require that a formal "Supplement" be adopted by the City Council.

The City's Public Works Department manages Tracy's storm drainage system. Stormwater drains through open channels, storm drains, and closed conduits that are owned, operated, and maintained by the City and the West Side Irrigation District. The system includes three outfalls: the West Side Irrigation District (WSID) Main Drain; the Westside Channel Outfall System; and the Sugar Cut Outfall. These outfalls carry and discharge storm runoff into the Old River and utilize pump stations to move water over grades; however, the majority of the system is gravity operated.

2. Flooding

There is a floodplain area (a Special Flood Hazard Area designated by FEMA that is regulated by the Floodplain Regulations of the City's Municipal Code) that extends across the northern portion of the City's SOI. The 100-year floodplain for this area is mapped per FEMA Flood Insurance Rate Map Panel Nos. 590, 595, and 615 for San Joaquin County, California and Incorporated Areas dated October 16, 2009. The flood zone designations for the floodplain are Zone AE (Elevation 13) for areas west of the Sugar Cut (which is about ¼ mile west of the alignment of MacArthur Drive), Zone AE (Elevation 22) east of the Sugar Cut north of I-205, and Zone AE (Elevation 24) east of Paradise Road south of I-205. The elevations referenced with the flood zone designations are elevations of the base flood (or 100-year flood) under NAVD 88 datum. FEMA does not provide data for the 200-year floodplain and, likely due to different data sources, there are discrepancies between the FEMA-mapped 100-year floodplain and the DWR-mapped 200-year floodplain. "Best Available Map" floodplain data for the 200-year floodplain was provided from DWR. The DWR-mapped 200-year floodplain approximately overlaps the location of the FEMA-mapped 100-year floodplain (see **Figure 4-6**). The only areas within the SOI within the 200-year floodplain are the very northern portion of the City limits and the northern portion of the City's SOI and a very small area to the south of the City.

The flood area extending across the northern portion of the City and it's SOI originates from the San Joaquin River system (e.g. the Old River) and available mapping has been based on many assumptions for levee failures and potential discharges from upstream dams made by FEMA and the U.S. Army Corps of Engineers. The minor flood areas extending along some of the edges of the southern SOI are associated with Corral Hollow Creek. Corral Hollow Creek is a local source of drainage and flooding that has little impact on new development within the SOI.

Separately, some areas in the northern portion of the city have the potential to be inundated in the event of a dam failure, such as from the San Luis Reservoir and New Melones Dam. Although portions of San Joaquin County could be subject to flooding due to levee failure, the City is not in close proximity to the areas most likely to be affected.

Lands within the 100- and 200-year floodplain that are located west of Sugar Cut, with the exception of a small area west of Lammers Road, are within Reclamation District 1007 (RD 1007). RD 1007 manages 8.3 miles of levee. RD 1007 levees do not meet minimum hazard mitigation plan (HMP) standards; the Reclamation MSR notes that RD 1007 has prioritized improvements to the levees to facilitate meeting HMP standards. The Reclamation MSR indicates that RD 1007 is trying to meet the HMP standard and is not addressing flood protection.

Lands within the 100- and 200-year floodplains that are located east of MacArthur Drive are located within Reclamation District 2058 (RD 2058). RD 2058 manages 9.0 miles of levee. The Reclamation MSR indicates that RD 2058 levees meet HMP standards and this district is focusing on bringing project levees to required standards and planning for 200-year flood protection, which will provide protection to the areas within the City and SOI that are served by RD 2058.

The City is not anticipating that RD 1007 and RD 2058 will provide levee improvements to remove all of the 100- and 200-year floodplain risk to the northern area of the City and SOI. Rather, the City will work with future developers to identify the appropriate mechanism to address flood control for each proposed project. Depending on the size, location, and characteristics of each project, it may be appropriate to provide a dry levee for large-scale protection, it may be appropriate to address flood risks through project improvements rather than improving a large stretch of levee which only serves a small portion of the City as opposed to a larger unincorporated and mostly non-urban area, or it may be appropriate to for a project, such as a recreation facility, to serve multiple purposes and provide for storm water detention or retention during flood events .

The City has addressed flood hazards associated with development in the 100- and 200-year floodplain through regulations in the City's Municipal Code (Chapter 9.52) and standards established by the General Plan Safety Element, which were both amended in 2016 to comply with State legislation, including ensuring that an Urban Level of Flood Protection is provided for new development. The City is in compliance with Senate Bill (SB) 5 and SB 1278 which required cities and counties within the floodplain areas of the Sacramento- San Joaquin Valley to adopt documentation and policies regarding flood improvement requirements for development applications. All future applications for discretionary approvals relating to a project would be required to comply with the General Plan and applicable sections of the Municipal Code, as well as being subject to compliance with CEQA based upon the individual project characteristics and potential for environmental impacts. Implementation of the City's adopted flood regulations, including the General Plan requirements and Municipal Code requirements, has been determined to reduce potential hazards associated with flooding to a less than significant level.

The majority of lands within the SOI that are within the 100- and/or 200-year floodplain is designated for commercial, industrial, and agricultural uses by the General Plan; lands designated for residential use that are affected by the 100- and 200-year floodplain are limited to a small area designated for very low density residential uses by the General Plan.

Any development of the areas within the 100- and/or 200-year floodplain would be subject to the requirements of FEMA, State law, and local regulations, including General Plan requirements, Municipal Code requirements, and adopted building codes, as described in this section. The majority of residential units that exist outside of the current city limits but within the SOI that are located within a floodplain are anticipated to be replaced with commercial and/or industrial development, consistent with the General Plan Land Use Map, once annexed into the City.[7] Furthermore, the City does not allow remodels and/or additions to properties with non-conforming land uses. The City manages the 100-year and 200-year floodplains in a manner that achieves compliance with the City's Floodplain Regulations (Chapter 9.52 of the City's Municipal Code) and the General Plan, which addresses both the Federal Flood Standard of Flood Protection and the Urban Level of Flood Protection requirements for new development.

Prior to approval of any development projects or requests for annexation, the City would require the development project to demonstrate compliance with federal and state requirements related to the 100- and 200-year floodplain. This is consistent with the Reclamation MSR which states:

> *"Tracy is in compliance with this particular requirement [General Plan Amendment to address 200-year flood hazards] of SB 5. The City is not in the process of making any further findings regarding SB 5 as there is no proposed development in the 200-year floodplain at present. As future development is considered, the City will make its findings for individual or groups of new development projects based on studies or assessments that will be required to be provided by the project proponents. In that way proposed new developments will meet SB 5 requirements."*

All development will be required to address flooding issues prior to approval of development projects by the City and approval of annexation to the City by LAFCO. The City's Storm Drainage Master Plan, discussed in this section, addresses conveyance and management of stormwater in developed areas.

The City will continue to allow construction within the designated floodplains only when such development meets all of the FEMA regulations and all of the recommendations of the California Department of Water Resources and the Central Valley Flood Protection Board (CVFPB). New construction and substantial improvements to structures within the 100-year floodplain are required to "have the

[7] Lombardo, Victoria. City of Tracy Senior Planner. Personal communication August 2018.

lowest floor (including the basement) elevated at least one foot above the base flood level" or be of flood-proof construction.

The City also has designated evacuation routes for flooding emergencies and will continue to maintain those plans and work with other public agencies such as the CVFPB, the San Joaquin County Office of Emergency Services, and the US Army Corps of Engineers to be prepared for any flood events.

3. Future Stormwater Drainage Demands and System Improvements

The City will continue to require new development in the SOI to develop storm drains to collect and convey runoff to storm facilities such as outfalls and storm basins. New development will also be required to mitigate all flood issues prior to developing. Expansion of the storm drainage infrastructure would be funded primarily through storm drainage fees collected from development, as provided under the City's Municipal Code Chapter 11.32. Municipal Code Chapter 11.32 establishes storm drainage fees on each and every developed parcel of land with the City. This fee is levied necessary to pay for (1) improving the quality of storm and surface water, (2) the operation, maintenance, and replacement of the existing City storm drainage control facilities, and (3) the operation, maintenance, and replacement of future such facilities.

The State of California requires small communities to implement development standards to protect water quality under the "General Permit for Waste Discharge Requirements for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems (MS4s) Order No. 2013-0001-DWQ" (MS4 Permit). These requirements are an extension of similar requirements imposed on larger communities (e.g., the Cities of Stockton, Modesto, and parts of the County of San Joaquin.) The development standards, also known as post-construction storm water requirements, will become part of every regulated community's development process. These standards would apply to all projects, unless the project represents one of a series of exemptions that are provided within the City's *2015 Post-Construction Stormwater Standards Manual.*

The City's Municipal Code contains provisions for stormwater management and discharge control within the City (Municipal Code Chapter 11.34). Furthermore, per the City's Municipal Code Chapter 9.52 (Floodplain Regulations), all new construction and substantial construction pertaining to buildings shall have the lowest floor, including basement, elevated to or above the base flood elevation. The Floodplain Regulations of the City's Municipal Code contain many other provisions and requirements associated with development in a floodplain area mapped by FEMA.

In addition, the City's General Plan includes goals, policies, and programs related to the City's ability to collect and transport stormwater and limit the contamination of the city's water quality, as follows:

- Stormwater infrastructure shall be maintained in good condition (Goal PF-8, Objective PF-8.1, Policy P1).
- Stormwater infrastructure shall minimize local flooding by attaining capacity that conforms with the Storm Drainage Master Plan and City Design Standards (Goal PF-8, Objective PF-8.1, Policy P2).
- New permanent stormwater infrastructure shall be designed to serve dual purposes to the extent possible. This includes the following:

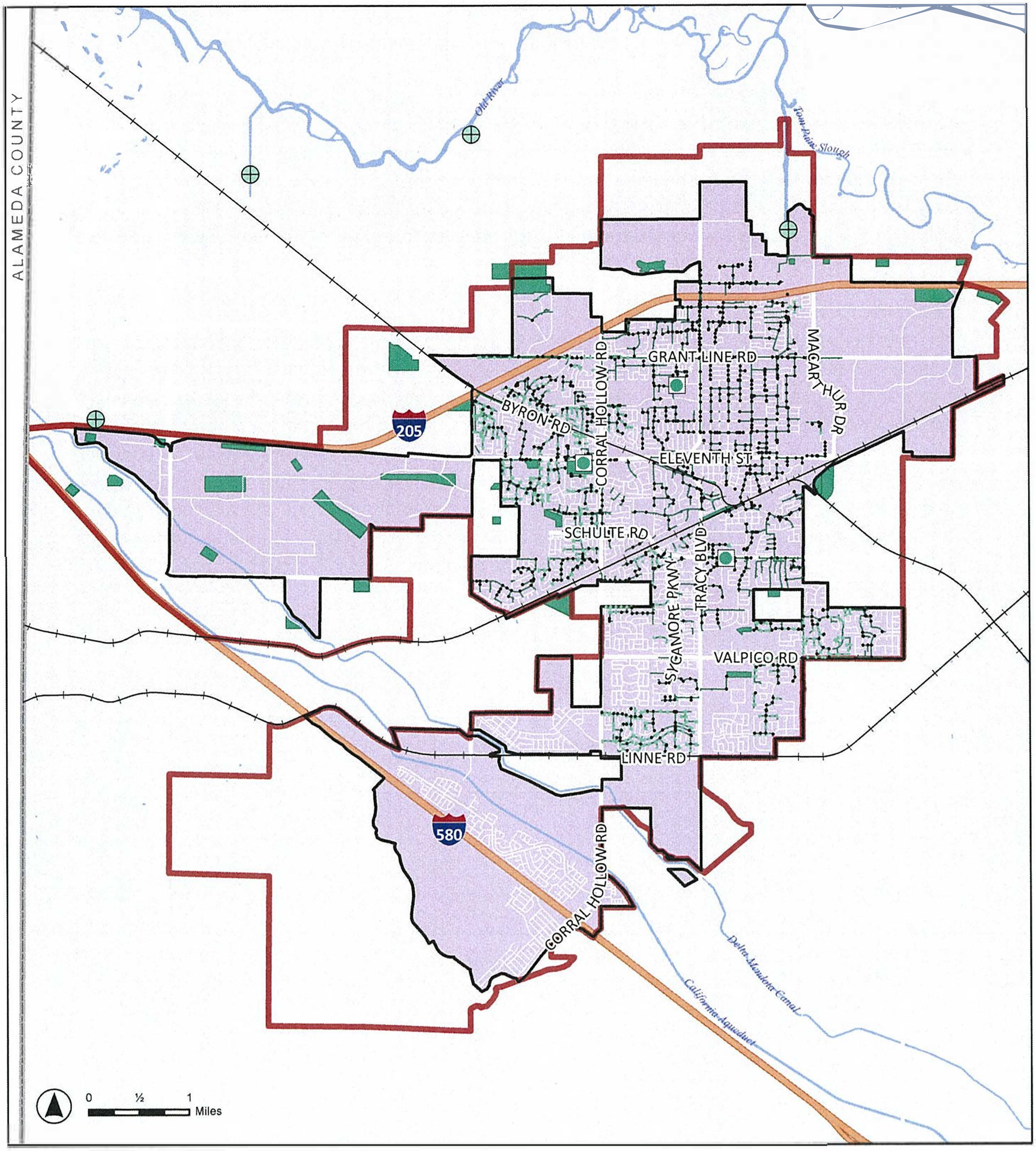
  - Drainage facilities integrated into recreation corridors with bike paths, sidewalks and landscaping.
  - Drainage channels integrated with transportation and environmental corridors.
  - Storm water detention basins shall incorporate active and passive recreation areas where feasible. These areas shall not count towards parks dedication requirements (Goal PF-8, Objective PF-8.1, Policy P3).
- When temporary retention or detention facilities are no longer needed after an outfall system is constructed, the sites shall be backfilled and disconnected from the storm drainage system (Goal PF-8, Objective PF-8.1, Policy P4).
- The City shall ensure a fair and equitable distribution of costs for stormwater system upgrades, expansion and maintenance (Goal PF-8, Objective PF-8.1, Policy P5).
- Design of storm drainage facilities shall be consistent with State and federal requirements, including NPDES requirements (Goal PF-8, Objective PF-8.1, Policy P6).
- Planning for stormwater facilities should consider possible future retrofitting needs associated with changing regulations pertaining to storm water quality, including NPDES requirements (Goal PF-8, Objective PF-8.1, Policy P7).
- To the extent feasible, new development projects shall incorporate methods of reducing storm runoff within the project to reduce the requirements for downstream storm drainage infrastructure and improve stormwater quality (Goal PF-8, Objective PF-8.2, Policy P1).
- New storm drainage facilities shall meet adopted City standards, including the standards and policies contained in the Storm Water Management Plan, the Storm Drainage Master Plan and the Parkways Design Manual (Goal PF-8, Objective PF-8.2, Policy P2).
- New development projects shall only be approved if necessary stormwater infrastructure is planned and is in compliance with environmental regulations (Goal PF-8, Objective PF-8.2, Policy P3).
- If sufficient downstream stormwater infrastructure has not yet been constructed, new development projects shall be required to implement temporary on-site retention facilities in conformance with City standards (Goal PF-8, Objective PF-8.2, Policy P4).

Expansion of the City limits to include areas within the 10-Year and 30-Year Horizons would include the construction of storm drains alongside the construction of new road infrastructure and new storm water basins would be developed as needed in conjunction with residential and non-residential development. To accommodate future development, storm drainage lines and other stormwater infrastructure would be developed throughout the SOI, paid for through storm drainage fees (as provided under Municipal Code Chapter 11.32). The City Council can amend the fee as deemed appropriate for maintenance of storm drainage facilities and infrastructure. Future outfall structures, retaining basins, and other infrastructure would be developed as necessary.

The SDMP provides a detailed review of the City's planned storm drainage infrastructure needs for the SOI, as well as any storm drainage facility upgrades that could be needed. Some of the developed areas within the SOI are not presently connected to storm drainage facilities that drain to any existing outfalls and are currently draining to temporary retention ponds. These facilities would be connected to the City's storm drainage system as development occurs, with the connections either provided by the new development or through funding from the City's storm drainage development impact fees. The City Council, City Manager, and Public Works Director regularly review the City's storm drainage infrastructure and SDMP in comparison to existing, proposed, and anticipated growth to ensure that the City will have adequate revenue and infrastructure adequately control stormwater runoff. The City has adequately prepared for storm drainage facilities that would be required for future development within the SOI, as well as the funding required, which ensures that adequate levels of service for stormwater drainage would be provided to support all existing and future development.

DETERMINATION:

The City has planned for adequate capacity in its storm drainage facilities to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to provide storm water control. The City has addressed potential hazards associated with flooding, including the 100- and 200-year floodplains, in the General Plan, General Plan EIR, and Municipal Code. The City's General Plan includes requirements that are applied to new development to ensure that developing areas are protected from 100- and 200-year flood hazards through requiring new development to comply with applicable local, state, and federal regulations, as described above. Implementation of the City's existing requirements will ensure that flood hazards are addressed prior to development of any areas within the SOI.

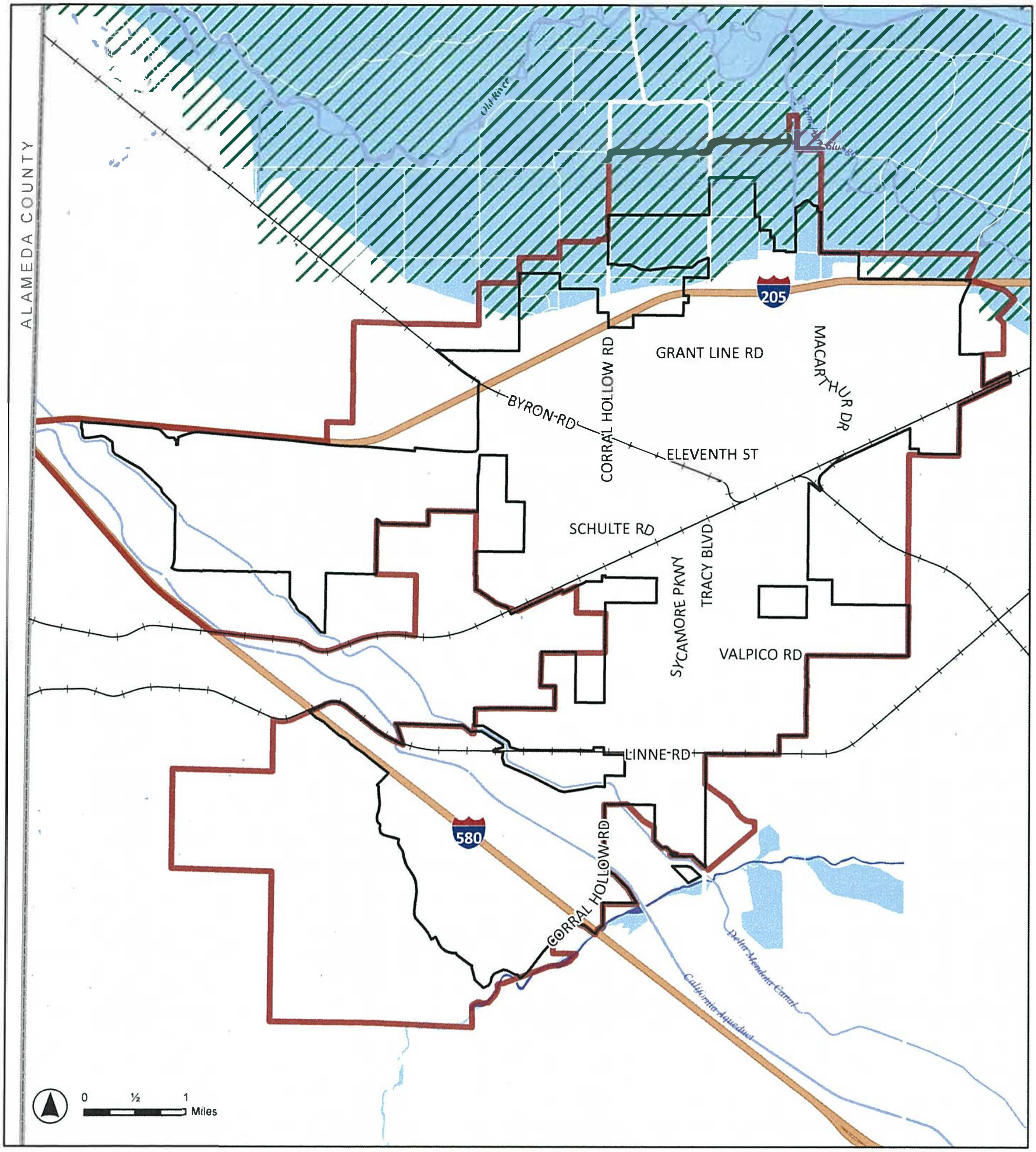


Tracy City Limits
Tracy Sphere of Influence
Storm Water Detention Basin
Storm Water Pump Station
Storm Drain Outfall
Storm Drain Inlet
Junction Point
Storm Drainage Line

TRACY MUNICIPAL SERVICES REVIEW 2025

Figure 4-5. Storm Drainage Infrastructure

DE NOVO PLANNING GROUP
A LAND USE PLANNING, DESIGN, AND ENVIRONMENTAL FIRM



Tracy City Limits

Tracy Sphere of Influence

USACE Comprehensive Study

200-year Flood Plain

FEMA Flood Zones

100-year Floodplain

Regulatory Floodway

Figure 4-6.
100- and 200-year Floodplain Map

De Novo Planning Group
A Land Use Planning, Design, and Environmental Firm

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5. FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

A. INTRODUCTION

This chapter evaluates the City of Tracy's financial ability to provide public services, a critical component of the Municipal Services Review (MSR) mandated by the CKH Act. This chapter includes Financial Summary, Financial Management, Financial Statements, Long-Term Debt, and Financial Analysis and Determination. The analysis reviews the City's revenues, expenditures, assets, liabilities, and overall fiscal management to provide a comprehensive assessment of Tracy's financial health and its capacity to sustain and expand services to meet the community's present and future needs.

Economic Conditions and Outlook

The City of Tracy's financial stability is closely linked to its strong and growing economy. Historically a small agricultural and industrial town, Tracy has become a dynamic, urbanized city which is influenced by the economics of the Bay area. The City's size has increased from approximately 7.0 square miles in 1980 to approximately 26.6 square miles in 2024. Tracy also experienced roughly a five-fold increase in population over those decades—from about 18,000 in 1960 to approximately 98,215 in 2025. Growth in the 1980s was largely driven by Bay Area housing prices, and Tracy's more affordable housing continues to attract Bay Area commuters today.

Tracy's diverse economy continues to experience consistent growth, with over 4,000 businesses, including a strong base of logistics and manufacturing operations, complemented by a vibrant small business sector. Tracy's strategic location between the Bay Area and Central Valley has continued to be beneficial for both business and residential growth. As a result, Tracy's employment reached a record level of 54,220 employed by June 2025. Tracy's unemployment rate is at 5.60% (a reduction from 6.2% since 2021), below that of the County's rate of 7.0%, and the average household income in Tracy is $151,49, with the average household income in San Joaquin County being $121,231.

The City has experienced new job growth over the last three years, including expansion of several existing businesses, construction of new distribution facilities, hotels, and office space, and the opening of new retail and restaurant businesses. As a result, Tracy's employment reached a record level of 46,500 by June 2024. Tracy's unemployment rate is at 5.6% (August 2025), below that of the county (6.8%) and State (5.5%), and its median household income is $ 118,253. The housing market in Tracy remains healthy, with consistent growth year over year. In 2025, there are approximately 31,376 housing units in the City with an approximate median home price of $700,000, trending slightly lower than the prior year's median price of $710,000.

Financial Condition Highlights

The City Council and staff developed a set of fiscal sustainability strategies that were adopted with the FY 2022-23 budget to fund liabilities, invest in infrastructure maintenance and new capital, and to develop new or expanded programs to serve the community and businesses in Tracy. These strategies support the City Council's adopted strategic priorities and maintaining the City's financial position, in light of the possible changes to sales tax allocation.

The City continues to review and update the developer impact fees throughout the City to ensure adequate infrastructure is in place to meet the demands of an ever-growing city. The Council also adopted a Citywide Services Community Facilities District, CFD 2021-2, which provides for a broader use of funded services. Any new development of 5 or more units is expected to join or mitigate the costs associated with the Police and Public Works services demands connected to new development. The CFD taxes are currently set at $78.18 per parcel per year with an inflation rate set to the Consumer Price Index; and will offset the costs associated with adding personnel to meet future population growth in the developing communities of Tracy. The City conditions new commercial development to fund street improvements and both residential and commercial to fund street and traffic light costs.

In addition, the City has adopted several financing infrastructure plans (FIPs) and Master Plan Impact Fees to fund the improvements for new roads, expansion of utility services, and enlargement of facilities needs that are brought on by new development. The City is also in the design and construction of several roadway and highway widening projects. These projects will be paired with regional impact fees, State grants, and Federal grants and are estimated at $100 million over the next several years.

The City of Tracy has four utilities: Water, Wastewater, Solid Waste, and Storm Drain with approximately 28,600 customers depending on the service. The growth in residential and commercial development translated to a growth of 600 customers, or 2% over the last fiscal year. In August 2023, the first year of a five-year Wastewater rate plan to align cost of service with rates went into effect. The rate plan was approved through Proposition 218 process in 2023. A water rate study is currently underway to ensure the costs to provide water services align with rates.

Formal financial policies and prudent operating practices have enabled the City to maintain core services and minimize the impact of economic fluctuations on residents. The City maintains policies in the areas related to budget principles, reserves, investments, debt, and Capital Improvement Project prioritization.

The City's two main sources of revenue to fund operating expenditures are property and sales tax, which make up over 80 percent of the total General Fund revenues. In addition, the City's revenue administration includes review of all fees and charges for services to ensure the charges are meeting cost-recovery goals. One-time and unpredictable revenues are spent on one-time expenditures, such as equipment replacement, or transferred to capital improvement funds for repair and rehabilitation projects.

In November 2016, the City Council and voters passed an additional ½ cent local sales tax (known as Measure V) that has a twenty-year sunset (expires April 2037). In fiscal year 2023-24, the Measure V tax proceeds received and recorded were $12.1 million. Over the last five years, the City Council has adopted several resolutions, which prioritized Measure V Sales Tax to fund four amenities located in the City: The Aquatic Center, Multigenerational Recreation Center, Legacy Fields Sports Complex, and the Nature Park.

The City maintains a reserve policy for Catastrophic Emergency in the amount of 17% of the General Fund adopted budget for operating expenditures and a reserve for Budget Stabilization in the amount of 13% of the General Fund adopted budget for operating expenditures. The use of reserves varies on each type, but generally limits the uses to respond to revenue shortfalls, unexpected expenditures, severe economic downturns, or natural disasters. A four-fifths vote of the City Council is required to authorize use of any reserves.

The City manages the issuance of new debt and proactively communicates with the investment community in the administration of its outstanding debt. In doing so, the City seeks to ensure that debt is issued prudently and affordably, and bondholders are provided all the information required by the Municipal Rulemaking Board as governed by the Securities and Exchange Commission. In May 2024, the City issued lease revenue bonds in the amount of $50.3 million for the construction of the Multi-Generational Recreation Center. The debt service on the lease revenue bonds will be paid from Measure V funds until its expiration date and from General Funds of the City thereafter through the final maturity date of November 1, 2054.

B. FINANCIAL SUMMARY

OVERALL FINANCIAL POSITION

The City's total net position, which represents the difference between its assets and liabilities, has increased over the last few years, indicating a positive financial trajectory. The City's most recent Annual Comprehensive Financial Report identifies the City's total net position as approximately $1.708 billion as of June 30, 2025. The City has consistently received "unmodified opinions" from its independent auditors, the highest level of assurance that the financial statements are fairly and accurately presented.

Table 5-1 below summarizes total revenues, total expenditures, and net surplus/deficit for the for the for the three most recent fiscal years.

TABLE 5-1: CITY OF TRACY PROPOSED AND ADOPTED BUDGETS

	FY 2023/2024 ADOPTED	FY 2024/2025 ADOPTED	FY 2025/2026 ADOPTED
General Fund	$108,700,494	$115,133,704	$130,430,925
Special Revenue Funds	$47,924,091	$33,224,532	$44,817,153
Capital/Debt	$6,787,703	$88,563,368	$36,333,309
Internal Service Funds	$20,281,745	$24,022,371	$28,201,336
Enterprise Funds	$87,739,296	$97,825,747	$113,108,006
Total Expenditures (without transfers)	*$271,433,329*	*$358,769,721*	*$352,890,729*
Transfers Between Funds	$20,581,459	$30,375,044	$34,876,690
Total Expenditures (with transfers)	**$292,014,788**	**$389,144,765**	**$387,767,419**

SOURCE: CITY OF TRACY BUDGETS BUDGET FISCAL YEAR FY 2023-24, 2024-25, 2025-26.

PROACTIVE FINANCIAL PLANNING

The City's financial documents demonstrate a commitment to long-term financial planning and sustainability. The City Council has consistently adopted balanced budgets, ensuring that ongoing expenditures are matched with ongoing revenues. For fiscal year (FY) 2025-26, the adopted Citywide operating and capital budget projects total revenues of $388.5 million against total expenditures of $387.8 million. The City has established and maintained prudent reserve policies, which have been crucial in navigating economic uncertainties. The projected year-end reserve for FY 2024-25 is $78.6 million. The

City has a well-managed debt portfolio and a strong credit rating, which allows it to borrow at favorable interest rates for major capital projects.

CONSISTENT REVENUE GROWTH

The City has experienced steady growth in its major revenue sources, reflecting a strong and expanding economic base. The City's property tax and sales tax revenues have shown positive year-over-year growth trends. Based on the FY 2025–26 proposed budget, total expenditures (with transfers) increase to $387.8 million, representing a notable rise compared to the FY 2024–25 total of $352.3 million, demonstrating continued growth across major fund categories—particularly the General Fund, Enterprise Funds, and Capital/Debt. The primary FY 2025/2026 revenue sources are anticipated to be charges for services, operating grants and contributions, capital grants and contributions, property tax, and sales and uses tax.

PRUDENT EXPENDITURE MANAGEMENT

While expenditures have increased to meet the demands of a growing population, the City has demonstrated a commitment to prudent fiscal management. The General Fund, which supports most of the City's core services, has remained in a strong position, with healthy reserves. The City has continued to support the community's infrastructure and public services, investing in infrastructure maintenance, new public facilities, and funding for public safety. Expenses for the City totaled $266.7 million for FY 2023-24. Governmental activities incurred $169.0 million of expenses while business-type activities incurred $97.7 million. Of the Governmental Activities, the largest expenses were in Public Safety ($68.5 million), General Government ($47.2 million), and Public Works ($25.6 million).

C. FINANCIAL MANAGEMENT

Long-Term Fiscal Planning

The City Council of Tracy remains committed to maintaining fiscal sustainability while providing high quality public safety, public works, and community development to meet its existing and future needs. In 2023, the Council adopted a two-year Strategic Priority Work plan for FY23 - FY25 and identified desired outcomes related to the City's social, economic, organizational, and environmental landscape. In response, a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council. The Council's strategic priorities, along with their goals and objectives, are the foundation for development of the budget and forecast.

The City prepares a five-year fiscal plan annually as a tool for the Council to meet these strategic priorities and budget development. The City's fiscal strategy includes the creation of a financial forecast to evaluate current and future fiscal conditions and is to guide policy and programmatic decisions. As part of building the multi-year forecast, the City uses information based on past, current, and projected financial conditions. As part of the strategic planning and long-term forecasts, the City has developed and maintains several tools to provide analytic measurements of future fiscal impacts. First, the five-year forecast includes two separate actuarial studies to analyze the impacts of employee retirement benefits on the City's finances over time. One is focused on the fiscal impacts of pension and one on retiree medical costs. Secondly, the City has three separate studies on revenue forecasts based on economic trends surrounding short and long-term retail and housing markets. The City overlays each of these studies into the planning documents to create a multi-faceted approach to fiscal analysis and planning.

The City is tracking anticipated changes to statewide sales tax allocation related to ecommerce, based on a recent study published by the California Department of Tax Franchise Administration (CDTFA). The CDTFA recently studied the potential impacts of changing the method of allocation from the point of fulfillment to point of delivery. It is expected that legislative changes determining the City's sales tax allocation by 25% or greater, which could equate to $20-30 million dollars. In anticipation of this change, the City Council adopted a set of fiscal sustainability strategies to pay down future liabilities, fund deferred maintenance and make one-time investments in City services and programs. This will allow the City to pivot without major impacts to essential City services as any changes to sales tax occur.

Included in the fiscal sustainability strategies is the establishment of a Pension Reserve Trust fund as a reserve to reduce future pension liabilities. The Section 115 trust was established in FY2022-23 with $2 million and another $2 million was contributed in FY 2023-24.

Even with solid financial planning and long-term forecasting, not all future outcomes can be predicted. Knowing that, the City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. However, even with these proactive steps, the City, like other agencies, will continue to be faced with unmet needs in an environment where resources are limited.

FUND RESERVES

The City Council adopted a revised Fund Reserves Policy in May 2021 with Resolution 2021-061 that established a minimum fund balance policy for the General Fund in order to mitigate the effect of unanticipated situations such as natural disasters and severe unforeseen events. Reserves also provide the City with stability in times of economic fluctuations and help provide for a smooth transition to changes in service levels caused by changes in the City's financial situation. The Fund Reserves Policy established the following reserves.

Catastrophic/Emergency Reserve: The Catastrophic/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Catastrophic/Emergency Reserve also serves as back-up liquidity to self-insured losses if needed. The Catastrophic/Emergency Reserve is established with a target goal of 17% of the fund's adopted annual budget for expenditures and recurring transfers out.

The balance of the Catastrophic/Emergency Reserve, which is a component of the assigned balance of the General Fund, was $21,189,000 at June 30, 2025.

Economic/Budget Stabilization Reserve: The Economic/Budget Stabilization Reserve has a target goal of 13% of the General Fund and Enterprise Funds adopted annual budget for expenditures and recurring transfers out. This reserve is intended to offset quantifiable revenue/expenditure uncertainty in the multi-year forecast thereby helping to stabilize service levels through economic cycles. The long-term use of this reserve is determined by estimating the level of financial risk associated and may be authorized and expended only when certain specific circumstances exist within the following three areas of uncertainty, as further described by the Fund Reserves Policy: revenue, expenditure, and structure deficit risks.

The nature of these reserves is intended to stabilize the fund budget in the short-term to address non routine or unanticipated changes in economic position. A regular 5-year forecast should be used to identify foreseeable changes in revenues and/or expenditures. The balance of the Economic/Budget Stability Reserve, as a component of the assigned balance of the General Fund, was $16,204,000 at June 30, 2025.

Enterprise Capital Replenishment Reserve: The Capital Replenishment Reserve has a target goal of at least one year of capital depreciation expense in the City's Enterprise Funds. The Capital Replenishment Reserve is intended to offset unplanned failure of capital assets in order to continue providing services.

Budgetary Accounting

The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, special revenue funds, and capital project funds are included in the annual appropriated budget. Chapter 2.12, Article 1 of the Tracy Municipal Code requires that in June of each fiscal year, the City Manager submit a preliminary budget to the City Council for the fiscal year commencing the following July 1. Following public hearings, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. As demonstrated in this chapter, the City continues to meet its responsibility for sound financial management.

Cash and Investments

The City invests temporarily idle funds in accordance with the Government Code and the Investment Policy approved by the City Council. The City pools all cash funds not held by fiscal agents in order to maximize investment opportunities and increase flexibility. Investments are conservatively managed with the three primary objectives of safety of principal, liquidity to meet disbursement requirements, and investment yield, pursued in that order.

Total cash and investments as of June 30, 2025 amounted to $696,101,557, encompassing governmental and business type activities, including restricted cash and investments. During FY 2024-25, investments consisted primarily of investments within the California Local Agency Investment Fund (LAIF) (State Investment Pool) and with bond trustees.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Central San Joaquin Valley Risk Management Authority (Authority), a public entity risk pool currently operating as a common risk management and insurance program for 53 cities, maintains the Insurance Internal Service Fund to account for and finance its risks of loss. The purpose of Authority is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The Authority is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City.

The City provides for the uninsured portion of claims and judgments, including provisions for claims incurred but not reported, in the Insurance Internal Service Fund.

During the FY ended June 30, 2025, the City contributed $9,228,743 for current year coverage. Settled claims have not exceeded insurance coverage in any of the past three FYs.

Independent Audit

State statutes require an annual audit of the City's accounts by an independent certified public accountant. For FY 2024/2025, the City of Tracy selected the accounting firm of the Pun Group, LLP.

General Plan Policies

The City of Tracy General Plan includes several goals, objectives, and policies related to the City's financial health and to the financing of infrastructure. These are as follows:

- Urban development must achieve a balanced and orderly pattern of growth in the City, maximizing the use of existing infrastructure and public services, which ensures that infrastructure and public facilities are adequate to serve the needs of growth, including for fire, police, water, wastewater, parks and recreation facilities, educational facilities, and public buildings, and protection from floods and safety hazards (Objectives LU-1.2, LU-1.3, LU-1.4, PF-1.1, PF-2.1, PF-3.3, PF-4.1, PF-4.2, PF-6.3, PF-6.5, PF-7.3, PF-8.1, PF-8.1, OSC-4.2 and OSC-5.1).
- No urbanization in unincorporated County areas is allowed without annexation to the city, a pre-annexation agreement, or a letter of support from the City (Objective LU-8.1).
- Provide adequate roadways to allow for the mobility of Tracy's residents and businesses, interregional access, and a balanced transportation system that includes public transit and high-occupancy vehicles, while maintaining the quality of life in the community (Objectives CIR-1.1, CIR-2.1, and CIR-4.1).

D. FINANCIAL STATEMENTS

Annual Comprehensive Financial Report

The City prepares an 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 provide two different views of the City's financial activities and financial position. These financial statements are discussed below.

Government-wide Financial Statements

The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole and are presented in a manner similar to a private-sector business. These statements are comprised of:

> *Statement of Net Position* - Presents information on all City assets, inclusive of deferred outflows of resources, and all liabilities, including deferred inflows of resources, with the difference between total assets and total liabilities reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities - Presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position 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., earned but unused vacation and compensated time leaves).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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).

- Governmental activities - All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities/transportation, public works, and culture and leisure. These services are supported by general city revenues such as taxes, and by specific program revenues such as developer fees.

  The City's governmental activities include not only the City of Tracy (known as the primary government), but also the activities of the Tracy Operating Partnership Joint Powers Authority, South San Joaquin County Fire Authority, and Tracy Public Financing Authority, which are controlled by and dependent on the City. The City is financially accountable for these entities. The financial activities of all three entities have been aggregated and blended with those of the City in the Government-wide financial statements.

  The Tracy Community Development Agency ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Community Development Agency of the City of Tracy. The activities of the Successor Agency can be found in the Fiduciary Fund Section of the Financial Statements.

- Business-type activities - All of the City' s enterprise activities are reported here, including water, wastewater, drainage, solid waste, transit, and airport. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

The Fund Financial Statements report the City's operations in more detail than the Government-wide Statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The Governmental Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- Governmental Funds – These funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and are therefore prepared on the modified accrual basis. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

- Proprietary Funds – The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's central services departments, vehicle and equipment replacement, central garage, building maintenance, and self-insurance. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term.

  Since the City's Internal Service Funds provide goods and services only to the City's governmental activities, their activities are reported only in total at the fund level. Internal Service Funds may not be major funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the activities which created them.

- Fiduciary Funds – These 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's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. The Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

Custodial Funds

These 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's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. These funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The City's custodial funds includes various Community Facilities Districts and Assessments Districts.

E. FINANCIAL ANALYSIS

This section addresses the City's financial health through analysis of the current FY 2024/2025 budget.

FY 2024/2025 Audited Financial Statements

Net Position: The net position evaluated over time may serve as a useful indicator of a government's financial position. The net position for the City as a whole increased by $124.5 million or 7.9%, from $1,583.2 million at June 30, 2024 to $1,707.7 million at June 30, 2025.. This is an increase of $371 million from June 30, 2021. Table 5-2 reflects the Summary of Net Position for the FY ended June 30,2025 with comparative data for the Fiscal Years Ended June 30, 2024, 2023, and 2022.

The City's Total Net Position at the close of June 30, 2025, comprised of the following:

- Cash and investments combined increased by $73.1 million, or 14.2%, from $513.5 million at June 30, 2024 to $586.6 million at June 30, 2025. This represents an increase of $251.4 million, or approximately 75.0%, since June 30, 2021, when cash and investments totaled $335.2 million. The $586.6 million of cash and investments is in the city treasury and investments.
- Receivables increased by $12.4 million, from $78.7 million at June 30, 2024 to $91.2 million at June 30, 2025. Since June 30, 2021, receivables have increased by $34.2 million, or approximately 60.0%, from $57.0 million. Receivables were comprised of $70.2 million of current receivables and $21.0 million of long-term receivables. Current receivables are primarily related to sales tax and grants; and long-term receivables are related to housing loans provided by the former Community Development Agency and leases. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by $83.9 million, or 7.1%, from $1,175.4 million at June 30, 2024 to $1,259.4 million at June 30, 2025. Since June 30, 2021, capital assets have increased by $143.4 million, or approximately 12.9%, from $1,116.0 million. Net capital assets of $1,259.4 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position decreased by $172.7 million, or 49.6%, from $348.2 million at June 30, 2024 to $175.4 million at June 30, 2025. Compared to June 30, 2021, Restricted Net Position decreased by $41.7 million, or approximately 19.2%, from $217.1 million. Restricted Net Position is restricted for capital projects $116.0 million; low-moderate income housing projects $1.1 million; debt service $7.3 million; and $51.0 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position increased by $175.0 million, or 100.7%, from $173.7 million at June 30, 2024 to $348.7 million at June 30, 2025. Since June 30, 2021, Unrestricted Net Position increased by $295.5 million, or approximately 555.3%, from $53.2 million. The unrestricted net position is available to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

Revenues: Total government-wide revenues for the City of Tracy increased steadily over the five-year period from FY 2020–21 through FY 2024–25, reflecting continued growth in development activity, utility service demand, and investment earnings. Revenues increased significantly in FY 2021–22 and FY 2022–23, supported by elevated levels of operating and capital grants and contributions associated with infrastructure investment and post-pandemic recovery funding, as well as growth in charges for services across multiple governmental functions. While FY 2023–24 reflected more moderate growth relative to the post-pandemic peak, FY 2024–25 saw a substantial year-over-year increase of $60.1 million (16.8 percent), bringing total revenues to $417.6 million, driven primarily by higher governmental program revenues and continued strength in business-type activity charges for services.

TABLE 5-2: NET POSITION - FYS ENDING –2022-2025 (IN THOUSANDS OF DOLLARS)

	GOVERNMENTAL ACTIVITIES				**BUSINESS-TYPE ACTIVITIES**				**TOTAL**			
	2025	2024	2023	2022	2025	2024	2023	2022	2025	2024	2023	2022
Assets												
Cash and Investments	$525,303	$462,607	$390,529	$354,579	$61,253	$50,891	$45,043	$65,195	$586,556	$513,498	$435,572	$419,774
Other Assets	$120,074	$127,550	$71,857	$73,383	$32,545	$25,306	$27,391	$24,739	$152,619	$152,856	$99,248	$98,122
Capital Assets	$777,166	$718,181	$704,229	$681,830	$482,251	$457,245	$460,269	$447,769	$1,259,417	$1,175,426	$1,164,498	$1,129,599
Total Assets	$1,422,543	$1,308,338	$1,166,615	$1,109,792	$576,049	$533,442	$532,703	$537,703	$1,998,592	$1,841,780	$1,699,318	$1,647,495
Deferred Outflows												
Deferred Outflows – Pension/OPEB	$28,540	$40,320	$43,844	$18,476	$4,034	$5,433	$5,592	$2,456	$32,574	$45,753	$49,436	$20,932
Liabilities												
Current Liabilities	$57,598	$41,002	$47,480	$47,605	$13,884	$10,358	$11,186	$12,220	$71,482	$51,360	$58,666	$59,825
Noncurrent Liabilities	$208,002	$216,173	$158,973	$98,962	$32,919	$36,145	$37,831	$32,764	$240,921	$252,318	$196,804	$131,726
Total Liabilities	$265,600	$257,175	$206,453	$146,567	$46,803	$46,503	$49,017	$44,984	$312,403	$303,678	$255,470	$191,551
Deferred Inflows												
Deferred Inflows - Leases	$1,571	$1,956	$2,009	$2,217	$5,533	$3,199	$3,483	$3,784	$7,104	$5,155	$5,492	$6,001
Deferred Inflows – Pensions/OPPEB	$3,353	$2,336	$2,211	$30,566	$633	$437	$541	$4,260	$3,986	$2,773	$2,752	$34,826
Total Deferred Inflows	$4,924	$4,292	$4,220	$32,783	$6,166	$3,636	$4,024	$8,044	$11,090	$7,928	$8,244	$40,827
Net Investment in Capital Assets	$721,626	$619,339	$658,562	$640,818	$461,958	$434,709	$435,567	$421,053	$1,183,584	$1,054,048	$1,094,129	$1,061,871
Restricted	$175,437	$348,186	$244,307	$237,566	$1	$1	$2	$-	$175,438	$348,187	$244,309	$237,566
Unrestricted	$283,496	$119,666	$96,917	$70,533	$65,155	$54,026	$49,685	$66,078	$348,651	$173,692	$146,602	$136,611
Total Net Position	$1,180,559	$1,087,191	$999,786	$948,917	$527,114	$488,736	$485,254	$487,131	$1,707,673	$1,575,927	$1,485,040	$1,436,048

1 NET POSITION IS THE DIFFERENCE BETWEEN TOTAL ASSETS, INCLUDING DEFERRED OUTFLOWS, MINUS TOTAL LIABILITIES, INCLUDING DEFERRED INFLOWS

SOURCE: CITY OF TRACY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2025; CITY OF TRACY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023.

Governmental activities program revenues increased over the FY 2010-21to FY 2024-25 period, with particularly strong growth in charges for services and capital grants and contributions. Charges for services rose notably in Community Development and Public Works, reflecting higher development activity, plan check and permit volumes, development impact fees, and increased recovery of costs for engineering and public works services associated with capital projects and development-related improvements. Capital grants and contributions fluctuated year-to-year based on the timing of transportation, infrastructure, and utility-related grant awards, but remained elevated over the five-year period relative to pre-2021 levels, supporting major street, utility, and capital improvement projects.

Business-type activities revenues also increased materially from FY 2021 through FY 2025, driven primarily by growth in charges for services in the Water, Wastewater, and Solid Waste Funds. Over this period, Water and Solid Waste consistently represented the largest enterprise revenue sources and experienced the most pronounced growth, reflecting a combination of rate adjustments, increased service demand associated with population growth and development, and inflationary pressures on utility operating costs that were passed through to ratepayers. Wastewater revenues also trended upward over the five-year period as the City continued to invest in treatment, capacity, and regulatory compliance. Grant funding for enterprise operations and capital projects varied annually but supported ongoing system upgrades and reliability improvements.

Expenses: Expenses for the City of Tracy totaled $293.2 million in FY 2024–25, an increase of $26.6 million (10%) over FY 2023–24. Governmental activities accounted for $188.1 million, with Public Safety remaining the largest cost driver, including $59.2 million for Police and $20.0 million for Fire. Other major governmental expenditures included Public Works ($24.9 million) and Parks and Community Services ($23.7 million). Business-type activities totaled $105.1 million, led by Solid Waste ($39.5 million), Wastewater ($26.9 million), and Water ($25.1 million). The year-over-year increase reflects continued growth in public safety staffing costs, higher utility operating and maintenance expenses, and inflationary pressures on materials and contracted services.

Governmental Activities: As presented in the following **Charts 5-1** and **5-2**, governmental activities incurred $188.1 million of expenses while business-type activities incurred $105.1 million. These trends remained consistent since 2021 when the largest funding sources for governmental activities were grants and contributions (34.5%), Property Taxes (14.5%), and Charges for Services (12.9%). Of the Governmental Activities, the largest expenses were in Public Safety $79.1 million; Public Works $24.9 million; and General Government $46.5 million. The largest uses of resources for the governmental activities in 2021 were Public Safety $56.2 million; Public Works $19.5 million; and General Government $22.1 million.

Chart 5-1 Revenues by Source – Governmental Activities (2021-2025)

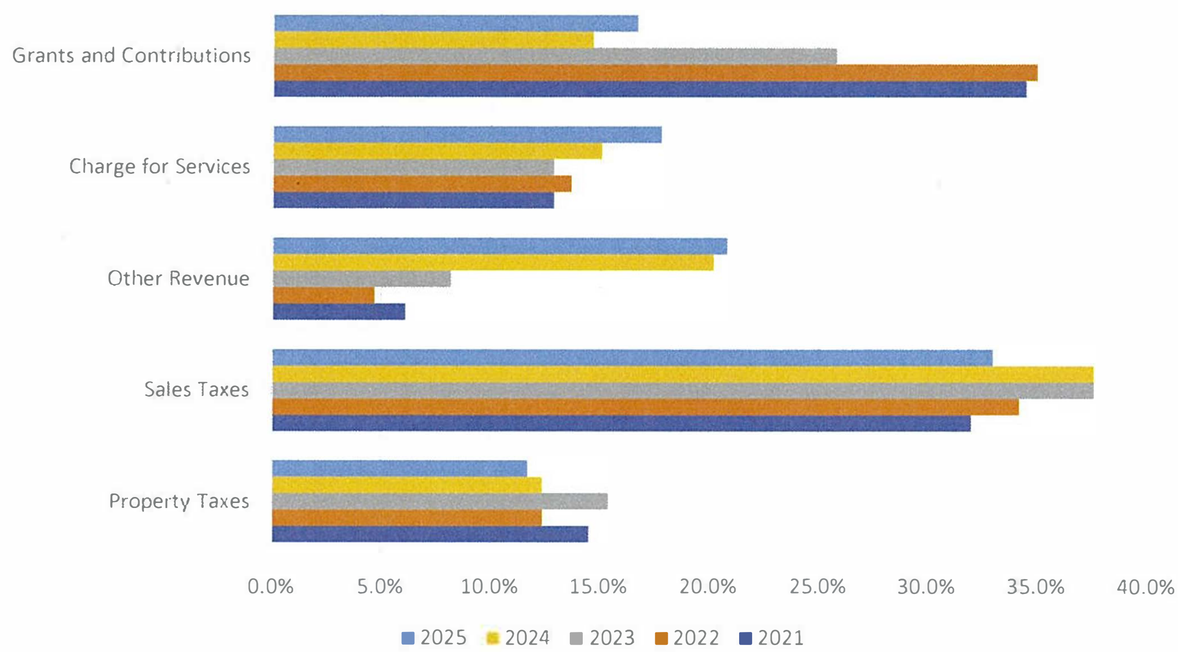
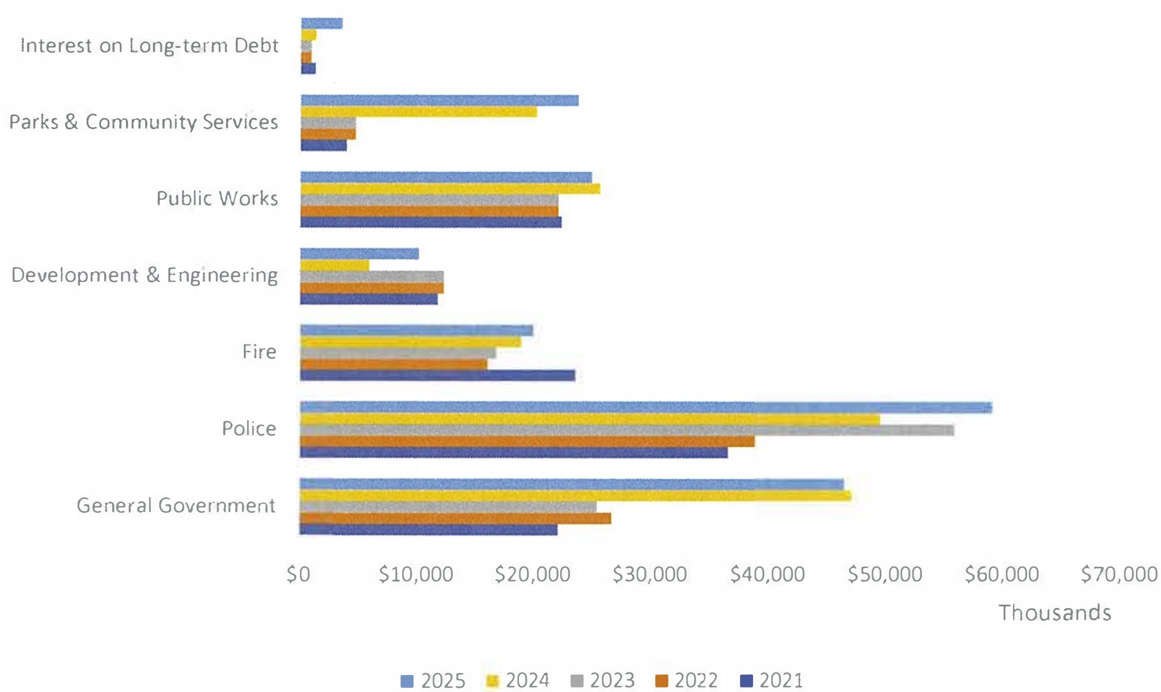


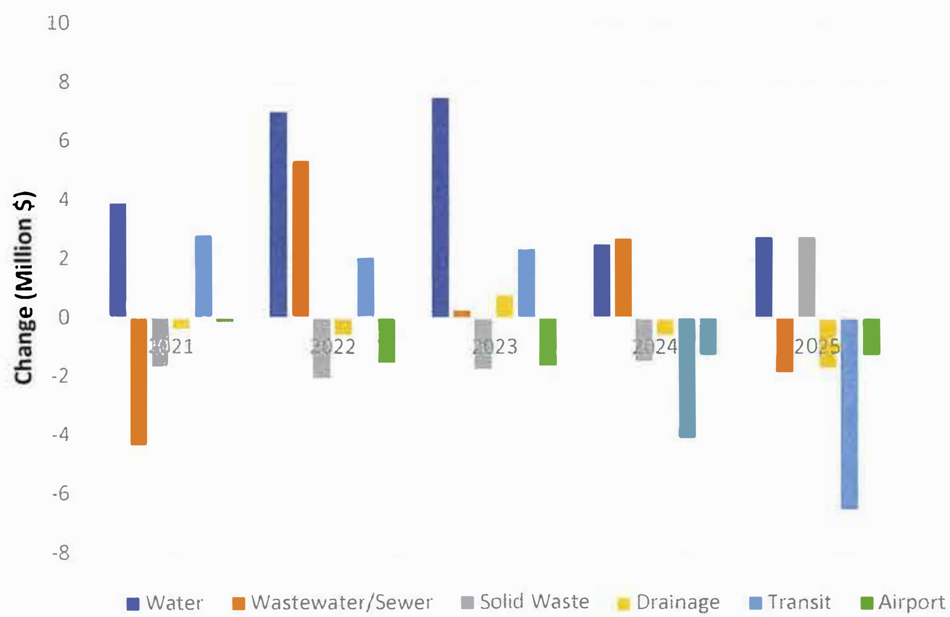
Chart 5-2 Expenses by Program – Governmental Activities (2021-2025)



Business-Type Activities

In the Statements of Revenues, Expenses, and Changes in Net Position for Proprietary Funds, Business-type Activities reported a net increase in net position of approximately $25.2 million in FY 2024–25, reflecting continued strengthening of the enterprise funds; during the same period, the Water Fund's net position increased by approximately $6.4 million, the Wastewater (Sewer) Fund increased by approximately $6.2 million, and the Solid Waste Fund increased by approximately $3.4 million compared to the prior fiscal year, as shown in Chart 5-3 illustrating net operating income and changes in net position trends from FY 2021 through FY 2025.

Chart 5-3 Net Operating Income (Loss) – Business-Type Activities (2021-2025)



SOURCE: CITY OF TRACY. ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. **Table 5-3** presents a comparison of budgeted and actual fund revenues and expenditures.

At June 30, 2025, the City's governmental funds reported combined fund balances of $561.3 million, which is an increase of $43.1 million or 8.3%, from $518.2 million at June 30, 2024. Total revenues increased by $29.4 million or 11.7%, from $250.4 million at June 30, 2024 to $279.7 million at June 30, 2025. Of this total, $184.1 million was in the General Fund. Total expenditures increased by $65.7 million or 37.9%, from $173.2 million at June 30, 2024 to $238.9 million at June 30, 2025. Of this total, $138.2 million was in the General Fund. By comparison, total expenditures in 2021 were $192 million.

TABLE 5-3: SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AS OF JUNE 30, 2025

CATEGORY	2022 (YEAR ENDED JUNE 30, 2022) BUDGETED AMOUNTS ORIGINAL	2022 BUDGETED AMOUNTS FINAL	2022 ACTUAL AMOUNTS	2022 VARIANCE WITH FINAL BUDGET	2025 (YEAR ENDED JUNE 30, 2025) BUDGETED AMOUNTS ORIGINAL	2025 BUDGETED AMOUNTS FINAL	2025 ACTUAL AMOUNTS	2025 VARIANCE WITH FINAL BUDGET
REVENUES:								
Taxes	$70,846,000	$99,056,000	$107,384,147	$8,328,147	$114,801,344	$137,774,725	$137,774,723	$(2)
Licenses, permits and fees	$4,022,000	$4,022,000	$4,149,346	$127,346	$4,704,498	$6,341,521	$6,341,503	$(18)
Fines and penalties	$135,000	$59,000	$168,400	$109,400	$170,000	$249,523	$249,523	$-
Investment income	$599,000	$599,000	$(2,281,888)	$(2,880,888)	$2,000,000	$8,288,480	$8,265,729	$(22,751)
Intergovernmental	$1,029,000	$1,569,000	$2,360,007	$791,007	$2,279,850	$3,710,357	$3,858,061	$147,704
Charges for current services	$9,252,000	$9,438,000	$12,485,210	$3,047,210	$13,882,485	$14,664,669	$14,664,668	$(1)
Special assessments	$472,000	$472,000	$468,439	$(3,561)	$-	$-	$-	$-
Contributions	$147,000	$147,000	$-	$(147,000)	$75,136	$244,090	$244,090	$-
Other revenue	$238,000	$238,000	$7,097,109	$6,859,109	$7,477,581	$10,382,335	$12,699,271	$2,316,936
Total Revenues	$86,740,000	$115,600,000	$131,830,770	$16,230,770	$145,390,894	$181,655,700	$184,097,568	$2,441,868
EXPENDITURES:								
General government:	$8,935,625	$8,027,625	$8,549,313	$(521,688)	$13,868,361	$13,262,588	$13,262,422	$166
Economic development	$237,000	$272,000	$741,589	$(469,589)	$1,369,848	$1,055,338	$1,055,356	$(18)
Finance	$4,885,000	$5,005,000	$5,285,544	$(280,544)	$6,424,134	$6,610,849	$6,610,944	$(95)
Non-departmental	$434,000	$431,000	$1,904,536	$(1,473,536)	$11,419,095	$14,045,068	$13,810,722	$234,346
Police	$34,140,341	$39,226,306	$39,796,986	$(570,680)	$49,676,721	$56,492,970	$56,317,707	$175,263
Fire	$15,251,000	$16,371,000	$16,402,214	$(31,214)	$17,984,656	$18,569,081	$18,569,079	$2
Development and engineering	$139,000	$212,000	$212,389	$(389)	$5,000	$3,446	$3,628	$(182)
Public Works	$6,590,000	$7,371,000	$8,216,190	$(845,190)	$7,215,423	$7,571,297	$7,570,863	$434
Parks and community services	$4,060,000	$4,098,000	$4,041,955	$56,045	$18,581,394	$17,652,129	$16,600,523	$1,051,606
Capital outlay	$4,000	$63,000	$13,558	$49,442	$1,022	$3,154,452	$3,154,454	$(2)
Debt service:			$159,253	$(159,253)			$1,226,756	$(1,226,756)
Total Expenditures	$74,675,966	$81,076,931	$85,323,527	$(4,246,596)	$126,545,654	$138,417,218	$138,182,454	$234,764
Revenues Over (Under) Expenditures	$12,064,034	$34,523,069	$46,507,243	$11,984,174	$18,845,240	$43,238,482	$45,915,114	$2,676,632
NET CHANGE IN FUND BALANCE	$(3,649,967)	$16,252,068	$2,846,441	$(13,405,627)	$7,743,056	$18,136,033	$20,812,665	$2,676,632
BEGINNING FUND BALANCE			$34,030,254				$55,255,293	
ENDING FUND BALANCE			**$36,876,695**				**$76,067,958**	

SOURCE: CITY OF TRACY. ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025; ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022.

General Fund

At June 30, 2025, the General Fund balance of $76.1 million, was comprised of $21.2 million committed funds for contingency/emergency reserve, $26.4 million in assigned funds, including $16.2 million for the economic/budget stability reserve, $5.9 million for PERS UAL holding, $3.7 million for retiree medical, $0.4 million for community benefit, $0.1 million for prior year reappropriations, and $0.02 million for Animal Control Trust. Restricted funds were $10.5 million, with $4.9 million for the City's PERS 115 trust, and $5.6 million for medical leave banks. Non spendable funds of $13.0 million are for the City's prepayment of a portion of the City's FY26 South San Joaquin County Fire Authority (SSJCFA) membership dues. Unassigned funds at June 30, 2025 were $5.0 million. Fund balances have been classified in accordance with generally accepted accounting principles. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes. By comparison, in June 30, 2021 the General Fund balance of $34.0 million, was comprised of $.04 million in non-spendable balances, $16.4 million committed funds for contingency/emergency reserve, and $11.3 million in assigned funds. Included in this amount is $10.9 million for Economic/Budget stability and $0.3 million for reappropriation to balance FY20, and $.02 million for Animal Control Trust. Restricted funds were $2.3 million for medical leave bank. Unassigned funds at June 30, 2021 were $4 million.

Housing Successor Fund

On June 28, 2011 the State of California adopted ABx1 26, amended by AB 1484 on June 27, 2012, which dissolved redevelopment agencies as of January 31, 2012. All assets of the former Redevelopment Agency were transferred as prescribed by law to either the Housing Successor or to the Successor Agency.

The City of Tracy elected to become the Housing Successor and established the Housing Successor Special Revenue Fund to account for the housing assets and activities previously provided by the Tracy Community Development Agency. As of June 30, 2025, the fund balance of the Housing Successor Special Revenue Fund was $5.1 million with $4.0 million committed and $1.1 million restricted.

Tracy Infrastructure Master Plan Capital Fund

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of $25.8 million and expenditures of $7.4 million. The fund balance increased $13.1 million from $126.2 million at June 30, 2024 to $139.3 million at June 30, 2025. Since June 30, 2021, the TIMP Fund balance has increased by $81.0 million, or approximately 139%, from $58.3 million, reflecting sustained revenue generation and relatively moderate expenditure levels over the period. TIMP Funds cover areas of the City not covered by its own financing plan. Project expenditures included I-205 Mountain House Overcrossing, I-580 Mountain House Overcrossing, and Wastewater Treatment Expansion. This represents a continuation of infrastructure investments initiated in prior years, including early overcrossing upgrades and traffic improvements undertaken in FY 2021. Future projects include water Lines along Lammers and Corral Hollow Road widening.

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund was reclassified as a non-major fund during the fiscal year due to a decrease in the amount of fees being received.

Lease Revenue Bonds Fund

The Lease Revenue Bonds Fund was reclassified as a non-major fund during the fiscal year due to the fund no longer meeting the quantitative criteria for major fund reporting.

General Projects Fund

The General Projects Fund had revenues of $4.3 million, transfers in of $86.5 million, and expenditures of $34.2 million. The fund balance increased $56.6 million from $138.8 million at June 30, 2024 to $195.4 million at June 30, 2025. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses include the Multi-Generational Recreation Center, Park Maintenance, and Road Rehabilitation Project. Future projects include the Aquatic Center, General Plan Update, and the BMX Pump Track. From June 30, 2021 through June 30, 2025, the General Projects Fund balance increased by $156.9 million, from $38.5 million to $195.4 million, reflecting a sustained expansion in the City's ability to finance capital improvements that directly support public services. In fiscal year 2021, General Projects Fund activity was limited, with $0.08 million in revenues, $13.1 million in transfers in, and $0.9 million in expenditures, primarily for park and roadway improvements. Beginning in fiscal year 2023, fund activity increased substantially as the City advanced major community facilities, including Legacy Fields Phase 1E and the Multi-Generational Gymnasium, followed by continued growth in fiscal year 2024 as transfers and expenditures increased to support construction of the Multi-Generational Recreation Center. The significant increase in transfers in fiscal year 2025 reflects a strategic allocation of General Fund resources to accelerate infrastructure investment, demonstrating the City's growing capacity to fund and deliver essential facilities and maintenance projects while preserving flexibility to meet future service demands.

Enterprise Funds

The City's Enterprise Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. The City's Enterprise Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Between June 30, 2021 and June 30, 2025, Enterprise Fund net position increased by $62.7 million, from $464.4 million to $527.1 million, reflecting sustained investment in utility infrastructure and improved long-term financial capacity to provide essential services. Over this period, operating revenues increased by $34.6 million, from $64.5 million in fiscal year 2021 to $99.1 million in fiscal year 2025, driven primarily by rate adjustments, customer growth, and increased charges for services necessary to support expanding operations and capital programs. Operating expenses also increased from $75.9 million in fiscal year 2021 to $103.9 million in fiscal year 2025, reflecting rising costs for labor, materials, regulatory compliance, and system maintenance, as well as increased depreciation expense associated with major capital investments, which rose from $13.5 million in 2021 to $16.0 million in 2025. While operating expenses exceeded operating revenues in several years, the growth in net position indicates that capital contributions, rate-supported revenues, and prudent financial management have allowed the City to maintain service levels and fund significant system improvements. Major project expenditures during this period included the Wastewater Treatment Outfall (Project No. 74083), with future expenses anticipated for additional phases of the Wastewater Treatment Expansion and ongoing capital maintenance at the Water and Wastewater treatment plants, which are critical to maintaining service reliability, regulatory compliance, and capacity to serve future growth.

Water Fund: The net position of the Water Fund at June 30, 2025 was $213.0 million, an increase of $6.4 million over the prior fiscal year. The net position of the Water fund at June 30, 2024 was $206.5 million (as restated). From June 30, 2021 to June 30, 2025, the Water Fund's net position increased by $16.2 million, reflecting the City's continued ability to fund water operations, maintain infrastructure, and absorb fluctuations in operating costs while continuing to provide essential services. Over this period, operating revenues generally increased from $23.4 million in 2021 to $25.2 million in 2025, driven in part by growth in the customer base and rate adjustments to better align revenues with the cost of service. Approximately $14.4 million of the Fund's net position was unrestricted at the end of fiscal year 2025, up from $9.3 million in 2021, indicating improved operational flexibility and liquidity to respond to maintenance needs, emergencies, or short-term revenue variability. The net investment in capital assets totaled $198.6 million, reflecting sustained capital investment in the City's water infrastructure necessary to support reliable service delivery and long-term system capacity. Activities for fiscal year 2025 included $25.2 million in operating revenues and $27.5 million in operating expenses, including $5.0 million in depreciation expense, with higher expenses in recent years attributable to inflationary pressures, increased maintenance requirements for aging infrastructure, and rising depreciation as capital assets are placed into service. Collectively, these trends demonstrate the City's ability to fund water services over time while balancing rate affordability, infrastructure reinvestment, and long-term financial sustainability.

Wastewater Fund: The net position of the Wastewater Fund increased to $190.0 million at June 30, 2025, up $6.2 million from the prior fiscal year, reflecting continued financial stability and the effects of Council-adopted rate increases. The net position of the Fund had fluctuated over the prior four years, from $183.5 million in 2023 (a decrease of $6.4 million from 2022) to $184.2 million in 2024 (an increase of $0.7 million), demonstrating the Fund's sensitivity to both operating revenues and expenditures over time. Approximately $23.9 million of the Fund's net position was unrestricted at the end of FY 2025, a significant increase from $17.3 million in 2021 and $19.4 million in 2023, reflecting the cumulative impact of rate adjustments and careful expenditure management. Net investment in capital assets was $166.2 million in 2025, slightly lower than prior years, reflecting both depreciation and limited new capital additions during the period. Activities for FY 2024-25 included $27.2 million in operating revenues, up from $21.3 million in 2021 and $15.8 million in 2023, and $24.3 million in operating expenses including $6.6 million in depreciation. The increases in revenue over the period were largely attributable to two rate increases implemented under a five-year Council-adopted rate plan (August 2023 and FY 2024-25), which allowed the City to fund ongoing operations, meet debt obligations, and maintain the ability to provide wastewater services to a growing customer base, while managing the Fund's long-term sustainability.

Solid Waste Fund: The net position of the Solid Waste Fund at June 30, 2025 was $12.6 million, an increase of $3.4 million over the prior fiscal year, reversing the prior multi-year decline in net position. From 2021 to 2024, the Fund experienced a steady decrease in net position, falling from $14.1 million in 2021 to $9.3 million in 2024, driven by operating expenses consistently exceeding operating revenues each year. For example, in 2021, revenues were $24.3 million compared to $26.0 million in expenses, and by 2024, revenues had grown to $34.7 million while expenses increased to $36.6 million, reflecting rising costs of collection, disposal, and contractual services. The 2025 increase to $12.6 million was supported by a significant rise in operating revenues to $42.2 million, outpacing operating expenses of $39.5 million, as well as improved efficiency and cost control measures, including optimization of collection routes and higher tipping fee revenues. Approximately $12.1 million of the Fund's net position at June 30, 2025 was unrestricted, with a net investment in capital assets of $0.5 million, indicating the Fund's strong liquidity position and enhanced capacity to support ongoing operations and future capital needs. Overall, the trends from 2021 through 2025 demonstrate the City's growing ability to fund Solid Waste services while addressing rising costs and maintaining financial sustainability.

Drainage Fund: The net position of the Drainage Fund at June 30, 2025 was $70.7 million, an increase of $6.2 million over the prior fiscal year, reflecting a substantial rise in capital investment compared to prior years. The net position of the Drainage Fund at June 30, 2024 was $64.5 million (as restated), $50.7 million at June 30, 2023, $51.3 million at June 30, 2022, and $51.1 million at June 30, 2021, illustrating that the Fund remained relatively stable from 2021 through 2023 before a significant jump in 2024–2025 due to the addition of capital assets and contributions for drainage infrastructure projects. Approximately $0.6 million of the Fund's net position was unrestricted at fiscal year-end, with a net investment in capital assets of $70.1 million, a notable increase from $51.7 million in 2021, reflecting major infrastructure additions and accumulated depreciation adjustments. Activities for the year were comprised of $0.9 million in operating revenues and $2.5 million in operating expenses, including $2.0 million in depreciation expenses, with the increase in expenses largely attributable to accelerated capital investment and higher depreciation associated with the expanded infrastructure. Overall, from 2021 to 2025, the Drainage Fund demonstrates the City's growing capacity to fund critical services while maintaining operational stability, though unrestricted resources remain limited, highlighting the continued need for careful financial planning to sustain service delivery.

FINANCIAL TRENDS

The economy is recovering both in housing prices that bolster property tax and diversification in commercial and retail that grows and strengthens sales tax revenues. The City has built healthy financial reserves, written strong fiscal policies, and passed important revenue measures to support the City services. The City is positioned itself well to manage its fiscal responsibilities. However, the City, like all governments, is faced with unmet needs in an environment where resources are limited. The City has identified the following financial highlights and needs:

Reserves: The City maintains a reserve policy for Catastrophic Emergency in the amount of 17% of the General Fund adopted budget for operating expenditures and a reserve for Budget Stabilization in the amount of 13% of the General Fund adopted budget for operating expenditures. Unassigned General Fund reserves increased from $14.8 million in FY 2023/24 to $15.2 million in FY 2024/25 and are projected at $15.7 million in FY 2025/26, representing 16.5%, 17%, and 17.2% of the respective adopted budgets. Compared to prior years, reserves have more than doubled since FY 2021, when Unassigned General Fund reserves totaled $3.96 million, and have increased substantially from $7.76 million in FY 2022, indicating a sustained strengthening of the City's fiscal position over time. This trend reflects the City's ongoing efforts to maintain fiscal stability while managing expenditures in line with revenue growth. .

Short-term Factors: The General Fund forecast includes an inflation factor of 3% for non-personnel expenses in the short term and flattens to 1-2% in the long-term. This factor is used to maintain the current buying power of the City. This assumption is intended to preserve the City's purchasing power over time and is based on historical changes in the cost of goods and services, which have periodically increased faster than revenue growth. Revenue growth has been constrained by regulatory limitations, including Proposition 13 property tax restrictions and statutory caps on certain fees, limiting the City's ability to offset rising costs. Over the past several fiscal years, non-personnel costs have generally increased at rates slightly above forecasted inflation, with FY 2024-25 reflecting a 3.2% increase over FY 2023/-24, consistent with a pattern of gradual cost growth. By comparison, actuarial inflation assumptions over the 2021–2025 period have remained relatively stable, at approximately 2.5% in 2021 and 2.3% in both 2024 and 2025. While the forecasted inflation factor is intended to maintain purchasing power, actual cost increases have at times exceeded these assumptions, which may reduce the City's effective buying power if cost growth continues to outpace projections. The City will continue to monitor the inflation rate on goods and services as it has historically outpaced the City's revenue growth due to regulatory restrictions on revenues. Staff will continue to monitor the costs of goods and services and their impacts on a quarterly basis.

General Fund Fiscal Challenges and Recovery: Over the last few fiscal years, the City has seen healthy growth in both property and sales tax revenues. However, as inflation and interest rates rose, consumer spending has begun to moderate and the housing market has shown signs of slowing in volume and price. These economic factors are expected to moderate the pace of growth in the City's General Fund revenue.

In 2023, continued interest rate hikes drove a reduction in the sale of existing homes, however, new construction continued to thrive in Tracy. In 2023, Tracy saw an increase in new home sales of 35%, from 322 in 2022 to 434 in 2023. This is largely due to the combination of a lack of inventory of existing homes and Tracy's affordability in comparison to bay area home prices. Commercial and industrial real estate sales have continued to see moderate growth. As property tax revenue lags 12-18 months behind market conditions, it is expected that FY 2024-25 will see some slowing in the real estate market with an estimated increase of $1.4M.

The City continues to diversify its sources of General Fund revenue in an effort to reduce its reliance on any one source. In November 2022, 72% of voters approved Measure B, the modernization of the Business tax, which took effect July 1, 2023. The change to the Business tax was aimed to ensure greater equity amongst businesses in Tracy. The tax is based upon the Gross Receipts of the business, with 75% of businesses reporting a reduction in the tax paid in FY2023-24. While the change bene ted many Tracy businesses, some industries were impacted by the change. Through workshops with the Finance Committee, recommendations for modification to the tax was heard by the City Council on May 21, 2024 and June 4, 2024. At the June 4, 2024 meeting, City Council adopted an urgency ordinance establishing a forty-five-day moratorium on the collection of Business Tax. City Staff returned to Council on June 18, 2024 for continued discussion on Business Tax. During this meeting, Council requested a Town Hall style workshop to allow interactive discussion with the business community. As a result, the moratorium on Business Tax payments will be extended.

The City collects a Transient Occupancy Tax (TOT), also known as the hotel tax. With several additional hotels in the planning or construction phase that are expected to open in future years, the City anticipated to see TOT revenue grow. As the new hotels come online and the City invests in amenities such as Legacy Fields, aimed to bring sports tourism to Tracy, TOT will continue to grow in future years.

Additionally, Cannabis tax is an overlay component of the Business License tax classifications. The City Council and voters approved a Cannabis Tax in 2020, which provided a gross receipts tax on retail, distribution, and manufacturing in a square foot tax on cultivation. In July 2023, the City's first Cannabis based business opened its doors. There are currently four Cannabis based businesses open in Tracy, with two additional businesses in the process of opening. It is projected that revenues from the City's Cannabis tax will reach $0.5M in FY2024-25.

The City is also tracking anticipated changes to statewide sales tax allocation related to ecommerce. In 2022, the California Department of Tax and Fee Administration (CDTFA) published a study related to sales tax specific to e-commerce, which reviewed the impacts of changing the method of sales tax allocation from the point of fulfillment to the point of delivery. The study showed that if this change occurred, the impact to the City would be 25% or greater from the City's current allocation, which could equate to $20-40 million. While no decision has been made, staff is tracking possible changes and their impacts. The forecast reflects a drop in sales tax beginning in FY2027-28. In anticipation of this change, the City has been utilizing the previously mentioned fiscal sustainability strategies to pay down future liabilities, fund deferred maintenance and make one time investments in City services and programs so that as any changes to sales tax occur, the City can pivot and reduce major impacts to essential City services.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is the City of Tracy's comprehensive, multi-year plan for the development, maintenance, and enhancement of public infrastructure and capital facilities. The CIP outlines anticipated capital projects over a five-year planning horizon, focusing on projects that typically involve substantial investment, require extended timelines to complete, and result in the creation or improvement of long-term assets. CIP projects are categorized into the following nine sectors:

- General Government and Public Safety Facilities
- Traffic Safety
- Streets and Highways
- Wastewater Improvements
- Water Improvements
- Drainage Improvements
- Airport and Transit Improvements
- Parks and Recreation Improvements
- Miscellaneous Projects

The estimated costs for the first two years of the CIP inform the adopted Capital Budget for Fiscal Years 2023-24 and 2024/-25. A detailed overview of the City's current CIP is available in Chapter 5 of the City of Tracy's Adopted Financial Plan for FY 2023–2025.

TRACY INFRASTRUCTURE MASTER PLAN

For newer development, starting in FY 2014-15, capital development fees are collected under the Tracy Infrastructure Master Plan (TIMP), which is the primary source of revenues for capital improvements to serve new development. The City collects fees from new development project that address improvements in the City's infrastructure master plans and include a fee for each of the following:

- Parks

- Storm Drainage
- Traffic
- Wastewater
- Water
- Public Facilities
- Public Safety

The City's planning, building, engineering, and other fees are based on the cost of services. Accordingly, the TIMP development impact fees have been adjusted each year since their adoption, most recently effective July 1, 2025, with fee amounts updated based on the prior year's ENR index, including decreases in some categories due to cost index declines.

Notes to Basic Financial Statements

A review of the Notes to the Basic Financial Statements in the City of Tracy's FY 2021–22 through FY 2024–25 ACFRs indicates that most notes describe accounting policies, classifications, and methodologies and do not independently alter the City's long-term fiscal outlook. However, several notes identify material fiscal considerations that warrant attention:

- **Long-Term Liabilities (Pension and OPEB Obligations).** Across the five-year period, the Notes consistently identify substantial net pension and other postemployment benefits (OPEB) liabilities associated with CalPERS participation and retiree healthcare obligations. While these liabilities are long-term in nature and subject to actuarial assumptions, they represent a material structural obligation that continues to affect the City's unrestricted net position and future contribution requirements. Changes in discount rates and actuarial assumptions over the period contributed to year-to-year volatility in reported liabilities and required contributions.
- **Lease Revenue Bonds and Pledged Revenues.** The Notes identify outstanding lease revenue bonds supported by pledged revenues and lease payments. These long-term debt obligations require continued General Fund and/or dedicated revenue support over the remaining term of the bonds. While debt service coverage ratios reported in the ACFRs indicate ongoing compliance with bond covenants, the pledged revenues constrain future fiscal flexibility and represent a fixed obligation on the City's operating resources.
- **Internal Service Funds and Risk Financing.** The Notes describe the City's internal service funds used to account for risk management, workers' compensation, and insurance-related activities. These funds expose the City to actuarially estimated claims liabilities. Although reserves are maintained and periodically adjusted, adverse claims experience or changes in actuarial assumptions could require additional General Fund support in future years.
- **Restricted and Committed Fund Balances.** The Notes clarify the composition of restricted and committed fund balances, including resources legally restricted for infrastructure, grants, housing successor activities, and capital projects. While these balances strengthen program delivery capacity, they limit the City's discretion to redirect funds to General Fund operating needs, thereby constraining short-term fiscal flexibility despite overall growth in total fund balances over the review period.
- **Grant Revenues and ARPA/State and Local Grant Programs.** The Notes identify significant grant-related revenues and deferred inflows associated with federal and state funding programs (including ARPA and other state and local grants in later years). These revenues supported one-time programmatic and capital expenditures but are non-recurring in nature. As such, they do

not represent a structural increase in the City's ongoing revenue base and should not be relied upon for long-term operating commitments.

City of Tracy Operating and Capital Budget Fiscal Year FY 2024-2025

The goal of the City's annual Operating and Capital budget is to provide a plan that allocates resources to meet the needs and desires of Tracy's residents. It balances City revenues and costs with community priorities and requirements. In preparing the FY 2024/25 Operating and Capital Budget, City staff reviewed the FY 2024/25 budget and estimated the expenditures and revenues anticipated for the next year, FY 2025/26. The FY 2024/25 appropriations total approximately $389 million, including $30 million in Transfers Between funds and capital improvements of $89 million. This reflects an overall increase of $97 million dollars from the Adopted FY 2023-24 Operating and Capital budget.

Table 5-4 summarizes the City's budgeted revenue and expenses for FY 2024-25. The Citywide Operating and Capital Budget 2025-26 projects a steady increase in net position (total revenues less total expenses) for the plan period.

TABLE 5-4: CITY OF TRACY CITYWIDE OPERATING AND CAPITAL BUDGET (THOUSANDS)

FUND	FY 2022/2023 ACTUALS		FY 2024/2025 AMENDED		FY 2025/2026 PROPOSED	
	REVENUES	EXPENSES	REVENUES	EXPENSES	REVENUES	EXPENSES
General Fund	134,582	131,475	159,520	151,377	161,048	164,988
Building Fees	5,523	5,565	5,960	6,538	11,460	7,100
Engineering Fees	7,914	5,980	5,687	8,566	7,224	9,656
Planning Fees	622	2,652	747	3,838	828	3,974
Gas Tax	4,694	4,203	5,060	11,861	5,539	2,420
Special Revenue	16,040	11,728	24,742	80,961	2,893	21,667
General Fund Capital	41,756	19,717	12,538	162,159	23,529	19,768
Capital	22,611	5,438	800	66,129	25,415	7,652
Debt	6,327	17,945	8,212	8,248	9,217	9,214
Internal Services	21,262	18,895	25,404	26,610	30,013	28,201
Water	30,238	22,194	22,844	30,551	24,758	26,881
Wastewater	16,840	17,949	23,206	49,468	27,838	26,153
Solid Waste	31,947	33,375	38,122	37,385	43,903	38,453
Storm Drain	3,108	598	854	630	859	724
Airport Enterprise	1,093	1,232	2,070	2,619	2,304	2,304
Transit	9,637	6,142	7,767	15,449	11,695	18,612
TOTAL	**$354,194**	**$305,088**	**$343,533**	**$662,389**	**$ 388,523**	**$ 387,767**

SOURCE: CITY OF TRACY OPERATING AND CAPITAL BUDGET FISCAL YEAR FY 2024/2025.

Tracy Rural Fire District

As discussed in Chapter 4, the Tracy Rural County Fire Protection District (Rural Fire District) provides services within areas of the City, but will no longer provide services to newly annexed areas pursuant to LAFCo policy. At the end of the 2024 fiscal year, the Rural Fire District had $12.2 million in assets net of deferred inflows and $6.7 million in liabilities net of deferred inflows. As shown in **Table 5-5**, the Rural Fire District has maintained a positive net position, ending at a total net position of $6.6 million in 2024.

The SCFA Dissolution Agreement also clarified the use of the Public Safety Facilities Fee collected by the City and requires the City to disburse to the Rural Fire District the Public Safety Facilities Fees collected to mitigate the impact of new development on fire facilities within the District's boundaries.

TABLE 5-5: TRACY RURAL FIRE DISTRICT – AUDITED STATEMENT OF NET POSITION: 2021 TO 2024

	2024 GOVERNMENTAL ACTIVITIES	2023 GOVERNMENTAL ACTIVITIES	2022 GOVERNMENTAL ACTIVITIES	2021 GOVERNMENTAL ACTIVITIES
Assets				
Cash On-hand/In Treasury	$8,273,380	$6,997,505	$7,122,953	$6,822,915
Accounts Receivable	$235,399	$134,928	$51,259	$129,723
Interest Receivable	$50,464	$38,779	$6,717	$6,167
Prepaid Expenses	$42,917	$36,303	-	-
Land Note	$177,107	$177,107	$177,107	$177,107
Capital Assets	$3,436,607	$3,650,838	$3,739,782	$2,807,918
Subtotal Assets Net of Deferred Outflows	*$12,215,874*	*$11,035,460*	*$11,097,818*	*$9,943,830*
Deferred Outflows	$3,440,583	$2,780,055	2,123,732	$1,076,468
Subtotal Assets	*$15,656,457*	*$13,815,515*	*$13,221,550*	*$11,020,298*
Liabilities				
Current Liabilities	$283,945	$293,022	$164,565	$113,166
Long-term Liabilities Net of Deferred Inflows	$6,414,206	$5,018,162	$6,606,802	$5,501,915
Subtotal Liabilities Net of Deferred Inflows	*$6,698,151*	*$5,311,184*	*$6,771,367*	*$5,615,081*
Deferred Inflows	$2,314,579	$3,749,765	$3,284,489	$352,118
Subtotal Liabilities	*$9,012,730*	*$9,060,949*	*$10,055,856*	*$5,967,199*
Net Position				
Total Net Position[1]	**$6,643,727**	**$4,754,566**	**$3,165,694**	**$5,053,099**
Invested in Capital Assets, Net of Related Debt	$2,385,442	$2,361,859	$2,307,013	$2,376,614
Unrestricted	$3,132,281	$3,362,417	$858,681	$2,676,485

1 NET POSITION IS THE DIFFERENCE BETWEEN TOTAL ASSETS, INCLUDING DEFERRED OUTFLOWS, MINUS TOTAL LIABILITIES, INCLUDING DEFERRED INFLOWS

SOURCE: TRACY RURAL COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2024

TABLE 5-6: TRACY RURAL FIRE DISTRICT - STATEMENT OF ACTIVITIES: 2021 TO 2024

	2024 GOVERNMENTAL ACTIVITIES	2023 GOVERNMENTAL ACTIVITIES	2022 GOVERNMENTAL ACTIVITIES	2021 GOVERNMENTAL ACTIVITIES
Expenditures/Expenses				
Fire Protection – Operations	$11,375,552	$10,165,841	$12,665,838	$7,148,024
Fire Protection – Depreciation	$228,889	$222,405	$222,405	$150,834
Subtotal Expenditures/Expenses	*$11,604,441*	*$10,388,246*	*$12,888,243*	*$7,298,858*
Revenues				
Program Revenues				
Grant Income	--	$67,147	$560,270	--
Rental Income	$9,600	--	--	--
Charges for Services	$3,776	$16,424	$18,378	$4,396
Subtotal Program Revenues	*$13,376*	*$83,571*	*$578,948*	*$4,396*
General Revenues				
Property Taxes	$12,923,406	$11,376,413	$9,693,110	$8,877,130
Homeowner Taxes	$59,631	$55,995	$52,671	$50,597
Investment Earnings	$209,858	$81,903	$12,700	$25,150
Interest Expense	($35,920)	($49,741)	($18,993)	($27,782)
Rental Income	--	--	$22,208	$24,625
Miscellaneous Income	$323,251	$420,359	$27,585	$80,497
Sale of Assets Income	--	$8,600	$632,909	--
Subtotal General Revenues	*$13,480,226*	*$11,893,547*	*$10,422,190*	*$9,030,217*
Subtotal All Revenues	*$13,493,602*	*$11,977,118*	*$11,001,288*	*$9,034,613*
Net Position[1]				
Change in Net Position	***$1,889,161***	***$1,588,872***	***($1,887,405)***	***($1,735,755)***
Net Position – Beginning of Year	$4,754,566	$3,165,694	$5,053,099	$3,317,344
Net Position – End of Year	**$6,643,727**	**$4,754,566**	**$3,165,694**	**$5,053,099**

1 NET POSITION IS THE DIFFERENCE BETWEEN TOTAL ASSETS, INCLUDING DEFERRED OUTFLOWS, MINUS TOTAL LIABILITIES, INCLUDING DEFERRED INFLOWS

SOURCE: TRACY RURAL COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023 AND 2024

The Rural Fire District is responsible for: 1) its share of maintenance and operation costs based on its pro-rata share of staffed positions (the number of staffed positions for each of the fire companies operating out of the District's fire stations), and 2) repairs exceeding $5,000 and capital improvements to the fire stations owned by the Rural Fire District.

It is anticipated that the Rural Fire District will continue to operate with a positive income stream, as shown in **Table 5-6**. The Rural Fire District's budget demonstrates that the District planned expenditures, which totaled $13.4 million for FY 2024/25, as shown in **Table 5-7** are compatible with the District's projected 2024/25 revenue stream, and its prior revenue stream of $13.5 million (**Table 5-6**).

TABLE 5-7: TRACY RURAL FIRE DISTRICT ADOPTED BUDGET – FISCAL YEAR 2024/2025

BUDGET ITEMS	2024/2025
GENERAL / OPERATING FUND	
Revenues	
Property Taxes	11,196,676
Property Assessments	2,220,101
Homeowners / State Property Tax	33,263
Prop. 172 Funds	134,205
Interest	10,000
Licenses, Permits	--
Total Revenue	**$13,594,245**
Expenses	
Audited Financial Statements	8,300
Auditors Direct Assessment	18,000
Auditors PR & AP Charges	160,000
Auditors Tax Admin Charges	600
Administrative	60,775
Consultant Reports	16,800
Director Fees	20,000
Elections	40,000
Facility Maintenance	105,000
Fund Transfers	200,000
Insurance - General Liability	60,000
Legal Services	110,000
Membership/Association Dues	13,000
Miscellaneous	15,000
Office Expense	14,100
Retirement / CalPERS	1,307,424
SSJCFA - JPA	10,777,546
Ambulance	247,717
Travel	3,000
Utilities	87,000
Total Expense	**$13,414,262**
Net Income	**$179,983**

SOURCE: TRACY RURAL COUNTY FIRE PROTECTION DISTRICT ADOPTED BUDGET, 2024/2025

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY

On March 1, 2018, the City of Tracy and the Tracy Rural Fire Protection District (the "District") formed a joint powers agreement to establish the South San Joaquin County Fire Authority (SSJCFA) and replace the South County Fire Authority (SCFA), which was created in September 1999. The purpose of the agency is to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the Authority. The agency is reported as a discrete component unit of the City. The City and the District share costs and contribute to the agency at approximately 62.5% City share and 37.5% District share. During FY 2025, the SSJCFA incurred costs of $31.1 million, of which $19.4 million was paid by the City and $11.7 million was paid by the District. The City's balance Due from the Component Unit as of June 30, 2025, was $1,258,832. The City prepaid their annual membership dues to SSJCFA for fiscal year 2025 in the amount of $6,655,875, this balance is reported by the City and SSJCFA in prepaid items and unearned revenue, respectively.

For FY 2024/25 the South San Joaquin County Fire Authority has a total proposed budget of $28,740,122. The cost share percentage is determined by the number of daily staffed positions for each member agency divided by the total number of daily staffed positions. As a member agency, the City of Tracy's financial responsibility is 62.5%.

A review of the SSJCFA's annual financial reports over the past four fiscal years indicates that total assets have consistently exceeded total liabilities, resulting in a positive net position each year. While both assets and liabilities have increased over time, reflecting expanded operations, capital investments, and rising personnel-related obligations, assets have grown at a comparable or greater rate, supporting overall financial stability. Revenues and expenses have generally trended upward over the review period, driven primarily by increasing service demands, staffing levels, and inflationary pressures affecting operating costs. These increases have largely been offset by corresponding increases in member agency contributions, allowing the SSJCFA to maintain balanced operations. Although year-to-year changes in net position have fluctuated, SSJCFA has consistently reported a positive net position, indicating that revenues have been sufficient to cover expenses over time.

Overall, SSJCFA's net position has remained positive and increased across the four-year period, suggesting sound financial management and the continued ability of the member agencies to support the SSJCFA's operational and long-term obligations.

Table 5-7 below summarizes assets, liabilities, and net position for the SSJCFA over the past four fiscal years. **Table 5-8** summarizes revenues, expenses, and changes in net position for the SSJCFA over the past four fiscal years.

TABLE 5-8: SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY NET POSITION 2022-2025

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025
Assets				
Total Assets	$6,267,357	$11,898,720	$12,045,407	$14,853,417
Deferred Outflows	983,974	983,974	3,533,673	5,062,354
Liabilities				
Total Liabilities	$4,786,129	$9,765,583	$9,739,307	$13,735,241
Deferred Inflows	-	-	1,626	1,391
Net Position[1]				
Investment in Capital Assets	-	-	$1,152,244	$1,712,260
Unrestricted	2,465,202	3,117,111	4,685,903	4,466,879
Total Net Position	**$2,465,202**	**$3,117,111**	**$5,838,147**	**$6,179,139**

NET POSITION IS THE DIFFERENCE BETWEEN TOTAL ASSETS, INCLUDING DEFERRED OUTFLOWS, MINUS TOTAL LIABILITIES, INCLUDING DEFERRED INFLOWS

SOURCE: SSJCFA, COMPREHENSIVE ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2025.

Table 5-8 below summarizes revenues, expenses, and changes in net position for the South San Joaquin County Fire Authority over the past four fiscal years.

TABLE 5-9: SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION 2022-2025

	FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025
Revenues				
Fire Services	$25,873,270	$24,987,912	$27,044,543	$28,839,728
Ambulance Services	-	-	0	1,128,876
Risk Reduction Fees	673,648	583,123	574,379	554,463
Reimbursements	863,762	851,750	597,854	2,281,071
Other Income	182,224	250,216	313,517	404,672
Total Revenues	*$27,592,904*	*$26,673,001*	*$28,530,293*	*$33,208,810*
Expenses				
Fire and Ambulance Services	$26,356,162	$26,021,092	$25,809,257	$31,071,353
Total Expenses	*$26,356,162*	*$26,021,092*	*$25,809,257*	*$31,071,353*
Net Position[1]				
Change in Net Position	$1,236,742	$651,909	$2,721,036	$2,137,457
Net Position – Beginning	-	-	3,117,111	5,838,147
Transfer of capital assets from City of Tracy	$1,228,460	-	-	-
Change in accounting principle	-	-	-	(1,796,465)
Net Position – Beginning, Restated	-	$2,465,202	$3,117,111	$4,041,682
Net Position - Ending	**$2,465,202**	**$3,117,111**	**$5,838,147**	**$6,179,139**

NET POSITION IS THE DIFFERENCE BETWEEN TOTAL ASSETS, INCLUDING DEFERRED OUTFLOWS, MINUS TOTAL LIABILITIES, INCLUDING DEFERRED INFLOWS

SOURCE: SSJCFA, COMPREHENSIVE ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2025.

G. DETERMINATION

The City's expenses are covered through the revenues that they receive from charges for services, operating grants and contributions, capital grants and contributions, property tax, and sales and uses tax. As land is developed within the City and land is annexed into the City of Tracy from the SOI, fees and charges for services apply. Duplication of costs will be avoided by ensuring that any services that will be provided by the City will be removed from County or other agency responsibility. The City of Tracy manages their finances on a continual basis, which is reported on an annual basis through the annual Audited Financial Statement and the City Budget. The City's management and reporting of their finances are in accordance with the legal requirements for such. An outside audit is performed each year to ensure that the legal requirements are met.

The General Plan includes polices and implementation measures that require new development to pay its fair share to offset capital costs for public facilities and services. Development will pay a fair share of all costs of required public infrastructure and services.

The City's Tracy Infrastructure Master Plan (TIMP) funds capital improvements to accommodate planned growth and maintain service levels for water, wastewater, storm drainage, roadway, and other City services. TIMP fees continue to reflect updated construction cost estimates and were adjusted in the FY 2024 – 2025 Master Fee Schedule. The City reviews its fees and service charges annually through its Finance Department to ensure proper funding for infrastructure and to address any deficits.

To support public services like police and public works, the City formed a Citywide Services Community Facilities District (CFD) originally in 2018 and reauthorized in 2021, pursuant to the California Mello-Roos Act. This CFD enables additional funding for services as the City grows. In FY 2023–24, the CFD generated nearly $500,000 in special tax revenues, covering components like Public Safety & Public Works, Landscape Maintenance, and Basin Maintenance.

Fire services are delivered via SSJCFA, a Joint Powers Authority (JPA) between the City and Tracy Rural Fire District. This arrangement continues to optimize resources, using shared facilities and staff. In February 2022, Fire Station 95 and its equipment (costing about $6.8 million) were transferred to Tracy Rural, financed through TIMP, CFD, and public safety impact fees, per the JPA and Mello-Roos agreements. SSJCFA has maintained a positive net position and the City and Rural Fire District each maintain positive net positions and have demonstrated capacity to fund each agency's portion of SSJCFA costs.

City financial statements and annual comprehensive financial reports consistently confirm fiscal soundness, with the City maintaining annual budget reviews and adjustments to ensure long-term infrastructure funding, which will include adjustments to address any projected cost increases or deficiencies as necessary. The City's financial reports also include net position, fund balances, and reserve levels, demonstrating fiscal stability. Reserves are maintained to provide resources during unforeseen emergencies and economic downturns. The City actively monitors and adjusts budgets, fees, and service charges to maintain adequate funding for current and future operations and infrastructure.

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6. STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

Currently, the City of Tracy can provide appropriate levels of fire protection, police, water, sewer, and storm water services in a cost-efficient manner to areas within the City limits. In a few limited cases, the City provides services outside of the City limits (for example, the South County Fire Authority also serves a large area of unincorporated San Joaquin County).

The focus of this section is to identify opportunities for reducing overall costs and improve services by sharing facilities and resources. The following outlines existing and potential opportunities for the City of Tracy to share facilities and resources.

A. BACKGROUND

The City has identified opportunities for reducing overall costs through sharing facilities with other agencies and sharing or reducing use of the resources as described below.

1. Fire Protection

The City Fire Department has mutual aid agreements with the State of California, San Joaquin County agencies, Alameda County, Stanislaus County, and Contra Costa County. The City Fire Department has also operationally consolidated with a separate fire district to increase efficiencies. On February 20, 2018, the member agencies of the SCFA moved to dissolve the existing SCFA and enter into a new Joint Powers Agreement known as the South County Fire Authority (SCFA). The SSJCFA was formed to provide a full range of fire services to the entire jurisdictional area of both the corporate city limits of Tracy and the surrounding rural community. The SCFA and SSJCFA will run concurrently to allow the existing SCFA to dissolve effective June 30, 2018, and the new SSJCFA to be implemented effective July 1, 2018. The new SSJCFA has a simplified cost sharing formula that ensures fairness in how costs to provide service are allocated to member agencies.

In 1999, after several years of talks, the City Fire Department entered into an agreement with the Rural Fire District to form the South County Fire Authority (SCFA). The Joint Powers Authority was formed to offer better response times, services, and staffing levels and streamline the organization, and the Authority provides fire protection and first-responder emergency medical services to 167 square miles of the southern part of San Joaquin County. Under fire protection the SCFA, either the City Fire Department or the Rural Fire District, responds to incidents based on the location of the nearest station, rather than each agency only responding to incidents within their own boundaries.

Through the SSJCFA, the City employs fire services staff and shares costs and facilities with the Rural Fire District. Stations 91, 92, 95, 96, and 97 and the Fire Administration building are owned by the City; Stations 93, 94, and 95 are owned by the Rural Fire District. Station 92 houses a Type 1 pumper from the California Office of Emergency Services (CalOES). Station 96 also houses HazMat 42, a Type 2 Hazardous Materials response unit assigned from CalOES. Additionally, Station 94 is located on a site adjacent to Cal Fire's Santa Clara Ranger Unit (Station 26). A new Fire Training Facility is under construction; the existing facility will be upgraded for use solely by the Police Department.

The City has an agreement with San Joaquin County for the joint use of a County-owned radio communications tower, which the City may use for radio communications, including communications to support the City's fire services.

The City is a member of the Joint County Hazardous Materials Response team, which provides mutual aid throughout San Joaquin County. The City maintains adequate numbers of personnel to meet the minimum requirements to maintain membership on the team per team policy.

2. Police Protection

The Tracy 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.

In addition, the Tracy Police Department Bureau of Investigations frequently partners with investigators from the Federal Bureau of Investigations, Alcohol Tobacco and Firearms, Federal Drug Enforcement Agency, Department of Homeland Security, and other federal, state and county law enforcement agencies. The division also works closely with the San Joaquin District Attorney's Office to obtain and secure criminal complaints and convictions.

The City has an agreement with San Joaquin County for the joint use of a County-owned radio communications tower, which the City may use for radio communications, including communications to support the City's police services.

3. Water Supply and Distribution

The City of Tracy has agreements with SSJID, the United States Bureau of Reclamation, and Westside Irrigation District for purchasing water. All of these agreements involve shared facilities for the delivery of water from the providing agency to the City. The City of Tracy has a Municipal and Industrial contract with the USBR for delivery of Central Valley Project water conveyed via the Delta-Mendota Canal. The City has acquired additional assignments of Delta-Mendota Canal/Central Valley Project agricultural reliability water through agreements with the local irrigation districts[1]. The City of Tracy purchases Stanislaus River water from SSJID, as provided by the South County Water Supply Project.

Separately, the City has an agreement for purchasing untreated irrigation water from the Westside Irrigation District to use for the purpose of irrigating park areas in the Tracy Gateway area, located at the western edge of the city.

[1] The City has entered into agreements with Banta-Carbona Irrigation District and West Side Irrigation District for assignments of Delta-Mendota Canal/Central Valley Project agricultural reliability water. Additionally, the City is working with Byron-Bethany Irrigation District to obtain a portion of this water. The City also coordinates with the San Luis & Delta-Mendota Water Authority, a group of federal water serve contractors that has assumed responsibility for operation and maintenance of certain CVP facilities.

4. Wastewater Collection and Treatment

The WWTP currently coordinates its services with Leprino Foods, the City's major industrial wastewater producer. Leprino Foods conveys its wastewater through a separate force main into a pre-treatment pond that is operated by Leprino Foods but is located on WWTP property.

5. Stormwater Drainage

Tracy currently uses stormwater basins as joint use facilities for park area, providing efficient use of City facilities. The City has two parks, Plasencia Fields and the Tracy Sports Complex, which have turf grass fields that provide passive recreational opportunities for the community, in addition to playing a role as a stormwater detention basin.

6. City of Tracy Facilities

The City provides for use of its facilities, including the Council Chambers, Tracy Community Center, Tracy Transit Station, and parks and recreation facilities, by outside agencies and private entities through facility sharing agreements. The City also has an agreement in place for joint use of the City-owned Tracy Branch Library with the Stockton-San Joaquin Public Library District. While the majority of City facilities are dedicated to housing City staff and equipment to support the day-to-day operations of the City, multiple City facilities include space shared with outside agencies and organizations. For example, the Transit Station, the Tracy Municipal Airport accommodates Skyview Aviation, Tracy Transit Station accommodates regional transit connections, the Town Hall and Old Jail House building provide office space for The Grand Foundation, the Tracy Historical Museum accommodates the West Side Pioneer Society.

7. Tracy Unified School District / Jefferson School District

The City coordinates with its local school districts, Tracy Unified School District and Jefferson School District, to address school enrollment and capacity, opportunities for shared use of facilities, and construction, operations, and maintenance planning. The City/Schools Liaison Committee meets regularly each year and is comprised of City and School District staff. The City does not have any current formal agreements with either School District. However, the City coordinates events and activities with the School Districts and the entities use each other's facilities at a discounted rate.

B. DETERMINATION

The City of Tracy has existing and planned arrangements for shared facilities and resources in order to reduce overall costs and ensure adequate levels of service. These arrangements include shared supply and facility resources with the SSJCFA, Rural Fire District, SSJID, United States Bureau of Reclamation, school districts, and irrigation water providers, shared personnel resources between the City's Police Department and federal, state and County law enforcement agencies to provide special operations resources, and mutual aid agreements between the Tracy Fire Department and the State of California, San Joaquin County agencies, Alameda County, Stanislaus County, and Contra Costa County. The City shares facilities with other entities as previously described and regularly reviews opportunities for shared facilities in order to provide cost and resource efficiencies.

6 STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

The City of Tracy has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including the City of Tracy General Plan, the City's annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, as well as fire protection 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.

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7. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENT STRUCTURE AND OPERATIONAL EFFICIENCIES

This section considers the benefits and constraints of the City of Tracy's government structure in regards to the provision of public services. 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. BACKGROUND

Residents ultimately have oversight for the provision of public services in Tracy since the City is run by an elected Mayor and City Council that answers to the public through the ballot process. The Mayor and City Council members are elected to four-year terms during General Elections and have a two term limit. The City Council appoints the City Manager and City Attorney, and the City Treasurer is elected through the ballot office. All other City employees are appointed by the City Manager.

The City provides transparency and accountability in its planning for growth, provision of services, and fiscal activities. The City makes agendas and agenda packages available to the public in advance of its meetings. Agendas, agenda packages, and minutes for City Council, Planning Commission, and other City commissions are available for review online and at City Hall. The City's General Plan, specific plans, infrastructure and public safety master plans, annual budgets, fees for services, fees for development impacts, and annual consolidated financial reports are available for review on the City's website and can also be requested at City Hall for review by the public.

The City's annual budget, General Plan, and fees and rates are all adopted in a transparent public process and revisions or amendments to each of these items are considered at City Council meetings with an opportunity for the public to comment. The City makes agendas and agenda packages available to the public in advance of its meetings and also provides minutes and the final documents on its website.

The City of Tracy periodically reviews its fee structures and budget for public services and facilities, including fire protection, law enforcement, transportation, water, sewer, and storm drainage. The City of Tracy General Plan also has numerous goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner to accommodate new growth. The City's government structure is adequate and meets the needs of its residents and the City's accountability system is adequate.

When the City annexes property in the SOI, the City will provide a wide range of public services. In some cases, such as municipal water, sewer, and storm water drainage, annexation will result in availability of services which may not currently available in the SOI. Individual property owners in the SOI, but outside the city limits, have to provide these services themselves, so there will be an increase in available services with annexation; however, there will also be a corresponding increase in service fees as well.

For fire services, the City and Tracy Rural County Fire Protection District (Rural Fire District have determined that the best manner of ensuring a high level of fire protection and appropriate funding for the services is through the South San Joaquin County Fire Authority (SSJCFA), a joint powers authority formed by the City of Tracy and the Rural Fire District, as described in Chapter 4. As lands are annexed to the City, there are two primary options for providing fire services:

- Annexation with Detachment from the Rural Fire District: Under this option, the lands annexed into the City would be detached from the Rural Fire District and would receive services from the City. The fiscal impacts of providing fire services under this option are addressed in Chapter 5.
- Annexation without Detachment from the Rural Fire District: Under this option, the lands annexed into the City would continue to be within the Rural Fire District boundaries and would continue to receive services from the Rural Fire District.

The City has also analyzed the costs associated with SSJCFA and its respective ability to fund its share of SSJCFA costs as well as other costs associated with each organizations fire services. In entering into the JPA to form SSJCFA, each agency has determined that jointly providing services through the SSJCFA is their preferred and recommended method of providing fire services and that each agency had the financial ability to participate in SSJCFA.

In April 2019, LAFCo considered the fire governance issue and adopted a policy requiring that lands annexing to the City detach from the Rural Fire District.

B. DETERMINATION

Since the City of Tracy is an incorporated city, the City Council makes final decisions concerning fee structures and provisions of service. Actions of the City Council, including opportunities for public involvement and public hearings, are regulated in accordance with the Brown Act (California Government Code Section 54950 et seq.), other applicable statues and regulations, and City procedures. The residents of Tracy are offered a wide range of opportunities to oversee and provide input on the activities of elected, appointed, and paid representatives responsible for the provision of public services to the community through elections, publicized meetings and hearings, as well as through the reports completed in compliance with State and Federal reporting requirements.

As discussed in previous chapters, the City periodically reviews its fee structures for fire protection, law enforcement, transportation, water, sewer, and storm drainage. The City of Tracy General Plan also has numerous goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner to accommodate new growth. The City's government structure is adequate and meets the needs of its residents and the City's accountability system is adequate.

The ability to serve the anticipated growth within the SOI is not expected to have a significant effect on governmental structure of the City or its ability to provide services. Mechanisms are in place within City departments to effectively provide for public participation in the planning and development process to address growth within the SOI. The City will continue to work with service providers such as the SSJCFA, Rural Fire District, SSJID, Banta-Carbona Irrigation District, West Side Irrigation, CAL Fire, the San Joaquin Sheriff's office, and others, to address government structure options to provide efficient and cost effective public facilities and services.

The City's current management process is adequate and meets the needs of the City. The City has demonstrated the ability to work with other service providers and districts to ensure that adequate services are provided in a cost-effective and well-planned manner. Efforts to ensure effective government structure for the provision of fire and police protection, transportation, water supply, wastewater treatment, and storm drainage facilities demonstrate the City's foresight to plan for future service needs as City boundaries expand due to annexations and population increases. Assuming the City continues to evaluate existing government structure and seek opportunities for improvement, no significant barriers are expected in regards to government structure during the 10- and 30-Year Horizons.

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