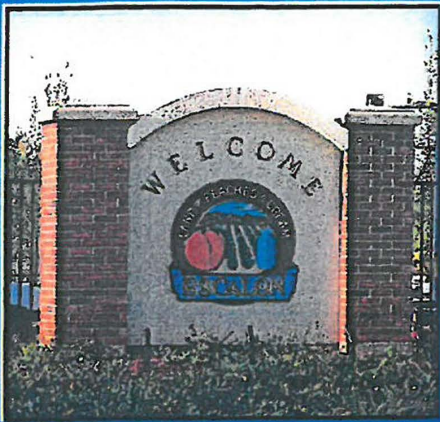


CITY OF ESCALON

Municipal Services Review & Sphere of Influence Update

Final Draft



October 2022

Submitted by:



CITY OF ESCALON MUNICIPAL SERVICE REVIEW and SPHERE OF INFLUENCE PLAN

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
1. Introduction	9
SPHERE OF INFLUENCE PLAN	
2. Sphere Of Influence Plan	18
MUNICIPAL SERVICE REVIEW	
3. Growth And Population Projections	26
4. Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence	31
5. Present And Planned Capacity of Public Facilities and Adequacy Of Public Services, Including Infrastructure Needs or Deficiencies.....	35
6. Financial Ability of Agencies to Provide Services	60
7. Status Of, And Opportunities For, Shared Facilities	75
8. Accountability For Community Service Needs, Including Governmental Structure and Operational Efficiencies	77
9. References	80

LIST OF EXHIBITS

Exhibit 1-1 City Limit and Existing Sphere of Influence	13
Exhibit 1-2 Proposed Sphere of Influence	14
Exhibit 1-3 Existing Area of Interest	17
Exhibit 2-1 Existing Land Use	23
Exhibit 2-2 Proposed Land Use	24
Exhibit 4-1 Boundary of Census Tract No. 49.01 and 49.02	32
Exhibit 5-1 Escalon Fire Protection District Boundary	38
Exhibit 5-2 Proposed Wastewater Collection System Expansion	51
Exhibit 6-1 Storm Drainage Areas	63

LIST OF TABLES

Table 2-1 Historic Population	18
Table 2-2 30-Year Average Annual Population Projections	19
Table 2-3 General Plan Land Use by Planning Horizon	20
Table 2-4 Projected New Residential Possible Dwelling Units	21
Table 2-5 Evaluation of Projected Acreage and Dwelling Units	21
Table 3-1 Population and Household Projections	26
Table 3-2 Population Projections	27
Table 4-1 Household Median Income – American Community Survey.....	33
Table 4-2 Household Median Income by Census Tract	34
Table 4-3 Household Median Income by Census Block Group	34
Table 5-1 Projected Water Demands	43
Table 5-2 Average Daily Water Usage	44

Table 5-3	Summary of Well Capacity	44
Table 5-4	Projected Wastewater Flow.....	50
Table 5-5	Proposed Sewer System Improvements	53
Table 6-1	Development Impact Fee Summary for New Development.....	60
Table 6-2	Water Connection Fee	61
Table 6-3	Sewer Connection Fee	61
Table 6-4	Storm Drain Connection Fee.....	62

EXECUTIVE SUMMARY

This Municipal Service Review (MSR) has been prepared in accordance with Section 56430 of the California Government Code as a means of identifying and addressing the relationships among regional issues, goals and objectives and various service options associated with the City of Escalon's Sphere of Influence. The City of Escalon last updated its MSR in 2011. Recently, in 2019, the City of Escalon updated their General Plan to address anticipated growth and to prioritize development areas. The updated General Plan has resulted in the need to amend the SOI to adequately accommodate planned growth commensurate with the 2019 General Plan Update.

This 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 growth horizons.

The Cortese-Knox-Hertzberg (CKH) Local Government Reorganization Act of 2000 requires that a Municipal Service Review (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. This MSR will be used by San Joaquin LAFCo to consider the minor modifications to the adopted SOI for the City of Escalon.

The purpose of the MSR is to review the City's ability to provide services to the residents and businesses within its existing boundaries as well as future residents and businesses within the proposed Sphere of Influence. An MSR provides the basis for modifying the City's Sphere of Influence based on factual information bridging the gap between General Plan Policies and statements of intent with declaratory statements of facts represented to the Commission.

The MSR is required by the CKH Act and San Joaquin LAFCo's "Service Review Policies" updated December 14, 2012, to consider six (6) determinations. Each of these determinations requires a written evaluation of facts by the City of Escalon. The six (6) determinations are as follows:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the Sphere of Influence.

3. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
4. Financial ability of agencies to provide services.
5. Status of, and opportunities for, shared facilities.
6. Accountability for community service needs, including governmental structure and operational efficiencies.

DETERMINATIONS

The following determinations cover each of the six (6) areas required to be addressed in pursuant State law and San Joaquin LAFCo policy. The following determinations are based on the information presented in this MSR:

Growth and Population Projections for the Affected Area

The Escalon General Plan, originally approved in 2005, estimated the population in Escalon will reach approximately 8,825 by 2015 and 11,950 by the year 2025. Population estimates vary widely for Escalon as growth has slowed dramatically between 2000 and 2021 to about 0.98% per year. The 2021 Department of Finance (DOF) E-5 Report suggest that the population for Escalon was 7,501 persons. This conforms with the findings of the University of Pacific, Center for Business & Policy Research, forecasts prepared for San Joaquin County Council of Governments of September 10, 2020 (UOP). UOP projections provided a conservative approach to Escalon's population growth and suggest it could reach 8,452 by 2030 and 8,927 by 2050.

On September 22, 2022, the San Joaquin Council of Governments (SJCOG) approved the Final Regional Housing Needs Plan (RHNP) for the Housing Element 6th Cycle of 2023 – 2031. The Regional Housing Needs Allocation (RHNA) sets forth the total number of housing units that each city and the unincorporated county must plan for during the 6th cycle planning period (2023 – 2031). The RHNP is the official assignment of total units to the jurisdictions in San Joaquin County. For this cycle (6th), the allocation covers the projection period beginning June 30, 2023, and ending December 31, 2031. For Escalon, the total number of RHNA is 367 units, including a total of 146 Lower Income (Below Market Rate (BMR)) and 221 Higher-Income (Moderate & Above-Moderate Income). Planning for these units over the course of the 6th Planning Period will be achieved through the City of Escalon Housing Element Update.

The General Plan Update of 2019 along with the Growth Management Ordinance (GMO) provides the framework for future growth within the City and its potential Sphere of Influence. To that end, the General Plan includes a policy that states the City shall conform to the Growth Management Ordinance. By following the adopted GMO, the City will maintain an average annual absorption rate over the life of the General Plan of 2.5%. We have set the GMO growth projections as the maximum design population and thus guides population projections for 2030 and 2050.

Escalon will continue to review future growth and population patterns on a regular basis and monitor growth within its adopted SOI. In this regard, the City regularly files the Housing Element Annual Progress Report (APR) to the State Department of Housing and Community Development (HCD) each year. The Housing Element APR includes the status and progress in implementing the Housing Element. The City will continue to file the Housing Element APR each year in compliance with Government Code Section 65400.

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

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

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

According to the City of Escalon Environmental Justice White Paper, prepared by DeNovo Planning Group in 2019 in preparation of the General Plan Update, Census Tract No. 6077004902 is considered a DUC. The portion of this DUC is within City Limits, the Planning Area, and Sphere of Influence, as defined by SB 1000. The City does not have any Disadvantaged Unincorporated Communities, as defined by SB 244, with or contiguous to the Sphere of Influence. Further discussion and analysis is in Section 4 of this MSR.

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

▪ **Law Enforcement**

The City of Escalon provides adequate law enforcement services to meet the needs of the existing population.

The City of Escalon has planned for the anticipated growth in population and associated need for law enforcement capital improvements by incorporating these needs into a Development Impact Fee Nexus Study prepared by David Taussig & Associates dated December 16, 2016. The City will be able to pay for the additional law enforcement operational needs through the expanded tax base generated by new development. Capital costs for facilities and equipment will be funded through development fees collected from these new developments. The City's Police Department will continue to monitor these fees to ensure that the fees collected are adequate to serve the expanded needs of the City.

- **Fire Protection**

The fire protection needs of the City are currently being met by the Escalon Consolidated Fire Protection District (CFPD).

Escalon, the 2019 General Plan growth boundary, and the City's proposed Sphere of Influence are all within the service boundary of the Fire District therefore, the Fire District will continue to serve the land within the City boundaries as well as the land in the proposed SOI. As the City grows and the capital expenditures and staffing needs increase, the City will need to work closely with the Escalon CFPD to ensure that the Fire District is able to adequately service the additional population generated by the annexation of additional land into the City.

Since the fire facility fee has not been reviewed or increased since the early 1990's, it is suggested that the Fire District commission a nexus study to determine the appropriate fee with a built-in escalation rate for new development so that the Fire District can adequately accommodate the projected growth.

- **Water Supply**

The City has an adequate water supply and provides adequate water service to the residents of the City.

General Plan build out and associated expansion of the City water well system will increase demands on the underlying groundwater system. However, this increased demand will be satisfied through the use of groundwater as well as the SSJID surface water acquired through the City's participation in the South San Joaquin Irrigation District (SSJID) South County Water Supply Program. Two independent water supplies in a conjunctive use program will provide redundancy and reliability to the City's long-term water supply. The Water Master Plan also sets a connection fee which offsets the costs of new development through build out of the General Plan. The City has developed a schedule of improvements and triggers for necessary improvements which will ensure that the water systems grows in conjunction with the City's future expansion according to the adopted General Plan. The City continues to use the adopted master Water Plan as a blue print to guide necessary water improvements to keep pace with increased water demand. Therefore, the City has an adequate supply of water and water system to meet the increased demand through General Plan build out.

- **Wastewater Collection**

The City provides adequate wastewater services to meet the collection and treatment needs of the existing population.

On-site sewer system improvements required by new development would be the responsibility of developers and sub-dividers who must design, install and pay for improvements the City Engineer determines to be necessary based on the Sewer Master Plan. Major facilities would be financed on the basis of fees collected or expected to be collected as part of the sewer connection fee established by the Sewer Master Plan and adopted by the City Council.

The City received a Notice of Violation from the Central Valley Regional Water

Quality Control Board (CVRWQCB) on September 24, 2014 which detailed violations with Waste Discharge Requirements (WDRs), which prescribes requirements for the domestic and industrial wastewater treatment operation. Since 2014, the City has addressed the Notice of Violation through a number of temporary fixes. However, the Notice of Violation will not be removed until permanent upgrades are made to the plant through the City's Modernization Project. The City continues to work with the CVRWQCB to address the violations, upgrade and modernize the Wastewater Treatment Plant. Further discussion related to the Notice of Violation is in Section 5.5, *Wastewater Collection and Treatment*.

Demands for sewage disposal can be met with implementation of the Sewer Master Plan which took into consideration the ultimate build out of the General Plan. Necessary connection fees are being collected by the City to accommodate the Sewer Master Plan objectives. The Sewer Master Plan outlines the improvements needed and the phasing of the improvements depending on where the growth occurs through the General Plan build out. The Master Plan will be monitored and updated to ensure that the infrastructure and fees continue to keep pace with the City's growth and inflation.

- **Storm Water Drainage**

The existing storm water drainage system is adequate for serving the needs of Escalon's population.

Development will place increasing demand on the City's storm drainage facilities and create a need to expand the capacity of the City's storm drainage facilities. Individual developments will provide necessary improvements to their projects based on the City's Storm Water Drainage Master Plan. A storm drainage fee imposed on the new residential and nonresidential land uses will be used to fund the expansion and improvement of the City's storm drainage facilities and thereby meet the increased demand caused by these development types.

The Storm Drain Master Plan took into consideration the City's ultimate growth boundaries when analyzing the storm water needs. The Master Plan also established the cost to develop each of the storm drain basins needed to accommodate ultimate build out of the General Plan. Based on these calculations, the City adopted a new storm drain connection fee and has thus planned for the eventual build out of the City General Plan boundary.

Financial Ability to Provide Services

Escalon receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is annexed into the City from the SOI, these fees will apply to new development. The City reviews the fee structure every two years and indexes the fee on an annual basis to ensure that adequate funds are collected to cover the provision of City services to existing, as well as new residents.

The Escalon CFPD is responsible for the fire protection services in the City of Escalon. As the City grows and the capital expenditures and staffing needs increase, the City will

need to work closely with the Escalon CFPD to ensure that the Fire District is able to adequately service the additional population generated by the annexation of additional land into the City.

Since the fire facility fee has not been reviewed or increased since the early 1990's, it is suggested that the Fire District commission a nexus study to determine the appropriate fee with a built-in escalation rate for new development so that the Fire District can adequately accommodate the projected growth. The Chief is currently putting together a request to his board to increase the fee which, once adjusted, will adequately fund the necessary expansion of the fire department due to new growth.

Status of, and Opportunities for, Shared Facilities

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

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

- **Local Accountability and Governance**

The City has established a good system of accountability which adequately serves the residents of Escalon.

The City of Escalon is responsible for governance within its incorporated boundaries. Actions of the City Council, including opportunities for public involvement and public hearing, are regulated in accordance with the Brown Act (California Government Code Section 54950 et seq.) other applicable statutes and regulations, and City procedures.

The residents of Escalon 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.

- **Government Structure Options**

Escalon's government structure is adequate and meets the needs of the residents.

Since Escalon is an incorporated City, the City Council will make the final decisions concerning fee structures and the provisions of services. As discussed in previous chapters, the City of Escalon and the Escalon CFPD should both review their fee structures every two years and index the fees on an annual basis, so they ensure the funds they are collecting are adequate to meet the needs of a growing city. The City's General Plan also has goals, objectives,

policies, and actions to ensure that adequate services are provided in a cost-effective manner to accommodate new growth.

- Evaluation of Management Efficiencies

The City will continue to use the budget and long-range planning processes to ensure the ability to provide direct and adequate levels of service in a cost-effective manner within its service area.

1 INTRODUCTION

The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH Act) requires the Local Agency Formation Commission, LAFCo, to update the Spheres of Influence for all applicable jurisdictions in the County. A Sphere of Influence (SOI) is defined by Government Code 56425 as "...a plan for the probable physical boundary and service area of a local agency or municipality ...". The Act further requires that a Municipal Service Review (MSR) be conducted prior to or in conjunction with the update of a Sphere of Influence. This document incorporates the Sphere of Influence Plan and the MSR into one cohesive document for streamlined processing. This MSR will be used by San Joaquin LAFCo to consider amendments to the Escalon SOI consistent with the 1994 General Plan as updated in 2019 and to re-align the 10- and 30-year growth horizons with current growth plans.

The legislative authority for conducting Municipal Service Reviews is provided in the CKH Act and the San Joaquin LAFCo MSR Policies dated December 14, 2012. State law requires the MSR to make six written determinations. This document was set up to address the six (6) determinations as well as the Sphere of Influence Plan and is organized as follows:

1. Introduction.
2. Sphere of Influence Plan.
3. Growth and population projections for the affected area.
4. Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence.
5. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.
6. Financial ability of agencies to provide services.
7. Status of, and opportunities for, shared facilities.
8. Accountability for community service needs, including governmental structure and operational efficiencies.
9. References.

1.1 LAFCO AND THE SPHERE OF INFLUENCE (SOI)

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

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

- Guide consideration of proposal and studies for changes of organization and reorganization.

An SOI is defined as a "plan for the probable physical boundaries and service area of a local agency, as determined by the Commission" (Government Code Section 56076). In simple terms, an SOI is a planning boundary within which a City or district anticipates to grow over time. The purpose of an SOI is to encourage "logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities." SOI's serve a similar function for LAFCo determinations as general plans do for cities and counties.

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

San Joaquin LAFCo's procedural guidelines adopted December 14, 2012, require documentation through preparation of an MSR of the City's ability to meet the requirements of the 2000 Cortese-Knox-Hertzberg Act. The Sphere Plan, along with this updated MSR and the City's 2019 updated General Plan, provides the basis for consideration of amendments to the City's existing SOI.

1.2 CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The update to Escalon's MSR is not defined as a "Project" under CEQA; however, the proposed amendment to the SOI is subject to CEQA. The City of Escalon intends to file a Notice of Exemption pursuant to Section 15262 "Feasibility and Planning Studies" for the proposed minor adjustments to the Cities SOI and growth horizons.

SPHERE OF INFLUENCE PLAN

1.3 SPHERE OF INFLUENCE

The City of Escalon adopted a comprehensive update to its General Plan on June 6, 2005. The General Plan received a technical update on December 2, 2019 and identifies land to provide for potential growth for the next 50 years.

Exhibit 1-1 illustrates the current City limits and adopted Sphere of Influence boundary. Exhibit 1-2 illustrates the City of Escalon's General Plan boundary, the proposed 2030 growth boundary, and the proposed 2050 growth boundary. The proposed growth boundaries are consistent with the goals established with the adopted 2019 General Plan Update.

The proposed Sphere of Influence is the land adjacent to the existing City limits and is targeted for the future expansion and development of the City. This land is designated for future development during the planning period of the General Plan but is currently outside the existing City limits. The SOI proposed in the following SOI Plan Update squares

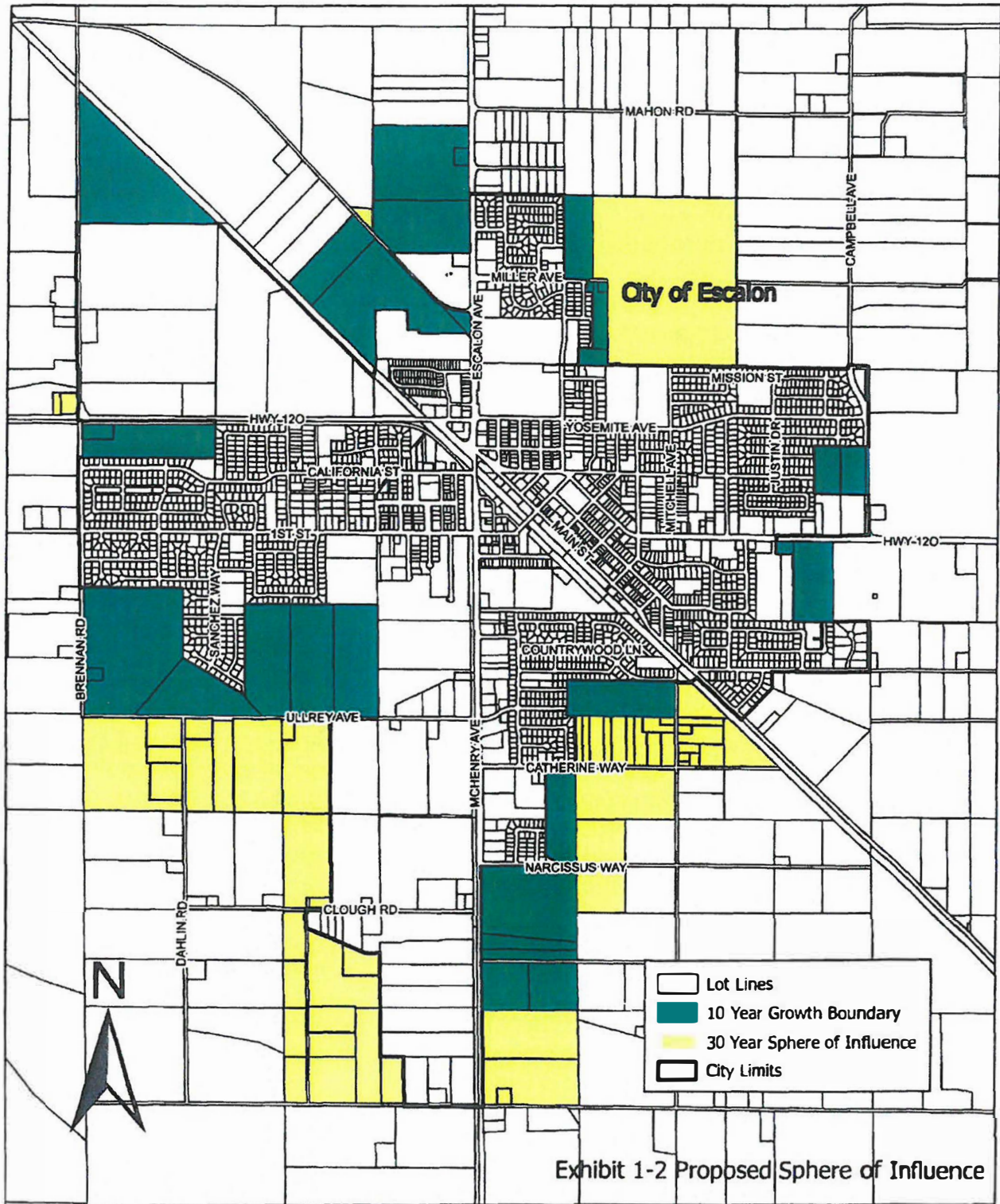
off the existing boundary where appropriate. As illustrated in the comparison of Exhibit 1-1, Existing Sphere of Influence and Exhibit 1-2, Proposed Sphere of Influence, the differences between the adopted SOI and the proposed SOI (moving clockwise from the Escalon-Bellota Road northeast) are:

- The inclusion of the land north of Miller Avenue, area northeast of the City;
- The removal of the land east of Cambell Avenue and south of State Route 120, area east of the City;
- The inclusion of the land north of Jones Avenue and west of Ellis Road, area west of the City;
- The inclusion of the land north of Clough Road, area west of the City;
- The inclusion of the land south of Ullrey Ave, easterly of Brennan Road in the southwest corner of the City;
- The inclusion of land westerly of the intersection of SR 120 and Brennan Road, west of the City; and,
- The inclusion of land between Sante Fe Railroad Grade and Arthur Road, northwest of the City.

There are approximately 736 acres within the City's existing SOI. There are approximately 795 acres contained in the proposed Sphere of Influence. This represents an increase of approximately 59 acres between the existing and proposed Sphere of Influence. The proposed Sphere of Influence does not extend beyond Jones Road to the south. This is in part due to existing Agricultural Easements south of Jones Road, particularly the Dawson Farm Agricultural Easement that was deeded to the American Farmland Trust in 2002. Specifically, the Dawson Family granted a Conservation Easement to the American Farmland Trust on September 17, 2002 (recorded in San Joaquin County Document Number 2002160211) for two (2) properties south of Jones Road (APNs: 247-160-17 (49.36-acres) and a portion of APN: 247-200-01 (20.0-acres)). Additionally, the City's Urban Boundary Element of the City's General Plan includes Policies related to limiting urban growth and converting agricultural lands prematurely (Policy #4).

The land within the proposed SOI was included because the land is contiguous to the existing City limits, is in proximity to urban uses and in an area where urban services can be extended. The City Council has selected key properties within the 10 and 30 year growth horizon which serve to promote the orderly growth objectives. Approval of the proposed SOI will allow for the well-planned expansion of services, consistent with good growth management practices as described in the City's General Plan and Master Infrastructure Plans. The General Plan has been designed to accommodate an expected population growth of 6,461 persons over the next 50 years. (See Table 3-1 and 3-2 for population projections and Table 2-5 for projected acreage needs).

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Area of Interest contains 21,309 acres outside the SOI which are not anticipated to develop within the stated planning horizons and therefore, will not be analyzed in detail as part of this Municipal Service Review.

The Area of Interest (AOI) contains approximately thirty-three (33) square miles outside the Sphere of Influence (SOI). Exhibit 1-3 provides an illustration of the City's Existing Area of Interest. This area is not intended to be for the purposes of future development by the City of Escalon. The City's Growth Management Ordinance limits residential growth and the proposed SOI delineates what may be developed for commercial or industrial purposes. This Area of Interest has been approved by San Joaquin LAFCo and is consistent with LAFCo's procedures, which are provided below.

- Actions of an Acting Agency (county) may impact directly or indirectly upon the Concerned Agency.
- Limits "other" City encroachment into the AOI.
- LAFCo notification of other agency proposals in the AOI.

LAFCo does encourage that agencies notify each other of any proposed action that may impact the other and to formalize such agreements to that extent in Memorandums of Understanding. However, such agreements work well as long as personnel are aware of them. Personnel changeover is inevitable and when it occurs the knowledge of these agreements dims and then can be lost and so the procedure may not be followed. LAFCo approving this AOI adds another level of review that can trigger notification of proposed agency actions.

Escalon is a community much larger than just the City limits. A large number of area residents who live outside the City continually come into the City's Planning and Building divisions for those types of questions, including all types of development/building permits, for which we have to direct them to the offices of San Joaquin County. Another factor that provides an exceptionally strong sense of community for the SE corner of the county is the school district and associated schools. All residents of the proposed AOI attend Escalon High School. There is only one high school within the City of Escalon, and it has and does build a very strong sense of community.

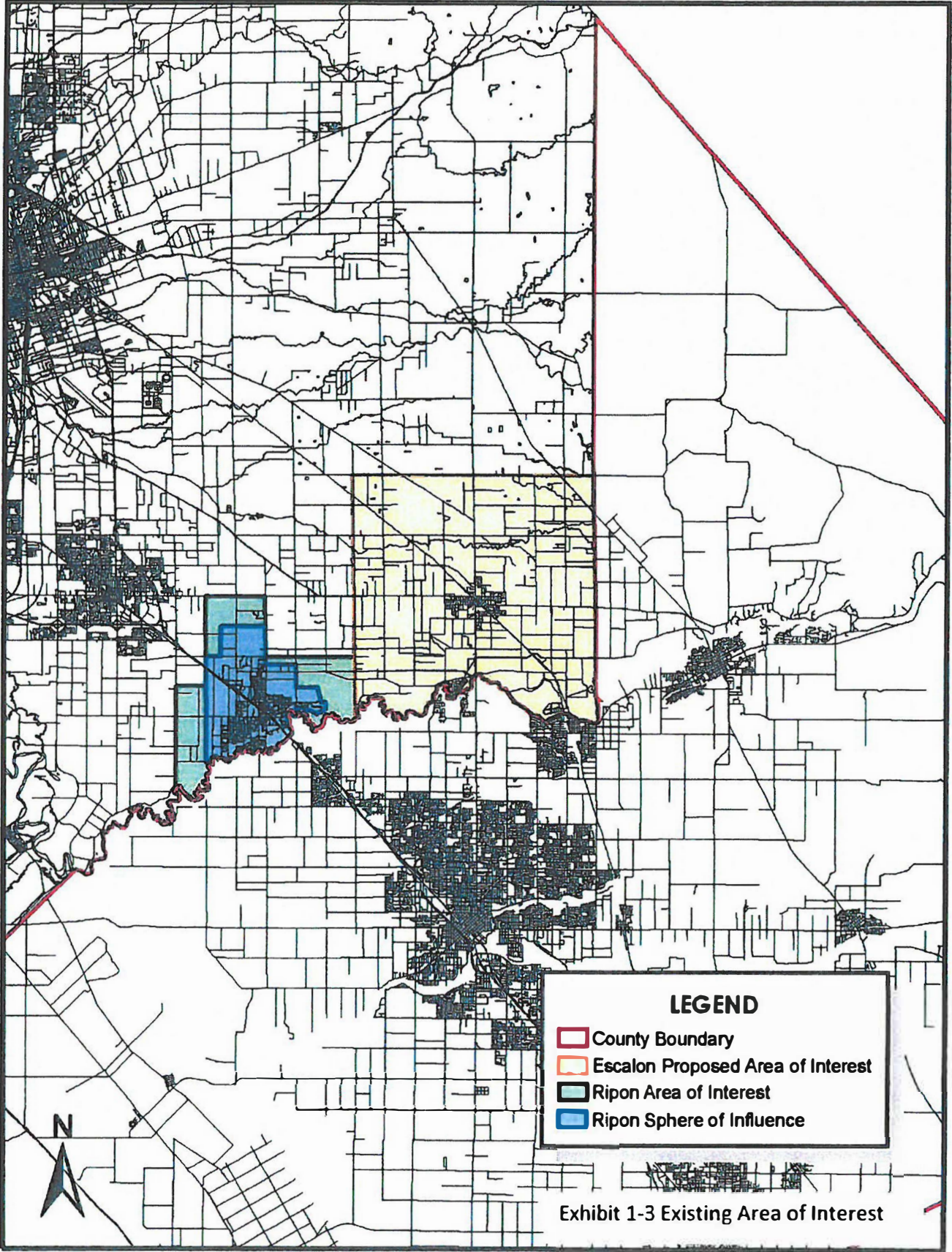
The Area of Interest is vastly compatible with the other 'areas' and District Boundaries that make up the Community of Escalon. The Escalon Fire District would share almost the identical boundaries that would make up the AOI. The Fire District encompasses 59+ square miles. The Escalon Unified School District encompasses 160+ square miles. The Escalon Planning Area, as designated by San Joaquin County, encompasses 97+ square miles. The Escalon Zip Code includes 79+ square miles.

The City of Escalon views the AOI as a buffer both for the preservation of agricultural land and activities but also as a buffer against encroachment by outlying activities, interests, organizations, and agencies. The City does not view the AOI as an area for future expansion urban development and associated services. That is limited to just the Sphere of Influence.

1.4 CALIFORNIA ENVIRONMENTAL QUALITY ACT

The MSR is an informational document to be used for future actions that LAFCo or the City have not yet approved, adopted, or funded; it is considered exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15262 of the CEQA Guidelines. A Notice of Exemption pursuant to CEQA will be prepared by LAFCo.

A Sphere of Influence 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). As such, the SOI update, because it modifies the existing SOI, is subject to CEQA review and is not statutorily or categorically exempt from CEQA. The change to the planning boundary and thus the Sphere of Influence, was incorporated into the Escalon General Plan update adopted by the Escalon City Council on December 2, 2019. The City has provided the needed CEQA analysis for the updated SOI through the analysis and adoption of the original General Plan EIR and the updated General Plan CEQA performed in 2019. The City has processed a Notice of Exemption for the 2019 General Plan update and this information is documented in the City Councils actions.



2 SPHERE OF INFLUENCE PLAN

This chapter analyzes the City's ability to serve existing and future residents within the proposed SOI. While LAFCo encourages the participation and cooperation of the subject agency, adopting the Sphere of Influence is a LAFCo responsibility, and the Commission is the sole authority as to the sufficiency of the documentation and the plan's consistency with law and LAFCo policy. In updating the SOI for Escalon, LAFCo must consider and prepare a written statement of its determinations with respect to the following four factors as stated in Section 56425 (e) of the Cortese-Knox-Hertzberg Act:

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

In order to update Escalon's SOI, the State requires LAFCo to conduct a review of the municipal services provided in the City and proposed SOI. The standards, procedures, and policies for service reviews are contained in San Joaquin LAFCo's policies and procedures. The SOI must be consistent with the determinations of the municipal service review. San Joaquin LAFCo requires the Sphere Plan to include maps and explanatory text that describe the boundary of the service area and the City's sphere.

2.1 EXISTING AND PROJECTED POPULATION

The City of Escalon's growth rate has shown a consistent rate of growth between 0.79% and 2.95% over the 60-year time period, illustrated in Table 2-1.

Table 2-1 Historic Population of Escalon

Year	Population	Compounded Annual Growth
1960	1,763	---
1970	2,366	2.55%
1980	3,127	2.43%
1990	4,437	2.95%
2000	5,963	2.56%
2010	7,132	1.64%
2020	7,742	0.79%

Source: US Census data; JB Anderson Land Use Planning

It is the City's goal to maintain the slow and steady growth rate into the future. To ensure that the growth is managed, the City established a Growth Management Ordinance (GMO) in April 1978. Over the years, the ordinance has been modified and fine-tuned as needed. The GMO caps the maximum number of building allocations that can be distributed each year at the equivalent of 75 single-family residential units. An allocation can be carried over into the next year, but the number of allocations issued, including the rollover allocations, is set at a maximum of 100 per year. By maintaining a set number of allocations issued each year and assuming an average of 2.89 persons per household (allocation), the population of the City will maintain a slow and steady growth rate of less than 1% as shown in Table 2-2.

Table 2-2 30 -Year Average Annual Population Projections

Year	UOP Estimated Population Growth	Net Change in Population	UOP Estimated Average Annual Projected Population Growth	Number of Dwelling Units	UOP Estimated DU's Needed to Support Population Growth	DU's Authorized Through the Escalon Growth Management Ordinance	Number of Dwelling Units	GMO Estimated Population
2020	7,740			2,664				
2025	8,158	418	1.02%	2,823	159	375	3,039	8,783
2030	8,452	294	0.70%	2,912	89	375	3,414	9,866
2035	8,599	147	0.34%	2,962	50	375	3,789	10,950
2040	8,718	119	0.27%	3,006	44	375	4,164	12,034
2045	8,831	113	0.26%	3,046	40	375	4,539	13,118
2050	8,927	96	0.22%	3,089	43	375	4,914	14,201

Source: US Census data; University of Pacific, Center for Business & Policy Research, San Joaquin County Demographic and Employment Forecasts dated September 10, 2020; and JB Anderson Land Use Planning. Average Household size is 2.89 persons per household.

2.2 PRESENT AND PLANNED LAND USES

Escalon is known for its small-town charm and can be characterized as a low-rise community (one or two-story buildings) dominated by low density, single-family housing along with some multi-family housing, low intensity commercial and some industrial uses. The City is bisected by State Route 120, an east-west transportation arterial, and by J6 (McHenry Avenue and Escalon/Bellota Avenue), a north-south transportation arterial, and by the Burlington Northern Santa Fe (BNSF) Railroad (formerly Atchison Topeka and Santa Fe Railroad), which runs in a northwest to southeast direction through the center of town.

Undeveloped lands beyond the City limits to the north, south, east and west are primarily in active agriculture production or open space.

The City of Escalon's General Plan contains goals, objectives and policies for growth, development, and open space throughout the City. Exhibit 2-3 shows the Land Use Diagram for the current City limits and Exhibit 2-4 shows the Land Use Diagram for the area within the adopted and Proposed Sphere of Influence (SOI).

Table 2-3 illustrates the breakdown by land use and acres for vacant land are within the City limits and includes an inventory of the lands within the proposed SOI 10-year and 30-year growth horizons.

Table 2-3 General Plan Land Uses by Planning Horizon

Land Use	ACRES			
	Available vacant land within the Existing City Limits	Proposed 10 year Growth Horizon	Proposed 30 Year Growth Horizon	Total Proposed SOI
Commercial	6.7	13.5	0.62	14.1
Industrial – Light and Heavy	202.2	65.6	129.4	195.0
Low Density Residential	16.2	236.2	236.6	472.8
Medium Density Residential	9.2	10.1	0	10.1
High Density Residential	4.6	16.3	0	20.9
Park/Open Space	0	52.2	34.9	87.1
Public Facilities	0	0	0	0
Agricultural	0	0	0	0

Source: Escalon Housing Element of December 2, 2019 by Denovo Planning Group, GP Update of 2019 and Giuliani & Kull, Inc. Civil Engineers.

Based on the maximum household projections, the total number of dwelling units is projected to increase from 2,664 in 2020 to maximum of 4,914 dwelling units by 2050 as referenced in Table 2-4 below. As noted above, the San Joaquin Council of Governments (SJCOG) approved the Final Regional Housing Needs Plan (RHNP) for the 6th Cycle planning period (2023 – 2031). For Escalon, the total number of RHNA is 367 units, including a total of 146 Lower Income (Below Market Rate (BMR)) and 221 Higher-Income (Moderate & Above-Moderate Income). Planning for these units over the course of the 6th Planning Period will be achieved through the City of Escalon Housing Element Update.

The distribution of new housing units by density is projected to remain nearly the same as the current distribution. This assumption is strongly affected by the General Plan and zoning policies adopted by the City. The total acreage demand for housing units is estimated on the basis of the current average density in each residential category as shown in Table 2-4. Comparing the unit counts with the total acreage for each residential land use category, the average densities are approximately 4.8 units per acre in the Low-Density category, 9.6 units per acre in the Medium-Density category, 22.0 units per acre in the High-Density residential land use category and 13.6 units per acre in the Commercial land use category. Pursuant to Chapter 17.11, *List of Permitted Uses* of the Escalon Municipal Code (EMC), residential uses are permitted in the C-1 and C-2 Zoning Districts. Specifically, single-family dwellings and two-family dwellings are permitted above a commercial development unless the project is approved under the planned development zoning district process. Multifamily residential is allowed as a permitted use with a preliminary development plan. Again, these figures could change but they

provide the basis for the land demand estimates for residential uses as shown in Table 2-4 and Table 2-5.

Table 2-4 Projected New Residential Dwelling Units

Land Use	2020	2025	2030	2035	2040	2045	2050	Total Possible New DU's
Low Density Residential		225	225	225	225	225	225	1,350
Medium Density Residential		75	75	75	75	75	75	450
High Density Residential		38	38	38	38	38	38	225
Community Commercial (C-2)		38	38	38	38	38	38	225
Total New DU's		375	375	375	375	375	375	2,250
Cumulative	2664	3039	3414	3789	4164	4539	4914	

Source: City of Escalon General Plan Update 2019.

Table 2-5 presented below demonstrates the number of acres of residential land available within the City limits and the projected acres of land and possible dwelling units in the suggested 10 and 30 year growth horizons.

Table 2-5 Evaluation of Projected Acreage and Possible Dwelling Units in the Proposed SOI

Land Use	Existing City Limits		Proposed 10-year Growth Horizon		Proposed 30-year Growth Horizon	
	Acres Available	Projected DU's	Acres	Projected DU's	Acres	Projected DU's
Low Density Residential	16.25	108	236.2	1,134	236.6	1,136
Medium Density Residential	9.17	109	10.1	97	0	0
High Density Residential	4.61	104	16.3	358	0	0
Community Commercial (C-2)	6.74	92	13.5	184	0.62	8
Possible DU's		413		1,773		1,144

Source: City of Escalon Housing Element of December 2, 2019 prepared by Denovo Planning Group and Escalon General Plan Update 2019.

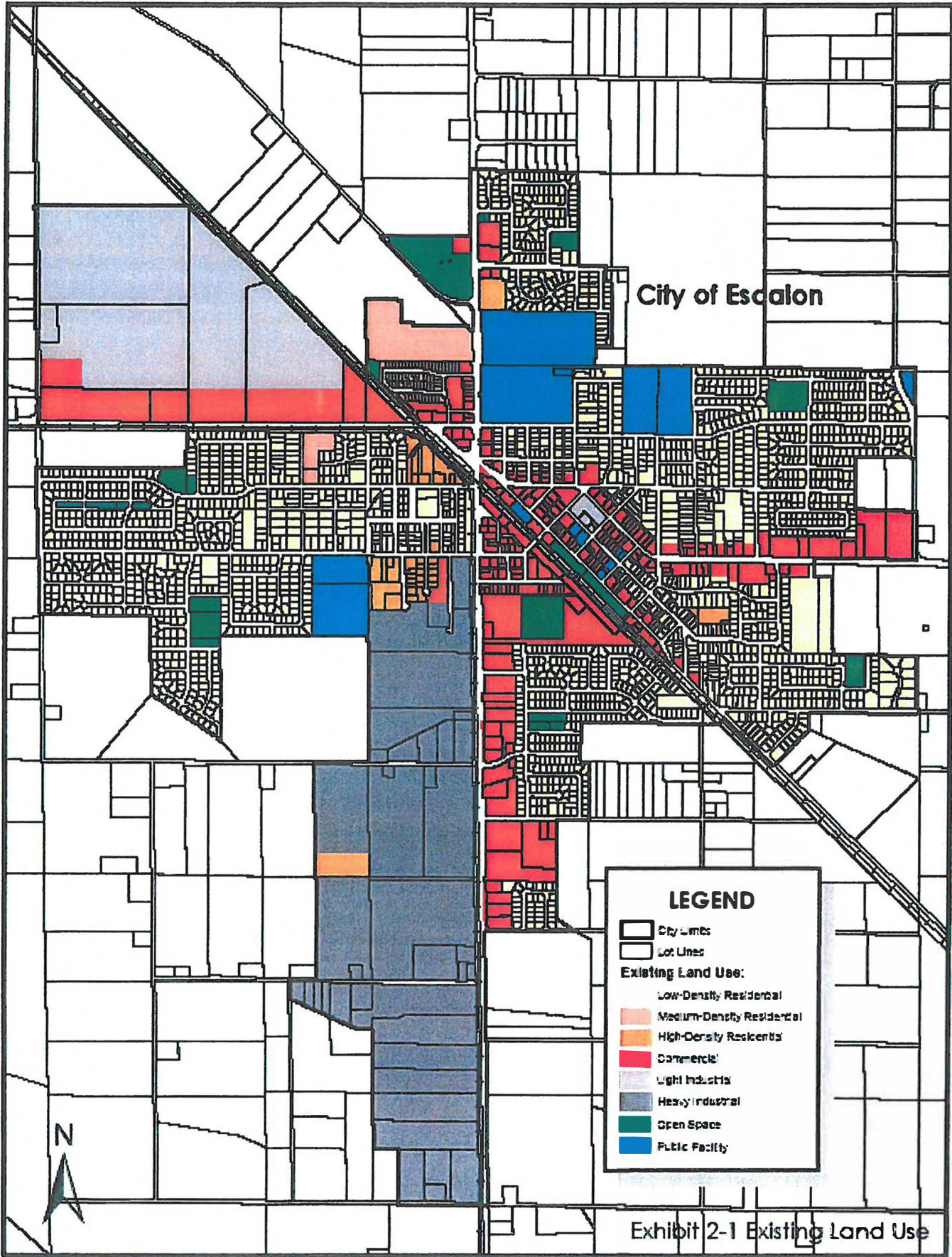
The City of Escalon General Plan, Objective A, Policy 2a suggest that the City needs to assume a 30% vacancy factor ("flexibility factor") for residential designated lands. A comparison of Table 2-4 and 2-5 demonstrates that the amount of land suggested in the 10 and 30 year growth horizons is in keeping with stated General Plan Policy. Infrastructure continues to be designed to accommodate the anticipated population.

2.3 PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

LAFCo is responsible for determining if an agency is reasonably capable of providing needed infrastructure and services to serve areas within its Sphere of Influence. LAFCo is required to evaluate present and long-term infrastructure demands and resource availability and to evaluate whether the resources and services are available at needed

service levels and that orderly maintenance and expansion of such resources and services are made in line with increasing demands.

Escalon's existing public facilities and current level of service are adequate to meet the needs of the existing population. Escalon will need to expand fire, law enforcement, water, wastewater, and drainage facilities and services as the City grows. Future growth and development within the proposed SOI will require continued improvements and upgrades to infrastructure and services; however, the City has policies and procedures and funding mechanisms in place that ensure the proper timing and adequate funding for needed infrastructure and services. Development fees and connection fees will address the capital cost of new development. Areas where growth is projected will be sufficiently served by public facilities, and mechanisms are in place to ensure that adequate facilities and services are provided as growth occurs. Chapter 5 of this document provides the detail to support these statements.



City of Escalon

LEGEND








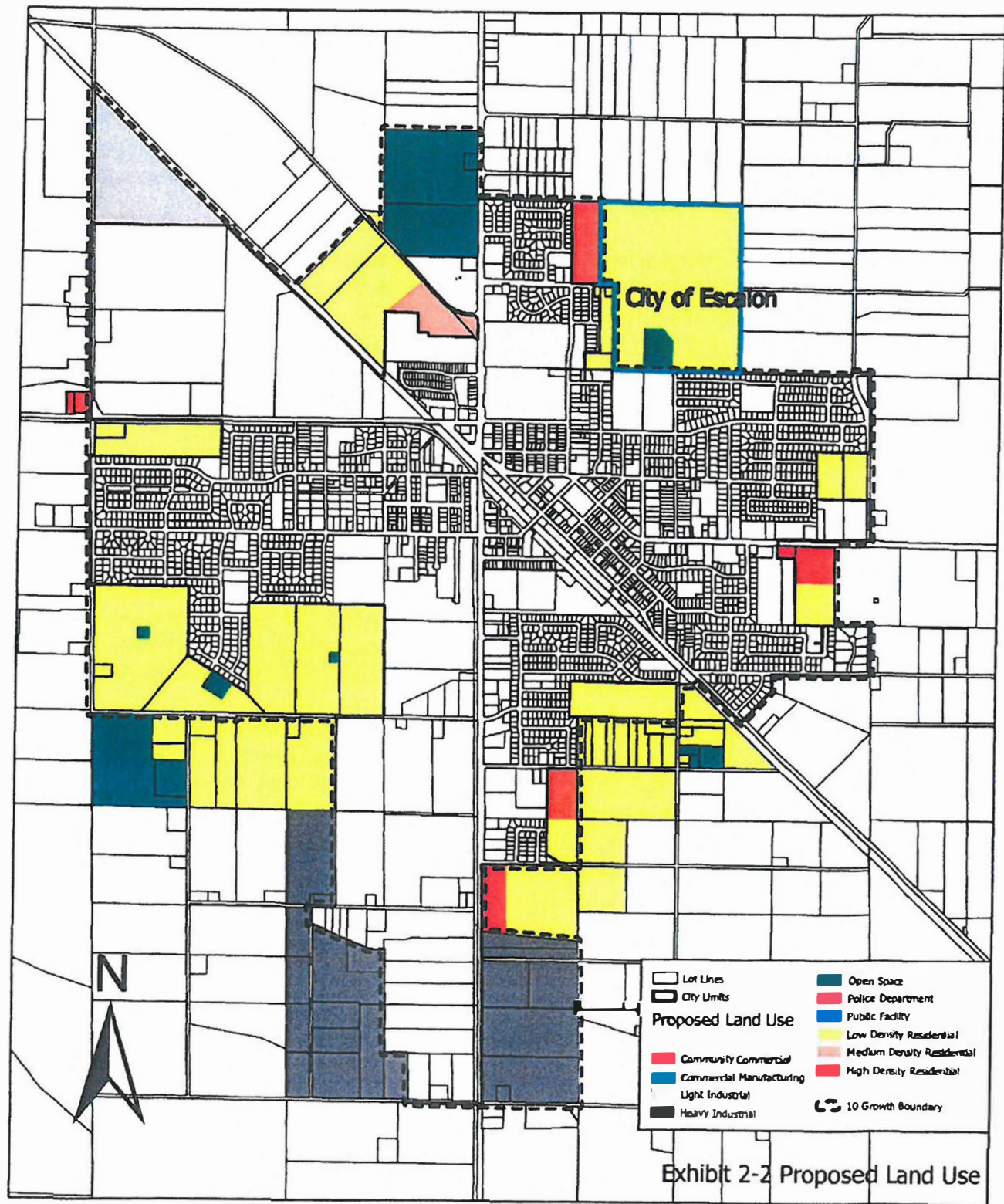
-  City Limits
-  Lot Lines
- Existing Land Use:**
-  Low-Density Residential
-  Medium-Density Residential
-  High-Density Residential
-  Commercial
-  Light Industrial
-  Heavy Industrial
-  Open Space
-  Public Facility

Exhibit 2-1 Existing Land Use



2.4 PRESENT CAPACITY AND ADEQUACY OF PUBLIC SERVICES

As evidenced in this MSR Analysis, the City of Escalon currently provides adequate public services. The Escalon Consolidated Fire Protection District (EFD) will be able to adequately serve the projected growth of the City of Escalon, but the City and Fire District may have to increase fees, assessments and/or taxes in the future to provide the same level of service because costs and regulations will more than likely increase. However, the expansion of the Sphere of Influence and potential annexation of additional land could provide an improved financial position for the City by generating additional property taxes and development fees.

The City will need to monitor their Development Impact Fee and connection fees on a regular basis to ensure the funds collected continue to be adequate to cover the expenses generated from future growth. The City of Escalon and the Escalon Consolidated Fire Protection District will need to work together to ensure that the funding needed by the Fire District is adequate to accommodate the additional growth within the City limits for both capital expenditures and staffing needs will be met.

2.5 SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST

The City of Escalon has a variety of social and economic communities of interest, including numerous businesses, schools, churches, public sector facilities, and other Community Service programs that serve residents. The existing social fabric of the City will not be adversely affected by the proposed changes to the Sphere of Influence. Due to the small increase in the proposed Sphere of Influence it is likely that the existing communities of interest will grow with the added population. It is not likely that new communities of interest will be added. The City will maintain its close knit community feel.

Escalon does not have any City or community immediately adjacent to its existing City limits or proposed SOI. The City's closest neighbors are Modesto and Riverbank to the south, Oakdale to the southeast and Ripon to the west. All these cities share economic and social interests with Escalon due to their shopping and job opportunities. However, due to their distance from the City limits, none of these cities would be adversely impacted by the proposed changes to Escalon's SOI.

3 GROWTH AND POPULATION PROJECTIONS

This section identifies growth projections for Escalon and its SOI that need to be taken into consideration when planning for the provision of services. A detailed discussion on existing and future provision of municipal services to meet the future demand identified in this section is included in Section 4.

The City has plans and policies in place to ensure that as demand increases, as allowed by the General Plan adopted in 2019, adequate public services will be provided, while the existing service levels are maintained. The City has updated the Water, Wastewater, and Storm Drain Master Plans to take into consideration the potential future growth as anticipated by the Escalon General Plan.

3.1 GROWTH PROJECTIONS

According to the US Census, there were 7,472 people living in Escalon at the time of the 2020 Census. This represents an annual growth rate of 3% between 1990 and 2000. Since 2010, the California State Department of Finance estimates that Escalon experienced a steady rate of growth, with 7,501 residents estimated for January 1, 2021. This reflects an annual growth rate of 0.79% between 2010 and 2020. This is obviously a much slower growth rate than anticipated by even the adopted Escalon Growth Management Ordinance. Table 3-1 illustrates the population and household projections from 2025 to 2050. (Note: The numbers on Table 3.1 were generated in 2021 using projections presented by the University of Pacific, Center for Business & Policy Research Demographic and Employment Forecasts dated September 10, 2020.)

Table 3.1 Population and Household Projections, 2025 To 2050

	2025	2030	2035	2040	2045	2050
Total Population	8,158	8,452	8,599	8,718	8,831	8,927
Households	2,823	2,912	2,962	3,006	3,046	3,089
Average Household Size	2.89	2.89	2.89	2.89	2.89	2.89

Source: University of the Pacific, Center for Business & Policy Research, San Joaquin County Demographic and Employment Forecasts dated September 10, 2020.

It is the City's goal to maintain the slow and steady growth rate into the future. To ensure that the growth is managed, the City established a Growth Management Ordinance (GMO) in April 1978. Over the years, the ordinance has been modified and fine-tuned as needed. The GMO caps the maximum number of building permits that can be allocated each year at 75 single-family residential units. A building permit allocation can be carried over into the next year however, the number of building permits issued including the rollover allocations is set at a maximum of 100 per year. By maintaining a set number of building permits issued each year and assuming 2.89 persons per dwelling units, the City will continue to maintain a slow and steady growth rate of less than 1% as shown in Table 3.2.

This slow but steady increase in population can be traced back to the City's growth ordinance. This ordinance was originally adopted in 1978. Over the years it has been refined and updated in order to keep pace with the City's needs. The average annual population growth rate between 2010 and 2020 was 0.79%

Table 3.2 Population Projections

Year	Estimated Population	New Residents	Compounded Growth
2025	8,158	418	1.02%
2030	8,452	294	0.70%
2035	8,599	147	0.34%
2040	8,718	119	0.27%
2045	8,831	113	0.26%
2050	8,927	96	0.22%

Source: University of the Pacific, Center for Business & Policy Research, San Joaquin County Demographic and Employment Forecasts dated September 10, 2020; JB Anderson Land Use Planning.

Even though the City's growth ordinance does not limit commercial and industrial growth, the commercial and industrial businesses rely upon serving the new residents and will be affected by the limited growth of the residential areas.

3.2 GENERAL PLAN GROWTH POLICIES

The MSR must evaluate whether projections for future growth and population patterns are integrated into Escalon's planning functions. The Escalon General Plan does provide the framework for future growth within Escalon and its SOI. The General Plan includes goals, objectives, and policies for the provision of services to accommodate anticipated growth. These goals, objectives and policies include the following:

- The City shall maintain a reliable water supply system that meets the fire protection needs of the community. (Chapter 2.2, Objective A, Policy 2, page 2-5)
- The City will coordinate with the Consolidated Escalon Fire Protection District in the provision of fire protection services to ensure the maximum level of protection for all residences, commercial establishments, and industries within the planning area. (Chapter 2.2, Objective A, Policy 5, page 2-5)
- It is the policy of the City to require that water supply systems be related to the size and configuration of land developments. Standards as set forth in the current subdivision ordinance shall be maintained and improved, as necessary. (Chapter 2.4, Objective A, Policy 2, page 2-6)
- The City shall ensure that there is at least a 10-year supply (80 acres) of zoned and vacant commercial and industrial land inside the city limits at any one time. The City will ensure that infrastructure is installed or programmed in the

Capital Improvement Program for a five-year supply of land so that such property is "ready-to-go". (Chapter 4.0, Objective D, Policy 4.3.1, page 4-3)

- Consider annexations which are consistent with the extension of public services and facilities and other City policies and plans. The City shall maintain at least a 10-year supply of zoned land in the City for all residential land use types and a minimum five-year supply of "ready to go" zoned land served by infrastructure. Designate an adequate amount of residential land in the General Plan for a 30-year supply of single-family and multi-family land uses. (Chapter 7.2, Objective A, Policy 2, page 7-3)
- Plan and coordinate residential development in close proximity to planned urban facilities and services such as schools, parks, sanitary sewer, water, storm drainage, circulation network, transportation facilities and commercial centers. (Chapter 7.2, Policy 5, page 7-4)
- Future growth in the City shall conform to the Growth Management Ordinance of the City of Escalon. Residential building permits shall be limited as provided by the City's Growth Management Ordinance in effect. (Chapter 7.2, Policy 20, page 7-7)
- Update the water, wastewater, and storm drainage master plans, and any other specific or master plans related to infrastructure development on a periodic basis. (Chapter 7.5, Objective A, Policy 1, page 7-10)
- Annually monitor the need for law enforcement, fire and other emergency services personnel as the City grows. (Chapter 7.5, Objective A, Policy 2, page 7-10)
- It is the policy of the City that new growth shall pay its own way. Fees shall be established to pay for both needed facilities and incremental demands on existing facilities. (Chapter 9.1, Objective A, page 9-2)
- A master plan for the development and funding of necessary services and utilities (including but not limited to storm drainage, water, and sanitary facilities) shall be developed and adopted. Funding can be through the formation of an assessment district, entering into deferral agreements or direct developer funding of improvements. Distribution of cost for improvements shall be done in a fair and equitable manner. (Chapter 9.1, Objective B, page 9-2)
- Developers shall prepare an infrastructure and public services assessment as part of each annexation and/or development application to determine infrastructure needs, feasibility, timing, and financing. (Chapter 9.1, Policy 2, page 9-2)
- Require the extension and construction of infrastructure to proposed developments according to adopted elements and master plans. The City shall use reimbursement agreements or other financing techniques to reimburse developments for any oversizing cost, which may be required. (Chapter 9.1, Policy 4, page 9-2)

- New development shall demonstrate that adequate sewage capacity and sewage treatment capacity exist prior to development or that conditions of project approval will ensure adequate capacity and will be created as part of the project prior to the issuance of building permits. Conditions may include installation of necessary facilities or other methods acceptable to the City. (Chapter 9.1, Policy 13, page 9-3)
- Establish a Planning Area Boundary around the City consistent with San Joaquin LAFCo's Guidelines. This area should represent a potential 50-year growth boundary with an additional appropriate buffer and/or greenbelt extending an additional one-quarter to one-half mile. This area should include any "areas or communities of interest" that may affect the City. (Chapter 10.2, Objective A, Policy 1, page 10-2)
- Establish Urban Development Boundaries for the logical, sequential development of the community over the next 30 years. These boundaries shall be established based on the following factors:
 - Adequate residential, commercial, and industrial capacity for the planning period;
 - Inclusion of a 30% vacancy factor for residential land; that is, at least 30% additional land shall be provided than needed for each 10-year ring;
 - Inclusion of at least a 50% vacancy factor for non-residential land;
 - Adequacy of infrastructure including existing and planned capacity of sewage system, treatment plant, water system, schools, roadways, and other urban services and facilities;
 - LAFCo's guidelines for Planning Areas and Sphere's of Influence, including the following factors:
 - Logical areas for the extension of water transmission mains;
 - Ability to provide ample sewerage facilities;
 - Ability to provide adequate police and fire protection;
 - Ability to provide waste disposal;
 - Ability to provide parks and recreation;
 - Storm drainage service areas;
 - Existing school, postal and juridical districts and other special districts, which give municipal type services;
 - Compatible street circulation;
 - Geographic, economic and social relationships; and,
 - Needed community green belts;
 - Community growth priorities. (Chapter 10.2, Objective A, Policy 2, page 10-2 through 10-3)

3.3 DETERMINATIONS

The General Plan, initially approved in 2005, estimated the population in Escalon would reach approximately 8,825 by 2015 and 11,950 by the year 2025. Actual population growth as of 2021 has been slower than anticipated based on a number of factors including the recession of 2008 and the slow rebound of the local real estate economy. The State Department of Finance estimates the population in Escalon as of January 1, 2020 to be 7,740.

The 2019 General Plan Update along with the stated Growth Management Ordinance provides the framework for future growth within the City and its Sphere of Influence. To that end, the General Plan includes a policy that states the City shall conform to the Growth Management Ordinance. By following the adopted growth management ordinance, the City will maintain an average annual absorption rate over the life of the General Plan of no more than 2.5%.

Escalon will continue to review future growth and population patterns on a regular basis and monitor growth within its SOI.

4 LOCATION AND CHARACTERISTICS OF ANY DISADVANTAGED UNINCORPORATED COMMUNITIES WITHIN OR CONTIGUOUS TO THE SPHERE OF INFLUENCE

SB 244 requires the identification and description of all "disadvantaged unincorporated communities" (DUC's) located within or contiguous to the existing Sphere of Influence of cities and special districts that provide fire protection, sewer, and/or water services. The identified disadvantaged unincorporated communities are required to be addressed by LAFCo when:

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

SB 244 also added Section 65302.10 to the Government Code to define the terms used in the legislation as they relate to cities and counties. The key terms are defined as follows:

- "Community" means an inhabited area within a city or county that is comprised of no less than 10 dwellings adjacent to or in close proximity to one another.
- "Disadvantaged unincorporated community" means a fringe, island, or legacy community in which the median household income is 80 percent or less than the statewide median household income.
- "Unincorporated fringe community" means any inhabited and unincorporated territory that is within a city's sphere of influence.
- "Unincorporated island community" means any inhabited and unincorporated territory that is surrounded or substantially surrounded by one or more cities or by one or more cities and a county boundary or the Pacific Ocean.
- "Unincorporated legacy community" means a geographically isolated community that is inhabited and has existed for at least 50 years.

According to the City of Escalon Environmental Justice White Paper, prepared by DeNovo Planning Group in 2019 in preparation of the general Plan Update, Census Tract No. 49.01 and Tract No. 49.02 are considered a Disadvantaged Communities, as defined by SB 1000 which is "an area identified by the California Environmental Protection Agency (CalEPA) pursuant to Section 39711 of the Health and Safety Code or an area that is a low-income area that is disproportionately affected by environmental pollution and other hazards that can lead to negative health effects, exposure, or environmental degradation.

Census Tract No. 49.01 is primarily within City Limits though includes some of the City's Sphere of Influence and Census Tract No. 49.02 is primarily located within the City's Sphere of Influence and other unincorporated areas in the County. Exhibit 4-1 below illustrates the boundary of Census Tract No. 49.01 and 49.02 and the proposed Sphere of Influence.

Escalon, CA Census Tracts

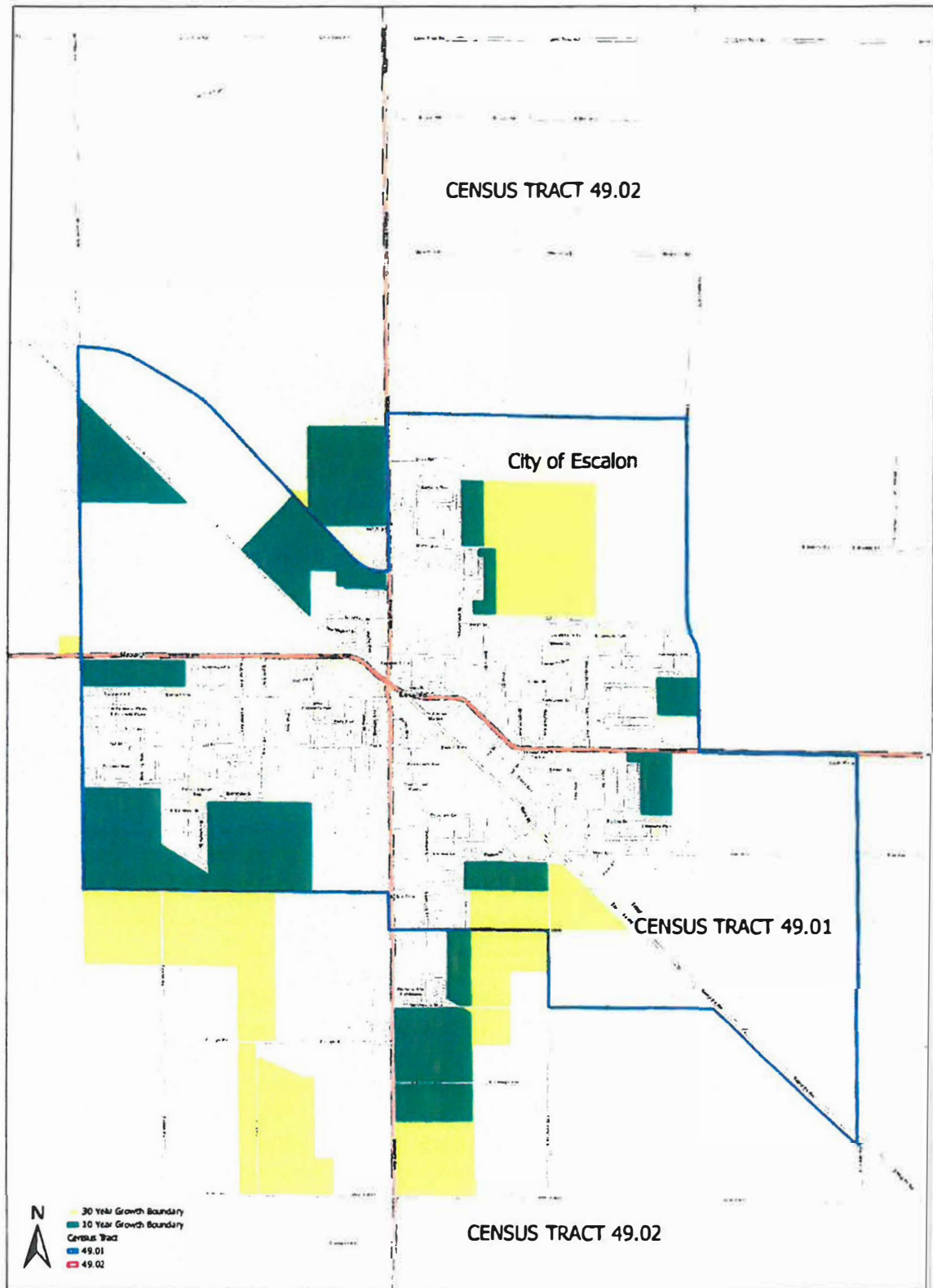


Exhibit 4.1 - Boundary of Census Tract No. 49.01 and 49.02

Although the Escalon Environmental Justice White Paper identified the two (2) Census Tracts as Disadvantaged Communities, it does not specifically include household income pursuant to SB 244 to analyze whether the areas within the Sphere of Influence are considered DUCs.

SB 244 outlines the general characteristics of DUCs but does not provide guidance on how to identify them. The Governor's Office of Planning and Research (OPR) published a technical advisory memorandum in February 2013 and recommends data sources for identifying the income status of communities and mapping sources for identifying "communities" as defined by SB 244. It also referenced methodologies prepared by PolicyLink in collaboration with California Rural Legal Assistance in 2013. Based on these two (2) sources of information, the City relied on the American Community Survey and the 2000 Census for income data. The City reviewed the 2010 and 2020 Census but the 2010 and 2020 Census did not include income data.

The American Community Survey for 2020 and 2019 and the 2000 Census were used to identify the Household Median Income for Census Tracts No. 49.01 and 49.02. The Median Household Income was then compared to the Statewide Median Household Income as a percentage. As shown in the Table below, the Median Household Income for Census Tract No. 49.01 and No. 49.02 was 80.84% and 82.61%, respectively.

Table 4-1 Household Median Income – American Community Survey (2019 and 2020)

	<u>Median Household Income</u>	<u>Percentage to Statewide Median Household Income</u>
Census Tract 49.01	\$63,595	80.84%
Census Tract 49.02	\$64,994	82.61%
Statewide	\$78,672	-
Source:		
U.S. Census Bureau, 2016-2020 American Community Survey 5-Year Estimates, Table S1901		
U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates, Table A1901		

As stated above, PolicyLink, in collaboration with the California Rural Legal Assistance developed a report and methodology for identifying Disadvantaged Unincorporated Communities, as defined by SB 244. The project used Geographic Information Systems (GIS) to identify unincorporated communities in the eight-county San Joaquin Valley region. The project focused on identifying places that are closely settled with a large number of homes, rather than spread out rural communities. The report also relied on U.S. Census data from 2000 by Census Tract to identify places of interest. While dated, the 2000 census provided a more accurate depiction of income levels at the block group level than the American Community Survey.

As shown in Table 4-2 below, the median household income of the state of California was \$47,493, so any census block group with a median household income of less than \$37,994 and meets the definition of "Community" would be considered a DUC.

Table 4-2 below shows the Median Household Income compared to Census Tract No. 49.01 and No. 49.02.

Table 4-2 Household Median Income by Census Tract – U.S. Census (2000)

	<u>Median Household Income</u>	<u>Percentage to Statewide Median Household Income</u>
Census Tract 49.01	\$50,436	106.20%
Census Tract 49.02	\$45,901	96.65%
Statewide	\$47,493	-
Source: U.S. Census Bureau, 2000 Census, Summary File 4, Table PCT089, Median Household Income in 1999 (Dollars)		

Census Tract 49.01 has a total of three (3) Census Block Groups: Group 1, Group 2, and Group 3. Census Tract 49.02 has a total of three (3) Census Block Groups: Group 1, Group 2, and Group 3. The City's proposed Sphere of Influence is located within a part of each Census Block Group. The Table below shows the Median Household Income compared to each Census Block Group.

Table 4-3 Household Median Income by Census Block Group – U.S. Census (2000)

	<u>Median Household Income</u>	<u>Percentage to Statewide Median Household Income</u>
Census Tract 49.01		
Block Group 1	\$48,125	101.33%
Block Group 2	\$53,107	111.82%
Block Group 3	\$41,111	86.56%
Census Tract 49.02		
Block Group 1	\$52,727	111.02%
Block Group 2	\$50,272	105.85%
Block Group 3	\$42,095	88.63%
Statewide	\$47,493	-
Source: U.S. Census, 2000 Census, Summary File 3, Table P053, Median Household Income in 1999 (Dollars).		

As shown above, the Median Household Income exceeds eighty percent (80%) of the Statewide Median Household Income at the Census Block Group level. In addition to the information above, PolicyLink did not identify any DUCs with the City of Escalon or within the proposed Sphere of Influence.

4.3 DETERMINATIONS

As shown in the analysis above, the City does not have any Disadvantaged Unincorporated Communities within or contiguous to the Sphere of Influence.

5 PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES

The purpose of this section is to evaluate the infrastructure needs and deficiencies for services provided by the City, especially as they relate to current and future users.

This section of the MSR will evaluate the following public services and infrastructure systems:

- Law Enforcement
- Fire Protection
- Water Supply and Treatment
- Wastewater Collection and Treatment
- Storm Water Drainage

In order to approve a change to 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 presented within this section supports the City's requested SOI boundary.

5.1 LAW ENFORCEMENT

The Escalon Police department was first formed as the Escalon Police District in 1939. When the City was incorporated in 1957, the "police district" was dissolved and the Escalon Police Department was formed.

The Escalon Police Department provides around the clock police services for the City of Escalon which encompasses an approximate area of 2.5 square miles. The Escalon Police Department is located at 2040 McHenry Avenue in Escalon. The department offers 24-hour police service and is open to the public Monday through Friday from 0800 (8:00 am) to 1700 (5:00 pm) unless otherwise posted. Dispatching is handled by the office during business hours. After hours, weekends and holidays, dispatching is handled by the Ripon Police Department under contract.

The Escalon Police Department has a staff of 12 full-time sworn officers, 7 part-time sworn reserve officers and two (2) support staff. The breakdown of the full-time officers is as follows: one (1) Chief, two (2) sergeants, and nine (9) full-time sworn officers. Escalon's Police Department's support personnel includes, a Police Manager, a Code Enforcement Officer and four (4) part-time Animal Services Officer's. Escalon Police Officers are also considered First Responders. They are trained in CPR and First Aid.

All officers must attend a Police Officers Standards and Training (POST) approved police officer course and must be hired within three (3) years of completing that course. Once they are hired, the new officers are placed with a Field Training Officer for 12-16 weeks. The officers receive a minimum of 24 hours of additional training every two (2) years per POST standards. The officers are trained to handle all types of calls. The City of Escalon

does offer specialized training in Accident Investigation, Gangs, Drugs, High-Tech Crime, and Identity Theft.

The Department has a Senior Volunteer program with three (3) participants. Citizen Volunteers give service by helping with vacation checks, parade assistance and wellness checks. There is an explorer program for teenagers, and it currently has eight (8) participants.

The average response time is three (3) minutes or less for priority calls (life threatening situations) and seven (7) minutes or less for non-priority calls.

As it relates to Police Dispatch Services, the City has maintained a partnership with the City of Ripon since 2001 for services (Original agreement was executed on September 4, 2001). On June 7, 2011, the City entered into an Agreement with the City of Ripon to provide police dispatch services on a 24 hour / 7 days a week basis. An amendment to the Agreement was approved by City Council in 2014 to address annual increase adjustments and add language to identify that in the event of an outage, Ripon will provide staffing as necessary to assist Escalon. On August 1, 2022, the City Council adopted a new contract with the City of Ripon to provide police dispatch services. The term of the contract is ten (10) years, expiring on June 30, 2032.

The Escalon Police Department defines offenses for statistical purposes using the FBI's Part 1 Crime Categories. Crimes are classified as Violent Crimes or Property Crimes. In 2019, 137 Part 1 violent offenses were reported, which include homicide, rape, burglary, larceny and simple assaults. Part 1 property crimes for 2019 numbered 140. In 2020, 46 Part 1 violent offenses and 136 Part 1 property crimes were reported.

Law enforcement in the unincorporated area is the responsibility of the San Joaquin County Sheriff Department. The Sheriff Department maintains a beat that includes the Escalon area. This beat is designated as District 7 and includes Manteca, Lathrop, Ripon, and Farmington. Usually, one or two officers are on duty for this beat. The Sheriff Department has law enforcement power within incorporated cities and outside corporate limits. Coroner's service is provided throughout the county by the Sheriff Department.

The California Highway Patrol (CHP) handles all traffic-related incidents on California State Route 120 and in the unincorporated county area. This includes issuing traffic citations and investigating vehicle accidents and auto theft.

The Police Department receives funding from three (3) sources: the City's General Fund, grants, and development impact fees.

The City updated their Development Impact Fee Nexus study on December 16, 2016. No existing deficiencies were noted in the study. The study provides the nexus to show that the impact fee meets the AB 1600 nexus requirements. The fees collected can only be used to fund police-related capital costs attributable to the impact of new development. The study set the standard of 1.4 sworn officers per 1,000 residents based on the ratio of sworn officers versus the City's population at the time of the study.

Law Enforcement Analysis

As the City grows, increased population and new commercial and industrial development will increase the need for police service. Police service requirements are also influenced by the demands for traffic control and traffic accident services. Based on the ratio of 1.4 sworn officers per 1,000 residents, Escalon would need a total of 13 sworn officers in 2030 and 17 sworn officers in 2050.

The City will be able to pay for the additional law enforcement operational needs through the expanded tax base generated by new development. Capital costs for facilities and equipment will be funded through development fees collected from these new developments. The City's Police and Public Works Departments will continue to monitor these fees to ensure that the fees collected are adequate to serve the expanded needs of the City.

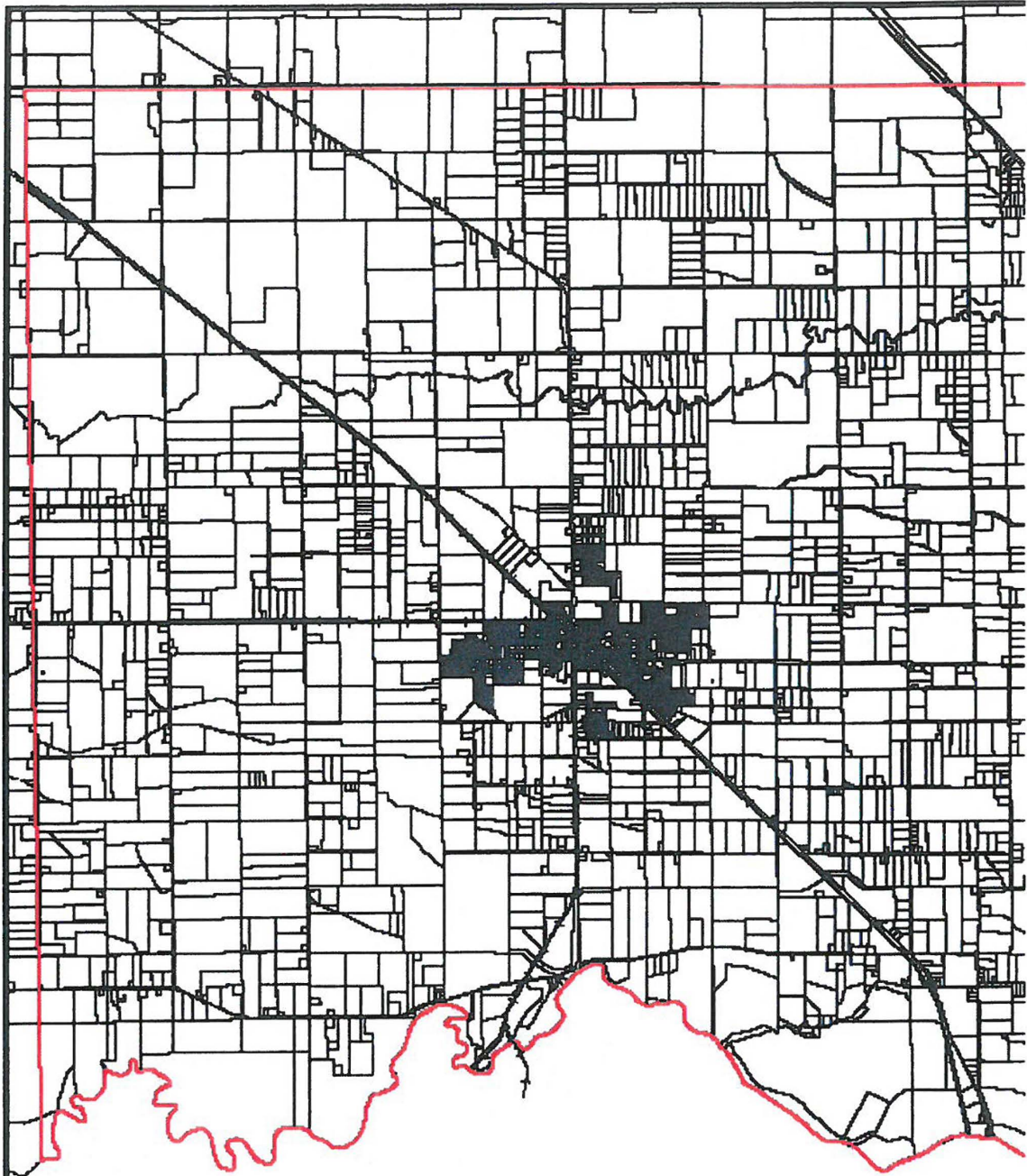
5.2 FIRE PROTECTION

Fire protection and emergency medical services are provided by the Escalon Consolidated Fire Protection District (EFD). The EFD does not have a contract with the City to provide these services however the City is within their service boundary. Exhibit 4-1 illustrates the Escalon Consolidated Fire Protection District's boundaries.

The Escalon Consolidated Fire Protection District, formed in 1912, provides fire suppression and rescue operations around the clock to a district that covers 65 square miles of primarily agricultural land. The district includes the City of Escalon and is located in the southeast corner of San Joaquin County in Northern California. The service boundaries are Dodds Road to the north, the Stanislaus River to the south, Victory Road to the east and Carrolton Road to the west.

The EFD's main station and offices are located at 1749 Coley Avenue in the City of Escalon. Station 2, completed in January 2002, is located on the northern edge of the district on Highway 120 (17950 S. Van Allen Road). This site was chosen in order to maintain a maximum 5-mile limit from either of the stations to any location in the district. At the present time all operations are conducted from the district's main station at 1749 Coley Avenue in downtown Escalon.

When fully staffed the department consists of a Fire Chief, three (3) Battalion Chiefs, and three (3) Firefighter Engineers. Coverage is based on a three (3) Platoon Shift. The firefighter's schedule has been adjusted so the City is adequately covered while they seek the additional firefighters. Support personnel consist of one (1) part time Administrative Assistant. These personnel are assisted by ten (10) reserve officers and six (6) volunteers.



LEGEND

 District Boundary

Exhibit 5-1 Escalon Fire Protection District Boundary

The Fire District responds to all hazardous materials incidents as first responders. District firefighters are trained at the First Responder Operational level.

EMERGENCY MEDICAL SERVICES

Emergency medical services are provided 24 hours a day by highly trained Firefighter-EMTs. Each firefighter is trained as an emergency medical technician and provides basic medical treatment. The Escalon Fire District responds to over 1,000 EMS calls each year. The District works closely with the Escalon Community Ambulance and other ambulance providers in the area to serve the public with an effective level of service.

ORGANIZATIONAL INFORMATION ON THE DISTRICT

The original Fire District was organized by action of the Board of Supervisors on May 18, 1920, following a petition filed by Grant Higgins, et al for the appointment of a Board of Fire Commissioners for the town or village of Escalon. More than fifty (50) people signed the petition.

On September 10, 1957, the Fire District was reorganized by the Board of Supervisors following discovery that the Escalon Fire District may have not been legally formed due to the omission of certain procedures by the Board of Supervisors in the 1920 action. The legal name of the EFD became the Escalon Fire Protection Department; however, the shorter name persisted.

The EFD was reorganized under the 1961 Fire District Act on July 27, 1964.

On August 20, 1982, the Escalon Fire Protection District consolidated with the Escalon Rural County Fire Protection District under provisions of the District Reorganization Act (Government Code Section 56261.1) following action by the Board of Supervisors on July 20, 1982. The legal title of the consolidated district was established as Escalon Consolidated Fire Protection District.

The Escalon CFPD is governed by a Board of Directors comprised of five (5) members elected by the residents of the EFD to a four (4) year term. The Board of Directors meetings are held on the second Thursday of the month at 7:00 PM. These meetings are open to the public and are held at Escalon Fire Station 1-1.

The EFD has a difficult time in retaining qualified firefighters. Many of the firefighters are lured away from the District by surrounding jurisdictions that can pay higher wages and more fringe benefits. The District struggles to balance pay increases with the need for additional personnel.

Between January of 2019 and December 2019 there were 1,342 calls for assistance. The average reflux time (time from dispatch to on scene) for calls within the City limits is 5 minutes 32 seconds. Reflux time to rural areas is an average of 9 minutes 50 seconds. The District's 90 percentile "turnout time" and "travel time" in 2009 was 2:25 minutes turnout time and 7:25 minutes response time. These times were below the average 90 percentile time for all combination rural fire districts at 2:18 minutes turnout time and 7:13 minutes travel time. (Source: San Joaquin LAFCo Final Municipal Service Review for Rural Fire

Districts, October 21, 2011). These response times continue to be accurate as of September, 2021 per email correspondence with the Escalon Fire District Chief Rick Mello (email correspondence on September 13, 2021).

The Insurance Services Office (ISO) currently classifies the area in the City as a Class 4 and the rural area as a Class 8b.

There are 281 fire hydrants in the district with an average of 55-62psi or 2,100-2,200 gallons per minute. The City currently has an adequate water supply and pressure to meet the emergency needs of the Fire District.

EQUIPMENT

The District currently has the five (5) Engines of varying types, one (1) rescue vehicles and two (2) water tenders for fire protection and emergency response equipment.

While the Escalon FD provides primary fire protection to their district, they also have a mutual aid agreement with the surrounding fire protection service providers including Ripon Fire District, Salida Fire District, Modesto Fire Department, Stanislaus Consolidated Fire District and Farmington Fire District. As a result, if Escalon FD is unavailable to answer a call in Escalon, a neighboring fire department will respond to the call if they are available.

The Escalon FD receives funding from a variety of sources. The breakdown of funding for the 2021-2022 fiscal year (projected) is as follows:

- 98% property taxes
- 0.75% fire facility fees
- 1.25% services fees/misc.

Escalon FD receives a Fire Facility Fee of \$0.16 cents per square foot on all buildings built within the District. The fee can be used to build and equip the fire stations (i.e. capital expenditures). These funds cannot be used for operating expenses such as staffing or additional firefighters. The Fire District also has an override tax of \$0.05 cents per square foot on buildings within the district that is added to the property tax bill. This money is used to hire additional full-time personnel.

Fire Protection Analysis

Continued growth within the SOI will increase the overall demand on fire protection services in the City due to the increase in development. All the land within the SOI is also within the Fire District boundary so no expansion of service area is necessary to accommodate the expansion of the City. Growth in accordance with build out of the SOI is expected to generate the typical range of service calls, including structure fires, auto fires, electrical fires, and others. New fire facilities, vehicles, equipment, and personnel will be required to maintain adequate response times to serve future growth.

Therefore, the Fire District's costs to maintain equipment and facilities and to train and equip personnel will also increase. Additional facilities, personnel, equipment, and materials costs will be offset through the increased revenue and fees generated by the expanded property tax base, the Fire Facility Fee and the override tax. However, the Fire Facility fees may not be adequate to meet the projected needs in the future. The Fire Facility fee has not been reviewed or increased since the early 1990's. It is suggested that the Fire District commission a nexus study to determine the appropriate fee for new development with escalation rate so that the Fire District can ensure their ability to adequately accommodate the projected growth. If the nexus study or a subsequent fee adjustment is unsuccessful, the City will explore other permissible funding mechanisms to provide adequate fire service to residents of the City of Escalon.

FIRE FACILITY FEE

The Escalon FD is a standalone district with no ties to the City other than providing fire protection services to the residents and businesses. The District is responsible for 100% of the costs to run the District. The City of Escalon collects the \$0.16 per square foot Fire Facility Fee for the District when a building permit is pulled. This remains unchanged since the adoption of the Escalon MSR of 2011.

The fire protection needs of the City are currently being met by the Escalon FD. However, as the City grows and the capital expenditures and staffing needs increase, the City will need to work closely with the Escalon FD to ensure that the fire district is able to adequately service the additional population generated by the annexation of additional land into the City. This may mean that the City establishes a contract with the Fire District for the required level of services needed by the City or the City and District work together to implement a public safety tax. Coordination with the Escalon FD related to the Fire Protection Facilities Improvement Fee is detailed in Chapter 3.22 of the Escalon Municipal Code. The City will continue to work with the Escalon FD to ensure that fire protection services are being met for the existing City Limit and future annexations.

TAX REVENUE

Escalon receives revenue from specific taxes collected that assist with providing public services to new growth and development. The City currently collects the following taxes:

- Property Tax;
- Sales and Use Tax;
- Measure K Sales Tax for Street and Road Improvements;
- Gas Tax;
- Transient Occupancy Tax; and,
- Park Development Tax.

In Fiscal Year 2019-2020, these taxes contributed \$3,940,000.00 to the City's total revenue.

5.3 DETERMINATION

Escalon receives funds for the provision of public services and facilities through development fees, property taxes and connection and usage fees.

As land is annexed into the City from the SOI, these fees will apply. The City reviews these fee structures every two years and indexes the fee on an annual basis to ensure that adequate funds are collected to cover the provision of City services to existing as well as new residents.

The Escalon FD is responsible for the fire protection services in the City of Escalon. As the City grows and the capital expenditures and staffing needs increase, the City will need to work closely with the Escalon FD to ensure that the fire district is able to adequately service the additional population generated by the annexation of additional land into the City. This may mean that the City establishes a contract with the Fire District for the required level of services needed by the City or the City and District work together to implement a fire mitigation fee or a public safety tax.

Since the fire facility fee has not been reviewed or increased since the early 1990's it is suggested that the Fire District commission a nexus study to determine the appropriate fee with a built in escalation rate for new development so that the fire district can adequately accommodate the projected growth. The Chief is currently putting together a request to his board to increase the fee which once adjusted will adequately fund the necessary expansion of the fire department due to new growth.

5.4 WATER SUPPLY

Historically, water supply within the City has been from groundwater wells. Water service was initially provided by the Escalon Water Company, which was a private company established in the early 1900's. In the late 1960's, the City took over, from a developer, the operation of a well and distribution system serving a small residential subdivision. In the early 1980's, the City purchased the Escalon Water Company and took over the operation of the entire water system. Water supply for domestic service and fire flow is currently supplied from three (3) active wells which provide day-to-day domestic water and fire flow supply. One additional well is used for standby and only operates in emergency conditions. All water quality testing is kept up to date. There is one 500,000-gallon storage tank located at the Well 1 site.

Well 1 has been equipped with two (2) granular activated carbon (GAC) contactors that remove Dibromochloropropane (DBCP). Each vessel is rated for 700 gpm of capacity. The treated water from the contactors enters the 0.5-million-gallon storage tank and is then pumped into the system through the booster pump station. Eventually, this water will be pumped directly into the system, bypassing the tank. No other treatment is necessary throughout the system, although the City adds chlorine as a disinfectant as a preventative measure, which is considered to be good practice.

The existing distribution system consists of approximately 33 miles of piping. Pipeline diameters range from 3 to 16 inches. The original system was built with small diameter steel pipes, which was inadequate to convey flows at adequate pressures. Due to the dilapidated condition of the system, the City applied for and was awarded a State loan and federal grant in 1983. To date, almost all of the old pipelines have been replaced, and as a result, the distribution system is in excellent condition.

The system pressure is maintained automatically with a supervisory control and data acquisition system (SCADA). Operators enter the desired system pressure and configure the wells in a lead/lag configuration. If the well set in the primary position cannot maintain the system pressure, the second well in the series will start. The existing control system works well.

The City's future supply will continue to utilize groundwater and be augmented by surface water from the South San Joaquin Irrigation District (SSJID) South County Water Supply Project. Two independent water supplies in a conjunctive use program will provide redundancy and reliability to the City's long-term water supply.

The City does not anticipate that all of the land will be developed within a particular General Plan planning boundary within the time frame indicated; however, for projecting water demands and future distribution and transmission facilities, full build out was assumed to prevent under sizing the facilities resulting in the need to return and upsize or add major infrastructure in the future. Table 5-1 illustrates the water demand through build out of the proposed Sphere of Influence.

Table 5-1 Projected Water Demands

PLANNING BOUNDARY	Annual Average MGD	Maximum Day MGD	Peak Hour/Mgal/d
Existing Development w/in City Limits	1.4	3.2	4.6
2025 Planning Area	4.4	10.6	15.2
2035 Planning Area	5.7	13.7	19.6

Source: City of Escalon Water Master Plan, Table 2-3, ECO:LOGIC Engineering, 2007

GROUNDWATER WELLS

Based on the Water System Evaluation Addendum prepare by Blackwater Consulting April 2016, the City has established 4 priority water system improvements:

- Improvement 1 - Destroy Existing Well No. 1, Construct New Well, and Remove GAC Filters
- Improvement 2(a) - Increase Well Capacity of Existing Well No. 3A
- Improvement 3 - Increase the Motor Horsepower of Well Pump No. 9
- Improvement 4 – Replace Existing Well Site No. 1 Booster Pumps and Motors with New Booster Pumps and Motors with Variable Frequency Drives

The construction of the future wells should be based on the level of development and built as the system demands increase along with development.

Table 5-2 illustrates the average daily water demands of the existing wells through 2020.

Table 5-2 Average Daily Water Usage

YEAR	Average Daily Water Usage (MGD)	Max Daily Water Demand (MGD)
2008	1.68	2.56
2009	1.59	2.63
2010	1.43	2.60
2011	1.47	2.45
2012	1.60	2.77
2013	1.69	2.63
2014	1.47	2.49
2015	1.19	1.65
2016	1.17	1.87
2017	1.29	2.19
2018	1.30	2.11
2019	1.32	2.20
2020	1.42	2.27

Source: City of Escalon Water System Evaluation, Blackwater Consulting Engineers, February 2016; Giuliani & Kull, Inc. 2021.

Table 5-3 illustrates the capacity of the existing wells in the City of Escalon. Additional water will be provided by additional wells and the South San Joaquin Irrigation District Surface Water Project as described below.

Table 5-3 Summary of Well Capacity

Well #	Status	Capacity	
		GPM	MGD
1	Inactive	0	0.0
3A	Active	1,100	1.6
9	Active	800	1.15
10	Active	1,300	1.9
Total Active Pumping Capacity		3,200	4.65

Source: City of Escalon Water System Evaluation, Blackwater Consulting Engineers, February 2016

WATER QUALITY

The City routinely monitors the water that is treated and served to customers to ensure that water delivered to customers meet water quality standards. There are two (2) general types of drinking water standards:

- **Primary Maximum Contaminant Levels (MCLs)** are health protective standards and are established using a very conservative risk-based approach for each constituent that takes into potential health effects, detectability and treatability,

and costs of treatment. Public water systems may not serve water that exceeds Primary MCLs for any constituent.

- **Secondary MCLs** are based on the qualities of the water such as taste, odor, and certain mineral content, and are considered limits for constituents that may affect consumer acceptance of the water.

The results of this testing are reported to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW) following each test and are summarized in Consumer Confidence Reports, which are provided to customers by mail and made available on the City's website at:

https://www.cityofescalon.org/government/departments/public_works/water_department.

As shown in the latest Consumer Confidence Report (January 2022), the City complies with all State and federal drinking water standards, and do not exceed MCL standards. The Report shows detection of contaminants with a primary drinking water standard, such as Arsenic, Fluoride, Chlorine and Nitrate but the levels detected do not exceed MCL standards and are attributable to a number of factors, such as erosion from natural deposits, discharge from fertilizer and aluminum discharges, drinking water disinfectant, and leaching from septic tank and sewage erosion.

GROUNDWATER SUPPLY

The City overlies the Eastern San Joaquin Groundwater Subbasin (Subbasin). The Subbasin is one of twenty-one (21) basins and subbasins identified by the California Department of Water Resources (DWR) as being in a state of critical overdraft. The Eastern San Joaquin Groundwater Authority (ESJGWA) was formed in 2017 in response to the Sustainable Groundwater Management Act (SGMA) which was enacted in 2014. The ESJGWA prepared the Groundwater Sustainability Plan (GSP) to achieve groundwater sustainability in the Subbasin by 2040 and was adopted by the ESJGWA in November 2019 and was recently revised in June 2022. The GSP outlines the need to reduce overdraft conditions and has identified twenty-three (23) projects for potential development that either replace groundwater use (offset) or supplement groundwater supplies (recharge) to meet current and future water demands. The GSP can be viewed on the Eastern San Joaquin Groundwater Authority website: <http://www.esjgroundwater.org/>.

The Subbasin is located to the west of the Sacramento-San Joaquin River Delta (Delta) and is bounded by the Sierra Nevada foothills to the east, San Joaquin River to the west, Dry Creek to the north, and Stanislaus River to the south. In the eastern portion of the Subbasin, groundwater flows from east to west and generally mirrors the eastward sloping topography of the geologic formations. The western portion of the Subbasin, groundwater flows eastward toward areas with relatively lower groundwater elevation. Surface water flows from east to west, with the major river systems traversing the Subbasin being the Calaveras, Mokelumne, and Stanislaus rivers.

According to the GSP, groundwater levels in some portions of the Subbasin have been declining for many years, while groundwater levels in other areas of the Subbasin have remained stable or increased in recent years. The change in groundwater levels varies

across the Subbasin, with the greatest declines occurring in the central portion of the Subbasin. The western and southern portions of the Subbasin have experienced less change in groundwater levels, in part due to the minimal groundwater pumping in the Delta to the west and the import of surface water for agricultural and urban purposes.

SOUTH SAN JOAQUIN IRRIGATION DISTRICT SURFACE WATER SUPPLY

The City is a participant in the South San Joaquin Irrigation District (SSJID) South County Water Supply Program. SSJID entered into a Water Supply Development Agreement in 1995 with the Cities of Ripon, Manteca, Lathrop and Tracy for the delivery of treated surface water to supplement the municipal and industrial water supplies of these communities. The purpose of the project is to provide a reliable supply of water to these cities to reduce the potential negative impacts of over drafting the groundwater aquifers providing the water supply to the various communities.

The City was initially slated to take delivery of up to 2,015 acre-feet of treated water after completion of Phase I and has been allotted up to 2,799 acre-feet of treated water through Phase II. The City opted to defer delivery of project water until Phase II to delay costs implications on the City, therefore the City has relied on the groundwater supply in the interim. The City of Escalon elected to sell its Phase I allocation of water to the City of Tracy via the Escalon Amendment to Tracy-SSJID Water Supply Development Agreement in 2006. Funds collected by the City of Escalon through these sales between 2003 and 2014 have been spent to retire debt service on the initial construction loan. Funds collected since 2015 to current have been reserved for the City's future connection to SSJID surface water system and amount \$837,392.

In 2020, the City of Escalon entered into a new Agreement with SSJID which superseded and replaced the 1995 Initial Agreement in its entirety, without disturbing the subsequent side agreements between SSJID and individual Project Participants (e.g., Cities of Manteca, Tracy and Lathrop). This new Agreement, known as Water Supply Agreement, the City intends to preserve its ability to receive treated water from SSJID in the future through existing facilities and subsequent construction of the Phase II Project facilities.

On September 16, 2021, the Escalon City Council directed staff and their consultant PACE to present Configuration C to SSJID for connection to the Water Treatment Plant (WTP).

The primary facilities associated with the Configuration C SSJID project include the transmission pipeline of about 18,000 linear feet to convey treated water from the WTP transmission main to the City and the turnout facilities. This would include a flow control assembly, 0.10 MG storage wet well and booster pump to be constructed in the northeast corner of Hogan Park. The turnout and booster station would function to provide water supply on a schedule, and either the distribution system or Roosevelt Tank will receive the supply. The estimated costs for the SSJID connection is \$4,877,600. The City of Escalon continues to collect dollars from existing water users to fund these future improvements. It is envisioned initially that the SSJID water will be used during the summer months. As the population of Escalon grows, the SSJID water will be used as a reliable source of domestic water for its current and future customers. The City, in coordination with SSJID, have completed the initial surveys and preliminary alignment of the improvements. The City and SSJID are in the process of completing the environmental, project timing and design.

The current schedule is for design to be completed in 2023, secure funding in 2024 and begin construction in 2025.

TRANSMISSION AND DISTRIBUTION SYSTEM

The proposed distribution system improvements correlate to the water supply improvements and would be constructed simultaneously with the water supply improvements and/or as development occurs in a particular area of the City. The planning boundaries and demands associated with full build out of the General Plan planning horizons were used for planning distribution system improvements which are higher than the market projections. A hydraulic model was used to size pipelines. Distribution system improvements were sized based on the modeling results and established criteria, input from City staff and review of the system. The primary objective of the distribution system improvements is to ensure that adequate flow and pressure are available throughout the system.

Current Conditions/Infill through 2030 Planning Horizon

Based on the reliable capacity of the existing system, the City has chosen to contract for the completion of Well 1A. The new well #1A is being designed to a capacity of 1,500 GPM's and should be of sufficient capacity to handle projected growth in the short-term. The balance of the water improvements mentioned 2-4 will be funded based on budgetary constraints adopted by the City Council. Additional wells and booster pumps will be added to support new development based on the results of independent Water Supply Assessments performed to comply with SB 610 findings and in compliance with the Escalon Master Water Plan.

2030 through 2050 Planning Horizon

It is likely that in the long term, the City of Escalon will choose to fund necessary improvements to support connection to the SSJID surface water treatment system. The SSJID water will supplement the City's groundwater supply and provide a redundant source of supply. The timing of the SSJID supply could vary depending on a number of factors including: the actual demands in the City, schedule of the SSJID Phase II expansion, and financial considerations associated with the necessary improvements.

The SSJID water supply is important from the City's long-term water supply and reliability perspective as part of a conjunctive use program, but there is not an acute need for the SSJID water to meet projected demands based on the market projections at least through 2030, and probably sometime beyond that based on current expectations of well yields in the area and the addition of the storage tank(s)/booster pump station.

As mentioned previously, the City of Escalon is drawing groundwater from an abundant part of the Eastern San Joaquin County Groundwater Subbasin. Therefore, due to the apparent ability of the groundwater supply to meet future demands, the City may have opportunities to temporarily lease or sell a portion of its SSJID allotment to other project Cities that do not have well capacity or other sources of supply. These opportunities provide an interim solution to the other Cities, while potentially offsetting some of Escalon's costs to participate in the project in the future.

The ability to receive surface water could be integral in the City's long-term plans such as an aquifer recharge program. A recharge program would involve recharging the

aquifer using treated surface water from SSJID during the winter months when demands at the water treatment plant are low, and there is excess capacity.

Water Supply Analysis

Build out of the General Plan Updated in 2019 will generate substantial increases in demand for domestic water. The General Plan and the Water Master Plan (January 2007) assume that future domestic water supplies will continue to be met from groundwater wells as well as surface water from the SSJID project. Anticipated urban development will require not only a substantial expansion of the City's water distribution but also expansion of the supply through the development of new wells, storage and pumping facilities.

The City's Water Master Plan assigned costs to the anticipated water facilities improvements and established a connection charge adequate to pay for necessary improvements. Depending on the nature of the improvements and the amount and timing of development, sufficient funds from connection charges may not fully fund the capacity expansions in the short-term. In such cases it is typical for developers to provide capacity in excess of their need with reimbursement from the City as additional connections occur.

Specific onsite improvements within specific developments that are needed to provide service to the development including distribution system piping, services, blow offs, fire flows in excess of normal requirements, and other appurtenances will be financed by the developer, constructed to City standards and deeded to the City. Since these "on-site" improvements are paid for by the developer, they are not included or credited as an offset to the connection charges.

General Plan build out and associated expansion of the City water well system will increase demands on the underlying groundwater system. However, this increased demand will be satisfied through the use of groundwater as well as the SSJID surface water acquired through the City's participation in the South San Joaquin Irrigation District (SSJID) South County Water Supply Program. Two independent water supplies in a conjunctive use program will provide redundancy and reliability to the City's long-term water supply. Therefore, the City has an adequate supply of water to meet the increased demand through General Plan build out.

5.5 WASTEWATER COLLECTION AND TREATMENT

Upon incorporation in 1957, the City of Escalon acquired all of the facilities of the Escalon Sanitary District. The facilities which make up the City's sewer system have been 1) acquired during incorporation, 2) constructed or 3) received as dedications from developers.

The City of Escalon owns and operates two wastewater treatment and disposal systems: The municipal system handles wastewater from residential, commercial, and small industrial sources in the City; the industrial system handles wastewater from the food processing industries in the City.

The City's sewer system including a 14-inch sewer trunk main in McHenry Ave was constructed prior to 1950. Existing sewer diameters are not large enough. The majority of the City's sewer system is eight inches in diameter or less. There are approximately 137,230 lineal feet (26.0 miles) of gravity and pressure sewer lines within the City's domestic sewer system. Sewer sizes range from 6-inch to 14-inch diameter and are composed of vitrified clay, PVC, and asbestos cement pipe.

The sewer service area within the City limits encompasses approximately 1,130 acres of land with the majority (42%) of the land use in the low to high density residential category. The remaining areas are divided among industrial, commercial, park and open space, and public facilities, with industrial representing the second highest land use at approximately 34% of the total.

Reclamation of clean industrial wastewater, e.g., cooling water, is being practiced by the Escalon industries. Reclamation of the remaining high-strength industrial wastewater and municipal wastewater is not likely because of readily available alternative sources of water and the dominance of human food crop agriculture in the area, which cannot be irrigated with reclaimed wastewater unless an extremely high (and costly) level of treatment is provided. Accordingly, reclamation beyond that currently being practiced by the industries with their clean cooling water does not appear to be a viable alternative at this time.

Based on the City's historical success of land disposal on the site, and the available groundwater data indicating no significant groundwater contamination from current practices, land disposal via percolation and evaporation is feasible for the future.

Future treatment requirements for continued use of the existing and any expanded land disposal facilities are expected to be comparable to the existing treatment requirements covering both the industrial and municipal wastewater facilities (Regional Water Order No. 87-087).

Per the Waste Discharge Requirements Order No. 5-00-142, the maximum monthly average dry weather flow for the domestic WWTP is 0.90 MGD and the maximum daily flow shall not exceed 1.0 MGD. For the industrial WWTP, the monthly average dry weather flow shall not exceed 2.0 MGD with a maximum daily flow of 3.0 MGD. The City's current average flow for domestic use is 0.5 MGD (53% of capacity) measured during the months of July – November, pursuant to the Wastewater Master Plan, Version 3 prepared by PACE Engineers, November 4, 2019. Each year, the City sends individual industries a permit to discharge effluent into the City's WWTP. For example, the Industrial Waste Discharge Permit for the Kraft Heinz Company limits the on-season and off-season flow (2.1 MGD (monthly average) and 1 MGD (monthly average), respectively).

Influent flows are anticipated to increase to approximately 2.8 million gallons per day as development occurs within the adopted General Plan growth boundary. Based on the unit flow factor per equivalent single family dwelling unit (EDUs), the projected 2.8 million gallons per day future flow represents approximately 8,400 future EDU's to be connected to the sewer system. Currently, there are approximately 3,300 EDU's connected to the system with an average existing unit flow factor of approximately 210 gallons per day per existing EDU.

Table 5-4 illustrates the existing and projected wastewater flows for the City of Escalon. 2019 through 2045 flow rates were identified in the November 2019 City of Escalon Wastewater Master Plan Version 3.0, dated November 4, 2019. For the purpose of this document, the flow rates for through 2045 were extrapolated, based on the projected growth/EDU's and the unit flow factor established in this document.

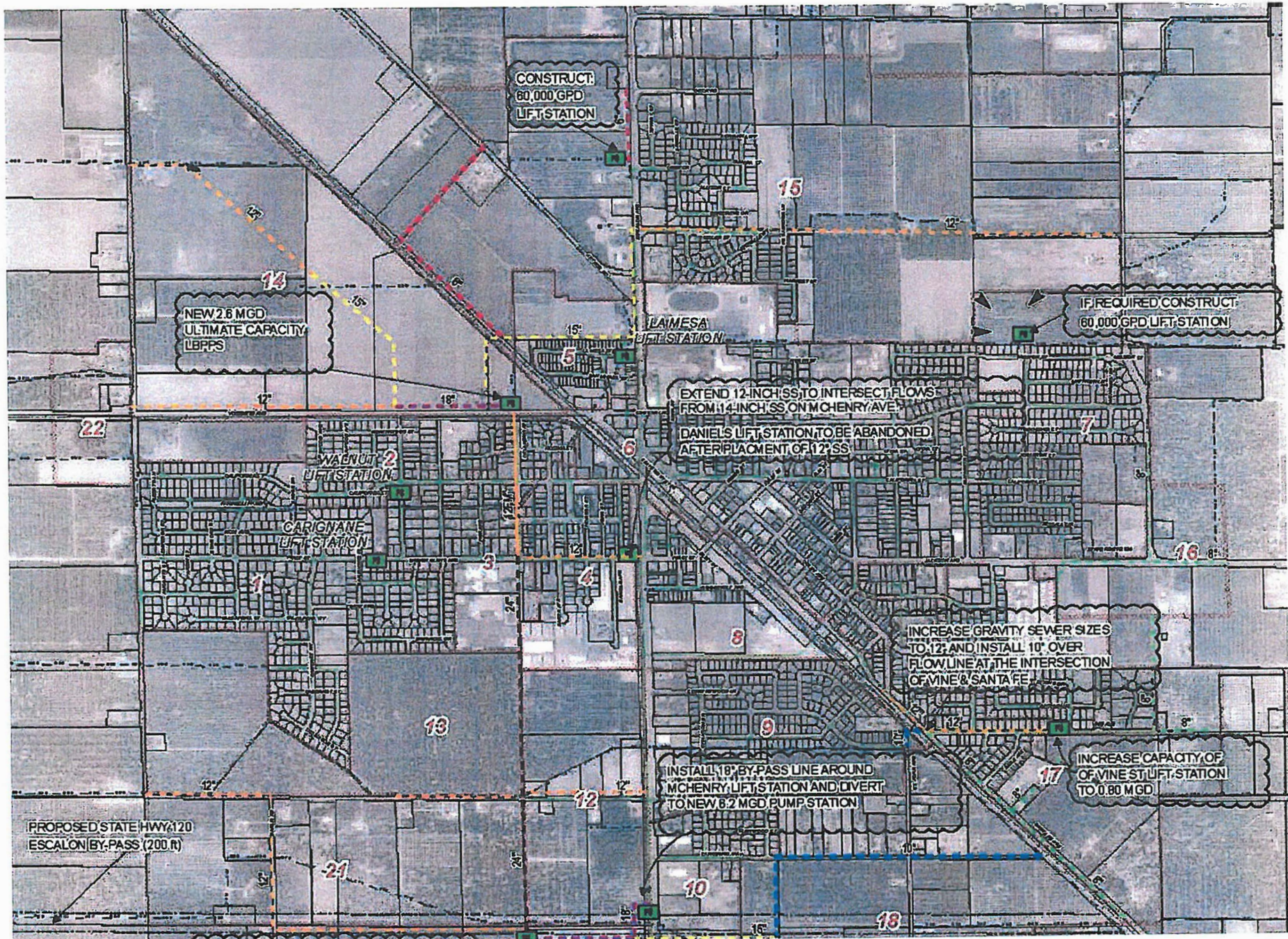
Table 5-4 Projected Wastewater Flow (mgd)

	2019	2025	2035	2045
Average	0.5	0.6	0.8	0.9

Source: City of Escalon Wastewater Master Plan, November 2019
prepared by PACE Advanced Water Engineering

Existing sewer facilities were reviewed in the Escalon Sewer Master Plan of 2006 and areas of planned expansion identified within the current sewer service area and each growth boundary is shown in Exhibit 5-2. Current and future sewer service areas were identified by sewer collection areas with defined connection points to the existing or future trunk sewer facilities. Sewer system expansion will focus on major system improvements necessary to increase sewer capacity or extend sewer service to currently unsewered areas. Sewer improvements that provide benefit only to individual development projects were not included in the master plan evaluation.

Exhibit 5-2 Proposed Wastewater Collection System Expansion



On September 24, 2014, the City received a Notice of Violation from the Central Valley Regional Water Quality Control Board (CVRWQCB) which detailed violations with Water Discharge Requirements Order 5-00-142. The Notice of Violation identified the following violations of waste discharge requirements with regards to effluent violations, odor violations, capacity violations, and discharge violations. Since 2014, the City has completed a number of improvements that have addressed the Notice of Violation and will be upgrading the plant through the City's Modernization Project.

Sewer improvements are grouped into four phases, these groupings are based on the relative timing and need for the improvements and are summarized as follows:

- Phase 1 - Near-Term improvements to the existing sewer system to provide capacity for immediate development.
- Phase 2 - Improvements needed to extend service to the Heritage Park and Liberty Business Park areas. These improvements shall be installed as Projects within Heritage and Liberty Business Park come forward.
- Phase 3 - Future improvements to the existing system to allow conveyance of future flows through existing facilities (improvements in addition to the "Near-Term improvements"). These improvements shall be installed as development occurs and Development Applications are processed through the City.
- Phase 4 - Sewer system expansion improvements, which consist of new sewer lines to extend service to currently unsewered areas within the City's growth boundaries. These improvements have been identified to be installed beyond the 2025 as build out of the City's growth boundary occurs.

Extension of sewer services to currently unsewered areas will likely follow the pattern of actual development within each growth area, which is currently unknown. Therefore, the proposed expansion plan outlined in the Wastewater Master Plan will be used as a guide to developing sewer system expansion plans to future areas as they are developed. Table 5-5 illustrates the proposed improvements and the triggers for each. Since the City does not know which areas will develop first, it is difficult to break down the improvements by years. Future improvements to the City's sewer collection system will be based on existing and updated Master Plans.

Table 5-5 Proposed Sewer Improvements

Improvement	When Needed
Near-Term Improvements	
Gravity sewer 18-inch minimum diameter 1,400-foot length along future HWY 120 bypass east of McHenry Lift Station (4,305 gpm).	Prior to connecting additional developments to existing collection system
Construct Phase I of new 6.2 MGD Ultimate Capacity City Main Lift Station to replace existing McHenry Lift Station (Phase I at 3.1 MGD) (2,152 gpm).	This project has been completed.
Construct 9,000-foot 24-inch minimum diameter gravity sewer from new City Main Lift Station to the Escalon WWTP	Prior to connecting additional developments to existing collection system
Improvements for Heritage Park Development	
Install 1,400-foot 12-inch minimum gravity sewer west-east along Ullrey Av. and 1,400 24-inch minimum diameter gravity sewer north-south along Oklahoma St. extension towards new 6.2 MGD Main Lift Station	During construction of Heritage Park Phase 1
Improvements for Liberty Business Park Developments	
When Needed	
1,900-foot 12-inch and 1,200 15-inch minimum diameter gravity sewers within the North Industrial Park	During construction of 178 ac development
1,200-foot 18-inch gravity sewer along SR 120 south of North Industrial Park development	During construction of 178 ac development
Install 1,700-foot 12-inch minimum diameter force main from LBPPS to new manhole located on Oklahoma St. and south of SSJID pipe	During construction of 178 ac development
Install 2,500-foot 24-inch minimum diameter gravity sewers south along Oklahoma St. and its extension thru future Heritage Park development to drain at intersection of Oklahoma St. extension and Ullrey Ave.	During construction of 178 ac development
Improvements for future Developments	
Install 1,400-foot 12-inch minimum gravity sewer along First St. from First/McHenry intersection to First/Oklahoma intersection	When flows in 14-inch McHenry Ave. gravity sewer upstream of First/McHenry intersection are above 0.65 MGD
Install 3,000-foot 15-inch minimum gravity sewer from manhole on Escalon Ave/Miller St. intersection west through Hogan Park then south-west through Arthur Rd. and south along western property line of Escalon Covenant Church across the railroad tracks and south towards the LBPPS	When flows in 8-inch gravity sewer on Escalon Ave. south of the La Mesa Lift Station are above 0.38 MGD

Improvements for future Developments	
Install 1,400-foot 12-inch minimum gravity sewer along First St. from First/McHenry intersection to First/Oklahoma intersection	When flows in 14-inch McHenry Ave. gravity sewer upstream of First/McHenry intersection are above 0.65 MGD
Install 3,000-foot 15-inch minimum gravity sewer from manhole on Escalon Ave/Miller St. intersection west through Hogan Park then south-west through Arthur Rd. and south along western property line of Escalon Covenant Church across the railroad tracks and south towards the LBPPS	When flows in 8-inch gravity sewer on Escalon Ave. south of the La Mesa Lift Station are above 0.38 MGD
Replace existing 8-inch gravity sewer on Santa Fe Ave. between Santa Fe/Vine and Santa Fe/Franklin intersections with 12-inch minimum diameter gravity sewer	When flows upstream of manhole on Santa Fe/Franklin intersection are above 0.38 MGD
Replace and increase pumping capacity of Vine St. Lift Station to 0.72 MGD	When inflows to lift station exceed current 0.5 MGD pumping capacity
Replace existing 10-inch gravity sewer on Vine St. between Vine Lift Station and Santa Fe/Vine intersections with 12- inch minimum diameter gravity sewer	When flows upstream of manhole on Santa Fe/Vine intersection are above 0.65 MGD
Install 10-inch overflow line connecting manhole on Santa Fe/Vine intersection with manhole on St John/Countrywood intersection	When flows upstream of manhole on Santa Fe/Vine intersection are above 0.65 MGD
Install 1,400-foot 12-inch minimum gravity sewer along Ullrey from McHenry Ave to new 24-inch interceptor	This option is provided in order to divert flows from 14-inch McHenry Ave. gravity sewer
Replace existing 8-inch gravity sewer on Miller with 1,900- foot 12-inch minimum diameter gravity sewer	When flows upstream of manhole at Miller/Westbrook intersection are above 0.38 MGD
Install 2,100-foot 8-inch minimum gravity sewer from E. Clough/McHenry Ave. intersection north along McHenry Ave. and west along Clough Rd.	As a result of development on Drainage Basin 19
Sewer System Expansion Improvements	When Needed
Construct Phase II of new 6.2 MGD Ultimate Capacity Main Lift Station (Phase II at 4.1 MGD)	When additional flows to the Lift Station will increase the peak flow above 3.1 MGD
Installation of 1,300-foot 10-inch minimum diameter gravity sewer, 4,100-foot 12-inch minimum diameter gravity sewer from Brennan Ave. east along Ullrey, south along Dahlin Rd., and east along Clough Rd.	After completion of Heritage Park development Phase 3 or any other development south east of Heritage Park development
Installation of 2,700-foot 12-inch minimum diameter gravity sewer from Brennan Ave. east along SR 120 to upstream invert to 18-inch gravity sewer placed as part of the NIP development	As a result of any development south-west of NIP development
Phased easterly extension of up to 3,200-foot 12-inch gravity sewer along Miller Ave.	As a result of any development located north-east of existing City limits
Construct Phase II of LBPPS 2.6 MGD Ultimate Capacity Pump Station (Phase II at 1.7 MGD).	When additional flows to the Pump Station will increase the peak flow above 1.3 MGD

Installation of 1,400-foot 15-inch minimum diameter gravity the future HWY 120 by-pass and east of McHenry Lift Station.	As a result of development east of Drainage Basin 10
Installation of 3,300-foot 10-inch minimum diameter gravity sewer along Catherine way and south towards future HWY120 by-pass	As a result of development within the northern area of Drainage Basin 18
Installation of 3,300-foot 10-inch minimum diameter gravity sewer along Narcissus Rd. and North towards future HWY 120 by-pass	As a result of development within the southern area of Drainage Basin 18
Installation of 2,800-foot 8-inch minimum diameter gravity sewer along Main St. and north-west towards Vine Lift Station	As a result of development on the south-east corner of Drainage Basin 17
Installation of 1,700-foot 8-inch minimum diameter gravity sewer next to the railroad along the north-east side of the future north industrial park	As a result of development on the western area of Drainage Basin 15
Increase Pumping capacity of new City Main Lift Station to 6.2 MGD (Phase III)	When additional flows to the Lift Station will increase the peak flow above 4.1 MGD
Installation of 3,600-foot 12-inch minimum diameter gravity sewer from the Clough/Ellis intersection south along Ellis, east along Jones Ave. towards 33-inch SS	As a result of development on drainage basin 20
Increase Pumping capacity of LBPPS to 2.6 MGD (Phase III)	When additional flows to the Pump Station will increase the peak flow above 1.7 MGD
Construction of new 60,000 gpd lift station and force main to discharge at manhole at intersection of Escalon Ave./Libby Rd intersection	As a result of development of the northern portion of Drainage Basin 5
Source: City of Escalon Sewer Master Plan, October 2006 as modified by the PACE report of 2019.	

Wastewater Analysis

On-site sewer system improvements required by new development would be the responsibility of developers and sub-dividers who must design, install and pay for improvements the City Engineer determines to be necessary based on the Sewer Master Plan. All improvements listed in the Sewer Master Plan have been included in the Development Impact Fees and will be built when the trigger listed in Table 4-5 is met. Major facilities would be financed based on timing of fees collected or expected to be collected under a Development Impact Fee. The City of Escalon continues to monitor the system and through the help of City Engineer, Bill Kull, has focused their attention on upgrades to the McHenry Sewer lift station and the replacement of the McHenry Ave gravity sewer line from 14 inches to 24 Inches. These improvements and more are disclosed in the PACE report of 2019.

Demands for sewage disposal are significant but can be met with implementation of the Sewer Master Plan as modified by the PACE report of 2019. The Master Plan is monitored and updated to ensure that the infrastructure and fees are keeping pace with the City's growth and inflation. The Development Impact Fee has an annual escalation rate of 2.8% (per City Council Resolution No. 26-07) built into it to insure it is keeping pace with inflation. The escalation rate (adjusted January 1st of each year)

is based on the ten (10) year average of the Engineering News Record's (ENR) Construction Cost Index.

5.6 STORM WATER DRAINAGE

The City of Escalon's storm drainage system depends on South San Joaquin Irrigation District (SSJID) existing system of irrigation laterals to transport storm drain runoff from the City. These laterals run south and west to the Stanislaus River and the Lone Tree Creek respectively.

Storm water runoff is collected from the urbanized portions of Escalon with a network of detention basins and underground pipelines. There are ten storm system zones throughout the City. Each zone has pipelines of varying size and detention basins to accommodate storm water runoff.

There is an existing drainage shed within the City that utilizes interim retention basin Storm Drain System 11. The basins within the existing systems are designed to reduce the peak flow rates released to the SSJID laterals. Runoff is temporarily stored in the basins then is pumped into the SSJID laterals at the reduced flow rate.

Storm Drain System 4 is the only system that does not discharge to a SSJID lateral. Runoff collected by Storm Drain System 4 is pumped directly to the industrial ponds at the City's waste water treatment plant.

SSJID owns the drains and laterals that convey the City's storm drainage to the local surface waterways. The Master Plan was designed to meet SSJID requirements for limiting storm water inflows to drains and laterals. The Master Plan also maintains the integrity of SSJID facilities and includes provisions to meet the National Pollutant Discharge Elimination System (NPDES) water quality restrictions.

Flooding is not a major problem, due to its distance from the 100-year floodplain. According to the FEMA Flood Maps, the City of Escalon is in Zone X, 500-year flood zone. The greatest external risk to flooding is the Stanislaus River, however, due to the distance from the river and the topography (sloping toward the River) the City is out of the 100- or even 200-year flood zone.

Localized storm damage occasionally occurs due to inadequacies in the drainage system, particularly in the downtown area. The Storm Water Master Plan analysis showed a number of potential areas that could sustain storm damage. By adjusting detention basin and pump operating criteria, the potential flooding has been alleviated and eliminated the violation of City standards. The Storm Drain Master Plan will be used to optimize the design and operating conditions of future development storm drain facilities to minimize possible violations of SSJID restrictions.

The City's 2005 General Plan Update establishes the planning area that will encompass thirteen new drainage sheds. Utilizing the design criteria described in the Storm Drain Master Plan and the land use designation described in the City's 2005 General Plan Update, the proposed storm drain infrastructure requirements were developed for each future storm drain shed. Along with the requirements, a cost

estimate was also developed for each basin. Based on this cost estimate, a storm drain connection fee was established for each basin.

The City's Post-Construction Standard Plan was established for the City to guide project proponents and plan checkers through the various site design requirements of the Phase II Municipal Separate Storm Water System (MS4) Permit. Each new project, depending on size and the amount of impervious surface, is required adhere to Post-Construction Standards and Best Management Practices (BMPs). Further, the purpose of the document is to provided project proponents with information on how to meet the State Water Board's requirements for mitigating the negative impact of increases in storm water runoff caused by new development and redevelopment. The goal is to incorporate Low Impact Development (LID) standards and hydromodification management techniques. LID mitigates excessive runoff by the use of control measures that utilize evapo-transpiration, infiltration, capture/reuse, and biotreatment to mimic the runoff of a natural environment.

Storm Drainage Analysis

The City's Master Plan was adopted in January 2008 and was prepared in consultation with SSJID and is consistent with SSJID's system operating criteria. The Master Plan was predicated on the City's continued use of SSJID facilities for terminal drainage.

Escalon's current and future approach to handling storm water runoff is through the construction of additional detention basins and eventually diverting the water to local water courses through the SSJID conveyance system. The storm drainage system in Escalon will be extended based on the City's growth and following the Storm Water Master Plan. The Storm Drain system is split up into a number of discharge areas as illustrated in Exhibit 6-1, Storm Drain Areas. Discharge areas include discharging into the SSJID system, the City's WWTP, and on-site basins for areas that are undeveloped or are existing ranchette parcels. The majority of the City discharges into the SSJID system.

The Storm Drain Master Plan took into consideration the City's General Plan growth boundaries when analyzing the storm water needs. The Master Plan also established the cost to develop each of the storm drain basins needed to accommodate ultimate build out of the General Plan. Based on these calculations, the City adopted a new storm drain connection fee and has thus planned for the eventual build out of the City General Plan boundary.

5.7 DETERMINATION

As the City of Escalon continues to grow, there will be a need to expand services. With the recently updated General Plan and Master Plans, the City has already begun planning for potential expansion of services.

Law Enforcement

The City of Escalon provides adequate law enforcement services to meet the needs of the existing population.

The City of Escalon has planned for the anticipated growth in population and associated need for law enforcement capital improvements to the year 2050 by

incorporating these needs into a Development Impact Fee Nexus Study. The City will be able to pay for the additional law enforcement operational needs through the expanded tax base generated by new development. Capital costs for facilities and equipment will be funded through development fees collected from these new developments. The City's Police Department will continue to monitor these fees to ensure that the fees collected are adequate to serve the expanded needs of the City.

Fire Protection

The fire protection needs of the City are currently being provided by the Escalon Consolidated Fire Protection District (EFD).

Escalon, the 2030 growth boundary and the City's Sphere of Influence are all within the service boundary of the Fire District so the Fire District will continue to serve the land within the City boundaries as well as the land in the SOI. As the City grows and the capital expenditures and staffing needs increase, the City will need to work closely with the Escalon FD to ensure that the Fire District is able to adequately service the additional population generated by the annexation of additional land into the City. This may mean that the City establishes a contract with the Fire District for the required level of services needed by the City or the City and District work together to implement a public safety tax.

Since the fire facility fee has not been reviewed or increased since the early 1990's, it is suggested that the Fire District commission a nexus study to determine the appropriate fee with a built-in escalation rate for new development so that the Fire District can adequately accommodate the projected growth. The Chief is currently putting together a request to his board to increase the fee which once adjusted will adequately fund the necessary expansion of the Fire District due to new growth.

Water Supply

The City has an adequate water supply and provides adequate water service to the residents of the City.

General Plan build out and associated expansion of the City water well system will increase demands on the underlying East San Joaquin Groundwater Subbasin groundwater system. However, this increased demand will be satisfied through the use of groundwater, recharging efforts as well as the SSJID surface water acquired through the City's participation in the South San Joaquin Irrigation District (SSJID) South County Water Supply Program. Two independent water supplies in a conjunctive use program will provide redundancy and reliability to the City's long-term water supply. The Water Master Plan also sets a connection fee which offsets the costs of new development through build out of the General Plan. The City has developed a schedule of improvements and triggers through the year 2050 which will ensure that the water systems grows in conjunction with the City's future expansion. Therefore, the City has an adequate supply of water and water system to meet the increased demand through General Plan build out.

Wastewater Collection

The City provides adequate wastewater services to meet the needs of the existing

population.

On-site sewer system improvements required by new development would be the responsibility of developers and subdividers who must design, install and pay for improvements the City Engineer determines to be necessary based on the Sewer Master Plan. Major facilities would be financed on the basis of fees collected or expected to be collected as part of the sewer connection fee established by the Sewer Master Plan and adopted by the City Council.

Demands for sewage disposal are significant but can be met with implementation of the Sewer Master Plan which took into consideration the ultimate build out of the General Plan and the connection fee established by the Master Plan. The Master Plan outlines the improvements needed and the phasing of the improvements depending on where the growth occurs through the General Plan build out. The Master Plan will be monitored and updated to ensure that the infrastructure and fees continue to keep pace with the City's growth and inflation.

Storm Water Drainage

The existing storm water drainage system is adequate for serving the needs of Escalon's population.

Development will place increasing demand on the City's storm drainage facilities and create a need to expand the capacity of the City's storm drainage facilities. Individual developments will provide necessary improvements to their projects based on the City's Storm Water Drainage Master Plan. A storm drainage fee imposed on the new residential and nonresidential land uses will be used to fund the expansion and improvement of the City's storm drainage facilities and thereby meet the increased demand caused by these development types.

The Storm Drain Master Plan took into consideration the City's ultimate growth boundaries when analyzing the storm water needs. The Master Plan also established the cost to develop each of the storm drain basins needed to accommodate ultimate build out of the General Plan. Based on these calculations, the City adopted a new storm drain connection fee and has thus planned for the eventual build out of the City to 2050.

6 FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

This section evaluates the funding mechanisms available for the provision of expanded services in Escalon to meet the future needs for fire, police, water, wastewater and storm water infrastructure.

6.1 DEVELOPMENT IMPACT FEE

In 2016, the City had David Taussig & Associates, Inc. update their Development Impact Fee Justification Study. This study, updated through the year 2036, the costs of new development. The study assumed a population of 8,403 by the year 2036.

Development impact fees are charged to fund improvements to the City's public buildings, storm drainage, sewer and water supply and distribution systems and roadway networks. Other fees needed to offset impacts identified during the development application/environmental review process are also being charged to a proposed project. Development Impact Fees are collected on a 1,000 square foot basis for non-residential uses and a per dwelling unit basis for residential uses.

Table 6-1 depicts the current Development Impact Fees that are currently charged to new development.

Table 6-1 Development Impact Fee Summary for New Development in Escalon

Facility Type	Single Family (per unit)	Multi-Family (per unit)	Commercial (per 1,000 Sq. Ft)	Office (per 1,000 Sq. Ft.)	Industrial (per 1,000 Sq. Ft)	Institutional (per 1,000 Sq. Ft.)
Parks & Recreation	\$14,876	\$11,900	na	na	na	na
Transportation	\$1,258	\$729	\$4,690	\$4,690	\$1,220	\$2,346
Police	\$2,304	\$1,843	\$1,600	\$1,200	\$400	\$200
City Hall	\$1,021	\$817	\$710	\$532	\$177	\$88
Public Works	\$1,090	\$871	\$757	\$568	\$189	\$95
Administration	\$620	\$488	\$236	\$212	\$61	\$82
Library	\$140	\$111	\$96	\$72	\$24	\$13
TOTAL	\$21,309	\$16,759	\$8,089	\$7,274	\$2,071	\$2,824

Source: City of Escalon Fee Schedule for FY21-22. Development Impact Fee Justification Study, David Taussig & Associates, Inc., December 16, 2016

6.2 CONNECTION FEES

After the General Plan was updated in 2005, the City began updating its water, sewer, and storm drain master plans. Through these master plan updates the City has documented existing deficiencies as well as the cost of expanding City services to the properties within the SOI boundaries identified in the updated General Plan. The following tables illustrate the current connection fees, effective July 1, 2021,

established by the Master Plans for water (Table 6-2), sewer (Table 6-3) and storm drain (Table 6-4).

Table 6-2 Water Connection Fee

SERVICE TYPE	CONNECTION FEE
RESIDENTIAL	
Single Family	\$10,463 per unit
Duplex	\$14,328 per duplex
Multi-unit & Apartments	Site Specific
NON-RESIDENTIAL (meter size)	
5/8 and ¾ inch	\$10,463
1 inch	\$17,790
1 ½ inch	\$33,173
2 inch	\$55,452
3 inch	\$122,554
4 inch	\$219,720
6 inch	\$488,619

Table 6-3 Sewer Connection Fee

TYPE	CONNECTION FEE
Single Family (per unit)	\$6,683
Multi-Family (per unit)	\$5,569

Note 1: Fees effective January 1, 2020.

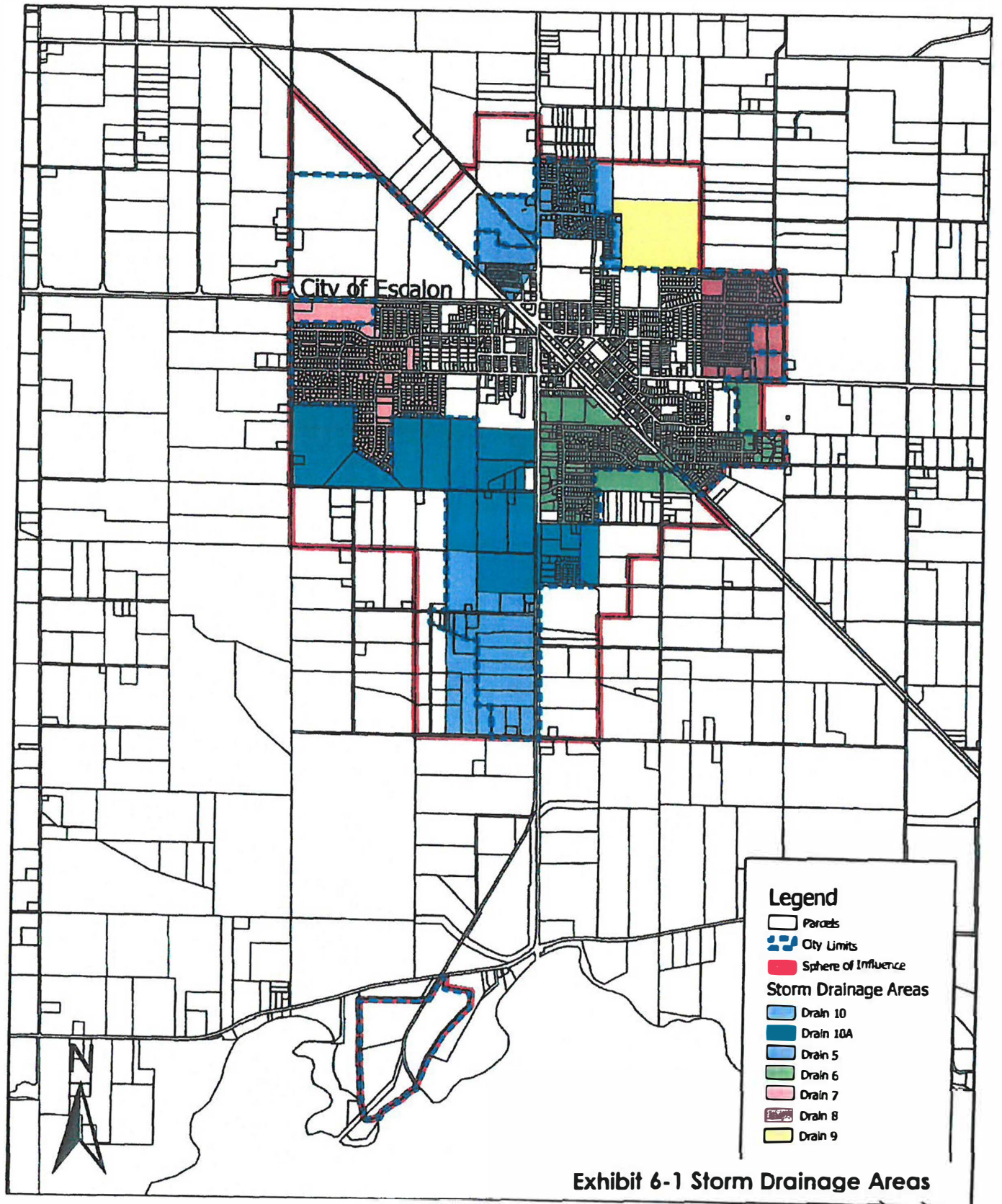
Note 2: Fees indicated in Tables 5-2 through 5-4 are from the City of Escalon Infrastructure Master Plans, January 2007 and are estimates based on assumed improvements financed; however, the improvements to be financed still have not been determined and fees may adjust.

Sewer Connection Fees are based on equivalent dwelling units (EDU). EDUs are units of measure that standardize all land use types (housing, retail, office, etc.) to the level of demand created by one single-family housing unit. The fee for each land use type is based on the gallons per day usage, where the EDU is 250 gpd. Therefore, a use demanding 500 gpd would equal 2.0 EDU's.

Table 6-4 Storm Drain Connection Fee

AREA/TYPE Acre)	Fee (per Acre)
Drainage Area 5	
Single-Family Residential	\$9,780
Multi-Family Residential	\$13,980
Commercial	\$24,990
Industrial	\$19,560
Drainage Area 6	
Single-Family Residential	\$9,300
Drainage Area 6(Future), SFR	\$18,270
Multi-Family Residential	\$13,300
Commercial	\$22,590
Industrial	\$18,800
Drainage Area 7	
Single-Family Residential	\$7,300
Drainage Area 7B (Future),SFR	\$42,130
Multi-Family Residential	\$14,600
Drainage Area 7A (Future), MFR	\$72,630
Commercial	\$17,740
Drainage Area 7B (Future), COMM	\$108,340
Industrial	\$14,600
Drainage Area 8	
Single-Family Residential	\$11,230
Drainage Area 8 (Future), SFR	\$5,640
Multi-Family Residential	\$16,070
Commercial	\$27,290
Drainage Area 8 (Future), COMM	\$14,520
Industrial	\$22,480
Drainage Area 11 (Future)	
Single-Family Residential	\$35,910
Multi-Family Residential	\$66,680
Commercial	N/A

Industrial	N/A
Drainage Area 11A	
Commercial	\$65,110
Industrial	\$61,500
Drainage Area 11B	
Single-Family Residential	\$32,120
Multi-Family Residential	\$45,880
Drainage Area 11E	
Single-Family Residential	\$30,030
Drainage Area 11F	
Commercial	\$94,980
Drainage Area 11G	
Single-family Residential	\$28,310
Commercial	\$72,770
Drainage Area 11H	
Single-Family Residential	\$38,790
Drainage Area 11I	
Single-Family Residential	\$31,240
Drainage Area 11I-1, SFR	\$78,610
Multi-Family Residential	\$58,020
Drainage Area 11J	
Single Family Residential	\$24,430
Commercial	\$62,820
Industrial	\$59,320
Drainage Area 11K	
Industrial	\$56,730
Drainage Area 11L	
Single-Family Residential	\$23,970
Multi-Family Residential	\$44,520
Industrial	\$58,210
Drainage Area 11M	
Single-Family Residential	\$29,300
Industrial	\$71,150



The Master Plans take into consideration the full build out of the General Plan and all the connection fees have an annual fee adjustment. The fees are adjusted automatically every year on January 1st based on the ten (10) year average of the Engineering News Record's Construction Cost Index.

6.3 FIRE FACILITY FEE

The Escalon Consolidated Fire Protection District (EFD) is a stand-alone district with no ties to the City other than providing fire protection services to the residents and businesses. The EFD is responsible for 100% of the costs to run the District. The City of Escalon collects the \$0.16 per square foot Fire Facility Fee for the District when a building permit is pulled.

The fire protection needs of the City are currently being met by the EFD. However, as the City grows and the capital expenditures and staffing needs increase the City will need to work closely with the EFD to ensure that the Fire District is able to adequately service the additional population generated by the annexation of additional land into the City. This may mean that the City establishes a contract with the Fire District for the required level of services needed by the City or the City and District work together to implement a public safety tax.

6.4 FINANCIAL ANALYSIS

The following discussion and analysis provides an overview of the City's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

- The City's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at its close of the 2020-21 fiscal year by \$60.8 million (*Net Position*). Of this amount, \$7.4 million (*Unrestricted Net Position*) is designated to be used to meet ongoing obligations to citizens and creditors; \$7.1 million is restricted for capital projects, debt service, and legally segregated taxes and fees; and \$46.3 million is invested in capital assets.
- As of June 30, 2021, the governmental funds reported a combined Net Position of \$35.5 million, of which \$8.4 million is available to meet the City's current and future needs (*Restricted, Committed, Assigned, and Unassigned Balances*).
- As of June 30, 2021, the General Fund's fund balance was \$4.4 million which \$.25 million is designated as Non-Spendable for items such as deposits, prepaid assets, loans, and inter-fund advances. Assigned/Committed fund balance was \$3.3 million, set for operating services, debt service, equipment replacement, and Cal PERS reserve, and the unassigned balance is \$.88 million.
- Governmental capital assets increased by \$1.8 million compared to prior year assets which includes improvements to the HVAC systems at the Police Building and the Library, lighting in the ballfields, street and sidewalk

improvements, and various equipment additions and disposals. The increase is reflected in the net investment in capital assets.

- The City's total long-term liabilities increased by \$5.0 million compared to the prior year primarily due to the new energy lease with Sterling National Bank and offset by water bond and other loan payments.

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 Positions – Presents information on all City assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between as *Net Position*. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the City's financial position 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 net position changes 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 leave).

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 significant portion of their costs through user fees and charges (business-type activities).

- Government activities – All of the City's basic services are considered governmental activities, including general government, community development, library, public safety, public works, parks and recreation, and streets. These services are supported by general City revenues such as taxes and specific program revenues such as developer fees.
- Business-type activities – All of the City's enterprise activities are reported here, including sewer, water, storm, and transit. Unlike governmental services, these services are supported by users' charges 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. Enterprise Fund Financial Statements are prepared on the full accrual basis, including all their

assets and liabilities, current and long-term. Each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules give the detail of these Non-major funds. Major Funds show the major activities of the City for the year and may change from year to year as a result of changes in the pattern of the City's activities.

A "fund" is a grouping of related accounts 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, 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. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term. Internal Service Funds are used to account for services or activities performed by one (1) Department for the benefit of other City Departments on a cost reimbursement basis. Proprietary Funds are inclusive of both Enterprise and Internal Service Funds.
- *Fiduciary Funds* – These funds are used to account for resources held to benefit parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because those funds' resources are not available to support the City's programs. The City of Escalon has no current Fiduciary Funds.

Government-wide Financial Analysis

Net position – As noted earlier, net position may serve over time as a useful indicator of the City's financial status. In the case of the City, combined net position (government and business-type activities) totaled \$60.8 million at the close of the Fiscal Year Ended June 30, 2021. This is an increase of \$800,000 from June 30, 2020.

The following table reflects the Summary of Net Position for the Fiscal Year Ended June 30, 2021, with comparative data for the Fiscal Year Ended June 30, 2020.

City of Escalon
Net Position as of June 30, 2021
(in millions of dollars)

Net Position	Governmental Activities		Business-type Activities		Total		Total % Chg. 2021
	2021	2021	2020	2021	2020	2021	
Cash and Investments	10.6	11.1	10.9	11.3	21.5	22.4	4.1%
Other Assets	1.0	0.9	0.7	0.8	1.7	1.7	-1.7%
Capital Assets	32.7	34.5	18.1	20.9	50.7	55.4	9.2%
TOTAL ASSETS	44.3	46.5	29.7	33.0	74.0	78.5	7.5%
Deferred Outflows Related to Pensions	0.7	0.7	0.2	0.2	0.9	0.9	0.0%
Long-term Liabilities outstanding	7.5	10.5	5.1	7.3	12.6	17.8	41.3%
Other Liabilities	0.7	0.8	0.8	0.4	1.5	1.0	-31.0%
TOTAL LIABILITIES	8.2	11.1	5.9	7.7	14.0	18.8	10.3%
Deferral Of Pension Expense	0.6	0.6	0.2	0.2	0.7	0.7	0.0%
Net Position:							
Invested in capital assets, net of Related debt	29.8	28.8	14.3	17.5	44.1	46.3	5.0%
Restricted	6.5	7.2	0.0	0.0	6.5	7.2	10.4%
Unrestricted	0.0	-0.5	0.4	7.8	0.4	7.3	-22.2%
TOTAL NET POSITION	36.2	35.5	24.8	25.3	60.0	60.8	-0.87%

The City's Government-wide Net Position as of June 30, 2021, comprised the following:

- Cash and investments comprised of \$22.4 million in the City treasury.
- Government-wide receivables were comprised of \$1.5 million of current receivables and \$180,000 of long-term receivables. Long-term receivables are related to property loan and inter-fund loans.
- Net capital assets of \$55.4 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling \$7.2 million, Restricted Net Assets are those resources that are subject to external restrictions on how they may be used. These restrictions are established by bond covenants or restrictions on the use of funds by state or federal regulations.
- Unrestricted Net Position totals \$9.9 million and is designated 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.

The Change in Net Position, as expressed, as the change in revenues and expenditures through June 30, 2021, is further reflected in the Statement of Activities.

City of Escalon
Statement of Activities
Fiscal year ended June 30, 2021
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Revenues						
<i>Program Revenues</i>						
Charges for services	\$ 1.05	\$ 0.93	\$ 4.96	\$ 5.01	6.01	5.94
Operating grants and contributions	0.20	0.29	0.05	0.07	0.25	0.36
Capital Grants and Contributions	0.73	0.68	-	-	0.73	0.68
Total program revenues	1.97	1.90	5.01	5.08	6.98	6.98
<i>Operating Revenues</i>						
Taxes:						
Property taxes	1.86	1.95	-	-	1.86	1.95
Sales taxes	1.07	1.23	-	-	1.07	1.23
Other taxes	0.64	0.63	-	-	0.64	0.63
Interest Income	0.38	0.06	0.34	0.04	0.72	0.10
Other Revenue	-	-	-	-	-	-
Total Operating Revenues	3.94	3.87	0.34	0.04	4.29	3.91
Total Revenue	5.92	5.77	5.35	5.12	11.27	10.89
Expenses						
General government	0.33	0.19	-	-	0.33	0.19
Public Safety	3.03	3.51	-	-	3.03	3.51
Public Works	1.18	1.17	-	-	1.18	1.17
Community Development	0.74	0.71	-	-	0.74	0.71
Culture and Leisure	0.72	0.88	-	-	0.72	0.88
Interest & Fiscal Charges	0.13	0.09	-	-	0.13	0.09
Water	-	-	1.24	1.14	1.24	1.14
Sewer	-	-	2.87	1.99	2.87	1.99
Storm	-	-	0.27	0.23	0.27	0.23
Transit	-	-	0.17	0.20	0.17	0.20
Total Expenses	6.12	6.55	4.55	3.56	10.67	10.11
Changes in net position before transfers	(0.20)	(0.78)	0.80	1.56	0.60	0.78
Transfers	-	-	-	-	-	-
Change in net position	(0.20)	(0.78)	0.80	1.56	0.60	0.78
Net Position-Beginning	36.43	36.23	22.98	23.78	59.41	60.01
Prior Period Adjustment	-	-	-	-	-	-
Net Position, End of Year	\$ 36.23	\$ 35.45	\$ 23.78	\$ 25.34	\$ 60.01	\$ 60.79

Revenues

Revenues for the City totaled \$10.89 million for the year ending June 30, 2021. Total governmental program revenues had an decrease of \$70,000 or 4% from the previous year. The decrease is primarily due to the impact of COVID-19 requirements on facility rentals and recreation programs. Total business-type activities revenues experienced a minor increase in revenues of \$70,000 or 2%. Both segments experienced revenue decreases from lower interest rates.

Expenses

Expenses for the City totaled \$10.11 million for the year ending June 30, 2021. Governmental activities incurred \$6.55 million of expenses while business-type activities incurred \$3.56 million. Of the Governmental Activities, the increased expenditures from prior fiscal year were in Public Safety within nearly all other departments showing spending reductions.

Governmental Activities

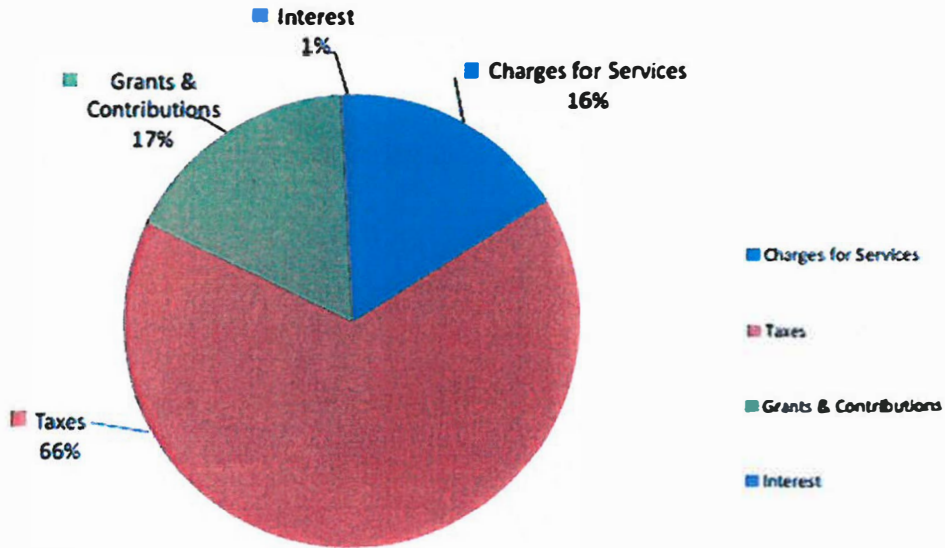
Government Activities represent the core services provided to citizens and include public safety, public works, department services, culture and leisure and general government services.

Total governmental activities revenues of \$5.77 million were less than the prior fiscal year by \$148,200 or 3% due to interest income from low interest rates offset by normal property and sales tax increases in fiscal year 2020-21.

**City of Escalon
Program Expenditures
Governmental Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	% of Total
General government	\$ 190,003	2.90%
Public safety	3,506,472	53.54%
Public works	1,172,233	17.90%
Development Services	713,910	10.90%
Cultural and leisure	879,665	13.43%
Interest and fiscal charges	86,713	1.32%
Total	\$ 6,548,996	100.00%

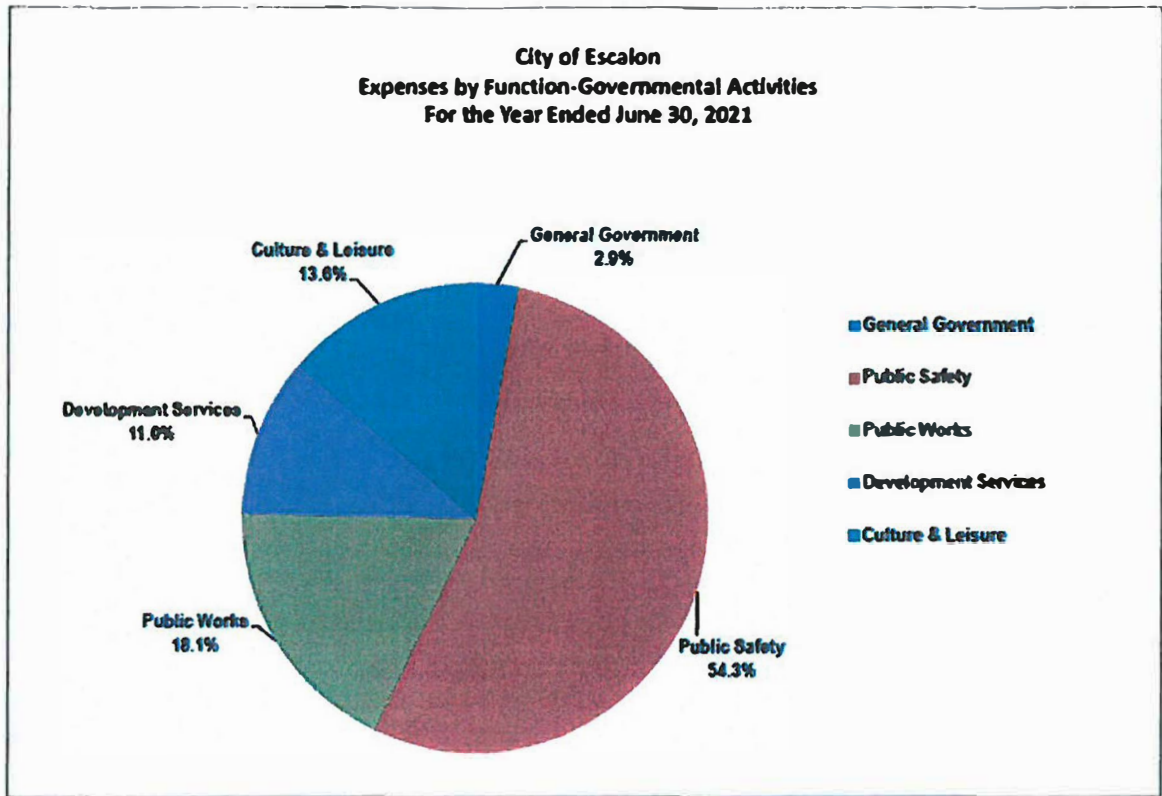
**City of Escalon
Revenues by Source-Governmental Activities
For the Year Ended June 30, 2021**



Total governmental activity expense for the year were \$6.55 million. Public Safety accounts for 53.54% of the core services expenditures which are greater than the prior fiscal year by \$474,000 primarily due to the one-time payment of \$500,000 to CalPERS. This payment was made from the funds designated for CalPERS to assist in offsetting future unfunded liabilities. The table that follows shows the expenditure in each of the departments and the chart reflects the percentage of each service.

**City of Escalon
Program Expenditures
Governmental Activities
For the Year Ended June 30, 2021**

Functions/Programs	Expenses	% of Total
General government	\$ 190,003	2.90%
Public safety	3,506,472	53.54%
Public works	1,172,233	17.90%
Development Services	713,910	10.90%
Cultural and leisure	879,665	13.43%
Interest and fiscal charges	86,713	1.32%
Total	\$ 6,548,996	100.00%



Business-type Activities

Revenues of the City's business-type activities exceeded expenditures by \$1.52 million. A significant expenditure reduction of \$881,000 from the prior fiscal year is reflected in sewer services. For the prior fiscal year, expenses included the cost for both the 2018 and 2019 sludge removals and the Wastewater Treatment Plant study, resulting in a large increase in expenditures. The Wastewater treatment plant also experienced reduce cost in pond treatment, as well as pond and aerator maintenance. Business-type activities ended the year with a Net Position of \$25.34 million, increasing by 7% over the prior fiscal year.

**Changes in Business-Type Activities by Program
Fiscal Year Ended June 30, 2020
(in millions of dollars)**

Net Revenue (excludes non-operating & interest)	2020	2021
Water Services	\$ 0.61	\$ 0.79
Sewer -Industrial Services	(0.31)	0.43
Sewer -Domestic Services	0.34	0.44
Total Sewer	0.03	0.87
Storm Drain Services	(0.07)	(0.02)
Transit Services	(0.11)	(0.12)
Total Business-type Activities	\$ 0.46	\$ 1.52

Financial Analysis of the City's Funds

The City's Governmental Funds focus 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. The classification of spendable fund balances to committed, assigned, and unassigned is intended to help measure the resources available for spending at the end of the fiscal year. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

On June 30, 2020, the City's governmental funds reported combined fund balances of \$8.68 million, a decrease of \$2.45 million or 22% compared with the prior year. This decrease is due to capital outlay expenditures for the Energy Project of \$2.56 million that is expected to provide many years of energy cost reductions. The General Fund and all other funds had positive fund balances except for the Transit Fund which is dependent on reimbursable grant funds and the City Hall Fees fund which is repaying other Impact Fee Funds for the purchase and improvements of a building in both 2011 and 2013.

General Fund

General Fund revenues increased by \$236,000 or 6% compared to fiscal year-end 2020. Sales tax increased by 15% and Property taxes increased by 5%. General Fund expenditures of \$4.8 million are an increase of almost \$1 million or (26%) over prior year expenditures of \$3.58 million. The increase was primarily in Public Safety, which included the \$500,000 payment to CalPERS along with increases in personnel services and vehicle repairs.

On June 20, 2021, the General Fund balance comprised \$0.25 million in non-spendable balances, \$3.32 million of assigned balances, and \$.88 million in unassigned balances. Fund balances have been classified following GASB 54. While amounts have been categorized as unassigned, they may be informally earmarked by the City council for specific purposes.

Proprietary Funds

The City's Proprietary funds provide the same type of information found in the Government-wide Financial Statements but in more detail. The City's Proprietary Funds are comprised of the Water Fund, the Sewer Fund, the Storm Drain Fund, and the Transit Fund. Proprietary Fund's net position totaled \$25.3 million on June 30, 2021. Proprietary operating revenues were \$4.9 million, and operating expenses were \$3.4 million in the fiscal year 2021.

Water Fund

The net position of the Water Fund is \$13.9 million. Approximately \$4.7 million of the Fund's net position was unrestricted at the fiscal year-end with net investment in capital assets of \$9.2 million.

The year's activities were \$1.8 million in operating revenues and \$1.1 million in operating expenses. Charges for services showed an increase of 15.0%, resulting from the schedule of rates adopted in 2019. Operating expenses decreased by 8% from the fiscal year 2020, with the largest decreases in emergency repairs, consultant cost for rate study and SB998 Water Disconnection policy implementation.

Sewer Fund

The net position of the Sewer Fund is \$8.7 million for the current year. Operating revenues for the fiscal year 2021 were \$2.8 million, a decrease of \$0.03 million from the fiscal year 2020. The decline is a result of changes in industrial users discharges. Operating expenditures had a decrease from the fiscal year 2020 of 32%. For the fiscal year, 2020 expenses include the cost for both the 2018 and 2019 sludge removals and the Wastewater Treatment Plant study, resulting in a large increase in expenditures. The Wastewater treatment plant also experienced reduce cost in pond treatment, as well as pond and aerator maintenance. A total of \$3.4 million of the fund's net position is invested in capital assets, with \$5.3 million unrestricted.

Storm Drain

The net position of the Storm Drain Fund is \$2.5 million for the current year. Operating revenues for the fiscal year 2021 were \$.18 million. Operating expenditures had a slight decrease from the fiscal year 2020. A total of \$2.1 million of the fund's net position is invested in capital assets, with \$.36 million unrestricted.

Transit Fund

The net position of the Transit Fund is \$.13 million for the current year. The year's activities were \$78,510 in operating revenues for the current year and \$196,888 in operating expenses. A total of \$.12 million of the fund's net position is vested in capital assets, with \$0.01 million unrestricted.

Risk Management

The City of Escalon participates with other public entities in a joint exercise of powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000.

The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000. The CSJVRMA participates in an excess pool that provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

6.5 DETERMINATION

Escalon receives funds for the provision of public services through development fees, property taxes and connection and usage fees. As land is annexed into the City from the SOI, these fees will apply. The City reviews these fee structures every two years and indexes the fee on an annual basis to ensure that adequate funds are collected to cover the provision of City services to existing as well as new residents.

The Escalon CFPD is responsible for the fire protection services in the City of Escalon. As the City grows and the capital expenditures and staffing needs increase, the City will need to work closely with the Escalon CFPD to ensure that the Fire District is able to adequately service the additional population generated by the annexation of additional land into the City. This may mean that the City establishes a contract with the Fire District for the required level of services needed by the City or the City and District work together to implement a fire mitigation fee or a public safety tax.

Since the fire facility fee has not been reviewed or increased since the early 1990's, it is suggested that the Fire District commission a nexus study to determine the appropriate fee with a built-in escalation rate for new development so that the Fire District can adequately accommodate the projected growth. The Chief is currently putting together a request to his board to increase the fee which once adjusted will adequately fund the necessary expansion of the fire department due to new growth.

7 STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES

The following outlines any existing and/or potential opportunities for Escalon to share facilities and resources.

Fire Protection

Fire protection and emergency medical services are provided by the Escalon Consolidated Fire Protection District (EFD). The EFD does not have a contract with the City to provide these services however, the City is within their service boundary.

Law Enforcement

The City has an Agreement with the City of Ripon for Police Dispatch Services 7 days a week / 24 hours a day. The Agreement began in 2001 and a new Agreement was adopted by City Council on August 1, 2022 for Police Dispatch Services for another ten (10 years), expiring on June 30, 2032.

Library Services

On October 20, 1998, San Joaquin County and the City of Stockton entered into an Agreement to provide free public library services within the San Joaquin County. The Agreement stipulates the operation of branch libraries in various parts of the County outside the City of Stockton and the City of Lodi, library operation including but not limited to programs and services, staff, library materials, resources and tools that directly support the mission of the library. The Escalon Branch Library is part of the Stockton-San Joaquin County library system and is open Monday through Saturday (closed Sundays). Hours of operation and services provided by the Escalon Branch Library can be found on the Stockton-San Joaquin County website: <https://www.ssjcpl.org/locations/county/escalon.html>.

Escalon Unified School District

The partnership with the Escalon Unified School District is ongoing and includes joint use of the swimming pool and other recreational facilities as well as a program to share large maintenance equipment. Specifically, the City entered into an Agreement with the Escalon Unified School District on May 16, 200 which included agreements relates to the design and construction of Pool Facilities, administration, construction of restroom facilities, and joint-use of Pool Facilities.

Expenditure reductions are being pursued through coordination with other agencies which could provide the elimination of service duplication and/or economies of scale in purchasing. The City has an ongoing partnership with three other cities and the South San Joaquin Irrigation District to construct a South County Water Treatment Plant and share the resulting water supply.

7.1 DETERMINATION

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

8 ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES

The following section reviews the City's accountability for community services and how those services are provided. It also looks at the City's government structure and its operational efficiencies.

8.1 ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

Escalon is a general law City operating under a council-City manager form of government. This general law format allows for citizens to elect a governing body that will set policy, pass ordinances and resolutions and approve fiscal spending.

Municipal elections are held on the first Tuesday in November of even numbered years. Members of the City Council are elected at large for a four-year term on an overlapping basis. Two are elected during one election and three are elected two years later. The Mayor and Vice Mayor are elected by the Council for two-year terms. The City Council convenes regular meetings on the 1st and 3rd Mondays of each month at 7:00 pm at Escalon City Hall located at 2060 McHenry Avenue. The public also has access to City Council members through email links on the City's web site (www.Cityofescalon.org/government/contact-us).

The Planning Commission consists of five members, appointed by the City Council members and are seated for four-year terms of office. The Planning Commission acts on all applications for use permits, parcel maps, variances, design review, site plan review, and makes recommendations to the City Council on applications for tentative subdivision maps, and amendments to the zoning ordinance and to the City General Plan. The Planning Commission can also initiate such amendments and provides advice to the Council on special projects. The Planning Commission convenes regular meetings on the 2nd Tuesday, following the 1st Monday of each month at 6:30 pm at the City Council Chambers at 2060 McHenry Avenue.

The Recreation Commission consists of five members, appointed by the City Council and are seated for three-year terms of office. The Recreation Commission provides advice and community perspectives regarding recreation services and programming for the residents and assist in the organization of recreation programs both by policy and participation within the programs by being an active volunteer/member. The Recreation Commission convenes regular meetings at 6:30 pm on the first Wednesday of each month at the City Council Chambers at 2060 McHenry Avenue.

The City Hall building is located at 2060 McHenry Avenue and is open to the public from 8am to 5pm, Monday through Thursday, closed daily from 12-1 pm for lunch. City Hall is closed every Friday.

The City provides its residents with information on City policy and upcoming opportunities for public involvement through its website and through a City newsletter mailed to all residents bi-monthly. In addition, residents are notified as required by

law for public hearings. The Escalon Times also provides information to the community regarding City activities.

The City prepares annual reports as required by State and Federal regulations. These include annual reports on General Plan implementation progress, water quality, growth for the Department of Finance, and Community Development Block Grant (CDBG) implementation. These reports are available to the public for review and comment.

8.2 DETERMINATION

The City has established a good system of accountability which adequately serves the residents of Escalon.

The City of Escalon is responsible for governance within its incorporated boundaries. Actions of the City Council, including opportunities for public involvement and public hearing, are regulated in accordance with the Brown Act (California Government Code Section 54950 et seq.) other applicable statutes and regulations, and City procedures.

The residents of Escalon 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.

8.3 GOVERNMENT STRUCTURE OPTIONS

Residents ultimately have oversight for the provision of public services in Escalon since the City is run by an elected City Council that answers to the public through the ballot process.

When Escalon annexes property from the SOI into the City, the City will provide a wide range of public services (police, water, sewer and storm drainage). In most cases annexation will result in the availability of services that were not previously available for the property outside the City's limit. The newly annexed properties will be provided a higher level of service but will also encounter a corresponding increase in service fees to pay for the additional services.

8.4 DETERMINATION

Escalon's government structure is adequate and meets the needs of the residents.

Since Escalon is an incorporated City, the City Council will make the final decisions concerning fee structures and the provisions of services. As discussed in previous chapters, the City of Escalon and the Escalon FD should both review their fee structures every 5 years and index the fees on an annual basis so they ensure the funds they are collecting are adequate to meet the needs of a growing City. The City's General Plan also has goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner to accommodate new growth.

8.5 EVALUATION OF MANAGEMENT EFFICIENCIES

Escalon provides a wide range of public services to its residents and businesses through the collection of developer fees, user fees and taxes, as well as grants and other State and Federal funding. As previously mentioned, the City directly provides potable water, wastewater and storm water collection and disposal, law enforcement services as well as general planning and maintenance for the community.

The City undertakes long-range planning programs to better plan and budget for needed improvements to services and facilities. The City completed an update to its General Plan in 2019, this update identified how the City plans to grow and areas for potential for growth for 50 years. The General Plan growth projections provided a baseline for other planning documents, such as the water, sewer and storm master plans, which allows the City to better estimate future demand for services and improvements needed to meet this demand.

Using these long-range plans as a basis, the City utilizes an annual budgeting process to balance expenditures for provision of needed services with anticipated income. During this process the City analyzes the need for City staffing, equipment and facilities for the following year. The Department Heads are encouraged to continually explore methods to minimize the cost for services while maintaining a high level of service. The City's practice is to be conservative in their revenue projections as well as in their expenditure projections. The City is careful to review the previous year's revenue and expenditures as well as the historical trends when developing the annual budget. The City has been able to balance if not incur a budget surplus for the past few years.

8.6 DETERMINATION

The City's current growth management process is adequate and meets the needs of the City.

The City will continue to use the budget and long-range planning processes to ensure that it is able to provide direct and adequate levels of service in a cost-effective manner within its service area.

9 **REFERENCES**

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