



MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

FINAL DRAFT

PREPARED BY CITY OF LATHROP
FOR SAN JOAQUIN LAFCO

JULY 2022



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EXECUTIVE SUMMARY

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

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

- ◆ Growth and Population Projections
- ◆ Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence
- ◆ Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence
- ◆ Financial Ability of the Agency to Provide Service
- ◆ Status of, and Opportunities for, Shared Facilities
- ◆ Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

1. SPHERE OF INFLUENCE PLAN

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

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

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

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

2. DETERMINATIONS

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

A. Growth and Population Projections

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

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

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

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

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

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

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

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

1. Fire Protection

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

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

2. Law Enforcement

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

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

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

3. *Water Supply, Conservation and Treatment*

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

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

4. *Wastewater Collection and Treatment*

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

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

5. Storm Water Drainage

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

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

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

6. SB 5 – 200 Year Flood Protection

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

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

Financial Ability of Agency to Provide Service

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

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

D. Status of Opportunities for Shared Facilities

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

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

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

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

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

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

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1. INTRODUCTION

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

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

- ◆ Growth and Population Projections
- ◆ Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence
- ◆ Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence
- ◆ Financial Ability of the Agency to Provide Service
- ◆ Status of, and Opportunities for, Shared Facilities
- ◆ Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

A. LAFCo and the Sphere of Influence

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

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

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

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

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

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

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

B. California Environmental Quality Act (CEQA)

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

2. SPHERE OF INFLUENCE PLAN

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

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

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

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

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

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

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

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

Figure 2-1 (Existing City Limits and SOI)

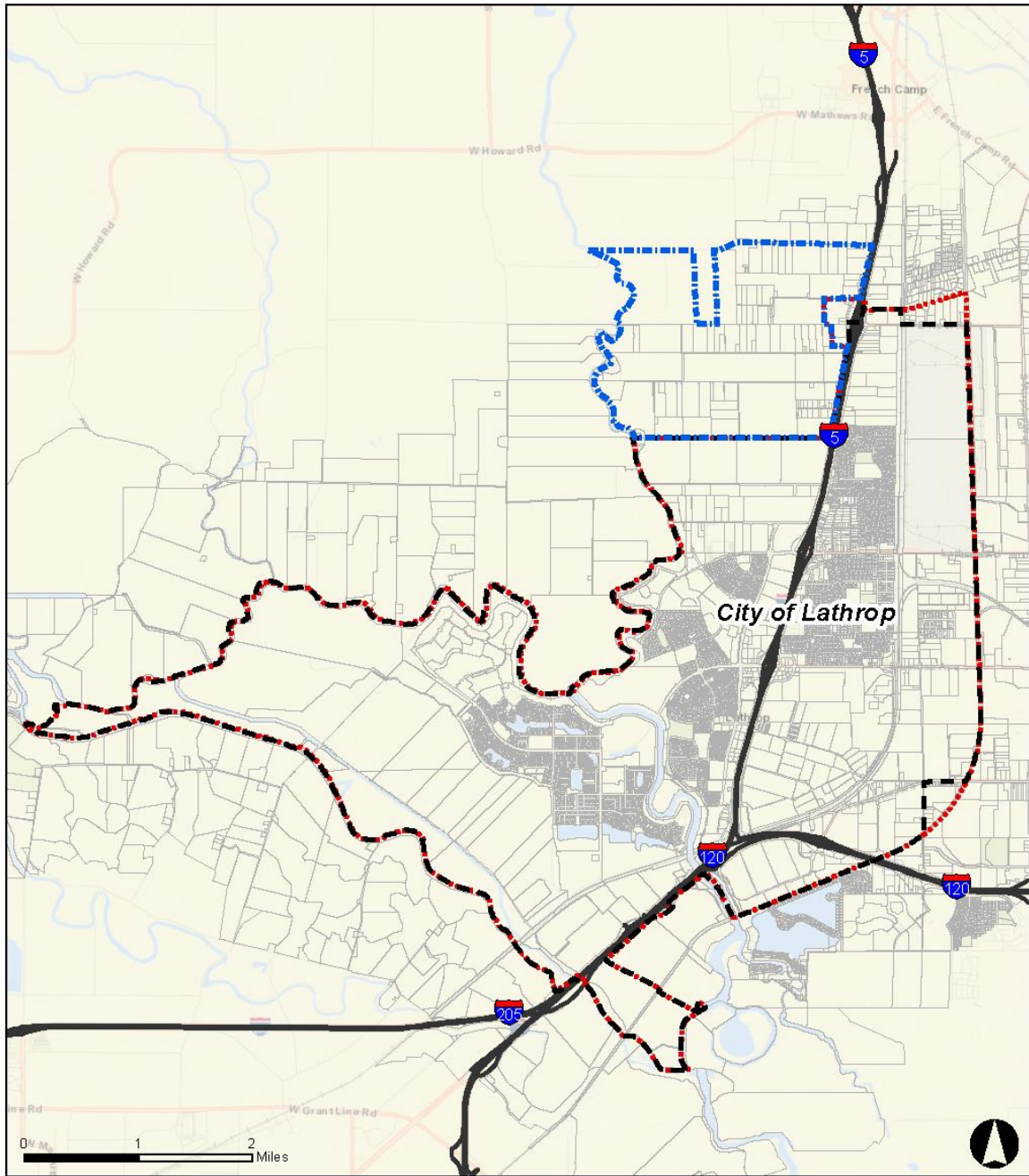



FIGURE: 2-1



Existing City Limits and SOI

City of Lathrop

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

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

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

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

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

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

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

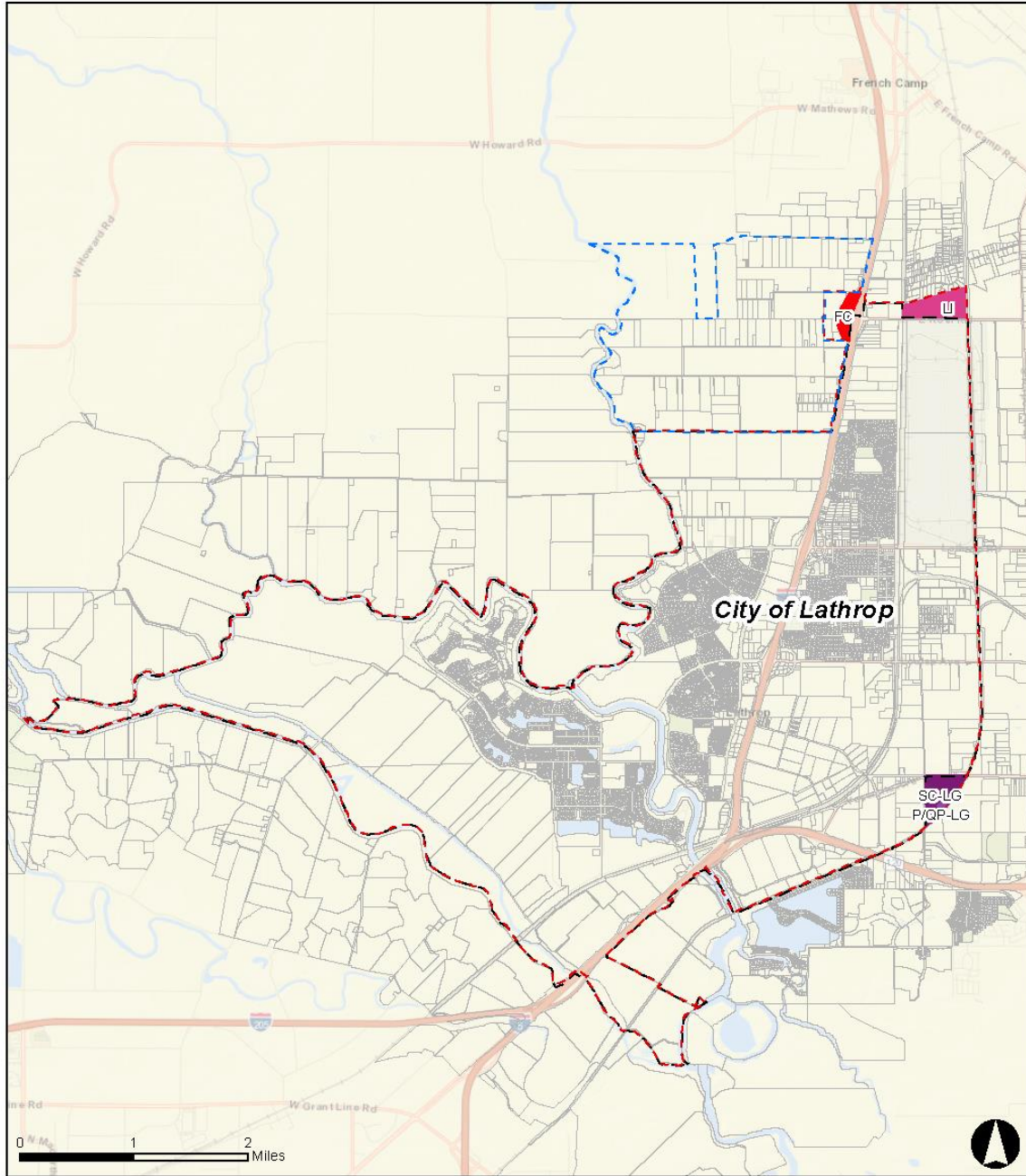


FIGURE: 2-2



Sphere of Influence Land Use Designations
City of Lathrop

- | | |
|---------------------|---|
| Area of Interest | City Proper |
| Sphere of Influence | FC, Freeway Commercial |
| City Limits | LI, Limited Industrial |
| Parcels | Lathrop Gateway |
| | P/QP-LG, Public/Quasi Public Facilities |
| | SC-LG, Service Commercial |

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

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

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

A. Factors

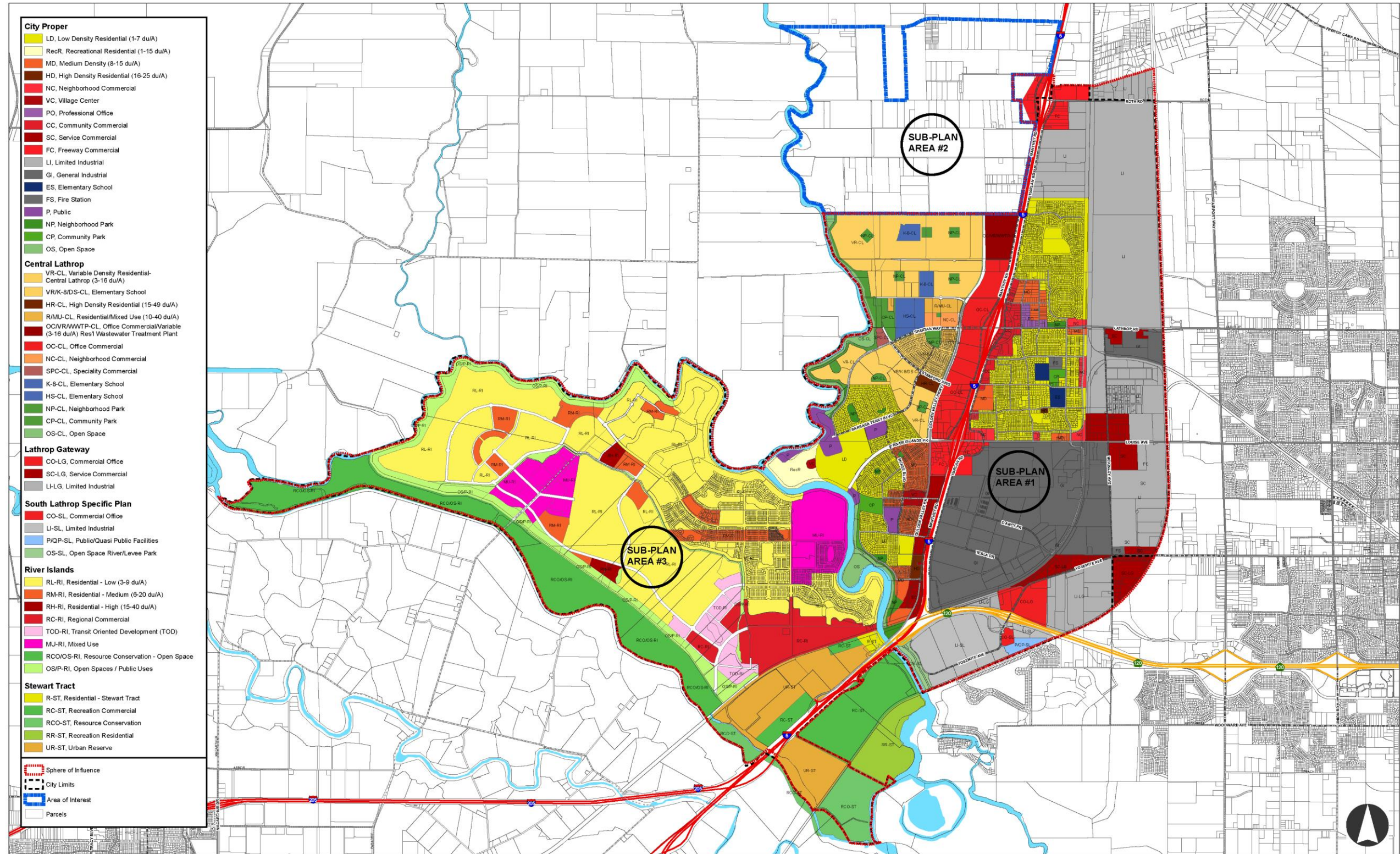
This section includes the four factors required by State law for SOI’s. The proposed SOI Plan does propose changes to the existing SOI, the determinations presented below discuss the City’s ability to provide adequate services to existing and future populations within the proposed SOI.

1. Present and Planned Land Uses

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

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Figure 2-3 (General Plan Land Use Map)



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

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

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Agricultural Preservation

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

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

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

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

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

Figure 2-4 (Existing Williamson Act Contracts)

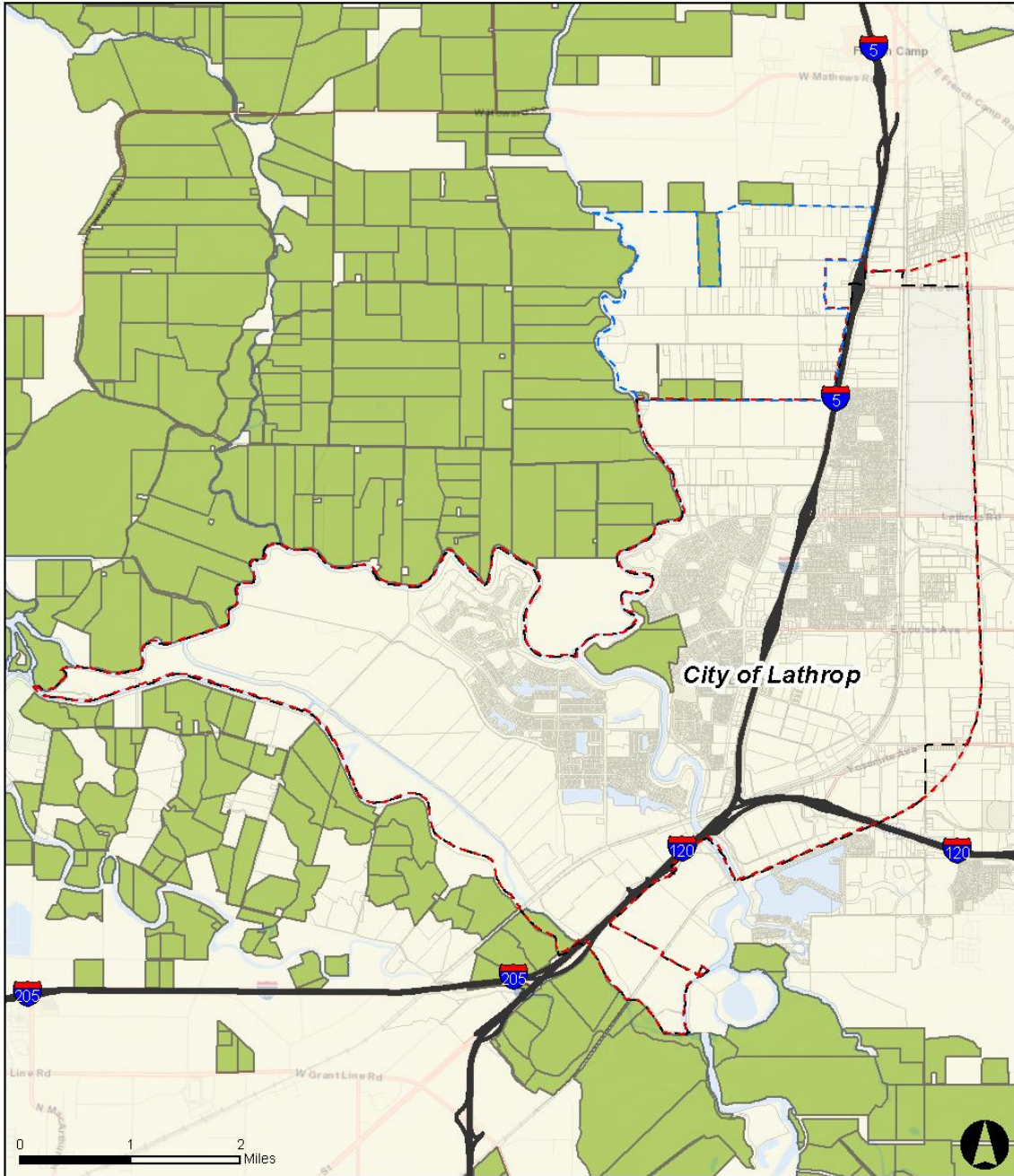



FIGURE: 2-4



Williamson Act Parcels
City of Lathrop

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

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

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

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

City of Lathrop Agricultural Mitigation

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

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

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

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

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

Development in the City of Lathrop and Pending Developments

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

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

Figure 2-5 (Existing and Pending Developments)

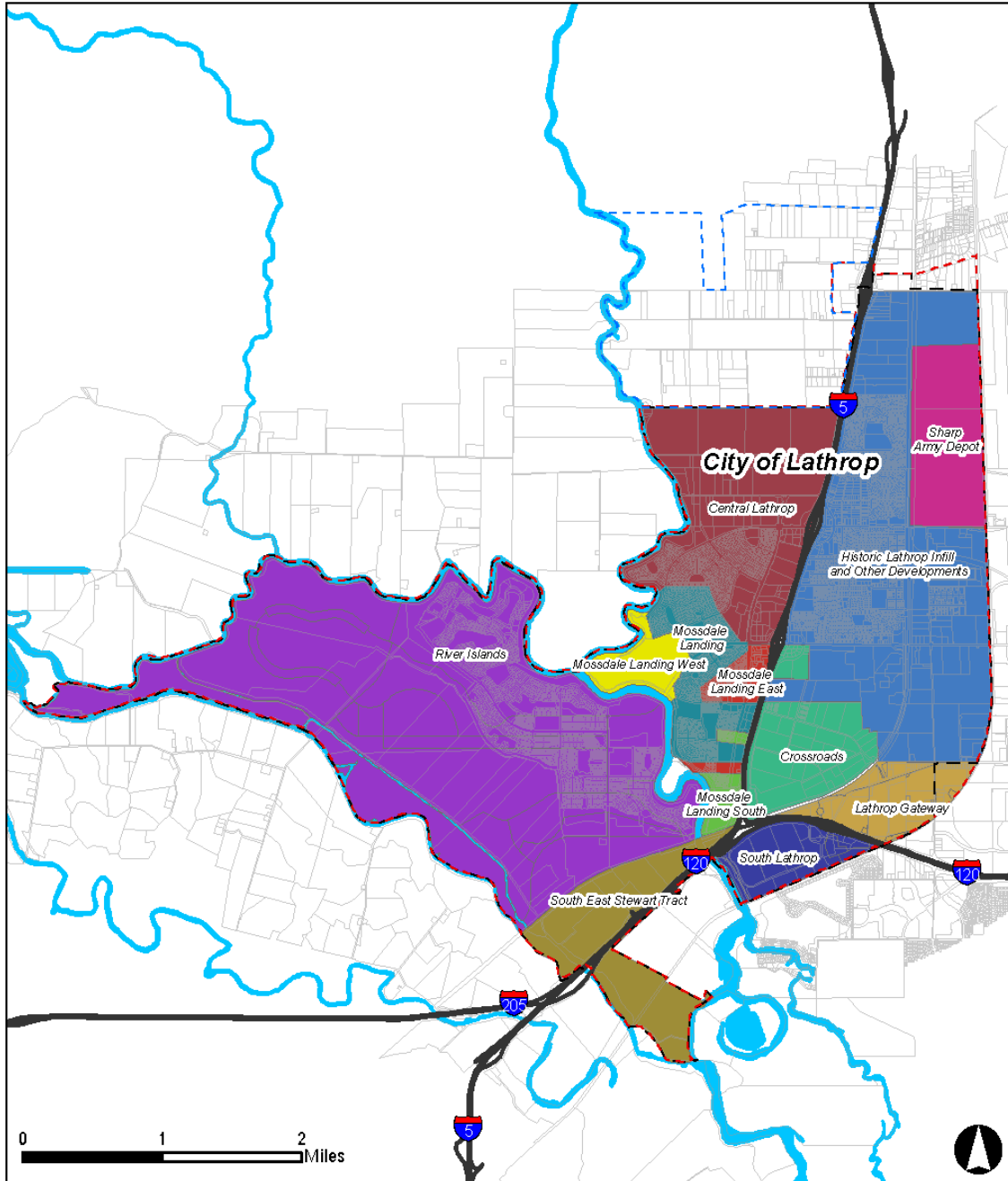


FIGURE:



Existing and Pending Developments
City of Lathrop

	Area of Interest		Mossdale Landing
	Sphere of Influence		Mossdale Landing East
	City Limits		Mossdale Landing South
	Phonix		Mossdale Landing West
Lathrop Development Areas			River Islands
	Central Lathrop		Shero Army Depot
	Crossroads		South East Stewart Tract
	Historic Lathrop Infill		South Lathrop
	Infill and Other Developments		Lathrop Gateway
	Lathrop Gateway		

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

◆ River Islands

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

◆ Mossdale Landing

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

◆ Mossdale Landing East

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

◆ Mossdale Landing South

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

◆ Mossdale Landing West

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

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

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

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

◆ Central Lathrop Specific Plan

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

◆ Lathrop Gateway Business Park Specific Plan

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

◆ South Lathrop Specific Plan

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

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

◆ Sharpe Army Depot

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

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

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

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

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

Planning Area	Dwelling Units	Estimated Population¹
Historic Lathrop	3,371	12,708
Mosssdale Landing	1,698	6,401
Mosssdale Landing East	626	2,360
Mosssdale Landing South	414	2,314
Central Lathrop	6,790	25,598
River Island	15,010	45,030 ²
Total:	28,112	94,411

¹ Estimated population using the 2010 census figure for persons per household (3.77 pph).
² Since River Islands contains a much higher percentage of multifamily and high-density dwellings than the balance of the City, a factor of 3.0 persons per dwelling units is used instead for future River Islands development.

2. Present and Probable Need for Public Facilities and Services

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

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

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

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

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

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

4. Social and Economic Communities of Interest

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

B. Sphere Analysis

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

1. Existing and Projected Population

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

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

Table 2-3: Growth Projections – Growth Rate Method

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

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

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

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

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

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

2. SPHERE CAPACITY

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

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

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

C. Development Projections within the Adopted Sphere of Influence

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

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

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

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

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

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SPHERE OF INFLUENCE PLAN

Figure 2-6 (Proposed SOI 10 Year Horizon)

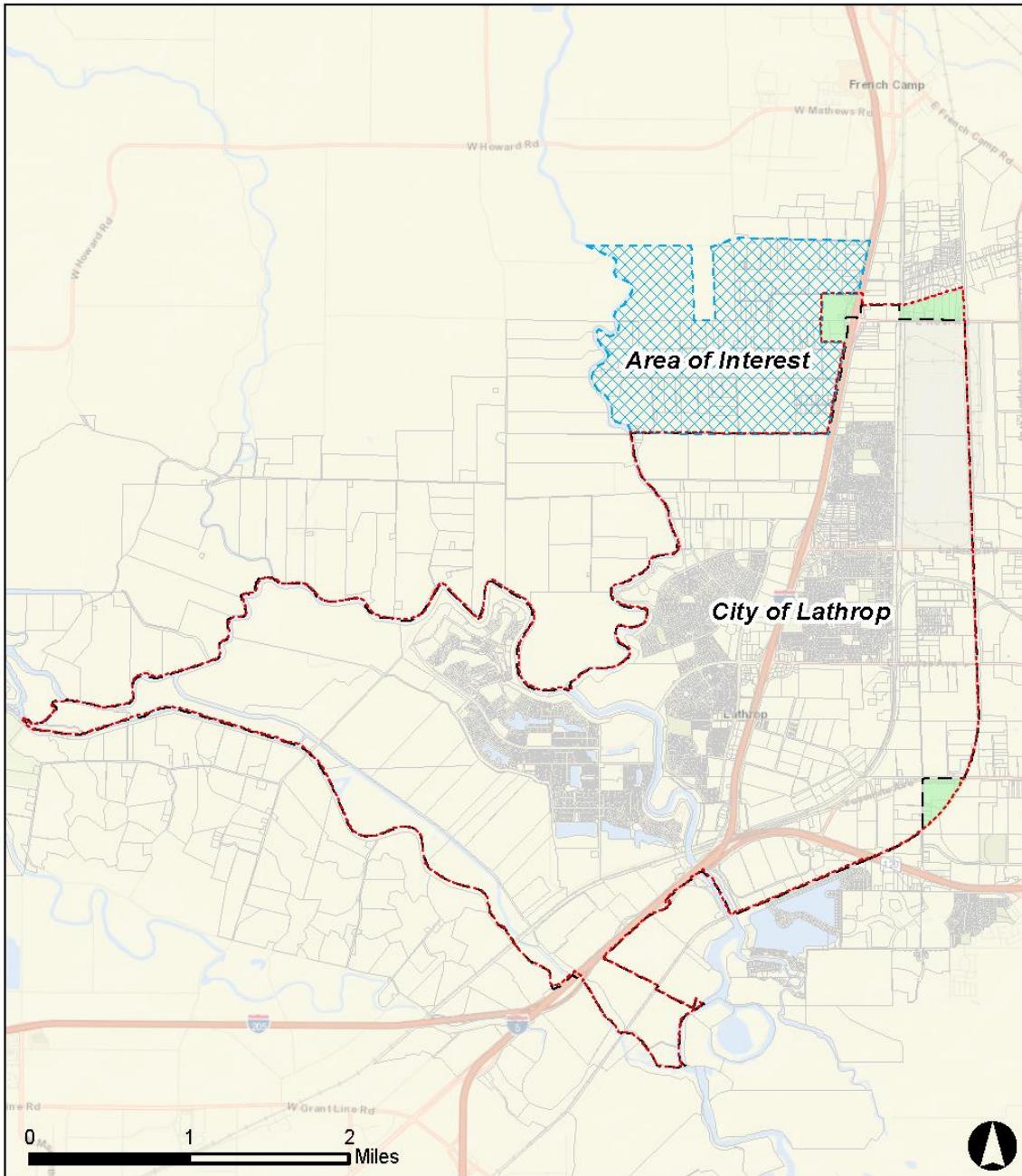


FIGURE:2-6



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

- Proposed Sphere of Influence
- Area Of Interest
- City Limits
- 10-Year Horizon
- Parcel

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

3. MUNICIPAL SERVICE REVIEW

A. Growth and Population Projections

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

1. Population and Demographics

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

San Joaquin County

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

City of Lathrop

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

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

⁴ U.S. Census Data, 1990

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

Table 3-1: UWMP Population – Current and Projected⁵

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

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

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

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

³ U.S. Census Data, 2010

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

Table 3-2: Population and Household Trends

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

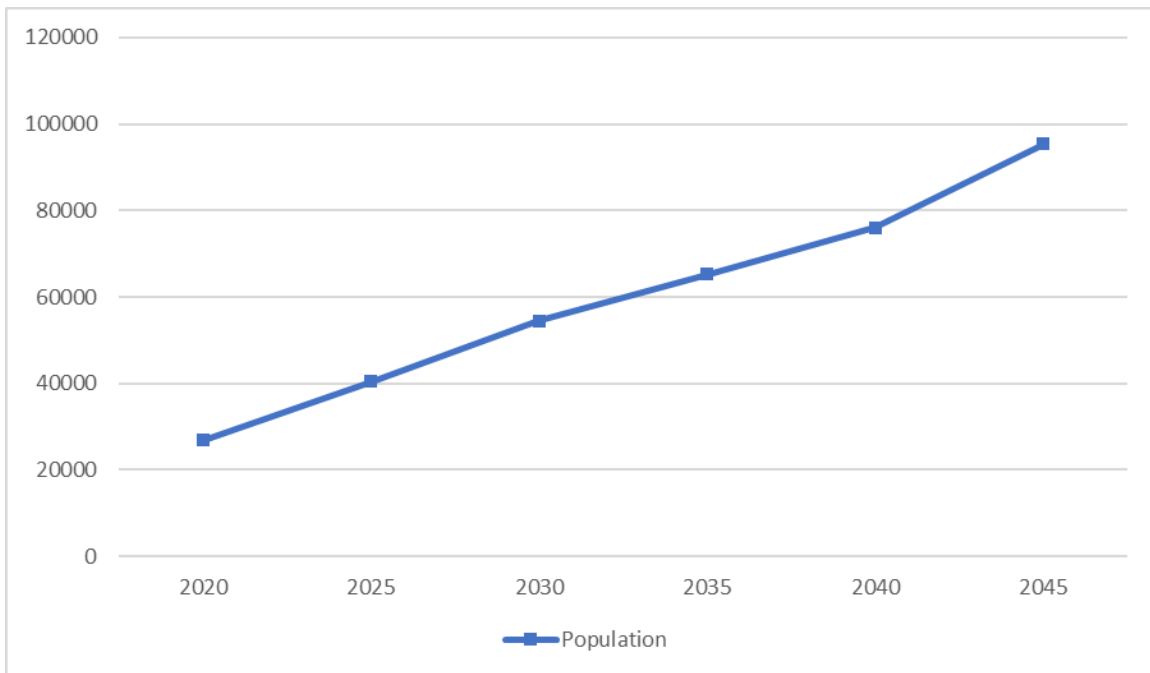
As shown in Table 3-2, the City’s population has grown significantly over the past 30 years. Lathrop’s percent increase in population from 1990 to 2020 represents an annual growth rate of 4.65 percent and ranks fifth in the state. Also of particular note is the significant increase in residential units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

2. Population Projections

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

Lathrop Population Projections

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



3. Development Projections

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

Recent and Proposed Annexations

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

Residential Housing Approvals

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

Table 3-3: Housing Inventory

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

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<u>RI Lakeside West Tract 4056</u>	<u>80</u>	<u>21</u>	<u>6/30/2021</u>
<u>RI Lakeside West Tract 4063</u>	<u>141</u>	<u>67</u>	<u>2/2/2021</u>
<u>RI Lakeside West Tract 4067</u>	<u>95</u>	<u>68</u>	<u>2/25/2021</u>
<u>RI Lakeside West Tract 4069</u>	<u>59</u>	<u>28</u>	<u>8/10/2021</u>
<u>RI Lakeside West Tract 4071</u>	<u>51</u>	<u>11</u>	<u>3/2/2021</u>
<u>RI Lakeside West Tract 4093</u>	<u>23</u>	<u>12</u>	<u>5/28/2021</u>
<u>RI Lakeside West Tract 4101</u>	<u>42</u>	<u>20</u>	<u>8/2/2021</u>
<u>RI Old River Tract 4089</u>	<u>48</u>	<u>20</u>	<u>8/25/2021</u>
<u>RI Old River Tract 4091</u>	<u>48</u>	<u>12</u>	<u>8/4/2021</u>
<u>CLSP Phase 1A Tract 3809</u>	<u>96</u>	<u>28</u>	<u>12/9/2019</u>
<u>CLSP Phase 1A Tract 3812</u>	<u>89</u>	<u>1</u>	<u>12/9/2019</u>
<u>CLSP Phase 1B Tract 4017</u>	<u>311</u>	<u>205</u>	<u>1/11/2021</u>
<u>CLSP Phase 1B Tract 4018</u>	<u>292</u>	<u>252</u>	<u>6/14/2021</u>
<u>CLSP Phase 1C Tract 4062</u>	<u>191</u>	<u>191</u>	<u>10/11/2021</u>
<u>CLSP Phase 1D Tract 4105</u>	<u>271</u>	<u>271</u>	<u>2/14/2022</u>
Total	2,713	868	
Entitled Lots (Approved Tentative Map, Pending Final Map)			
<u>MSDL VTM Tract 3225</u>	<u>66</u>	<u>66</u>	<u>1/27/2003</u>
<u>MSDL VTM Tract 3073 Unit 2</u>	<u>62</u>	<u>38</u>	<u>3/2/2004</u>
<u>RI VTM Tract 3694¹</u>	<u>4,284</u>	<u>492</u>	<u>3/27/2007</u>
<u>RI VTM Tract 6716</u>	<u>10,726</u>	<u>10,726</u>	<u>6/14/2021</u>
Total	15,138	11,322	

Non-Residential, Commercial and Industrial Approvals

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

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

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

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

Sphere of Influence

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

4. Determination

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

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

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

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

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

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

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

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

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

1. Fire Protection

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

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

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

Existing Facilities and Services

Lathrop-Manteca Fire Protection District (LMFD)

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

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

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

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

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

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

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

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

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

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

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

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

ISO Rating for LMFD

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

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

⁸ Ibid

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

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Figure 3-2 (LMFD Fire Station Locations)

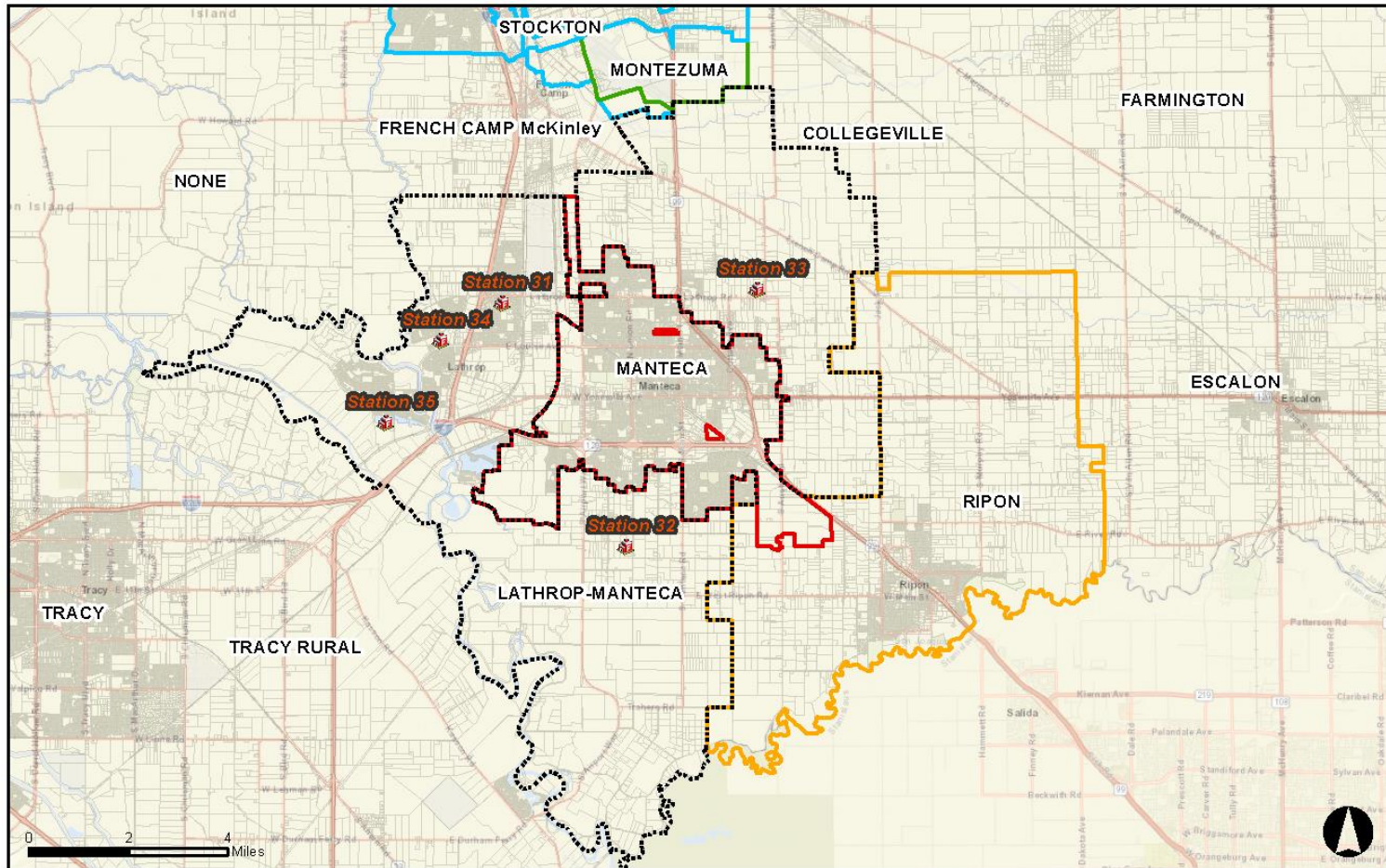


FIGURE:3-2



Lathrop-Manteca Fire District Fire Station Locations
City of Lathrop

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

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

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

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

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

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

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

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

ISO Rating for French Camp Fire

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

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

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

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

¹³ Ibid

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

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Figure 3-3 (FRCFIRE Fire Station Location)

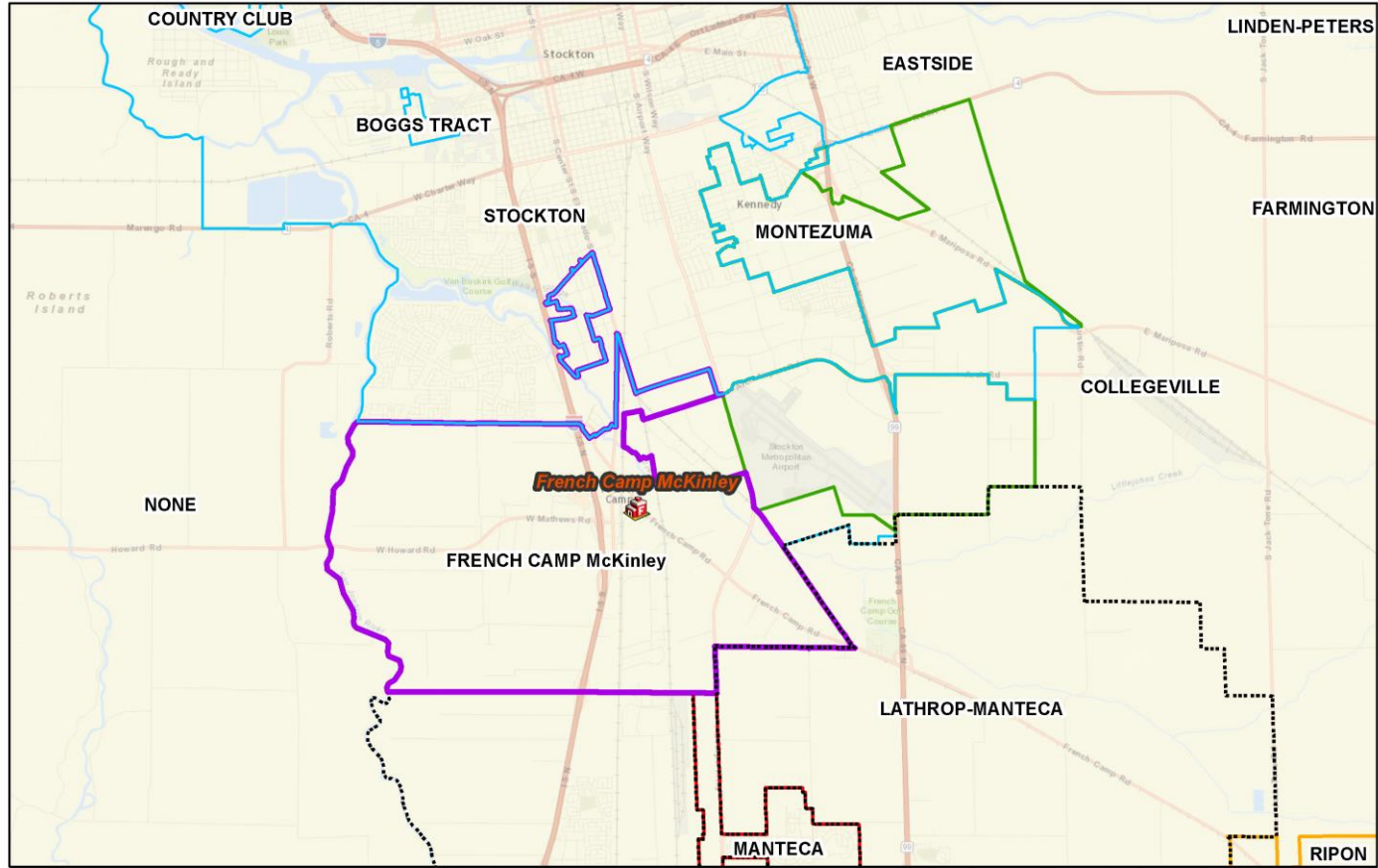

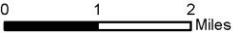








FIGURE: 3-3

 <p>French Camp Fire Station Location <i>City of Lathrop</i></p>		 Fire Stations	 MANTECA	
	 LATHROP-MANTECA	 MONTEZUMA	 FRENCH CAMP MCKINLEY	

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

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Provisions for Future Growth and System Improvements

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

- ◆ Policy 1 The City will continue to give high priority to the support of police protection, and to fire suppression and prevention and life safety functions of the Fire District. Ultimate expansion of the City's fire service is to include additional stations affording adequate response within a maximum of 3-4 minutes to all parts of the urban area.
- ◆ Policy 2 The City will work to maintain a fire flow standard of 3,000 gpm for all commercial and industrial areas of the community, and 1,500 gpm for residential areas, to assure the capability to suppress urban fires. In strategic areas, the City should provide above ground water storage with capacities sufficient to supply the City for required durations.
- ◆ Policy 3 The City will maintain a street system which is capable of providing access to any fires that may develop within the urban area, and which is capable of providing for the adequate evacuation of residents in the event of an emergency condition of magnitude.
- ◆ Policy 4 The City will continue to maintain and update its existing Emergency Service Plan, including plans for managing emergency operations, the handling of hazardous materials and the rapid cleanup of hazardous materials spills.¹⁴

LMFD

In order to meet the 3-4 minute standard response time as outlined in the General Plan, the Fire District would have to expand their number of fire stations and personnel. This has been partially accounted for with the construction of Fire Station 34 (located in Mossdale Landing) and Fire Station #35 (located in River Islands). Additional Fire Stations are planned in River Islands (northern portion of the project on River Islands Parkway) and in southeast Lathrop (near the Yosemite/McKinley Ave. intersection) The River Islands fire station (Station #35) was built in anticipation of future development projects and their fire protection needs. Additionally, each development has prepared an Environmental Impact Report (EIR) subject to the requirements of the California Environmental Quality Act (CEQA). These EIRs have evaluated projects impacts on public services including Fire Protection and have included mitigation requirements as necessary to maintain service levels including the requirement to participate in a Fire Services Community Facilities District (CFD) to fund additional fire service personnel to accommodate the new growth. The Fire Services CFD is established as a special tax which does not sunset. In addition, LMFD has adopted fire facilities fees which are assessed at time of building permit issuance to all new development. These fire facilities fees are administered by LMFD in cooperation with the City of Lathrop. LMFD continues to evaluate and have input to determine the appropriate combination of fire CFD's and fire facilities fees to maintain adequate fire service needs of Lathrop according to the Lathrop General Plan and the LMFD Master Plan

¹⁴ City of Lathrop, Comprehensive General Plan, , November 9, 2004

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of 2018. Each new project is required to perform a Fiscal Impact Analysis to determine fiscal neutrality on City services as well as those of special districts including LMFD.

The LMFD Master Plan of 2018 has identified the need for three (3) future stations to provide future fire protection service.¹⁵ The general locations of these stations include:

- ◆ McKinley Avenue and Yosemite Avenue
- ◆ River Islands (Phase 2 area)
- ◆ Klo Road (unincorporated San Joaquin County)

¹⁵ Lathrop-Manteca Fire District, Lathrop-Manteca Fire District Master Plan, 2018

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Figure 3-4 (Future Fire Station Locations)

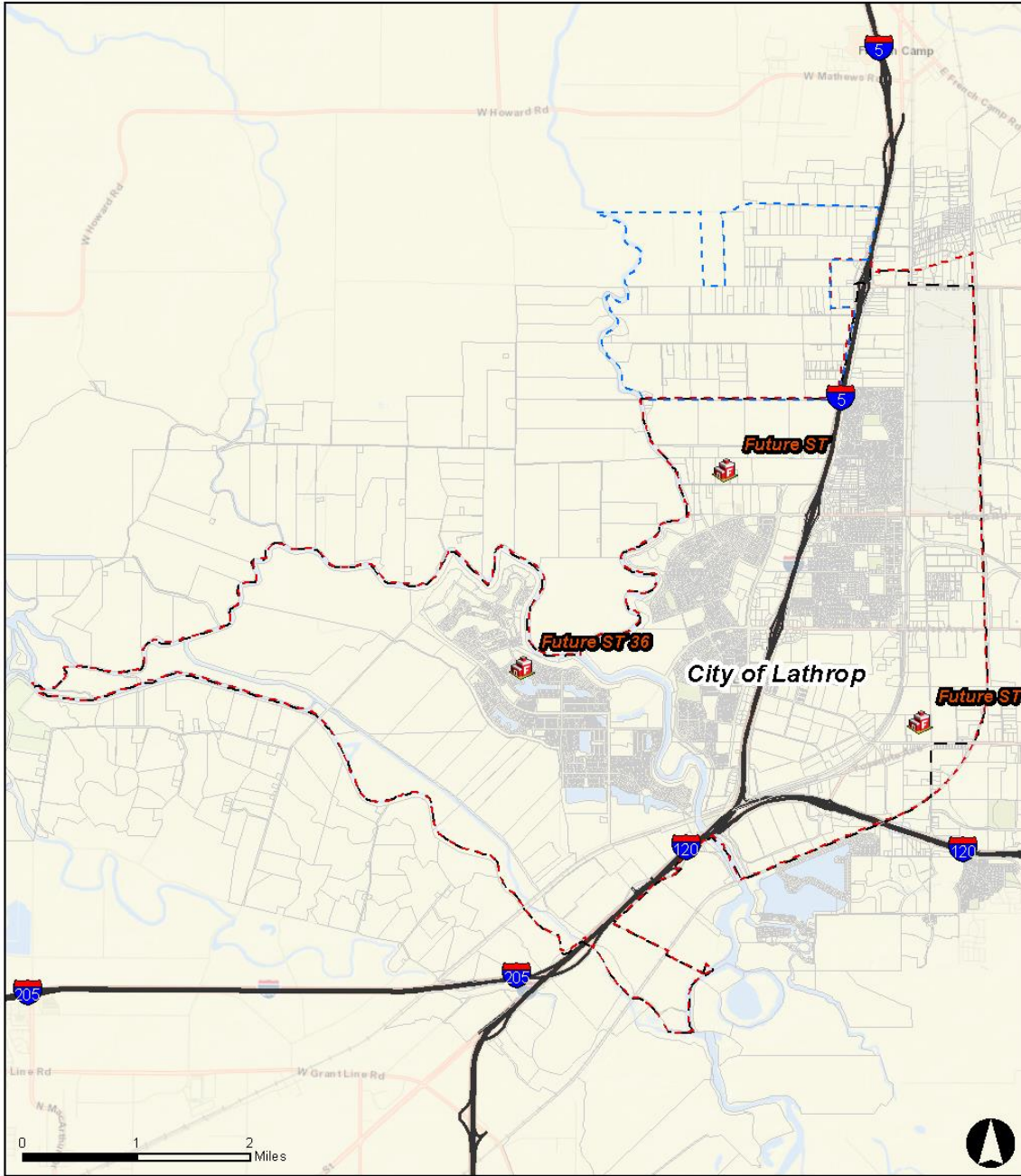








FIGURE: 3-4

	<p>Lathrop-Manteca Future and Forecasted Stations</p> <hr/> <p>City of Lathrop</p>	<p> Future Fire Stations</p> <p> Area of Interest</p> <p> Sphere of Influence</p>	<p> City Limits</p> <p> Parcels</p>
	<p><i>Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.</i></p>		

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The exact location of these stations and timing of their construction is at the discretion of LMFD. LMFD is a partner with the City of Lathrop on all future developments and therefore establishes triggers to start new fire station construction based on the demand of services. New stations are funded by the property taxes, fire facilities fees and CFD's placed on new development. The most recent fire station constructed was Fire Station #35, located in River Islands. Station #35 was funded by Fire Mitigation fees for the construction of the facility and manpower will be funded by a combination of Special District Taxes, Fire CDF Assessments and Measure C tax assessments earmarked by the Lathrop City Council for Fire Protection Services.

The Fiscal Year 2021-2022 budget for LMFD is \$12,908,121. Of this \$5.9 million came from the Districts share of property tax increment at 9.9% received (average rural fire district increment is 11.7%), \$2.9 million came from Intergovernmental Revenues such as license/permits, plan check fees, property override tax, etc. and \$3.0 million came from Miscellaneous Revenues such as Measure C (a local tax measure passed by the Lathrop voters in 2012 of which the City Council entered into as an agreement with LMFD to allocate 40% of the tax proceeds for fire protection services) and CFD tax assessments associated with the Central Lathrop Specific Plan Area (CFD 2006-02).

French Camp Fire District

As of 2015, French Camp has expanded Fire protection service to the community of Mountain House by contract basis. French Camp will manage and maintain existing fire stations established as part of the Mountain House development. As noted above, the contract was extended through June 30, 2025.

The Fiscal Year 2019-2020 budget is \$3,291,390 which came from the Districts share of property tax increment at 8.1% received (average rural fire district increment is 11.7%), the Mountain House contract for Fire and EMS service (\$1,970,095), and other revenues (licenses and permits, special assessments, homeowner property tax relief, etc.

Future Annexations into the City of Lathrop

The areas within Lathrop's SOI are currently under the jurisdictions of the respective Fire Protection Districts indicated above. LMFD is the service provider for all land within the incorporated city limits at this time. French Camp is the service provider for land north of Roth Road in Lathrop's sphere of influence. When future annexations of lands north of Roth Road are submitted, the two Fire Districts will engage in a dialog to discuss if the districts want to proceed with a detachment or proceed with no detachment. There are several options that can be explored to address the financial impact of the fire district which loses territory when annexations occur. Several alternatives exist, including: short-term backfill agreements, not detaching, incorporating the interest of the fire districts in the tax sharing agreement, or providing financial reimbursement through an agreement (e.g. development agreement). Please see the Final Municipal Service Review for Rural Fire Protection Districts in San Joaquin County, dated October 21, 2011, for additional information on fire service areas, service adequacy, and MSR determinations.

2. Law Enforcement

Existing Facilities and Services

Law enforcement services in the City are provided by the Lathrop Police Department, which commenced operations on June 29, 2022. Prior to commencement of the new Police Department, law enforcement services were provided through a contract with the San Joaquin County Sheriff's Department.

The Lathrop Police Department is currently located at 940 River Islands Parkway within the River Islands Phase 1 development area. The location of the police station is presented in Figure 3-5 (Police Station Location). Lathrop Police Department is staffed 24 hours a day in a series of 5 patrol teams staffed by a Sergeant and up to 5 Police Officers. Minimum staffing levels are set at 6 officers per day. The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers.¹⁶ The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes. Priority 1 calls are where a threat is posed to life or a crime of violence.

Provisions for Future Growth and System Improvements

The approval and/or pending development projects in the City will result in additional demand for law enforcement services. Capital costs for new facilities and equipment is funded through development impact fees and operational costs are funded through a combination of an increased tax base, participation in Community Facility District (CFD) and Measure C funding (A City initiated special tax which does not have a sunset clause). The City of Lathrop has been proactive with all new developments to require a Fiscal Impact Analysis of all developments and to create financing strategies to cover any and all funding projected short-falls. In accordance with the City's General Plan, the City of Lathrop is planning to relocate the existing police station by creating a new police station in the River Islands project area, as noted above.

At the March 22, 2021, Special City Council Meeting, Council directed City staff to create Capital Improvement Project CG 21-11, to begin the creation of a new Lathrop Police Department and implement the transition of law enforcement services from the San Joaquin County Sheriff to the City. The new Police Department project identifies 46 new sworn and non-sworn positions. On May 10, 2021, the City Council approved a Master Consulting Services Agreement with CPS HR Consulting (CPS) to begin recruitment of personnel for the new City of Lathrop Police Department and authorized the creation of the new Police Chief position. Since May 10, 2021, CPS has advertised positions for the various levels of Staffing, including Police

¹⁶ City of Lathrop, Lathrop Police Department Website (https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/police/page/141/new_lathrop_police_department_update_june_2022.pdf), accessed July 12, 2022

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Chief, Police Commander, Police Sergeants, Police Officers, and non-sworn personnel.¹⁷ In September 2021, the City hired the first Police Chief for the new Department and two (2) Commanders in February, 2022.

The City continues to recruit for the various levels of staffing, purchase necessary equipment, such as Police vehicles for the new Police Department, and coordination with other jurisdictions for the purposes of evidence storage and 911 operations. The Lathrop Police Department initiated operations on June 29, 2022.

The City has adopted a police staffing standard of 1.5 officers per 1,000 residents. The City plans to hire additional officers to attain a 1.5 officer per 1,000-residents ratio, as directed by the City Council. It is anticipated that a total of 43 sworn officers would meet this standard, requiring four additional officers to meet the current population estimate.

The areas within the City's SOI are currently under the jurisdiction of San Joaquin County Sheriff's Office. Lathrop Police Services will continue to provide service to areas within the City's Sphere of Influence and within the unincorporated areas surrounding the City. The Lathrop Police Department provide police services to development occurring within the City Limits.

In 2013 Lathrop City Council commissioned a special study of the Law enforcement services by engaging the expertise of Municipal Resources Group, Inc. (MRG). In a report published on December 10, 2013, the MRG group compared the services provided with the Cities of Ripon, Patterson, Oakdale, Riverbank, Galt, Manteca and Tracy and concluded their Comparative Data Findings which suggests:

- Lathrop's Officers per 1,000 population is currently at the norm for comparison agencies;
- Per officer costs are average for similarly organized/sized agencies;
- Lathrop's crime rates are comparable with similar sized cities;
- Lathrop's crimes per officer and 1,000 population are average;
- A majority of the comparison agencies use only General Fund revenue to support law enforcement services;
- Funding for Lathrop's law enforcement activities is significantly enhanced through the use of Community Facilities Revenue and the Sales Tax Measure proceeds;
- Lathrop's total public safety expenditures (police and fire) are significantly reduced because the City does not have direct Fire service responsibilities;
- Lathrop's relatively high per capita General Fund revenue permits funding 'quality of life' services such as recreation facilities and programs, parks and other amenities.

In summary, the MRG report found that the City of Lathrop compares favorably on key elements including crime rate, ratio of officers to the population and crime; costs for law enforcement are as low as the average; and the City benefits from the additional revenue sources which fund public safety costs freeing General Fund Revenues for 'quality of life' services.

¹⁷ City of Lathrop, Lathrop Police Department Transition Website (<https://www.ci.lathrop.ca.us/city-manager/page/lathrop-police-department-transition>), accessed December 7, 2021 and May 31, 2022.

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Figure 3-5 (Police Station Location)

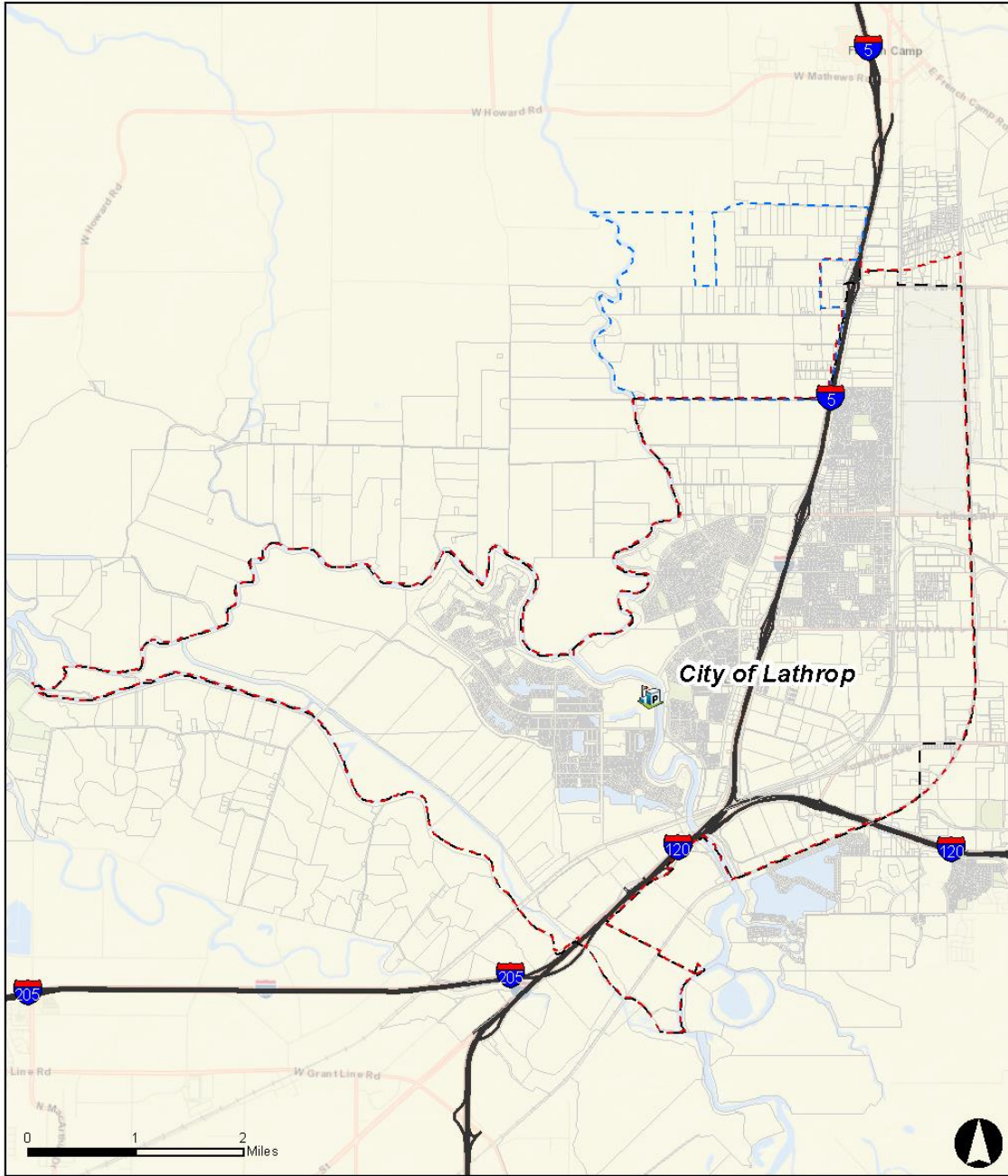


FIGURE: 3-5

	Police Station Location <hr/> City of Lathrop	 Police Stations  Area of Interest  Sphere of Influence	 City Limits  Parcels
	Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.		

3. Water Supply, Conservation and Treatment

The City makes water service available to all of its estimated 26,821 residents. Annexed properties connect to City water service over time. The ultimate water service area is determined by the Lathrop General Plan. The service area includes the City limits and proposed SOI and includes the railroad cargo container commercial enterprise that is located outside of City limits.¹⁸ The extent of the water service area is presented in Figure 3-6 (Lathrop Water Service Area).

This section summarizes the findings of the City's existing and in-progress documents regarding the City's ability to provide adequate water service at build-out within the City limits and SOI. These documents include the 2001 Potable Water Supply and Distribution Master Plan, the 2004 Water Supply Study (WSS) by RBF Consulting, the 2005 Urban Water Management Plan prepared by Nolte Engineering published in 2009 and the 2010 Urban Water Management Plan and Water Supply Study (WSS) prepared by West-Yost, the 2018 Water System Master Plan, developed as part of the City's Integrated Water Resources Master Plan (IWRMP) Update, and the 2020 Urban Water Management Plan (UWMP). Each of these reference documents are available at Lathrop City Hall and are posted on the Cities website.

The City's most recent water supply planning document is the 2018 Water System Master Plan and 2020 UWMP. These studies evaluate historical, existing and anticipated water supplies and demands and provide alternatives for additional sources of water supply. The 2020 UWMP is a foundational document and source of information about the City's historical and projected water demands, water supplies, supply reliability and potential vulnerabilities, water shortage contingency planning, and demand management programs. The 2020 UWMP, prepared by EKI Environment & Water, Inc. was adopted by City Council on June 14, 2021.

Existing Supply and Demand

This section discusses the City's three water sources:

- ◆ Groundwater from the San Joaquin groundwater basin
- ◆ Surface water from the South San Joaquin Irrigation District (SSJID)
- ◆ Recycled water from the Lathrop Consolidated Treatment Facility (LCTF)

Ground Water

The City overlies the Tracy Subbasin of the San Joaquin Valley Groundwater Basin. The Tracy Subbasin is not adjudicated, and it is not in a condition of critical overdraft. The Tracy Subbasin is designated as a medium priority basin under DWR's 2019 Phase 2 Basin Prioritization¹⁹. Under this prioritization process, basins are ranked on eight components, and if a basin is assigned between 15 and 21 total points, it is defined as "medium priority." The Tracy Subbasin covers an area of approximately 373 square miles. The Subbasin is bounded on the northwest by the Old River south to the tri-county confluence point on the south by the Clifton Forebay where it then follows the Contra Costa-Alameda County line to the foothills of the Coastal

¹⁸ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

¹⁹ DWR, Sustainable Groundwater Management Act 2018 Basin Prioritization, January 2019

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Range mountains. The northeast boundary follows the San Joaquin River south to the San Joaquin County Line with a slight jog to include the City of Lathrop on the west side of the river. The southern border of the Subbasin generally follows the San Joaquin-Stanislaus County line, with some irregular areas belonging to the Delta-Mendota Subbasin to the south. The western border follows the Coastal Range foothills from the San Joaquin-Stanislaus County line; north to the Contra Costa-Alameda County line. The Subbasin is a mix of Delta island (mostly agriculture) and waterways along with urban and agricultural communities on the southern edge.

Formerly, the City straddled two (2) groundwater basins – the western portion of the City overlies Tracy Subbasin while the eastern portion of the City overlies the Eastern San Joaquin (ESJ) Subbasin. The ESJ Subbasin is a high-priority, critically-over drafted basin. Both basins are Subbasins of the San Joaquin Valley Groundwater Basin and the San Joaquin River used to form the boundary between the basins. Lathrop submitted a Basin Boundary Modification Request (BBMR) in June 2018 to modify the boundaries of the ESJ Subbasin and the Tracy Subbasin to align with the City's City Limit and include the entire City with the Tracy Subbasin.

During development of the BBMR, the City consulted with Sharpe Army Depot and J.R. Simplot Company (Simplot), the affected public water systems of this request²⁰, and received their support. Additionally, the City notified all Groundwater Sustainability Agencies (GSAs) within both basins of the request and met individually with interested parties to discuss the BBMR.

This BBMR was approved on February 11, 2019 in the Final 2018 Basin Boundary Modifications, and therefore the City only overlies the Tracy Subbasin. As discussed above, the Tracy Subbasin is designated by DWR as a medium priority basin. As such, the Tracy Subbasin is subject to the requirements of the Sustainable Groundwater Management Act (SGMA), which include the formation of one or more GSAs and the development and implementation of one or more Groundwater Sustainability Plans (GSPs).

Banta-Carbona Irrigation District, Byron-Bethany Irrigation District (West Side Irrigation District has officially merged with Byron-Bethany Irrigation District in September 2020), City of Lathrop, City of Tracy, San Joaquin County and Stewart Tract are the six (6) GSAs in the Tracy Subbasin and are working cooperatively to develop a single GSP. The Tracy Subbasin GSAs were awarded a DWR Grant to develop the GSP. Pursuant to the Grant Agreement²¹, each GSA designated as appointee to form the GSP Coordination Committee, and the San Joaquin County was appointed as the Grant Administrator. The Grant Administrator and any two (2) appointees may call meetings of the GSP Coordination Committee as needed to in the GSP development process.

The GSP for the Tracy Subbasin is currently under preparation and is anticipated to be complete and submitted to DWR by the statutory deadline of January 31, 2022. As of June 2021, the initial drafts of sections describing the plan area, hydrogeologic conceptual model and groundwater conditions have been prepared and are available for public review on the Tracy Subbasin website: <https://tracysubbasin.org/gsp-chapters/>.

²⁰ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²¹ The Grant Agreement could be found in the Tracy Subbasin website: <https://tracysubbasin.org/resources/>

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Currently, four (4) groundwater wells supply potable water to Lathrop residents: Well Nos. 6, 7, 8, and 10. Well No. 9 is currently offline and may be used in the future as an emergency well. Groundwater from Wells 6, 7, 8, and 10 is treated to remove arsenic at the Louse Avenue Water Treatment Facility (LAWTF), which came online in 2012.

The City owns an additional well located on the southeast side of the water system, Well No. 21, which includes a treatment facility (Well No. 21 WTF) designed for disinfection and manganese treatment. The City last operated Well No. 21 between January 2012 and November 2013. Well No. 21 has remained inactive since November 2013 due to sanding in the well and elevated levels of arsenic and uranium. The City does not currently plan to bring Well No. 21 back online due to poor water quality.

Groundwater well capacities are presented in Table 3-4 (City of Lathrop Groundwater Well Capacity). The combined maximum pumping capacity of the City’s wells, excluding Wells 9 and 21, is 5,850 gpm, which is lower than the treatment capacity of the LAWTF (6,250 gpm). The UWMP assumed that the City’s wells are pumped at 50% of their maximum capacity on an annual basis for this evaluation²². Given this supply assumption, the City’s current annual groundwater supply capacity is equivalent to approximately 4,720 AFY.

Table 3-4: City of Lathrop Groundwater Well Capacity²³

Groundwater Well		Existing Production Well Capacities and Annual Yields	
Well Name	Well Status	Measured Flow Rate (gpm)	Estimated Annual Yield (a) (AFY)
Well No. 6	Existing	1,650	1,330
Well No. 7	Existing	1,400	1,130
Well No. 8	Existing	1,100	890
Well No. 9	Existing (not in service)	0	0
Well No. 10	Existing	1,700	1,370
Well No. 21	Existing (not in service)	0	0
Subtotal		5,850	4,720
LAWTF Treatment Capacity (b)		6,250	5,040
Well Capacity		5,850	4,720
gpm = gallons per minute AFY = acre feet per year (a) Assumes wells are operating at 50% maximum capacity on an annual basis. (b) Maximum capacity of LAWTF is 6.250. Estimated annual yield assumes that annual yield of Wells 6, 7, 8, and 10 is not limited by LAWTF capacity on an annual basis.			

²² EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²³ Ibid

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Figure 3-6 (Lathrop Water Service Area)

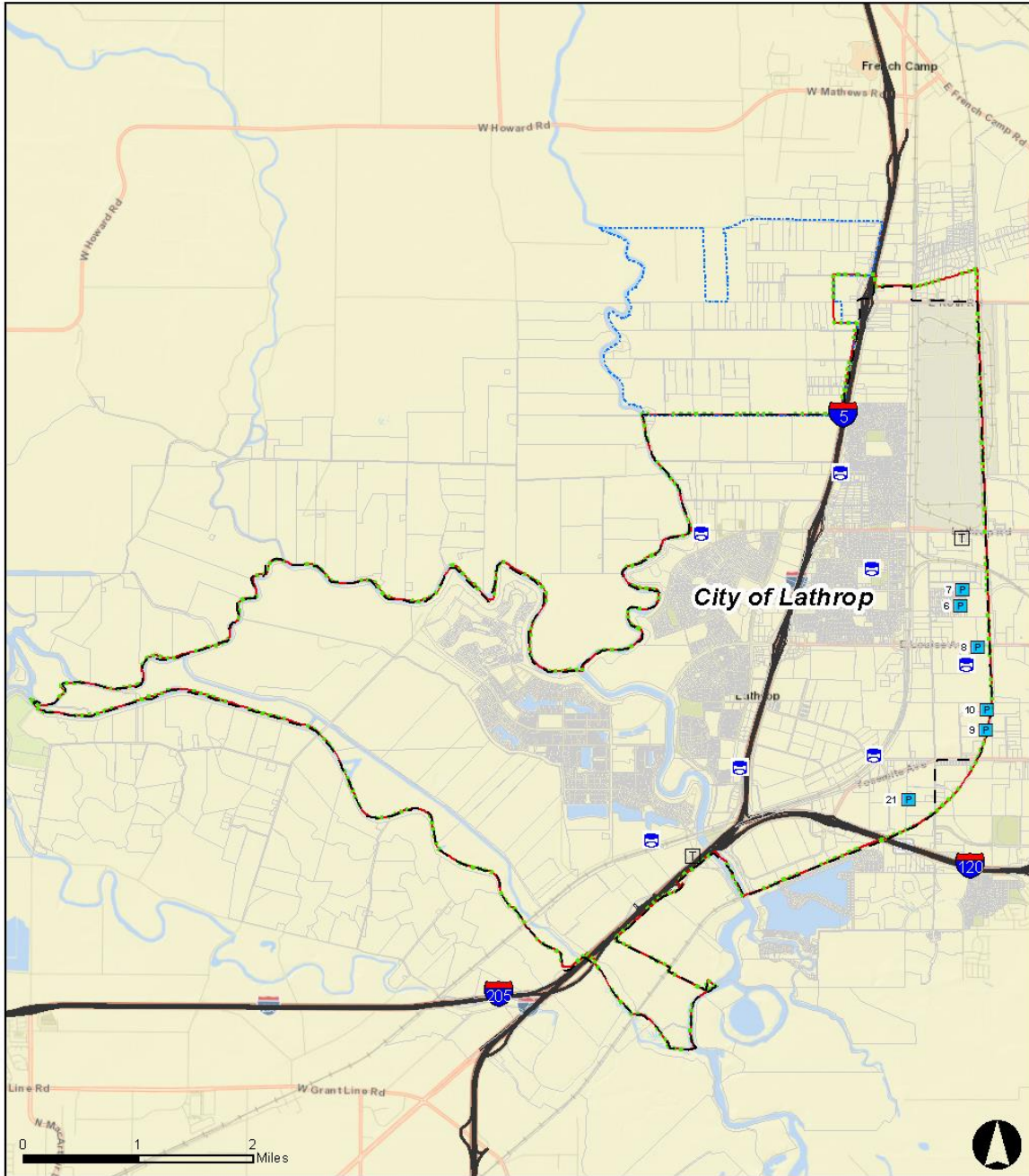


FIGURE: 3-6



Lathrop Water Service Area
City of Lathrop

- T SSJID_Turnouts
- P Water Tanks
- P Production Wells
- City Limits
- Water Service Boundary
- Area of Interest
- Sphere of Influence
- Parcels

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

Surface Water

The City currently receives treated surface water from South San Joaquin Irrigation District (SSJID) through the South County Surface Water Supply Project (SCWSP). SSJID is the owner and operator of the SCWSP. The SCWSP water supply is based on SSJID's senior, pre-1914 appropriative water rights to the Stanislaus River, a tributary of the San Joaquin River, coupled with a 1988 agreement with the United States Bureau of Reclamation (USBR) to store water in the New Melones Reservoir. This agreement recognized and protected SSJID's senior water rights on the Stanislaus River because those rights could potentially be affected by the USBR's operation of the New Melones Reservoir as part of the Central Valley Project. The agreement entitles the senior water rights holders, SSJID and Oakdale Irrigation District, to access up to 600,000 AFY of water from New Melones Reservoir in years in which inflow to the reservoir exceeds 600,000 AF. SSJID's share of this allotment is 300,000 AF. In years in which inflow does not meet this threshold, the entitlement is reduced based on a pre-determined formula²⁴.

On October 1, 1995, the City signed a Water Supply Development Agreement (Development Agreement) with SSJID as part of the SCWSP. The Development Agreement extends through 2029 and appropriates potable water to the City. The Development Agreement allots the City a maximum total of 8,007 AFY and 11,791 AFY of treated potable water during Phase I and Phase II of the project, respectively.²⁵ In August of 2013, the City Council agreed to sell 1,120 AFY of SSJID Phase I allocation to the City of Tracy, reducing the maximum Phase I allocation for Lathrop to 6,887 AFY and a total of 10,671 AFY after completion of Phase II.

The SCWSP transmission system has been designed to deliver seasonal peak flows to each City through a transmission pipeline to turnout facilities. The transmission system is currently operated by gravity flow. In Phase II, a treated water pump station will be installed at the DeGroot Water Treatment Plant (DGWTP) to deliver pumped flows. The SCWSP will deliver flows to Lathrop at two (2) locations:

- The existing turnout at Lathrop Road, east of McKinley Avenue (Lathrop SSJID Turnout 1); and
- The new turnout at Stewart Road, west of Manthey Road (Lathrop SSJID Turnout 2) which is constructed and is about to begin service.

The City's existing SSJID Turnout 1 supplies a portion of Lathrop's allocated Phase 1 peak flows. Lathrop's SSJID Turnout 2 is designed to supply the remaining Phase 1 peak flows and to deliver Lathrop's Phase II peak allocation.

Recycled Water

The City currently uses recycled water instead of potable water for limited land applications including irrigation of agricultural crops. The Lathrop Consolidated Treatment Facility (LCTF) treats municipal wastewater from residential and commercial land uses. The system consists of approximately 30.3 miles of recycled water piping infrastructure and six booster pump stations²⁶.

²⁴ EKI Environment & Water, Inc., Water System Master Plan, 2018

²⁵ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

²⁶ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

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The pond parcels have a combined capacity of approximately 289 million gallons²⁷. These distributed storage ponds are used to store recycled water during low irrigation demand periods (i.e., winter) for use during high irrigation demand periods (i.e., summer).

The storage ponds and agricultural land application areas are located in East Lathrop, Mossdale Landing, Mossdale Landing East, Central Lathrop, and River Islands areas. The total area of agricultural land currently receiving recycled water from the City is approximately 140 acres. Recycled water is applied to land application areas for irrigation of fodder crops, predominantly alfalfa and rye grass, by flood irrigation at agronomic rates for both nitrogen and water application.

Recycled water uses in the City are regulated under WDR Order No. R5-2016-0028-01. Permitted uses under the WDR include the following:

- Irrigation of agricultural fields;
- Irrigation of public landscape areas, including roadway medians, parks, pond berms, and open spaces; and
- Percolation into the ground at former land application site LAS-3, which has been converted into a percolation pond PB-1.

The City currently only uses recycled water for agricultural irrigation on selected sprayfields, consistent with the 2019 Recycled Water Master Plan. During 2020, the City recycled 934 AF of tertiary effluent from the Lathrop CTF.

The City plans has begun to supply recycled water for landscape irrigation in Central Lathrop and in Mossdale. To support the use of recycled water for landscape irrigation, the City recently obtained coverage under General Order WQ 2019-0058-DDW-R5017 for landscape irrigation areas in the River Islands, Mossdale, and Central Lathrop areas in addition to those permitted under WDR Order No. R5-2016-0028-01. As part of the General Order permitting process, the City submitted *Addendum to the City of Lathrop CTF Engineering Report for the Production, Distribution, and Use of Recycled Water* (Title 22 Report Addendum), dated March 2020²⁸.

The original Title 22 report prepared in 2014 describes the areas of tertiary effluent storage basins and areas used to dispose CTF's final effluent by landscape and agricultural irrigation. The recently submitted Title 22 Report Addendum further describes proposed irrigation areas not covered in the original report, as well as proposed recycled water uses including a recycled water fill station and several recycled water hydrants. It is anticipated that commercial users will be using the recycled water fill station for non-potable uses including dust control, construction, hardscape cleaning, etc. A series of recycled water hydrants will provide recycled water for construction-related purposes.

The City has applied for an NPDES permit to dispose of highly treated recycled water into the San Joaquin River. Upon receipt of this permit, and construction of the river outfall facility and the required de-chlorination facilities at the CTF, the City will no longer need the agricultural

²⁷ EKI Environment & Water, Inc., Technical Memorandum – CTF Effluent Discharge and Recycled Water Systems Operations, May 13, 2020.

²⁸ EKI Environment & Water, Inc., Recycled Water System Master Plan, December 2019.

disposal fields and most of the recycled water storage ponds, and they will be reverted to the developer who dedicated them to the City. The City anticipates receipt of the NPDES permit and delivery of recycled water to the San Joaquin River in late 2022.

Existing Transmission and Distribution System

The following list describes the major components of the City's water transmission and distribution system. These facilities include City-owned or operated infrastructure required to operate groundwater, surface water, and recycled water supplies.

- ◆ **Groundwater Wells and Pumps.** Currently, five groundwater wells (Nos. 6, 7, 8, 9 and 10) supply potable water to City residents. Well No. 9 is currently offline and may be used in the future as an emergency well. Groundwater from Wells 6, 7, 8, 9 (when operating) and 10 is treated to remove arsenic at the LAWTF, which came online in 2012. The City owns an additional well located on the southeast side of the water system, Well No. 21, which includes a treatment facility (Well No. 21 WTF) designed for disinfection and manganese treatment. The City last operated Well 21 between January 2012 and November 2013. Well No. 21 has remained inactive since November 2013 due to sanding in the well and elevated levels of arsenic and uranium. The City does not currently plan to bring Well No. 21 back online due to poor water quality. The operational groundwater wells have a combined capacity of approximately 4,720 AFY (4.2 MGD). Municipal wells pump water from depths of less than 1,000 feet below the surface. Groundwater is treated for Arsenic and chlorinated at the LAWTF prior to entering the water distribution system.
- ◆ **Water Mains and Pipelines.** The piping system for water distribution includes approximately 80 miles of piping ranging from 2 to 24-inches in diameter used to distribute water to the City's approximately 7,934 residential, commercial, industrial, institutional/governmental, irrigation, agricultural, and other/construction service connections, of which approximately 196 services are dedicated for irrigation uses.²⁹ Since 2013, the following major water system improvements were completed:
 - Lathrop Road/UPRR Overhead: A new 24-inch transmission line was constructed on Lathrop Road between the SSJID turnout and 5th Street.
 - Mossdale water infrastructure: Water distribution system improvements for Mossdale Tract 3490 and Unit 5A developments were installed.
 - River Islands water infrastructure: Water system improvements for Phase 1 of the River Islands Development, including approximately 17 miles of distribution mains and approximately 1.6 miles of transmission mains at Bradshaw's Crossing were installed.
 - Well 10 Emergency Generator: Well 10 was equipped with an emergency generator.³⁰

²⁹ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021.

³⁰ EKI Environment & Water, Inc., Water System Master Plan, December 2019.

- ◆ **Water Storage.** The City has seven (7) water tanks totaling approximately 4.5 million gallons of water storage capacity. Three (3) of the City's water tanks store 1,000,000 gallons each in above ground steel tanks located at the LAWTF, at the intersection of Howland Road and Vierra Road and the intersection of Harlan Road and Warren Avenue. The fourth water tank has a capacity of approximately 425,000 gallons and is located at J Street and Ruby Court. The fifth water tank has a capacity of approximately 1,100,000 gallons and is located on Manthey Road. The sixth water tank has a capacity of 1.6 MG gallons and is located in CLSP on Stanford Way at Spartan Way. A seventh water tank has been constructed but is not yet in service. That tank has a capacity of 1.2 MG gallons and is located on Cirrus Court near the future Golden Valley Parkway in River Islands. Some of the water storage tanks have at least one booster pump with an additional fire booster pump. The City's groundwater basin can account for a portion for the City's emergency storage requirement. Groundwater credit for emergency storage is defined as the quantity of groundwater which can reliably be produced in the event of an emergency over an 18-hour period. The groundwater credit is calculated based on the firm groundwater supply of facilities equipped with backup power (i.e., the total capacity of all the wells with backup power minus the capacity of the largest well with backup power). This is equates to the 18-hour maximum capacity of Wells 6, 7, 8, and 10 equals 7.6 million gallons of water storage capacity.³¹ The entire water system is controlled by an electronic system called SCADA (Supervisory Control and Data Acquisition). The total storage capacity, including tank storage capacity and groundwater credit is 12.2 million gallons.

Water Quality

The City surface water supply from the SCWSP complies with or exceeds all State and federal drinking water requirements. The City's groundwater supply complied with all State and federal drinking water requirements except for arsenic. Arsenic is a metal that over many years can cause skin damage or problems with circulatory systems and may increase the risk of getting cancer. The maximum contaminant level was lowered from 50 micrograms per liter to 10 micrograms per liter by the U.S. Environmental Protection Agency to protect public health in 2001. All community water systems, such as the City, have been required to comply with this regulation as of January 2006. The City routinely monitors the water that is treated and served to customers to ensure that water delivered to customers meets water quality standards. There are two (2) general types of drinking water standards:

- **Primary Maximum Contaminant Levels (MCLs)** are health protective standards and are established using a very conservative risk-based approach for each constituent that takes into potential health effects, detectability and treatability, and costs of treatment. Public water systems may not serve water that exceeds Primary MCLs for any constituent.
- **Secondary MCLs** are based on the qualities of the water such as taste, odor, color, and certain mineral content, and are considered limits for constituents that may affect consumer acceptance of the water.

³¹ EKI Environment & Water, Inc., Water System Master Plan, December 2019.

The results of this testing are reported to the State Water Resources Control Board (SWRCB), Division of Drinking Water (DDW) following each test and are summarized in Water Quality Reports (also known as “Consumer Confidence Reports”), which are provided to customers by mail and made available on the City’s website at <https://www.ci.lathrop.ca.us/publicworks/page/water-quality-reports>.

Arsenic and Uranium

Wells 6 through 10 are currently treated for arsenic at Louise Avenue Water Treatment Facility (LAWTF) to reduce concentrations below the MCL of 0.010 milligrams per liter (mg/L). The City’s Well 21 also experienced elevated concentrations of arsenic and uranium and is currently projected to be inactive. The 2020 Water Quality Report confirmed that Arsenic levels were found to be below the federal drinking water limit.

Total Dissolved Solids

The City’s groundwater supply reliability is also impacted by the potential to induce migration of groundwater from TDS concentrations in excess of the secondary MCL of 500 mg/L. For example, Wells 6 through 10 are located immediately east of groundwater with high TDS concentrations, based on water quality data from City wells and sampling and analysis from both shallow and deep monitoring wells collected by private entities. The City has historically investigated the option of drilling a new wellfield near Well 21 and determined that it would not be feasible due to the potential for expanded pumping to induce the migration of high TDS water.

Industrial Contamination

Groundwater contamination has been identified at several locations in the City due to industrial processes. Contamination plumes are associated with pollution from Sharpe Army Depot and the former Occidental Chemical Corporation (OCC) site, which is now owned by J.R. Simplot.

Contamination of groundwater at the Sharpe Army Depot consists primarily of trichloroethene, tetrachloroethene, and cis-1,2-dichloroethene. The plume is located approximately 50 to 150 feet below ground surface (ft bgs). Due to concerns of potential contamination from the plume, the City abandoned Well 5 and constructed Well 10 as a replacement well. Three (3) groundwater extraction and treatment systems are located at Sharpe Army Depot and are used to treat existing groundwater contamination.³²

The groundwater remedial system consists of extraction and injection wells as well as granular activated carbon and aeration treatment. The treated water is then re-injected into the confined aquifer beneath the Corcoran Clay layer, which is located between 230 and 300 ft bgs.

To help prevent a sulfolane containment plume originating from the former OCC site from impacting the City’s groundwater supply, the City temporarily reduced its groundwater production and significantly limited groundwater production between 2018 and 2020. Efforts to

³² EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

improve the OCC groundwater extraction and treatment system were completed in March 2020. The City restarted Well 6, 7, 8, and 10 and the LAWTF beginning in April of 2020.

Nitrate

Nitrate concentration detected at Well 10 has recently shown increasing trends. During April and November 2020, nitrate (as nitrogen) at Well 10 was detected at 8.1 mg/L and 7.5 mg/L, respectively, approaching the MCL of 10 mg/L. The City is closely monitoring for nitrate in Well 10 at least once per quarter and evaluating the possible contaminant source.

Per- and Polyfluoroalkyl Substances

PFAS is a group of emerging man-made contaminants that were used in firefighting foam, protective coatings, and stain and water-resistant products into the 2000s. The current regulatory setting for PFAS is as follows:

- The USEPA established a lifetime health advisory for the two most common PFAS, Perfluorooctanoic acid (PFOA) and Perfluorooctanesulfonic acid (PFOS), at the combined 70 nanograms per liter (ng/L). USEPA is moving forward with the enforceable MCL process for PFOA and PFOS. In February 2020, USEPA announced it was initiating a two-year period for the agency to formally propose MCLs for PFOA and PFOS. Once MCLs are formally proposed, the agency has another 18 months to finalize its drinking water requirements. The USEPA is also gathering and evaluating information to determine if regulation is appropriate for additional individual PFAS.
- The SWRCB Division of Drinking Water (DDW) established drinking water Notification Levels (NLs) and Response Levels (RLs) for PFOA and PFAS.³³ Under the authority of Health and Safety Code section 116400, detections above the NL require agencies to notify the governing body for the areas where the water has been served within 30 days of receiving verified test results. If the RL is exceeded in drinking water provided to consumers, DDW recommends that the water agency remove the water source from service or provide treatment.

A series of sampling events in the City's production wells during 2019 and 2020 showed that PFOA and PFOS concentrations in groundwater from Well 9 exceeding both the NLs and RLs. The NLs for PFOS were also exceeded in one or more samples collected from Wells 6, 7, 8, and 10. The PFOA concentrations in groundwater from Wells 6, 7, 8, and 10 were below reporting limits. Based on these and historical sampling results, the City took Well 9 offline so that the PFOA concentrations in the blended flow from remaining wells is well below the RLs.

Water Conservation Measures

The City has implemented several water conservation measures, including adopting a water conservation ordinance.³⁴ The City's 2020 Urban Water Management Plan (UWMP) identifies a series of Demand Management Measures (DMM), also known as Best Management Practices

³³ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

³⁴ City of Lathrop, Ordinance No. 91-55 and Resolution No. 91-123, 1991

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(BMP). These measures, which are designed to maximize efficient water use and minimize wastewater, are summarized in Table 3-5 (Water Demand Management Measures). The City has not yet implemented all of these DMM due to staff and budget constraints. As City revenues increase with City growth, these programs will be funded. These measures are similar measures presented in the 2016 Municipal Services Review.

Table 3-5: Water Demand Management Measures³⁵

Demand Management Measure	Description	City Program
DMM 1 – Wastewater Prevention Ordinance	The City is updating its prohibition of wastewater requirements as part of the Water Shortage Contingency Plan (WSCP) update, which will be adopted by ordinance as part of the Lathrop Municipal Code (LMC) 13.08.030 and 13.08.120. The updated prohibitions are in place at all times, regardless of the water supply conditions or stage of action.	Prohibitions of water use to prevent water waste were in place during 2016 – 2020.
DMM 2 - Metering	All water service connections in the City are metered and billed monthly according to the volume of use. The City is installing Advanced Metering Infrastructure (AMI) anticipating full implementation by 2023. The City has installed radio-capable water meters at all of its water service connections. Currently, a portion of these meters can send signals to antennae installed in several neighborhoods, while the remainder require City staff to drive a route around the City to receive signals from each meter. The ability to perform meter readings remotely via radio enhances data acquisition and can potentially alert customers or the City when there is a leak, potentially reducing wasted water.	All accounts are metered and read on a monthly basis.
DMM 3 – Conservation Pricing	The City’s water rate structure consists of a base service rate and commodity rate. The City’s service rate is tied to the size of each customer’s meter. Current (2020) water service charges range from \$16.30 per month of a 5/8-inch diameter meter to \$2,845.00 for a 12-inch meter. The City’s current (2020) commodity rate is \$3.99 per 1,000 gallons. The City Council maintains the authority to adopt conservation pricing and waste use surcharges in times of need.	The City does not currently implement conservation pricing.

³⁵ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

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Demand Management Measure	Description	City Program
DMM 4 – Public Education and Outreach	The City distributes information about water conservation to the public through information in water conservation kits, website updates, annual Consumer Confidence Reports (CCRs), monthly city newsletters, and community events.	<p>77 water conservation kits have been distributed from 2016 to 2020.</p> <p>The City has booths focused on water conservation at several city-wide or school events, including Lathrop Beautification Day, National Night Out, and the Manteca Unified School District Planet Party – Earth Day.</p> <p>The City maintains the water conservation website.</p> <p>Annual Consumer Confidence Report (CCR) is distributed to all single-family residential and multi-family residential customers.</p>
DMM 5 – Programs to Assess and Manage Distribution System Real Loss	The City currently evaluates monthly consumption reports for extreme variations, and, if a variation is noted, the City checks the meter for leaks. If a leak is detected, the City notifies the customer to repair the leak. The City completes an AWWA Water Loss Worksheet annually. Completion of this worksheet allow the City to estimate real water loss, which consists of water loss attributable to the distribution system and includes physical water loss from the pressurized system and storage tanks up to the point of customer consumption. City staff have also attended Water Loss Technical Assistance Program (TAP) workshops and trainings to receive instruction on proper utilization of this software.	2020 AWWA Validity Score = 68.

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Demand Management Measure	Description	City Program
DMM 6 – Water Conservation Program Coordination and Staffing Support	The City Water Conservation Coordinator is responsible for coordinating the implementation of DMMs and providing water conservation information to residents.	The City currently has one (1) staff members assigned as a water conservation coordinator.
DMM 7 – Other DMMs	<p>Other DMMs provided by the City, in addition to those discussed above, include the following:</p> <ul style="list-style-type: none"> • Large Landscape Conservation Programs: The City has a large landscape conservation program which was started in 2005. As of 2020 the City had 192 landscape accounts. The City currently complies with the State Water Model Ordinance Standards for design of new landscaping. The City has also implemented a program in which evapotranspiration (ET) irrigation controllers are installed for lawns, parks, and other landscaped areas within future developments at the expense of the homebuilders. All of the existing parks and most of the streetscapes are currently controlled by ET irrigation controllers. • Water Conservation Kits: The City offers free water conservation kits free of charge to all residents (as the budget allows for the City’s program). Each kit contains a low flow showerhead, a faucet aerator for the kitchen or bathroom, a waster displacement bag for toilet tanks, a fill cycle diverter, toilet leak detection dye tablets, and a shower timer. Also included with the kits is an instructional booklet with installation instructions and other water saving tips. The City gave out 77 water conservation kits between 2016 and 2020. 	<p>The City has 192 irrigation service connections in 2020.</p> <p>77 water conservation kits have been distributed from 2016 to 2020.</p>

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Future Supply and Demand and Improvements to System

There are two main sources of water available to the City, surface water supplied by SSJID and groundwater. The projected supplies under normal water year conditions exceed the projected demand. This is because groundwater supplements surface water to make up for any unmet demand after surface water supplies are used. Groundwater will also be utilized to meet peak flow events and emergencies.

The City’s SSJID supply is anticipated to increase from 6,887 AFY to 10,671 AFY with the implementation of Phase 2 of the SCWSP and is assumed to be available to the City by 2040. The City’s current estimated annual groundwater yield is 4,720 AFY. The City does not have plans to install additional groundwater wells. However, the City has a goal of providing treatment to bring Well #9 back online and as of 2020 is in the early phase of evaluating projects that could provide additional supply reliability and/or groundwater production capacity.

Water Supplies through City

Water supplies through City build-out are shown in Table 3-6 (Water Supplies - Projected). The description below is based on estimated water supplies projected into the future.

Table 3-6: Water Supplies – Projected (AFY)

		2025	2030	2035	2040	2045 (Build-Out)
Water Supply	Additional Detail on Water Supply					
Purchased or Imported Water	SSJID SCWSP Phase I (a)	6,887	6,887	6,887	6,887	6,887
Purchased or Imported Water	SSJID SCWSP Phase II (a)	0	0	0	3,784	3,784
Groundwater (not desalinated)	(b)	4,720	4,720	4,720	4,720	4,720
Recycled Water	(c)	997	1,543	2,010	2,472	2,610
Total		12,604	13,150	13,617	17,863	18,001
Notes:						
(a) The City’s Phase I allotment of SCWSP water is 6,887 AFY. The City’s Phase II allotment of SCWSP water is 10,671 AFY, i.e., 3,847 AFY additional to the City’s Phase I allotment.						

Water demand projections through City build-out are shown in Table 3-7 (Normal Year Supply and Demand Comparison). The projected demand is based on known proposed new development projects within the City and a reasonable amount of projected growth. The water demand estimates are specific to each product type within each proposed development as described by the developers and relevant land use planning documents.³⁶

³⁶ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

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Table 3-7: Normal Year Supply and Demand Comparison (AFY)

	2025	2030	2035	2040	2045 (Build-Out)
Supply totals	12,604	13,150	13,617	17,863	18,001
Demand Totals	8,679	10,691	12,263	14,188	16,684
Difference	3,925	2,459	1,354	3,675	1,317

Potable water demand presented in Table 3-6 above is substantially lower for year 2025 and into the future. The build-out water demands presented above in Table 3-6 are based on actual water usage versus projected demand, and reflect the large impact of conservation by the community and the required use of water conserving fixtures for new development.

The projected use of non-potable recycled water is greatly understated, and will be increased based upon the recent RWQCB adjustment to the TDS limitation that will now allow use for urban irrigation. The end result is that water supply will continue to outpace water demand in Lathrop.

Groundwater treatment for TDS removal is expensive. Therefore, alternative water management practices that can minimize the use of groundwater and maintain the quality of the City's groundwater supply were analyzed as part of the 2019 Water System Master Plan. The City identified ten water supply and management alternatives which could be implemented to compensate for the limited use of groundwater. The City plans to implement an optimized combination of these alternatives to ensure reliable water supplies for the future. The recommended water system improvements to meet the City's future demands include but not limited to the following:

- Replacement of Well No. 21 pump and modify Well No. 10 pump (Project WS-3).
- Well 21 WTF Site Improvements, including installation of a filter and piping, site work, sludge tank, etc. and installation of a 12-inch parallel raw water pipeline from McKinley to Well No. 21 (Project WS-3).
- Construction of a 1-MG storage tank at Well No. 21 (Project WS-4).
- Installation of a 6.5-MGD of pumping capacity at Well No. 21 (Project WS-4).
- Installation of a new 16-inch transmission main from Well No. 21 WTF to Yosemite Avenue (Project WS-4).

The City could also implement one or more of the other water supply alternatives as deemed necessary.³⁷

The City completed the Water System Master Plan that identified infrastructure needed for new development and recommended Capital Improvement Program. To ensure that appropriate funding is available when the water related infrastructure is needed, developers are required through development agreements to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of costs. Developers are then reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they

³⁷ EKI Environment & Water, Inc., Water System Master Plan, December 2019

are responsible. The infrastructure would be built by the projects and includes distribution pipelines, tanks, and booster pump stations.³⁸

4. Wastewater Collection and Treatment

The wastewater collection system in the City is owned and operated by the City of Lathrop. Wastewater is treated within the City at the Lathrop Consolidated Treatment Facility (LCTF) which became operational August 25, 2015 and at the Manteca-Lathrop Wastewater Quality Control Facility (WQCF). The City owns the LCTF and a percentage of the WQCF (14.7 percent). The Urban Water Management Plan (adopted in June 2021), and the Wastewater System Master Plan, dated December 2019, and the Central Valley Regional Water Quality Control Board (CVRWQCB) Order R5-2015-0026 are the primary sources of information included in this section. These documents outline a long-term strategy for meeting future discharge and capacity requirements in order to meet community needs for a planning horizon that extends to build-out of the City limits and SOI regardless of when build-out occurs.³⁹ As planning level documents, the master plans estimate build-out needs with the understanding that land uses and specific projects may change in the future. Thus, the master planning documents provide general recommendations of future needs. As specific infrastructure projects are needed, they would have to be individually designed. The different wastewater collection service areas are defined as presented in Figure 3-7 (Lathrop Wastewater Service Area).

³⁸ Ibid

³⁹ City of Lathrop Public Works website, <https://www.ci.lathrop.ca.us/publicworks/page/sanitary-sewer>, October 2021

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Figure 3-7 (Lathrop Wastewater Service Area)

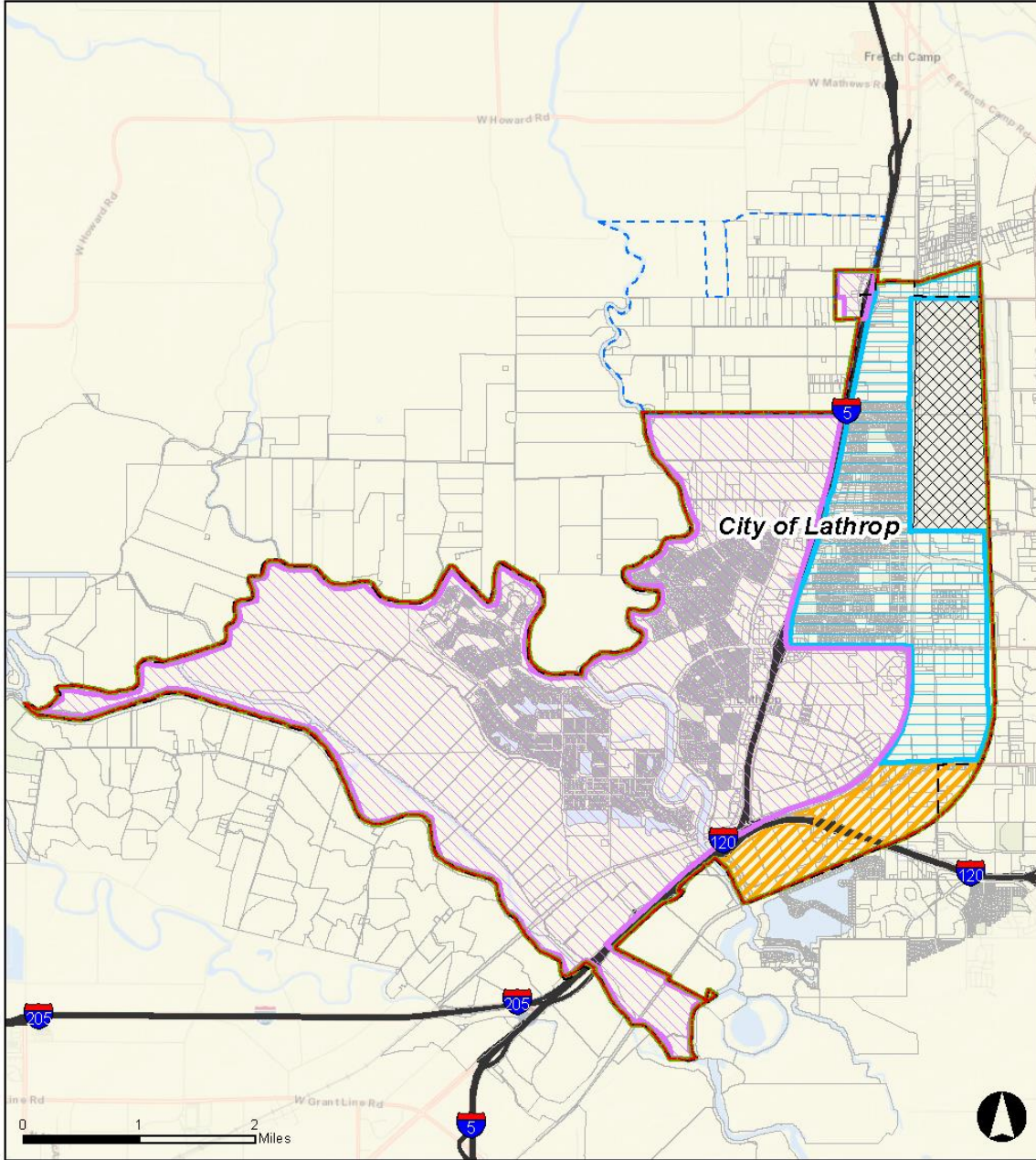


FIGURE:



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

Wastewater Collection and Treatment

The wastewater collection system consists of gravity sewer lines that range from 6 to 36 inches in diameter, pumping stations, and force mains. A portion of the existing City's wastewater is conveyed via gravity sewer and pump stations to a regional pump station. The regional pump station conveys wastewater to a force main, which discharges to the Manteca-Lathrop WQCF. A sewer project was recently completed that allows the McKinley Corridor area to pump wastewater to the WQCF through a new sewer force main pipeline. The City owns 14.7 percent of the Manteca-Lathrop WQCF by contract with the City of Manteca. The City of Lathrop, however, does not participate in the operation of the plant. Most wastewater generated in the areas east of I-5 and north of Louise Avenue is conveyed to the Manteca-Lathrop WQCF.

The LCTF has a current capacity of 2.5MGD.⁴⁰ Wastewater treatment and disposal at the City's LCTF is regulated under Waste Discharge Requirements (WDR) Order No. R5-2016-0028-01. The City has plans to increase the treatment capacity and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. This implies development impact fees and capital accounts have been established to fund the construction of needed future capacity when needed.

Wastewater Treatment Plant Permitting and Capacity

Wastewater from the City is currently treated at the LCTF and the Manteca-Lathrop WQCF. Information about the LCTF is presented in this document. Recently completed upgrades to the WQCF increased the City's capacity at the WQCF to approximately 1.45 MGD. Additional information about the Manteca-Lathrop WQCF can be found in the Manteca Municipal Services Review dated July 16, 2015.

The LCTF has a current capacity of 2.5MGD.⁴¹ Wastewater treatment and disposal at the City's LCTF is regulated under Waste Discharge Requirements (WDR) Order No. R5-2016-0028-01. The City has plans to increase the treatment capacity, upgrade the treatment technology, and improve operational flexibility of LCTF. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. This implies development impact fees and capital accounts have been established to fund the construction of needed future capacity when needed. The City's current Waste Discharge Report (WDR) from the CV-RWQCB limits the treatment capacity of the City in the future to 9.0 MGD. The treatment technology described in the WDR permit consists of fine screening, grit removal, flow measurement, influent pumping, influent equalization, emergency storage, nitrification/denitrification activated sludge by means of a membrane bioreactor and effluent pumping.⁴²

⁴⁰ Per EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021, the LCTF is currently permitted for 2.13 MGD based on the City's existing ponds and spray field capacity.

⁴¹ Per EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021, the LCTF is currently permitted for 2.13 MGD based on the City's existing ponds and spray field capacity.

⁴² Central Valley Regional Water Quality Control Board, Order No. R5-2015-0006: Waste Discharge Requirements and Master Reclamation Permit for the City of Lathrop Water Recycling Plant, 2006

Wastewater Disposal and Reuse

Wastewater will be treated to meet recycled water requirements as defined in the California Water Code Section 13050 and in Title 22 Section 60301.230 (disinfected tertiary recycled water). LCTF effluent disposal and reuse is currently regulated by the Central Valley Regional Quality Control Board under Waste Discharge Requirements (WDRs) and Master Recycling Permit Order No. R5-2016-0028-01. Under the WDRs, the City may store disinfected tertiary treated CTF effluent in aboveground lined storage ponds before pumping it to the distribution system for irrigation of agricultural land application areas (LLAs) and public landscape areas and in a percolation basin (PB-1).

The City has applied to the Central Valley Regional Water Quality Control Board (RWQCB) staff to obtain a National Pollutant Discharge System (NPDES) permit for a surface water discharge. The permit will allow the City to expand treatment capacity at the CTF without being limited by the capacity of recycled water ponds and sprayfields. It will further allow the City to optimize its recycled water system to support recycled water needs of existing and proposed developments. Upon obtaining the NPDES permit, the City plans to discharge a portion of the future treated effluent to the San Joaquin River.

In this regard, on September 13, 2021, the City Council approved funding agreements, a professional service agreement, ratified material purchases and agreement with Reclamation District 17 (RD 17) and approve a budget amendment associated with CIP WW 20-17 Surface Water Discharge. The Surface Water Discharge project includes dechlorination facilities at the City's Lathrop CTF plus a pipeline from the LCTF to the San Joaquin River, and an outfall structure into the river. The project will make available 1,500 acres of developable land that would have been required to create ponds and sprayfields to store and dispose of recycled water on agricultural crops. The City intends to obtain an initial NPDES permit to discharge up to 2.5 mgd ADWF of dechlorinated treated effluent (current ADWF treatment capacity of the LCTF) to the San Joaquin River.

Wastewater Quality

The LCTF's WDR specifies that effluent from the LCTF must not exceed the limits presented in Table 3-8 (WDR Recycled Effluent Discharge Limitations). Recycled water from the LCTF is delivered to land application areas or storage ponds until it is used. The storage ponds are lined to minimize percolation.

Table 3-8: Waste Discharge Report Recycled Effluent Discharge Limitations⁴³

Constituent	Units	Limits	Basis of Compliance Determination
BOD ₅	mg/L	10	Monthly average
Total N	mg/L	10	Flow-weighted annual average
TDS	mg/L	950	Flow-weighted annual average
Total Coliform	Median Concentration < 2.2 per 100 mL		
	Max once per month MPN > 23 per 100 mL		
	MPN < 240 per 100 mL at all times		
Turbidity	Not exceed 0.2 NTU > 5% time w/in 24 hr		
	Not exceed 0.5 NTU at any time		

The CV-RWQCB regulates the LCTF and use of recycled water through Board Order Number R5-2016-0028-01. The order allows land application only to those areas subject to review in a final document adopted pursuant to the California Environmental Quality Act (CEQA) and prior to the date of adoption of the order.

The WDR specifies that recycled water application from the LCTF must not cause groundwater constituents referenced above to exceed concentrations greater than present in the current ground water as described in Table 3-9 (WDR Groundwater Water Limits). Recycled water application must not impart taste, odor, toxicity, or color that creates nuisance or impairs any of the beneficial uses of the groundwater basin identified by the CV-RWQCB.⁴⁴

Table 3-9: WDR Groundwater Limitations

Constituent	Use Area Location	Maximum Allowable Concentration
TDS	Mossdale, River Island	Current Ground Water quality ¹
TDS	CLSP	1,000 mg/L
TDS	LAS-2, LAS-3	Current Groundwater Quality ¹
Nitrate as N	Mossdale, River Island, LAS-2	10 mg/L
Nitrate as N	CLSP ²	10 mg/L, Current Groundwater Quality ¹
Nitrate as N	Northern Lathrop, LAS-3	Current Groundwater Quality ¹
Boron	LAS-3	Current Groundwater Quality ¹
Sulfate	LAS-3	Current Groundwater Quality ¹
Manganese	LAS-3	Current Groundwater Quality ¹

¹ "Current Groundwater Quality" means the quality of groundwater as evidenced by monitoring completed as a 32 March 2016 and as determined in the report described in Provision H.1.b for each of the specified compliance monitoring wells listed in the Monitoring and Reporting Program.

⁴³ CVRWQCB Order R5-2016-0028-01

⁴⁴ CVRWQCB Order R5-2016-0028-01

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² Nitrate as N concentrations are spatially variable within the CLSP area. The compliance wells to which the maximum allowable concentration applies to are specified in the Monitoring and Reporting Program.

Future Wastewater Demand and System Improvement

The Wastewater System Master Plan projects wastewater generation with anticipated future development as an estimate using the updated wastewater flow factors and the anticipated acreages and number of dwelling units associated with each proposed development.⁴⁵ The Wastewater System Master Plan summarizes the City’s projected wastewater generation by sector and development area in five-year increments between 2020 and 2040 and at buildout, based on development projections. Based on these projections, it is anticipated that total Average Dry Weather Flow (ADWF) in 2040 will be 5.34 MGD, whereas the ADWF Buildout is estimated to be 6.48 MGD. Of these totals, ADWFs of 1.40 MGD and 1.47 MGD are anticipated to flow to MWQCF from Historic Lathrop in 2040 and at buildout, respectively. ADWFs of 3.94 MGD in 2040 and 5.01 MGD at buildout are projected to flow to the Lathrop CTF. The majority of the anticipated increase in wastewater generation at the CTF is associated with the River Islands and Central Lathrop development areas.

Table 3-10: Projected Wastewater Flow and Treatment Capacity at Lathrop CTF

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
ADWF Projection	0.58	1.28	2.20	2.90	3.45	3.94	5.01
Existing Capacity and Future Expansions							
Lathrop CTF Phase 0	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Lathrop CTF Phase 1	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Lathrop CTF Phase 2	-	1.50	1.50	1.50	1.50	1.50	1.50
Lathrop CTF Phase 3	-	-	2.5	2.5	2.5	2.5	2.5
Lathrop CTF Phase 4	-	-	-	-	-	1.0	1.0
Total Capacity	1.00	2.50	5.0	5.0	5.0	6.0	7.0

Notes:

(a) Wastewater influent to Lathrop CTF is the combination of wastewater flow from all city areas except for the Historic Lathrop area and Sharpe Army Depot.

⁴⁵ EKI, Wastewater System Master Plan, December 2019

Table 3-11: Projected Wastewater Flow and Treatment Capacity at MWQCF

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
ADWF Projection	1.08	1.24	1.36	1.38	1.39	1.40	1.47
Existing Capacity							
MWQCF	1.45	1.45	1.45	1.45	1.45	1.45	1.45

Notes:

(a) Wastewater influent to Lathrop CTF is the combination of wastewater flow from all city areas except for the Historic Lathrop area and Sharpe Army Depot.

As shown in Table 3-10, the Lathrop CTF Phase 2 Expansion, completed in Summer 2018, is projected to have sufficient treatment capacity to meet projected flows from new development and Crossroads through 2027. The City’s current capacity allocation at MWQCF (Table 3-11) is projected to be sufficient to meet projected flows from Historic Lathrop infill beyond 2040, although additional capacity is needed by buildout. The City is evaluating alternatives that would reroute portions of the areas currently tributary to MWQCF to the Lathrop CTF, which would change each treatment facility’s projected flows.⁴⁶

The MWQCF is permitted for future expansions of up to 26.97 MGD, of which the City would be allocated up to 3.97 MGD, should the City elect to maintain is proportional allotment.⁴⁷

Table 3-12: Projected Wastewater Flow and Treatment Capacity, Citywide

Estimated ADWF Influent and Treatment Capacity (MGD)							
	Existing (2016)	2020	2025	2030	2035	2040	Buildout
Projected Influent ADWF (a)							
Total ADWF Projection	1.66	2.52	3.56	4.28	4.84	5.34	6.48
Existing Capacity and Future Expansions							
Manteca WQCF	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Lathrop CTF Phase 0	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Lathrop CTF Phase 1	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Lathrop CTF Phase 2	-	1.50	1.50	1.50	1.50	1.50	1.50
Lathrop CTF Phase 3	-	-	2.5	2.5	2.5	2.5	2.5
Lathrop CTF Phase 4	-	-	-	-	-	1.0	1.0
Total Capacity	2.45	3.95	6.45	6.45	6.45	7.45	7.45

Notes:

(a) Flow projections include total Citywide ADWF projections.

⁴⁶ Ibid

⁴⁷ EKI Environment & Water, Inc., 2020 Urban Water Management Plan, June 2021

5. Storm Water Drainage

Lathrop's storm water drainage system is managed by the City's Public Works Department. The gravity-based system consists of collection and trunk pipelines, detention basins, pump stations, and surface infrastructure such as gutters, alleys, and storm ditches. Several of the storm water detention basins (particularly within the Historic Lathrop) are operated by the City to control peak storm runoff events. These detention basins also function as recreational facilities (parks, ball fields, green areas, etc.). Storm water is disposed by routing it through various interconnected detention basins and discharging storm waters into one of three locations along the San Joaquin River. Several Storm water Master Plans have been developed to address drainage issues in the City. These include:

- ◆ 1973 Storm Drainage Study and Master Plan for San Joaquin County⁴⁸
- ◆ 1987 Master Storm Drain Plan for Lathrop⁴⁹
- ◆ 1992 City of Lathrop Storm Drain Master Plan⁵⁰
- ◆ 2003 Northern Area Portion Master Plan of Drainage⁵¹
- ◆ 2003 Stewart Tract Drainage Area Master Plan
- ◆ City of Lathrop Storm Water Management Plan, January 2003
- ◆ City of Lathrop Storm Water Development Standards, June 2008

The 1992 Storm Drain Master Plan served as a basis for providing storm water infrastructure at that time. It concluded that subsequent master plans for specific areas throughout the City would be required to update the 1992 plan. As such, both 2003 Drainage Master Plans updated the 1992 plan for their respective study areas.

Under the requirements of the Clean Water Act of 1972, the City of Lathrop was required to apply for coverage under the National Pollution Discharge Elimination System (NPDES) Phase II permit and developed and implemented a Storm water Management Plan (SWMP) and Storm water Development Standards to control and prohibit the discharge of pollutants into the Municipal Storm Sewer System. The Cities of Lathrop, Lodi, Manteca, Patterson, and Tracy, and portions of the County of San Joaquin (collectively Agencies) are each classified as Phase II Municipal Separate Stormwater Sewer System (MS4) communities. In 2013, the California State Water Resources Control Board (State Water Board) adopted a National Pollutant Discharge Elimination System (NPDES) general permit for Phase II MS4 communities to regulate stormwater and non-stormwater discharges from MS4s to waters of the United States. As part of the Phase II Permit, the Agencies are required to develop/update post-construction standards to address stormwater quality for regulated new development and redevelopment projects.

⁴⁸ **RW Siegfried & Associated and George S Nolte & Associates, Storm Drainage Study and Master Plan for San Joaquin County, 1973**

⁴⁹ **Thompson-Hysell Engineers, Master Storm Drain Plan for Lathrop, 1987**

⁵⁰ **Lew-Garcia-Davis Engineers/Surveyors, Lathrop Storm Drain Master Plan, July 1992**

⁵¹ **RBF, Northern Area Portion Master Plan of Drainage, May 2003**

The Agencies collaborated in 2015 and prepared the Multi-Agency Post-Construction Stormwater Standards Manual to assist the development community in complying with the requirements of the Phase II Permit and local ordinances.

The SWMP consists of six elements that, when implemented together, are expected to reduce pollutants discharged into receiving water bodies to the maximum extent possible. The City has developed Best Management Practices (BMPs) to address storm water quality within the City. The BMPs are intended to maintain surface water quality due to storm water discharged from the City. New developments within the City are required to comply with the requirements of the SWMP. The City is also responsible for monitoring and reporting on BMPs as a method to fulfill minimum SWMP control measures. The Storm water Development Standards specify design requirements to be used during development design that, in turn, meets the NPDES requirements for the City.^{52,53}

Existing Storm Water Drainage System

The City's existing storm drain infrastructure includes approximately 916 inlets, 691 manholes, 4 outfalls, 13 detention basins totaling 23 acres, in addition to 36 miles of storm water collection and conveyance piping.⁵⁴

Storm drain infrastructure has primarily been studied and developed by the City for the areas of historic Lathrop, Mossdale Landing, Stonebridge, River Islands and the Central Lathrop Specific Plan area. The storm drainage systems within these areas consist of pipe networks connected to detention basins and pump stations. The operation of the system relies on detention basins to prevent flooding because the peak capacities of the pumps are far lower than peak runoff rates into the system. In some locations, pumps fill the detention basins; in other locations pumps drain the detention basins. Other pumps boost flows along the storm drains that lead and discharge to the San Joaquin River. The existing system requires some simple manual operations to drain some of the detention basins after storm events. Actual system functions, however, considering the interconnections, pump curves and set points, reversing flow directions in some pipes, and overland releases, can be quite complex.⁵⁵

Levees within the City are owned and maintained by Reclamation Districts 17, Reclamation District 2107 and Reclamation District 2062.⁵⁶ The levees are designed to protect the City from flooding that might occur from the San Joaquin River, Old River or Paradise Cut per Figure 3-8 (Reclamation Districts). Flood protection provided by the levees has been assessed by the Federal Emergency Management Agency (FEMA). According to the FEMA Flood Insurance Rate Maps (FIRM), urbanized areas within Reclamation Districts 17 and 2062 are located within Flood Zone X. Flood Zone X is defined as an area of 0.2 percent annual chance of flood (500-year storm event), an area with 1.0 percent annual chance of flood (100-year storm event) with average depths of less than one foot or with drainage areas less than one square mile, and

⁵² City of Lathrop, NPDES Phase II Storm Water Management Plan, November 04, 2003

⁵³ WGR Southwest, Inc., City of Lathrop Storm Water Development Standards, June 03, 2008

⁵⁴ City of Lathrop, Geographic Information System (GIS) Data, November 2021

⁵⁵ City of Lathrop, Geographic Information System (GIS) Data, November 2021

⁵⁶ City of Lathrop, Geographic Information System (GIS) Data, November 2021

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areas protected by levees from 1.0 percent annual chance of flood.⁵⁷ FEMA updated the FIRM maps for San Joaquin County. FEMA currently only identifies the 100 and 500-year flood plain areas as shown on Figure 3-9 (FEMA Flood Map). FEMA issued a Letter of Map Revision (LOMR) for the River Islands Phase 2 Project Area (Case No. 20-09-0630P) on July 7, 2021. This LOMR became effective on November 18, 2021 and removed the majority of the River Islands Phase 2 area from the 100-year Flood (Flood Zone AE).^{58,59}

The City, DWR and Reclamation Districts 17 and 2062 are addressing requirements for public awareness and improvements to the levee system. Lathrop participates in the National Flood Insurance Program (NFIP) that makes available federally-backed flood insurance for all structures, whether or not they are located within the floodplain. The City has provided its property owners with information regarding flood protection, new FEMA mapping and insurance requirements. DWR has developed a plan called Flood SAFE California that will assess the existing conditions of the levees, recommend maintenance activities, and improvements to the State's levees in the near future. Reclamation Districts 17 and 2062 have a plan to upgrade its levees to improve flood protection.

⁵⁷ FEMA, FIRM City of Lathrop, CA Panel 615 of 950: Map Number 06077C0615F, Effective Date October 16, 2009 and Panel 620 of 950: Map Number 06077C0620F, Effective Date October 16, 2009

⁵⁸ FEMA, Letter of Map Revision Determination Document, Case No. 20-09-0630P, November 18, 2021

⁵⁹ *Figure 3-9 includes the latest mapping Shapefiles available from San Joaquin County and FEMA and do not reflect the LOMR issued by FEMA on July 7, 2021 and effective November 18, 2021 (Case No. 20-09-0630P).*

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Figure 3-8 (Reclamation and Drainage District Boundaries)

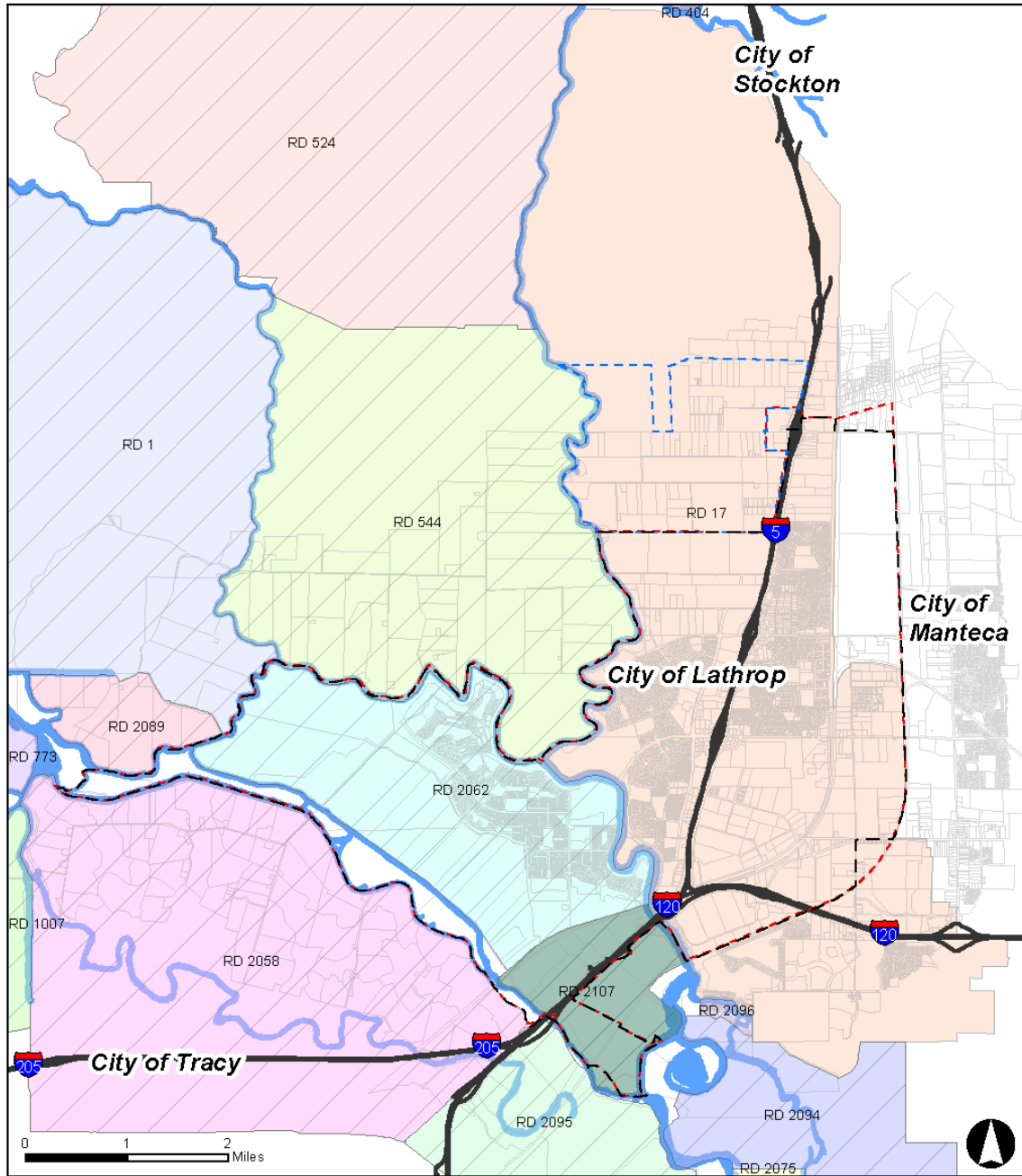


FIGURE: 3-8



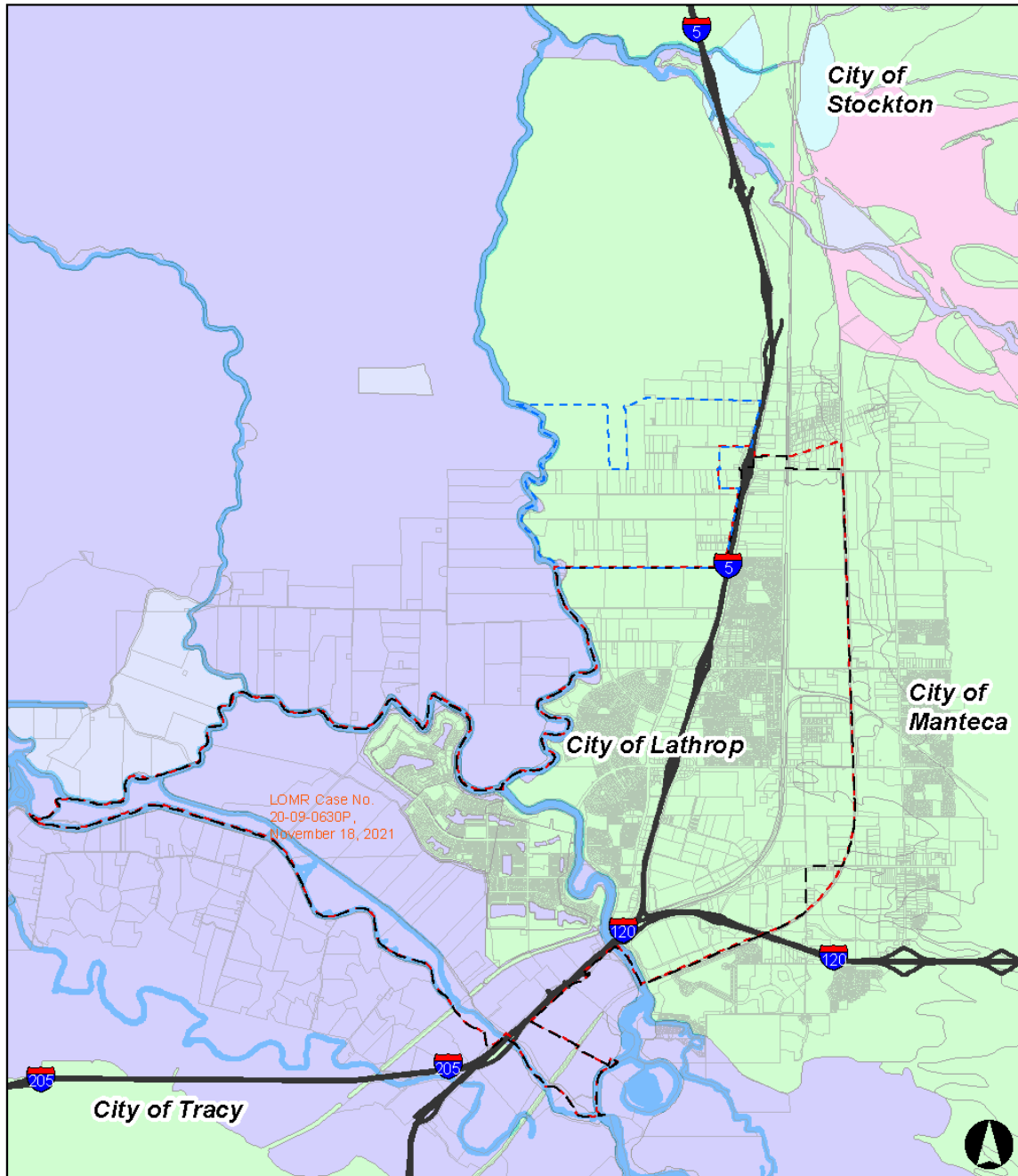
**Reclamation and Drainage District Boundaries
City of Lathrop**

- City Limits
- Area of Interest
- Sphere of Influence
- Parcels
- Stream
- Sacramento-San Joaquin Drainage District

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

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Figure 3-9 (FEMA Flood Insurance Rate Map)



FEMA Panel # 06077C0605F, 06077C0610F, 06077C0615F, 06077C0620F
Effective Date: October 16, 2009

FIGURE:



**FEMA Flood Insurance Rate Map
City of Lathrop**

Area of Interest	FEMA FIRM Zones	AH
City Limits	0.2 PCT HAZARD	AO
Sphere of Influence	A	X
Parcels	AE	X PROTECTED BY LEVEE
Streams		

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

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Senate Bill No. 5 (SB 5) – 200-Year Flood Protection

In 2007, the State of California approved the SB 5 bills that require 200-year Urban Level of Flood Protection (ULOP) for urban areas in the Central Valley. Briefly summarized, the SB 5 Bills require that urban (population > 10,000) and urbanizing areas (population > 10,000 within ten years) have 200-year flood protection no later than 2025. After July 2, 2016, the City is prohibited from issuing new discretionary permits and residential building permits in areas that may be inundated to a depth of more than three feet during a 200-year flooding event unless the City confirms that 1) 200-year flood protection is provided, or 2) “adequate progress” has been made toward providing 200-year flood protection by 2025.

SB 5 requires that the 200-year flood protection requirements be incorporated into amendments of the City’s General Plan and zoning. General plan amendments must be completed by July 2015; zoning amendments must be completed by July 2016. The City of Lathrop adopted a General Plan amendment in July of 2015 which satisfied this requirement.

Assembly Bill 838 (Eggman) was signed into law on September 28, 2020, and amended Government Code Sections 65865.5, 65962, and 66474.5, and added Section 65962.1 to extend the requirement for the Mossdale Tract to achieve the Urban Level of Flood Protection from 2025 to 2028. The Mossdale Tract means an area of land identified as Reclamation District 17, along with such contiguous urban and urbanizing areas to the east of the tract as would be subject to flooding from the San Joaquin River at an urban level of flood protection.

There are three local reclamation districts (RDs) in the City: RD 2107, RD 2062, and RD 17. The following are the intended SB 5 compliance measures for each district:

RD 2107: This district includes Dell’Osso Farms and other areas south of the Union Pacific Railroad and southeast of I-5. This land does not presently have 100-year flood protection and is neither urban nor urbanizing. The SB 5 Bills therefore do not impose the requirement for 200-year flood protection within RD 2107.

RD 2062: This district includes the River Islands master planned community located on the Stewart Tract. RD 2062 has 100-year FEMA approved levees for the River Islands Phase 1 and Phase 2 areas and prepared the engineering evidence to demonstrate adequate progress toward 200-year certification of these levees.

RD 17: This district includes land east of the San Joaquin River in Lathrop, Manteca, Stockton, and San Joaquin County. Lathrop and Manteca recently joined SJAFCA, and that agency is taking over planning 200-year levee improvements along the east bank of the San Joaquin River to provide 200-year flood protection by 2028, and to once again demonstrate “adequate progress” by July 2, 2022. In order to make a Finding of Adequate Progress, the affected jurisdictions are working cooperatively to complete engineering studies, a financial plan, and construction of improvements. At this time, there has been significant progress on all of these fronts.

RD 17 created a Joint Powers Authority that included San Joaquin County, Stockton, Manteca and Lathrop to issue bonds to fund the local share of Phase 1-3 Improvements to the RD 17 levees. Lathrop coordinated with RD 17 and the other cities and the

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County to update the San Joaquin Area Flood Control Agency (SJAFCA) JPA to add Lathrop and Manteca to that JPA to fund the local share of the needed Urban Level of Flood Protection (ULOP) improvements to the RD 17 levees, to adopt Development Impact Fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, a new Overlay Assessment District and a new Enhanced Infrastructure Financing District. Initially, Lathrop and Manteca funded the required Urban Levee Design Criteria analysis of the RD 17 levees, identified the 200-year floodplain, calculated an estimated cost to provide the ULOP improvements, and requested State funds for the State share of this work. Lathrop will continue to work with SJAFCA to provide for final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

If the City is not able to confirm that 1) 200-year flood protection is provided, or 2) “adequate progress” has been made toward providing 200-year flood protection by 2028, the City will comply with State Law and not issue permits until the appropriate flood protection is provided or “adequate progress” has been made. If development in RD 17 is put “on hold” due to issues concerning 200-year flood protection, the City will still continue to experience growth and development in RD 2062 (River Islands). River Islands was constructed with levees built to a 200-year flood standard. Phase 1 of River Islands includes entitlements for over 4,000 residential lots, a commercial town center, school sites, and an employment center. Phase 2 of River Islands includes entitlements for over 10,000 residential lots, a village town center (mixed use), a Transit Oriented Development mixed use area, school sites, portion of the employment center. Phase 1 and 2 are protected by levees designed to be certified as 200-year levees, and available for development as the real estate market demands. The City will not be “shut down”; rather, growth would be focused in the western portion of the City known as River Islands.

Since 2018, the San Joaquin Flood Control Agency (SJAFCA) has prepared Annual Adequate Progress Reports and most recently, on June 29, 2021, SJAFCA staff submitted the 2021 Annual Report to the CVFPB. The 2021 Annual Report can be found on the SJAFCA’s website.⁶⁰ The 2021 Annual Report includes a number of changes from the previous plan, including but not limited to the following:

- Climate Adaptation pursuant to SJAFCA Resolution 19-06, *Policy on Adapting Design Standards for the Mossdale Tract Area of SJAFCA*. The 2021 Annual Adequate Progress Report reflects an updated project that addressed additional improvements needed to conform to the adopted SJAFCA Climate Adaptation Policy. The 2021 Annual Report presents SJAFCA’s addendum to the Engineer’s Report that contains the supporting evidence required for Adequate Progress. The costs of the program have been updated and the Financing Plan have been updated to reflect both the increased cost and the new 2028 deadline (discussed above).
- The Financing Plan for the project was updated to reflect Climate Adaptation and the new 2028 deadline. Numerous changes are reflected that impact the projected amount of revenues to come from three (3) planned funding mechanisms: 1) Development

⁶⁰ <https://www.sjafca.org/projects/mossdale-tract>, accessed December 6, 2021.

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Impact Fee, 2) Overlay Assessment District, and 3) Enhanced Infrastructure Financing District.⁶¹

As noted above, the Financing Plan for the 2021 Annual Adequate Progress Report is planned to come from three (3) mechanisms. The City continues to collect a Mossdale Tract Regional Levee Impact Fee based on the square footage the development and location (subject to 200-year flooding). The current fee (effective July 1, 2021) is as follows:

- Single Family – Residential - \$18,845 per acre
- Multi-Family – Residential - \$17,160 per acre
- Commercial - \$17,847 per acre
- Industrial - \$14,850 per acre

SJAFCA is continuing to work on two (2) additional funding mechanisms: Overlay Assessment District and Enhanced Infrastructure Financing District. The Overlay Assessment District would be levied on properties (parcels) directly receiving flood damage reduction benefit from the construction and long-term Operations & Maintenance (O&M) of the Project. SJAFCA entered into contracts with Willdan Financial Services (Willdan) to prepare the requisite Assessment Engineer's Report and administer the legislative processes required by Proposition 218 and the underlying statutory authority for the imposition of the assessment.⁶² To date, Willdan has prepared a Draft Preliminary Analysis for review by SJAFCA and member agencies.

A new Enhanced Infrastructure Financing District would capture a portion of the growth in general property taxes and dedicate the revenue toward the construction of the 200-Year Flood Protection Levees. This revenue, in conjunction with the OAD revenues could be pledged to the repayment of bonds, the proceeds of which could fund the construction of the project. SJAFCA commenced the formation effort of the EIFD in May 2019 and is advancing the effort in coordination with the member agencies. It is expected that the EIFD will be in place prior to August 2022 and generating revenues by FY 2022/2023.⁶³

⁶¹ San Joaquin Area Flood Control Agency, Board Meeting, July 22, 2021, Item 5.1, Receive Briefing on the Mossdale Tract Program Status and Update.

⁶² San Joaquin Area Flood Control Agency, 2021 Annual Adequate Process Report Update for Urbal Level of Protection, dated June 25, 2021.

⁶³ Ibid

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Figure 3-10 (Storm Water Basins)

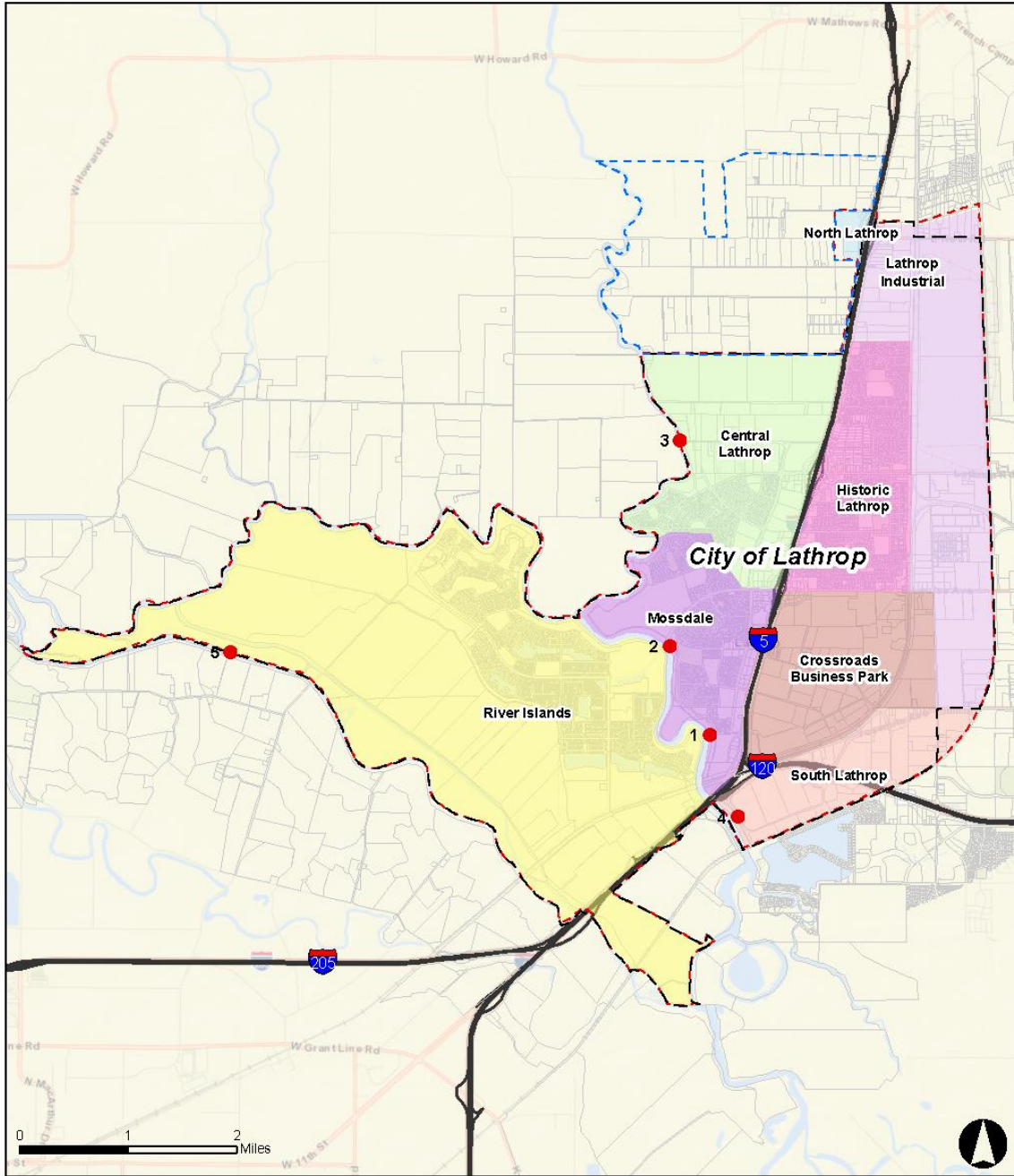


FIGURE:

 <p>Stormwater Basin Drainage Areas City of Lathrop</p>	<p>Drainage Zones</p> <ul style="list-style-type: none"> Central Lathrop River Islands Crossroads Business Park Historic Lathrop Lathrop Industrial 	<ul style="list-style-type: none"> Mossdale North Lathrop River Islands South Lathrop 	<ul style="list-style-type: none"> Outfalls Area of Interest City Limits Sphere of Influence Parcels
	<p align="center"><small>Disclaimer: Data shown may not be accurate and is for mapping purposes only. Contact the City for more information.</small></p>		

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Figure 3-11 (200 Year Flood Plain)

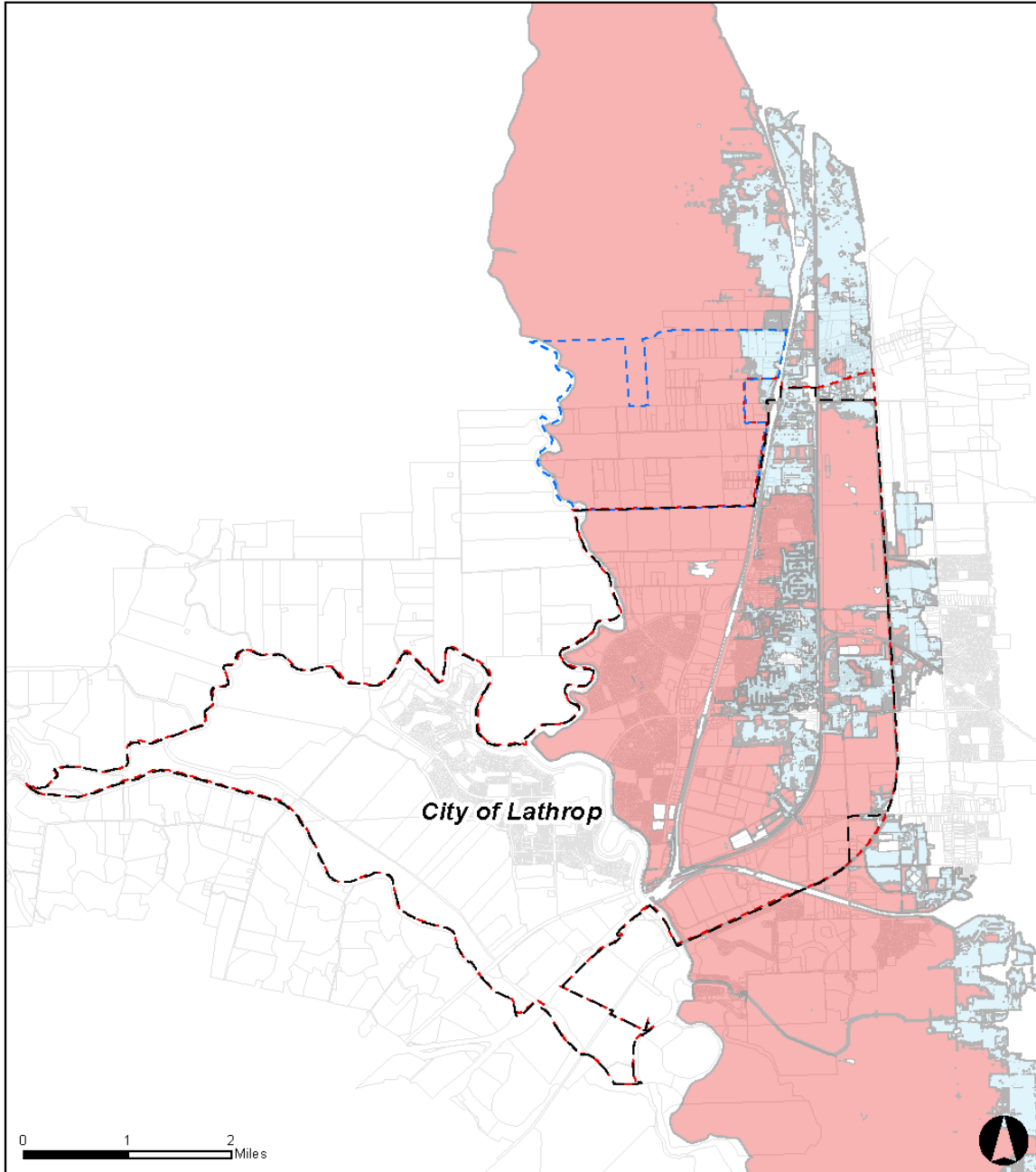


FIGURE:3-11



200-Year Flood Plain
City of Lathrop

- | | |
|---------------------|--------------------|
| Sphere of Influence | 0 Feet |
| Area of Interest | > 0 Feet, < 3 Feet |
| City Limits | ≥ 3 Feet |
| Parcels | |

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

Future Storm Water Drainage Demand and System Improvements

Any significant urban expansion will require additions to the existing collection system. The General Plan requires that new development projects must address storm water issues and mitigate increased storm water runoff. Additionally, the developments are required to construct storm water infrastructure such as curbs, gutters, and detention basins and provide a storm drainage master plan update for that area.⁶⁴ These requirements ensure that adequate infrastructure will be in place at build-out within the City limits and SOI.

A Drainage Master Plan for the Sub Plan Area #3 (Stewart Tract) was approved by the City of Lathrop in 1996 and updated in 2003 as part of the West Lathrop Specific Plan. This document identifies the required improvements of the development area to meet storm water requirements. These improvements would be made as part of the construction of the development. To ensure that appropriate funding is available when the infrastructure is needed, the developers are required through development agreements to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of costs. Developers are then reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they are responsible.⁶⁵

6. Determination

As the City of Lathrop continues to grow and portions of the Sphere of Influence (SOI) are incorporated into the City, there will be a need to expand public services. The demands for services have been estimated primarily from approved and/or pending projects within the City limits and SOI. Additionally, future projects within the SOI will generate minimal demand as these areas are not planned for residential development. The following is a summary of the major City actions that may be required to ensure adequate provision of services.

Fire Protection

As development expands, the Lathrop-Manteca Fire District (LMFD) expects to expand their number of fire stations and personnel. This has been partially accounted for with the construction of Fire Station 34 and 35. These fire stations were built in anticipation of future development projects and their fire protection needs. The Fire District has developed a master plan to provide adequate coverage for the potential urban growth of the City. The master planning effort undertaken by the District will aid with efforts to anticipated future fire protection services necessary for Lathrop City limits and SOI. The master plan and financing strategies discussed above suggest the need for a total of three (3) new fire stations.

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

⁶⁴ City of Lathrop, Comprehensive General Plan , November 9, 2004

⁶⁵ City of Lathrop, Adopted Capital Improvement Program: Fiscal Year 2014-2015

Law Enforcement

The proposed development projects in the City would result in additional demands for police service. Capital costs for new facilities and equipment would be funded through development impact fees and the operational costs would be funded through the increased tax base and the imposition of a police services Community Facilities District (CFD). In accordance with the General Plan, the new police station, located in River Islands, became operational in 2022.

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

At the March 22, 2021, Special City Council Meeting, Council directed City staff to create Capital Improvement Project CG 21-11, to begin the creation of a new Lathrop Police Department and implement the transition of law enforcement services from the San Joaquin County Sheriff to the City. The new Police Department project identifies 46 new sworn and non-sworn positions. On May 10, 2021, the City Council approved a Master Consulting Services Agreement with CPS HR Consulting (CPS) to begin recruitment of personnel for the new City of Lathrop Police Department and authorized the creation of the new Police Chief position. Since May 10, 2021, CPS has advertised positions for the various levels of Staffing, including Police Chief, Police Commander, Police Sergeants, Police Officers, and non-sworn personnel.⁶⁶ In September 2021, the City hired the first Police Chief for the new Department and two (2) Commanders in February, 2022. The City continues to recruit for the various levels of staffing, purchase necessary equipment, such as Police vehicles for the new Police Department, and coordination with other jurisdictions for the purposes of evidence storage and 911 operations. The Lathrop Police Department initiated operations on June 29, 2022.

The City of Lathrop will ensure that new development pays its fair share of facilities and manpower associated with new growth. The imposition of Police Mitigation Fees and participation in police services CFD's combined with property tax and Measure C funds provide the financial tools necessary to guarantee capacity will be able in the future.

Water Supply Conservation and Treatment

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

⁶⁶ City of Lathrop, Lathrop Police Department Transition Website (<https://www.ci.lathrop.ca.us/city-manager/page/lathrop-police-department-transition>), accessed December 7, 2021 and May 31, 2022.

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

Wastewater Collection and Treatment

Wastewater from the City is currently treated at the Lathrop Consolidated Treatment Facility (LCTF) and the Manteca-Lathrop Water Quality Control Facility (WQCF). The City owns LCTF and 14.7 percent of the WQCF by contract. The City's Wastewater System Master Plan (prepared in 2019), the 2020 Urban Water Management Plan, and CV-RWQCB Order Number R5-2016-0028-01 are the primary documents that outline long term strategy for meeting future discharge and capacity requirements for a planning horizon that extends to build-out. The pending NPDES permit will update the City's disposal program, allow disposal of highly treated recycled water into the San Joaquin River, and will eliminate the need for additional storage ponds and agricultural disposal fields.

The LCTF has a current capacity of 2.5MGD. The City is currently designing the next expansion of treatment capacity. The City has planned for a total combined treatment capacity at build-out of 11.9 MGD of which 9.1 MGD would be processed by LCTF and the balance processed by the Manteca-Lathrop WQCF. A total combined treatment capacity is planned by the City at build-out of 11.9 MGD through a combination of expansions at the LCTF and WQCF. The 11.9 MGD of capacity would be able to adequately serve the major planned development within the City and SOI. The City's current WDR from the CV-RWQCB limits the treatment capacity of the City to 6.0 MGD.

Storm Water Drainage

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

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

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limits and SOI. New development would be required to prepare a drainage master plan to serve as addendums to previous master plans.

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

SB5 200-Year Flood Protection

SB5, and its amendments, limit any city/county in the Central Valley from issuing certain permits unless either an Urban Level of Protection (ULOP or 200-year flood protection per California Department of Water Resources) is confirmed, or the city/county makes a finding of Adequate Progress toward providing that ULOP.

There are three major waterways within Lathrop: San Joaquin River, Old River, and Paradise Cut. The Stewart Tract portion of Lathrop is surrounded by Paradise Cut on the south, Old River on the north and San Joaquin River on the east. The balance of Lathrop is located east of the San Joaquin River.

Lathrop is composed of three separate flood basins, represented by the three reclamation districts that cover the City: Reclamation District 2107 located on Stewart Tract, southeast of the UPRR tracks, Reclamation District 2062 located on Stewart Tract, northwest of the UPRR tracks and also known as the River Islands development project, and Reclamation District 17 located east of the San Joaquin River. Per the recently amended General Plan, RD 2107 is not subject to SB5. RD 2062 is expected to confirm that they already provide ULOP flood protection prior to July 2022. On January 8, 2018, the Lathrop City Council approved the Amended and Restated Joint Exercise of Powers Agreement (JEPA) for the San Joaquin Area Flood Control Agency (SJAFCA) to include the City of Lathrop and the City of Manteca as Members of the JEPA. The main purpose of the re-organization of the SJAFCA to include the Cities of Lathrop and Manteca is for the SJAFCA to start advancing 200-Year flood control in the Mossdale Tract area. Since 2018, SJAFCA has prepared the Adequate Progress Findings for ULOP as a joint effort between the agencies involved in the JEPA. Lathrop is working with SJAFCA to explore various funding programs, such as the new Enhanced Infrastructure Financing District and Overlay Assessment District. As noted previously, the Mossdale Tract Regional Levee Impact Fee is in effect and the City continues to collect monies as development occurs. Lathrop will continue working with all public agencies within RD17 and SJAFCA to provide final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

The General Plan requires new development to pay its way, including its fair share of required improvements for 200-year flood protection. If the Finance Plan for 200-year flood protection does not have sufficient funding to construct improvements, then the City will not be able to make a Finding of Adequate Progress. New development in the affected area will not be allowed to proceed. This would result in land remaining fallow until the SB 5 issues are resolved.

D. Financial Ability of Agency to Provide Service

This section evaluates the funding mechanisms available for the provisions of expanded services in the City of Lathrop (City) to meet future needs for fire protection, law enforcement, water, wastewater, and storm water drainage infrastructure. Law enforcement is funded primarily through tax-revenues passing through the General Fund and fire protection is funded primarily by property tax revenue and by a portion of Measure “C” funds allocated by City Council. The City of Lathrop has supplemented these sources by requiring the creation of public service Community Facilities Districts CFD’s for all new developments to fund the identified fiscal short fall associated with additional manpower needs for police and fire protection. Water, streets, wastewater, and storm water drainage are funded by impact fees (AB1600), connection fees (capacity charges) and user fees (O&M) administered through Enterprise and Capital Facilities Funds. Maintenance of such things as streets, street lighting, parks and streetscape, and storm drainage are administered by special maintenance Districts which are generally project and/or area specific.

1. Development Fees

The City of Lathrop Comprehensive General Plan (General Plan) requires developers of land to “meet all of the costs of public infrastructure that are reasonably related to and which are generated by their projects.” To satisfy this requirement, and Pursuant to the AB 1600 (Mitigation Fee Act), the City has established fees which are imposed upon development projects for the purpose of mitigating the impact that the development projects have upon the City’s ability to provide specified public facilities. These requirements are incorporated in the section of the Municipal Code referred to as “Impact Fee Ordinance.”⁶⁷ The Impact Fee Ordinance requires development impact fees (Capital Facility Fees) to be charged to fund improvements to the City’s infrastructure storm drainage, sewer, water supply and distribution system, and roadway network, as well as government facilities, including police, fire and parks and recreation. The amount of the fee is determined by the zoning and location of the project. Fees for municipal service facilities are collected per dwelling unit for residential uses and per 1,000 square feet for non-residential uses. Water and Sewer Connection Fees are based on the size of the connection. Storm drainage fees are collected on a per gross acre basis.

Development fees are typically paid at the time building permits are issued. These fees are pooled into different funds for water, sewer, library, etc. Investment in infrastructure is carried out as instructed by the City Council through the adoption of the annual Capital Improvement Program (CIP). The City is responsible to ensure that appropriate funding is available when the infrastructure is needed. When the balance of the respective fund are not sufficient to cover anticipated expenditures, developers are required to cover all the costs of the infrastructure upfront even if they are only responsible for their portion of the costs. Developers are then

⁶⁷ City of Lathrop, Municipal Code, Chapter 3.20 Capital Fees, http://qcode.us/codes/lathrop/view.php?topic=3-3_20&frames=on, accessed October 14, 2008. California Code Government Section 66000 et seq. sets forth the procedural requirements for establishing and collecting development impact fees. These procedures require that a “reasonable relationship” or nexus, exist between the improvements and facilities required to mitigate the impacts of new development and the impact fee. The requirements of Section 66000 are also incorporated into the “Impact Fee Ordinance.”

reimbursed at a later point (e.g., when additional development fees are collected) for any payments in excess of what they are responsible for.

In some instances, particularly for large projects, the City of Lathrop has also negotiated Development Agreements with the developer to require the construction of public improvements in-lieu of payments of development fees. The City Council has also required that new development projects be assessed fees for public safety including additional police and fire staff on a per project basis based on the terms of the Development Agreement and as a result of findings of the project specific fiscal impact analysis.

In accordance with the General Plan, the Impact Fee Ordinance requires the impact fees to be revised to reflect any changes in construction costs resulting from inflation or to replace estimated actual costs with actual costs to provide specified public facilities. The City of Lathrop continues to rely on the 2005 version of the CFF program with annual adjustments to these fees every January 1st to take into consideration adjustments in the Consumers Price Index (CPI). The City of Lathrop prepared Capital Facilities Fee Studies for the South Lathrop Specific Plan (SLSP) and Lathrop Gateway Business Park Specific Plan in 2019 and were added to the CFF Fee Schedule. Additionally, a Capital Facilities Fee Study was prepared in 2020 for impact fees for four (4) reimbursement agreements between the City of Lathrop and developers who have constructed sewer facilities. Revision of the Development Fees structure will ensure that an appropriate level of funding is available for any needed capital improvements.

2. *Ad Velorum, Property Tax*

In 1978, Proposition 13 was enacted limiting the ability of local public agencies to increase property taxes based on a property's assessed value. Until then, property taxes were the main source of local government revenue.

The City receives revenue from property taxes from land within the City limits. The City has a tax sharing agreement with San Joaquin County (County), which addresses the adjustment of the allocation of property tax revenue between the City and County when a jurisdictional change occurs, such as annexation of unincorporated land into the City. The agreement was most recently updated in November of 2012 and is effective until July 31, 2019. The agreement was extended via an Addendum to Master Property Tax Agreement in 2020 to extend the Agreement for an additional ten (10) years, up to and including July 31, 2029. Additionally, a Tax Sharing Agreement between San Joaquin County and the City of Lathrop was executed for the allocation of property tax and apportionment of sales tax for the "Pilot-Flying J Travel Center" property annexation. The master agreement specifies property tax sharing for additional land annexed into the City. The City receives 20 percent of San Joaquin County's share of the property taxes for annexations that involve detachment from the Fire District. For annexations that do not require detachment from the Fire District, the City also receives 20 percent of property taxes since the district was established before June 15, 1996.⁶⁸

⁶⁸ The agreement states that fifteen percent of San Joaquin County's share of property taxes will go to the City if the Fire District was established between June 15, 1996, and June 15, 2003; ten percent will go to the City if the Fire District was established after June 15, 2003. However, the Lathrop-Manteca Fire District was established in 1936, therefore, neither of these rules applies.

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The “Pilot-Flying J Travel Center” Tax Sharing Agreement stipulates the following:

Sales Tax

- The County continues to receive, every fiscal year, 100% of the 1% Bradley-Burns Uniform Local Sales and Use Tax Revenues received attributable to sales from Pape Kenworth or its successor in interest.
- The City will receive 100% of the 1% Bradley-Burns Uniform Local Sales and Use Tax Revenues generated in the Annexation Area except Pape Kenworth.
- The City will receive 100% of the 1% Measure C Tax Revenues generated in the Annexation Area.

Property Tax

- The County will continue to receive, every fiscal year, property tax currently received plus the California Consumer Price Index (CCPI) adjustment for the annexed area.
- The City will receive the portion of property tax in excess of the County’s share. This would include any new construction in the Annexation Area.

The master agreement does not apply to annexation areas where the County is currently receiving transient occupancy tax (TOT) revenues, or where gross taxable sales exceed \$1 million per year. The agreement does not apply to annexations that include more than 50 acres of County-Owned property. Annexation agreements for such areas are individually negotiated between the County and City to address the potential loss of revenues to the County.⁶⁹

The City currently collects the following taxes:

- ◆ Property Taxes
 - Secured Property Taxes
 - Other Property Taxes
- ◆ Sales and Related Taxes
 - Retail Sales Tax
 - Sales Tax In Lieu
 - Measure “C” one cent sales tax (Tax does not sunset)
- ◆ Transient Occupancy Tax
- ◆ Franchise Taxes
 - Electric Tax
 - Natural Gas Tax & Surcharge
 - Cable Tax, Solid Waste Tax
 - Industrial Waste Tax
- ◆ License and Permit Taxes
 - Animal Licenses
 - Dangerous Animal Permits
 - Business Licenses
 - Construction Permits
 - Other Permits

⁶⁹ County of San Joaquin & City of Lathrop Agreement for Property Tax Allocation Upon Annexation A-12-472

3. *Economic Conditions and Outlook*

According to the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2021, the City has recently begun to enjoy a strong economic base from years of smart growth and planning initiatives resulting in stable property tax revenue, modest transient occupancy taxes and diverse sales tax revenues. The City's sales tax revenues remain stable and, over the past several years, have continued to experience annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Lathrop as an attractive location.

Like all government agencies throughout California, the City is faced with increased ongoing annual operating costs and rising retirement related liabilities. For Lathrop, some of these challenges include increased funding needs for pavement maintenance, facility and park maintenance, new programs and departments, additional personnel, retiree health care costs, and rising pension costs due to new funding policies adopted by the California Public Employees Retirement System (CalPERS). While the City has been successful over the years in balancing these issues with its strategic use of contract staffing and services, the City will continue to experience rising costs. Additionally, with the anticipation of significant impacts to revenues in the coming year, coupled with ongoing growth in expenditures over the next five years, the City will be challenged.

Sales tax growth in Lathrop was moored to commercial development throughout 2021 and is expected to grow slowly into 2022. The above average growth is the sign of recovery occurring as we emerge out the early days of the pandemic. The City is currently navigating a situation that has not been encountered in recent history. The ability to budget conservatively has paid dividends with the uncertainty that has come with the COVID-19 pandemic. This creates challenges but we remain vigilantly optimistic about Lathrop's long-term outlook. The City's future looks bright; with the creation of the City's own Police Department opening in July of 2022.

4. *Long Term Financial Planning*

The City incorporates long-term financial planning into its budget process in several ways. Each year, during the budget process the City Council receives an updated General Fund Ten-Year Forecast and CIP Five-Year Forecast that includes all special revenue funds associated with each project. The long-term financial revenue model used for the General Fund and CIP looks forward ten years, because of the volatile nature of tax revenues in a commercial growth based economy, and various one-time special revenue funds associated with development activity making it difficult to predict revenues with any certainty beyond the immediate term. The forecast is used as a tool and maintained by Finance staff.

These projections allow management to see what the future could look like given a set of assumptions and is evaluated in the context of whether decisions are sustainable over the long term. The ten-year financial forecast is a tool for strategic decision making and presents further context for balancing short-term and long-term goals and provides an "order of magnitude" feel for the General Plan's ability to continue services and preserve fiscal sustainability. Management encourages its departments to project their resource needs for a period longer than the traditional annual budget. In addition, the City faces increasing expenses in several

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areas of operations, including the relation of its Police Department. The City has elected to proactively address its unfunded OPEB obligation by establishing an irrevocable trust and significantly increasing its contributions. At the same time, rising pension contributions requirement, while helping to reduce the unfunded pension liability, result in a decrease of financial resources available for other uses. The City will need to continue to explore options to increase its revenue base, while keeping expenses manageable.

COVID-19 will have a lasting impact over the course of several years, possibly beyond the scale of the Great Recession. The significant revenue impacts to sales tax and TOT will likely continue through FY 2020-21 with gradual recovery, and full recovery back to FY 2018/19 revenue levels not anticipated until FY 2024-25. Property tax revenue has not been affected yet as the assessed values do not show the impact of economic volatility in a short period. Moreover, low interest rates and a short supply of homes available for sale has kept the local real estate market strong and robust. Over time, these revenue sources will continue to cause significant year-to-year variances and create challenges for long-term revenue forecasting.

Lastly, on November 6, 2012, the Citizens of Lathrop approved Measure C by 77%. Measure C is a general purpose 1% additional sales tax Measure to be used for the purpose of maintaining and enhancing essential City services, such as police and fire protection and youth and senior services within the City. During FY 2020/21, Measure C supported personnel and operating expenditures to manage the Lathrop Generations Center, a multipurpose facility aimed to promote healthy recreational opportunities for our youth. Furthermore, Measure C funded additional Lathrop Police personnel to strengthen prevention and intervention services around the community.

FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources on June 30, 2021 by \$577.4 million (net position). Of this amount, \$95.9 million (unrestricted net position) may be used to meet the City's ongoing obligations to residents and creditors.
- During the fiscal year 2021, the City's governmental activities revenues exceeded expenses by \$47.4 million due in large part to \$18.2 million in sales and use taxes collected in the Fiscal Year.
- The total revenue from all sources decreased \$10.7 million from the prior year due to impacts associated with the coronavirus restrictions at the State and Federal level.
- The General Fund reported excess revenues over expenditures (including transfers) of \$.4 million, thereby increasing the fund balance.
- Sales and use tax collections increased by \$8.4 million, a 47.9 percent increase from the prior year.
- On June 30, 2021, the City's governmental funds reported combined ending fund balances of \$142.8 million, an increase of \$37.0 million in comparison with June 30, 2020. Of this \$142.8 million total amount, \$5.9 million or 4.1 percent is unassigned fund balance.
- On June 30, 2021, the unassigned fund balance for the General Fund was \$6.7 million, compared to last year's unassigned actual fund balance of \$4.3 million. The increase is due to general fund revenues recovering from the coronavirus pandemic.

5. Connection and Usage Charges

The City has many sources of revenue for the provision of potable water and the collection, treatment, and disposal of wastewater. In addition to impact fees and property taxes, the City receives funds for the on-going provision of water and sewer service. The cost of capital improvements to each system are recovered through a structure of "connection fees" that is usually paid when a building permit is obtained. Revenue for maintenance and operations is generated by monthly service charges paid by the users of the system through their utility bills. Both the water and wastewater systems are operated as Enterprise Funds by the City, and as such have their own fund tracking mechanisms and are accounted separately in the City's ledger.

The Water Utility Enterprise treats and distributes clean drinking water to Lathrop residents and performs repair and maintenance functions of existing water lines, as well as builds additional water distribution systems funded through its Capital Improvement Master Plan. The Sewer Utility Enterprise collects treats and disposes of treated sewerage for Lathrop residents and performs repair and maintenance functions of existing sewer mains, as well as builds additional system capital improvements.

6. Special Districts and Benefit Districts

In addition to the funding mechanisms described above, the City also has created various Community Facilities Districts (CFDs), Landscape and Lighting Districts (LLMDs), 1913/15 Act

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Assessment Districts (ADs) and Benefit Assessment Districts (BADs) to pay for ongoing maintenance and some capital improvement replacements. In 1982, the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311-53368.3) was created to provide an alternate method of financing needed improvements and services in response to the limitations created by Proposition 13. The Act allows counties, cities, special districts, or joint powers authorities to establish a Mello-Roos Community Facilities District (CFD), which allows for financing of public improvements and services.⁷⁰ Additionally, state law allows for the creation of BADs, LLMDs and ADs to link the cost of public improvements to those landowners who specifically benefit from these improvements.

The City's Storm Water Management System (SWMS), for example, is funded from storm drainage maintenance districts. Lathrop currently has three Storm Drain Maintenance Districts (Stonebridge and City Zone 1, and City Zone 1A) that are used to fund capital improvements to the storm water system as well as maintenance and operations. New development projects require new storm drainage maintenance districts with funding for storm water systems which comply with the Phase II MS4 Regional Water Quality Control Board requirements. For example, the Mossdale CFD includes funding for its share of the City's SWMS in addition to maintaining the storm drain facilities and landscaping.⁷¹ The CFD 2005-1 for Historic Lathrop also includes funding for storm drainage maintenance and operations as well as Central Lathrop CFD 2006-2 and River Island CFD 2013-1.

The City of Lathrop has 27 special financing districts which provide a funding source to maintain a variety of infrastructure and services. They include:

- ◆ Assessment District 1 Sanitary Sewer District
- ◆ Zone 1 Storm Drainage
- ◆ Industrial Landscape Maintenance District
- ◆ Residential Landscape Maintenance District
- ◆ Zone 1A Storm Drainage
- ◆ Woodfield Landscape Lighting Maintenance District 93-1
- ◆ Crossroads Assessment District Series 2001A
- ◆ Louise Ave Assessment District Series 1993
- ◆ Stonebridge Drain and Light
- ◆ Stonebridge landscape
- ◆ Mossdale Landscape Lighting Maintenance District
- ◆ Standby Charge District No. 2005-01
- ◆ North Harlan 99-1
- ◆ Mossdale Assessment District Series 2005
- ◆ Lathrop Community Facilities District 2003-1
- ◆ Lathrop Community Facilities District 2003-2
- ◆ Lathrop Community Facilities District 2004-1
- ◆ Lathrop Community Facilities District 2005-1
- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Operations & Maintenance)

⁷⁰ California Tax Data, www.mello-roos.com/pdf/mrpdf.pdf, accessed September 22, 2008

⁷¹ City of Lathrop Storm Water Management Plan, NPDES Phase II, 2015

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- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Police and Fire Services)
- ◆ Community Facilities District CLSP Infrastructure Agency Fund
- ◆ Community Facilities District CLSP 2018-1
- ◆ Community Facilities District CLSP 2018-2
- ◆ Historic Lathrop Community Facilities District 2005-1
- ◆ River Island Specific Plan Community Facilities District 2013-1
- ◆ South Lathrop Community Facilities District 2019-1
- ◆ Central Lathrop Community Facilities District 2019-2

Due to the economic downturn starting in 2007, Community Facilities District 2006-01 in the Central Lathrop Specific Plan was unable to meet its financial obligations. CFD 2006-01's obligations consisted primarily of payment of principal and interest on its Special Tax Bonds, Series 2006. The property owners within the boundaries of CFD 2006-1 were unable to pay principal payments on the 2006-1 Bonds since 2007 and only made minimal interest payments to the owners of the 2006-1 bonds. On August 13, 2018, the City Council approved a Restructuring Agreement in order to create a process to pay the financial obligations of CFD 2006-1 which would allow the project to move forward.

Pursuant to the Restructuring Agreement, the City established CFD 2018-1 and CFD 2018-2 in 2018 (Approved by City Council on November 19, 2018) for the purpose of paying off the obligations of the 2006-1 Bonds now owned by Saybrook. The boundaries of CFD 2018-1 and CFD 2018-2 are identical but the parcels within CFD 2018-1 and CFD 2018-2 are only the parcels owned by Saybrook that made up CFD 2006-1. This action allowed the City to issue the Series 2018-2 Bonds on behalf of CFD 2018-1 and the Series 2018-2 Bonds on behalf of CFD 2018-2 in the collective approximate amount of \$71.8 million for the purposes of paying off in full and cancelling the CFD 2006-1 Bonds owned by Saybrook.

7. Financial Management

Budgetary Controls

In addition to internal controls, the City also maintains budgetary controls. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles. The budget for the General and Special Revenue Funds are the only legally adopted budgets.

Budgets for the Debt Service and Capital Project Funds are used for management and control purposes only.

Expenditures may not legally exceed budgeted amounts at the department level. If the expenditures exceed appropriations, the City Manager is authorized to transfer budgeted amounts between line items within any department or between divisions within a department.

The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. Encumbered amounts may be carried over to the following fiscal year with the City Manager's approval.

Risk Management

The City of Lathrop is a member of the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a 55-city self-insurance pool. CSJVRMA provides liability coverage up to \$1,000,000 per occurrence. CSJVRMA is a member of the California Affiliated Risk Management Authorities (CARMA), which provides liability coverage above \$1 million up to \$29 million. The City has a self-insured retention (SIR) of \$25,000, however, the CSJVRMA pays claims from first dollar up and allocates the amount of the claim the city is liable for, their SIR, back to the city through a retrospective adjustment process that takes place five years after the program year ends.

The City is also a member of ERMA (Employment Risk Management Authority) which covers wrongful employment practices. The City has a \$25,000 SIR and the total limit of coverage is \$2,000,000. Coverage above the City's SIR up to \$1,000,000 per occurrence is provided through ERMA's pooled layer and excess coverage is purchased above \$1,000,000 with a limit of \$1,000,000 per occurrence.

Independent Audit

State statutes require an annual audit of the City's accounts by an independent certified public accountant. The City of Lathrop selected the accounting firm of Maze and Associates. The auditor's report on the basic and combining financial statements and schedules is included in the financial section of the City's Comprehensive Annual Financial Report.

The City of Lathrop receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City and annexed in the City of Lathrop, these fees apply. The City of Lathrop reviews these fee structures to ensure that they provide adequate financing to cover the provision of City services. The City's Community Development, Public Works, and Finance Departments are responsible for continual oversight that the fee structure is adequate.

8. Financial Statements

Comprehensive Annual Financial Report

The City prepares a Annual Comprehensive Annual Financial Report (ACFR) each year with their financial statements. The ACFR includes a Government-wide Financial Statement and the Fund Financial Statement. These two sets of financial statements provided two different views of the City's financial activities and financial position. The financial statements are discussed below.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Lathrop's finances using accounting methods similar to a private-sector business.

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The **statement of net assets** presents information on all the City of Lathrop's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Lathrop is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of these government-wide financial statements distinguish functions of the City of Lathrop that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lathrop include general government, community development, public safety, public works, culture and leisure, and debt service. The business-type activities of the City of Lathrop include the City's water and sewer utility enterprise functions.

The government-wide financial statements include solely the operations of the City of Lathrop itself. There are no additional discrete or blended component units.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives, or as required by legal enabling legislation. The City of Lathrop, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Lathrop can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The City of Lathrop maintained 42 individual governmental funds in 2021. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in funds balances for the general fund, landscape maintenance special revenue fund, developer projects special revenue fund, and streets and roads capital projects fund, all of which are designated as major funds. Data from the remaining 37 non-major governmental funds are shown as other supplementary information. The City of Lathrop adopts an annual appropriated budget for all of its funds. A budgetary comparison compliance schedule is provided for each of the major funds and a like schedule is provided for the non-major governmental funds shown as other supplementary information.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide business-type activity financial statements, only in more detail, and are used to account for services for which customer fees are intended to finance the costs of operations. There are two types of proprietary funds – internal service funds and enterprise funds. Internal service funds account for services rendered between City departments. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has one internal service fund in its fund structure, which is used to quantify compensated activities between departments. The City of Lathrop uses enterprise funds to account for its water and sewer utility functions.

Fiduciary funds. Fiduciary or agency funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Lathrop’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has 12 fiduciary funds.

9. Financial Analysis

Summary of Net Assets

Net assets may serve as a useful indicator of a government’s financial position since it represents the difference between the City’s resources and its obligations. In the case of the City of Lathrop, assets exceeded liabilities by \$577 million at the close of Fiscal Year 2020/2021.

By far the largest portion of this year’s net assets reflects the City’s investment in capital assets of \$375 million (e.g., utility system construction, utility plant improvements, water rights acquisition, land acquisition, building improvements, equipment, vehicles, roads and streets) less any related debt used to acquire those assets that is still outstanding. The City of Lathrop uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional capital asset information can be found in the Capital Asset and Debt Administration section of the City’s Fiscal Year 2020/2021 Annual Comprehensive Financial Report.

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ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

A portion of the City of Lathrop's total net position represent resources that are subject to external and internal restrictions (municipal code and/or State mandates and reserves required by debt obligation covenants) on how they may be used. Restricted net assets amount to \$105 million or 18.3 percent of total net position. The remaining balance of \$95.9 million (16.6 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

The table below shows the government-wide assets, liabilities and net assets for both fiscal years ended June 30, 2020 and 2021.

City of Lathrop Summary of Net Assets
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2020	2021	2020	2021	2020	2021	
Assets:							
Capital assets	\$ 209,561	\$ 221,994	\$ 180,233	\$ 184,986	\$ 389,794	\$ 406,930	4.40%
Other assets	125,064	163,284	49,248	58,165	174,312	221,449	27.04%
Total Assets	334,625	385,228	229,481	243,151	564,106	628,379	11.39%
Deferred Outflows							
Deferred Outflows Related to Pension	2,564	2,310	212	288	2,776	2,598	-6.41%
Liabilities:							
Current liabilities	15,726	18,929	3,717	3,097	19,443	22,026	13.28%
Long-term liabilities	11,244	11,657	20,408	19,139	31,652	30,796	-2.70%
Total Liabilities	26,970	30,586	24,125	22,236	51,095	52,822	3.38%
Deferred Inflows							
Deferred Inflows Related to Pension	989	630	62	86	1,051	716	-31.87%
Net Position:							
Invested in Capital Assets, Net of Related Debt	206,211	218,894	160,481	166,718	366,692	385,612	5.16%
Restricted	16,013	103,965	1,652	1,651	17,665	105,616	498.88%
Unrestricted	87,006	33,463	43,373	52,748	130,379	86,211	-33.88%
Total Net Position	\$ 309,230	\$ 356,322	\$ 205,506	\$ 221,117	\$ 514,736	\$ 577,439	12.18%

At the end of the fiscal year, the City of Lathrop is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. Lathrop's combined net position of the primary government

CITY OF LATHROP
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ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

increased by 12.18 percent during the 2019-2020 budget years, from \$514.7 million at June 30, 2020 to \$577.4 million at June 30, 2021.

Although the net position of the City's business-type activities is \$221.1 million, the City generally can only use these net assets to finance the continuing operations of the business-type activities.

Changes in Net Position

The City's total program expenses of \$62.7 million are less than the revenues of \$127.5 million for an increase in net assets as of June 30, 2021, of \$64.7 million. The table on the following page shows the summarized revenues and expenses for both fiscal years 2019/20 and 2020/21.

The City's fiscal year 2020/21 change in net position was 3.4 percent higher than fiscal year 2019/20, due to an increase of 9.1 percent in total revenues and an increase of 15.6 percent in total expenditures in fiscal year 2020/21. The expenditure increase is largely found in the governmental activities, which is a result of capital projects in the area.

Governmental program activities and general revenues of \$95.5 million and transfers in of \$1.8 million, supported expenses of \$48.1 million, for a total net increase in net position in tax-supported activities of \$49 million. The reason for the increase in the governmental net assets is due to an increase in one-time capital contributions from development activity, such as infrastructure installed as part development of a project.

Business-type activities revenues of \$31.9 million supported expenses of \$14.7 million and transfers out of \$1.7 million, for a total change in net position in utility enterprise activities of \$15.5 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base paired with developer contributions of capital assets, such as expanded water and wastewater infrastructure constructed as part of a project. The increase to net position of \$15.5 million is available for future water and sewer improvement needs as required by projected City population increases and development needs.

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MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
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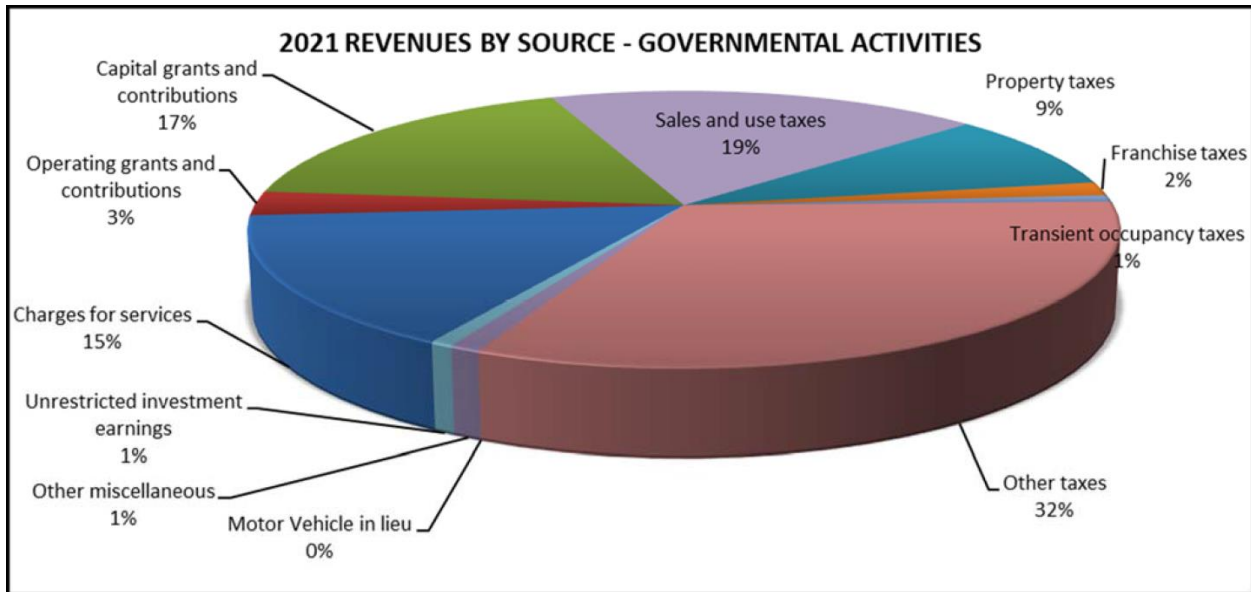
City of Lathrop Changes in Net Position
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total Primary		Total Percent Change
	Activities		Activities		Government		
	2020	2021	2020	2021	2020	2021	
Revenues:							
Charges for Services	\$ 8,236	\$ 14,791	\$ 18,986	\$ 19,01	\$ 27,222	\$ 33,807	24.19%
Operating grants and contributions	6,106	2,710	-	-	6,106	2,710	-55.62%
Capital grants and contributions	43,292	16,740	11,692	6,863	54,984	23,603	-57.07%
General Revenues:							
Sales and use taxes	\$ 12,696	\$ 18,190	-	-	\$ 12,696	\$ 18,190	43.27%
Property taxes	5,334	8,613	-	-	5,334	8,613	61.47%
Franchise taxes	1,241	1,53	14,910	5,692	6,151	7,223	17.43%
Transition occupancy taxes	583	739	-	-	583	739	26.76%
Other taxes	-	30,621	-	-	-	30,621	
Motor Vehicle in lieu	-	-	-	-	-	-	0.00%
Other miscellaneous	184	945	-	-	184	945	413.59%
Unrestricted investment earnings	2,786	701	741	364	3,527	1,065	-69.80%
Total Revenues	80,458	95,581	36,329	31,935	116,787	127,516	9.19%
Expenses:							
Governmental activities:							
General government	\$ 5,944	\$ 6,544	-	-	\$ 5,944	\$ 6,544	10.09%
Community development	1,318	8,228	-	-	1,318	8,228	524.28%
Public safety	12,121	11,729	-	-	12,121	11,729	-3.23%
Public works	19,196	19,893	-	-	19,196	19,893	3.63%
Culture and leisure	1,468	1,466	-	-	1,468	1,466	-0.14%
Interest on long-term debt	89	241	-	-	89	241	170.79%
Business-type activities:							
Water enterprise	-	-	6,906	6,767	6,906	6,767	-2.01%
Sewer enterprise	-	-	7,477	7,926	7,477	7,926	6.01%
Total Expenses	40,136	48,101	14,383	14,693	54,519	62,794	15.18%
Excess before transfers	\$ 40,322	\$ 47,480	\$ 21,946	\$ 17,242	\$ 62,268	\$ 64,722	3.94%
Transfers	3,255	1,778	(3,255)	(1,778)	-	-	
Change in Net Position:	43,577	49,258	18,691	15,464	62,268	64,722	3.94%
Net Position – Beginning	265,700	309,230	186,815	205,506	452,515	514,736	13.75%
Prior Period Adjustment	(47)	(2,166)	-	147	(47)	(2,019)	-
Net Position, Beginning, Restated	265,653	307,064	186,815	205,653	452,468	512,717	13.32%
Net Position - Ending	\$ 309,230	\$ 356,322	\$ 205,506	\$ 221,117	\$ 514,736	\$ 577,439	12.18%

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
 ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

Governmental Activities

Governmental funds' expenditures usually match or exceed program revenues. Under full accrual accounting, developer contributions are program revenues, yet their contributed assets are not shown as a corresponding expense on the City's financial statements. Program revenues for public works excluding infrastructure contributions resulted in expenditures in excess of revenues. General government services delivery costs exceeded program revenues by \$1.3 million.



Revenues and expenditures in the governmental funds continue to increase as the population of Lathrop has grown. Property tax revenue is a major revenue source for the General Fund. During fiscal year 2020/21, property tax revenues increased by \$3.2 million.

The following table shows the cost of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The cost of all governmental activities this year was \$48.1 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. However, the higher revenue reflected in FY2020/21 is due to the contributions from developer built capital improvement projects.

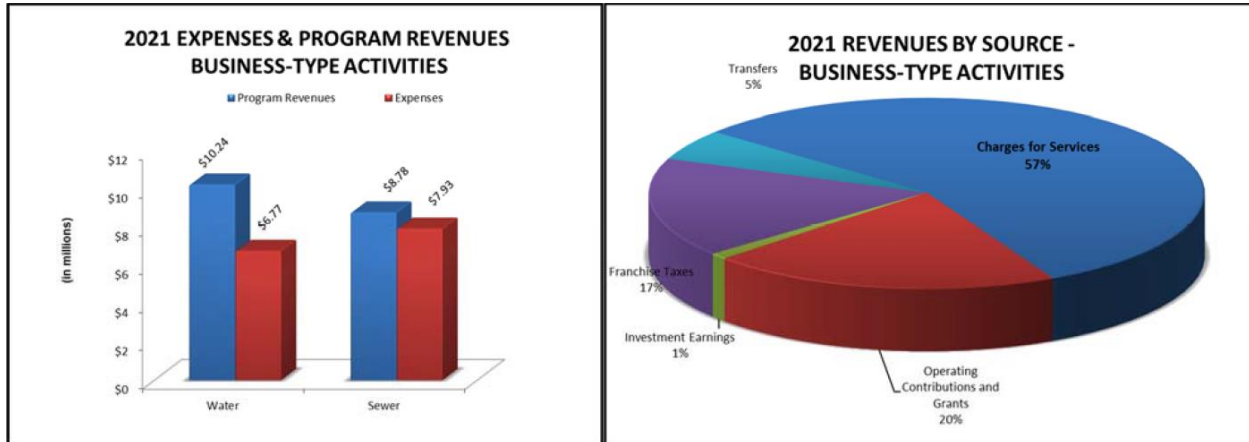
CITY OF LATHROP
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City of Lathrop Net Cost of Governmental Activities
For the Fiscal Years Ended June 30
(in Thousands)

	Total Cost of Services			Net (Expense) Revenue of Services		
	2020	2021	Percent Change	2020	2021	Percent Change
General government	\$ 5,944	\$ 6,545	10.11%	\$ (5,476)	\$ 1,320	-124.11%
Community development	1,318	8,228	524.28%	5,254	(4,167)	-179.31%
Public safety	12,121	11,730	-3.23%	(11,031)	(11,282)	2.28%
Public works	19,196	19,893	3.63%	29,981	1,850	-93.83%
Culture and leisure	1,468	1,466	-0.14%	(1,142)	(1,342)	17.51%
Other	89	241	170.79%	(89)	(241)	170.79%
Total	\$ 40,136	\$ 48,103	19.85%	\$ 17,497	\$ (13,862)	-179.23%

Business-type Activities

Business-type activities increased the City’s net position by \$15.5 million. The bar chart below illustrates how total program revenues and expenses compare and includes both current operating and capital categories combined. The pie chart shows the distribution of business-type revenues by category.



Water Fund

The Water Utility Enterprise treats and distributes clean drinking water to Lathrop’s residential and commercial customers and performs repairs and maintenance functions of existing water lines, as well as builds additional water distribution systems through its capital improvement master plan.

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

The bar chart above illustrates program revenues exceeding program expenses by \$3.4 million. In the Water Enterprise Fund, a monthly service availability fee and usage rate is charged to residential and commercial customers to meet the Water Fund's operating expenses. Under full accrual accounting, developer contributions are program revenues, yet contributed assets are not shown as a corresponding expense. Program revenues exceeding developer contributions and bond proceeds were \$10.2 million. This shows operating revenues exceeding operating expenses by \$3.4 million. In February 2016, the City adopted a 5-Year water rates program based on the Water Rate Study findings.

Sewer Fund

The Sewer Utility Enterprise collects and treats sewer for Lathrop's residential and commercial customers and performs repair and maintenance functions of existing sewer mains, as well as builds additional system capital improvements. In the Sewer Utility Enterprise Fund, a monthly service fee is charged to residential and commercial customers. The bar chart above illustrates program revenues exceeding program expenditures by \$.9 million. This signifies that sewer operating income is meeting standard operating income is meeting standard operating and infrastructure renewal and replacement costs. In February 2016, the City adopted a 5-Year sewer rate program based on the Sewer Rate Study findings.

10. Financial Analysis of the City's Funds

As noted earlier, the City of Lathrop uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Lathrop's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City of Lathrop's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the City's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$142.8 million, an increase of \$37.0 million in comparison with the prior fiscal year. Approximately 4.1 percent of this total amount (\$5.9 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$3.3 million is non-spendable, \$104.0 million is restricted, \$29.6 million is committed and is not available for spending.

The General Fund is the chief operating fund of the City of Lathrop. At the end of the 2021 fiscal year, fund balance of the general fund was \$43 million, of which \$6.7 million is unassigned fund balance. The increase in unassigned fund balance of the General Fund for Fiscal Year 2020/21 was due to the economic recovery from Fiscal Year 2019/20. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Total general fund balance represents 205 percent of total General Fund expenditures of \$19.4 million in 2021. This means the City's general governmental operations could continue for about 25-months without any additional revenue generation.

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In Fiscal Year 2020/21, taxes are the General Fund's largest source of revenue at 86.1 percent, or \$26.1 million of total revenues of \$30.3 million. Property taxes represent 32 percent, or \$8.6 million, of this total tax amount in the General Fund.

The Developer Projects fund had an ending fund balance of \$1.0 million on June 30, 2021. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Capital Facilities Fees fund had an ending balance of \$41.5 million as of June 30, 2021. The monies in this fund are collected from developers for specific projects. The committed fund balance can only be used to fund specific developer projects in future fiscal years.

The Building Safety and Inspection and Development Engineering funds had a combined ending fund balance of \$4.2 million as of June 30, 2021. The monies in these funds are collected from cost recovery fee sources for specific projects and operations associated with the fee nexus. The committed fund balance can only be used to fund specific projects in future fiscal years.

Proprietary Funds

The City proprietary funds provide similar information to that which is found in the government-wide financial statements, but in more detail. Each fund's financial transactions, both near-term and historic, are provided in the statement of net assets and the statement of revenues, expenses, and changes in net assets. In addition, these proprietary funds also present a statement of cash flows.

Water Fund

In Fiscal Year 2020/21, the water utility enterprise fund increased its net position from \$69.1 million to \$79.9 million. Unrestricted net assets at the end of the fiscal year amounted to \$3.6 million and are available for future capital water system improvements. \$45.6 million of the Water Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations. The remaining \$1.7 million is restricted to satisfy debt service obligations and covenants.

Sewer Fund

In Fiscal Year 2020/21, the sewer utility fund increased its net assets from \$136.2 million to \$141.2 million. Unrestricted net assets at the end of the fiscal year amounted to \$20.1 million and are available for future capital sewer system improvements. \$121,093 million of the Sewer Fund's net assets are invested in capital assets, net of related debt and are not available for liquidation to support operations.

Other factors concerning the finances of these funds have already been reviewed in the discussion of the City's business-type activities. The capital assets section on the following pages will provide additional discussion and analysis of the business-type financial activities.

Pension Liability

In June of 2014, the City evaluated its Pension liability for Post-Employment Benefits (OPEB) through an actuarial. This actuarial identified a substantial unfunded liability. To achieve fiscal sustainability, the City Council directed staff to seek a substantial reduction in OPEB obligations. Through negotiations with its labor unions, the City was able to substantially reduce post-retirement health benefit obligations for active employees and new hires, adjust post-retirement schedules for new hires, secure health benefits for active employees between the ages of 55 and 65 by establishing a trust which, over time, investment income will be the majority contributor versus City funds. This effort was implemented by City Council adoption of Resolution 14-3778 .

11. Determination

The City receives funds for the provision of public services through development fees, property taxes, and connection and usage fees. As land is developed within the City or annexed into the City from the SOI, these fees apply. The cost of providing on-going services for annexed land is offset by the increased tax base provided by new development. The City has budgeted for current and future expenses, debts and revenues. The City's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

The City's financial statements include the collection of Measure C funds, which was approved on November 6, 2012, by the Citizens of Lathrop by 77%. Measure C is a general purpose 1% additional sales tax Measure to be used for the purpose of maintaining and enhancing essential City services, such as police and fire protection and youth and senior services within the City. During FY 2019/20, Measure C supported personnel and operating expenditures to manage the Lathrop Generations Center, a multipurpose facility aimed to promote healthy recreational opportunities for the City's youth. Furthermore, Measure C funded additional Lathrop Police personnel to strengthen prevention and intervention services around the community.

Moreover, as discussed above, the General Plan requires new development to pay its fair share to offset capital, maintenance, and operating costs for law enforcement, water, wastewater, and storm drain. The City's Department of Public Works, Finance, Planning, and Building are responsible for continuous oversight that the fee structure is adequate.

Debt Administration

At the end of the current fiscal year, the City had a total of \$23.1 million in outstanding debt. The total outstanding debt on June 30, 2020 was \$23.1 million. Overall, in Fiscal Year 2020/21, the City's outstanding debt was reduced by \$1.8 million.

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City of Lathrop Outstanding Debt
For the Fiscal Years Ended June 30
(in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2021	2020	2021	2020	2021
Revenue Bonds – Water	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2017 Bank Loan	-	-	9,550	8,874	9,550	8,874
State Revolving Fund Loan	-	-	6,456	6,010	6,456	6,010
Compass Bank Loan	-	-	3,745	3,384	3,745	3,384
Capital Lease – City Hall	3,350	3,050	-	-	3,350	3,050
Total	\$ 3,350	\$ 3,050	\$ 19,751	\$ 18,268	\$ 23,101	\$ 21,318

The City Continues to Maintain its Credit Ratings on all of its Rated Debt.

E. Status of and Opportunities for Shared Facilities

Currently, the City of Lathrop (City) provides an appropriate level of law enforcement, water, wastewater and stormwater drainage services in a cost-efficient manner to areas within the City limits. The focus of this section is on opportunities for reducing overall costs and improving services by sharing facilities and resources. The following discussion outlines existing and potential opportunities for the City to share facilities and resources.

1. Background

The City has already identified opportunities for reducing overall costs and/or meeting General Plan goals through sharing facilities with other agencies and establishing multi-use facilities.

Fire Protection

The City of Lathrop is served by the Lathrop-Manteca Fire District (LMFD) which provides fire protection for the City in addition to rural properties surrounding the City of Manteca. The LMFD employees consist of 33 uniformed full-time personnel and 20 reserve firefighters that staff strategically located fire stations. The LMFD main fire station is located in the center of the City. LMFD is part of an automatic mutual aid response agreement with the Manteca Fire Department. This agreement is designed to automatically send units from one jurisdiction to another when needed in an emergency. In addition, the LMFD is a member of the San Joaquin County (County) Hazardous Materials Response Team and Urban Search and Rescue Team, which provides a countywide service. LMFD will continue to work with the City of Manteca and the County in order to provide efficient and effective fire protection for their service area.

Law Enforcement

Law enforcement services in the City are provided by the Lathrop Police Department, which commenced operations on June 29, 2022. Prior to commencement of the new Police

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MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

Department, law enforcement services were provided through a contract with the San Joaquin County Sheriff's Department.

The Lathrop Police Department is currently located at 940 River Islands Parkway within the River Islands Phase 1 development area. The location of the police station is presented in Figure 3-5 (Police Station Location). Lathrop Police Department is staffed 24 hours a day in a series of 5 patrol teams staffed by a Sergeant and up to 5 Police Officers. Minimum staffing levels are set at 6 officers per day. The Lathrop Police Department has 35 sworn officers including 2 Police Commanders, 6 Sergeants, and 26 Police Officers.⁷² The Lathrop Police Department also has 12 Professional Staff, including 1 Executive Assistant, 1 Records Supervisor, 2 Records Assistants, 1 Management Analyst, 1 Property/Evidence Technician, 1 Community Services Supervisor and 5 Community Services Officers. If needed, additional assistance can be summoned under a mutual aid agreement with surrounding cities and the County. Existing police staffing levels in the City are approximately 1.22 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes. Priority 1 calls are where a threat is posed to life or a crime of violence.

The Lathrop Police Department dispatch services are provided by the Ripon Police Dispatch Communications Center. The Ripon Dispatch Communications Center is comprised of 12 Dispatchers, and is managed by the Dispatch Supervisor. Dispatchers work 10, 11, or 12-hour shifts and provide the community with 24-hour service 7 days a week.

The City will continually review the level of service of the Lathrop Police Department in order to meet response time goals

Water Supply, Conservation and Treatment

The City's water service area includes the City limits. The City's existing transmission and distribution system includes groundwater wells and pumps, water mains and pipelines and water storage facilities (e.g., water tanks and booster pumps). The City shares surface water resources through its agreement with the South San Joaquin Irrigation District's South County Surface Water Supply Project (SCSWSP). The SCSWSP is being constructed in two phases, with Phase I completed in July 2005. The initiation of Phase II would occur when the project participants (Escalon, Lathrop, Manteca and Tracy) request the initiation of the second phase. The City signed a Water Supply Development Agreement (Development Agreement) with the San Joaquin Irrigation District as part of the SCSWSP. The Development Agreement extends through 2029 and appropriates potable water to the City. The City is allotted a maximum of 8,007 acre feet per year (AFY) of treated potable water under Phase I. The cities of Escalon (2,015 AFY), Manteca (12,700 AFY) and Tracy (10,000 AFY) also have rights to SCSWSP water. In 2014, the City sold 1,129 AFY of SSJID allocations to the City of Tracy. SCSWSP Phase II would give the City an additional 3,784 AFY, if and when Phase II is completed.

⁷² City of Lathrop, Lathrop Police Department Website (https://www.ci.lathrop.ca.us/sites/default/files/fileattachments/police/page/141/new_lathrop_police_department_update_june_2022.pdf), accessed July 12, 2022

Wastewater Collection and Treatment

The wastewater collection system is owned and operated by the City. The collection system consists of gravity sewers, pumping stations and force mains. Wastewater is treated at one of two treatment facilities. The City owns the Lathrop Combined Treatment Facility (LCTF) and owns 14.7 percent of the Manteca-Lathrop Wastewater Quality Control Facility (WQCF) by contract with the City of Manteca. The City of Lathrop, however, does not participate in the operation of the Manteca plant. LCTF has undergone an expansion and has increased its current capacity to 1.0 MGD. The City has plans to upgrade LCTF to increase the treatment capacity in increments to correspond with the pace of development to 6.0 MGD and then to 11.9 MGD to accommodate build-out of the City General Plan area.

Stormwater Drainage

The City's stormwater drainage system is managed by the Public Works Department. The gravity-based system consists of collection and trunk pipelines, detention basins, pump stations, and surface infrastructure. Stormwater collected by the City's stormwater drainage system is ultimately discharged into the San Joaquin River.

Levees within the City are owned and operated by the Reclamation Districts 17, 2107 and 2062.⁷³ The levees protect the City from flooding that might occur from the San Joaquin River. According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Maps (FIRM), the urban areas of the City are located within Flood Zone X, and provide protection from the 100-year flood. Flood Zone X is defined as an area of 0.2 percent annual chance of flood (500-year storm event), an area with one percent annual chance of flood (100-year storm event) with average depths of less than one foot or with drainage areas less than one square mile, and areas protected by levees from one percent annual chance of flood. The levees in Reclamation District 2107 do not provide protection from the 100-year flood. Also noted in the FIRM is that much of Lathrop is protected by a levee dike or other structure subject to possible failure during larger floods.⁷⁴

In addition to levees, Reclamation District 2062 maintains public recreational lakes within the River Islands development, as well as the pump systems and transmission mains to fill the lakes from the San Joaquin River, and to evacuate water from the lakes when they are full.

SB5 Impact on Lathrop

SB5, and its amendments, limit any city/county in the Central Valley from issuing certain permits unless either an Urban Level of Protection (ULOP or 200-year flood protection per California Department of Water Resources) is confirmed, or the city/county makes a finding of Adequate Progress toward providing that ULOP.

There are three major waterways within Lathrop: San Joaquin River, Old River, and Paradise Cut. The Stewart Tract portion of Lathrop is surrounded by Paradise Cut on the south, Old

⁷³ San Joaquin County, Geographic Information System, Reclamation Districts Map, December 17, 2007

⁷⁴ FEMA, FIRM, City of Lathrop, CA Panel 590 of 925: Map Number 063780595A, Effective Date December 16, 2005

River on the north and San Joaquin River on the east. The balance of Lathrop is located east of the San Joaquin River.

Lathrop is composed of three separate flood basins, represented by the three reclamation districts that cover the City: Reclamation District 2107 located on Stewart Tract, southeast of the UPRR tracks, Reclamation District 2062 located on Stewart Tract, northwest of the UPRR tracks and also known as the River Islands development project, and Reclamation District 17 located east of the San Joaquin River. Per the amended General Plan, RD 2107 is not subject to SB5. On January 8, 2018, the Lathrop City Council approved the Amended and Restated Joint Exercise of Powers Agreement (JEPA) for the San Joaquin Area Flood Control Agency (SJAFCA) to include the City of Lathrop and the City of Manteca as Members of the JEPA. The main purpose of the re-organization of the SJAFCA to include the Cities of Lathrop and Manteca is for the SJAFCA to start advancing 200-Year flood control in the Mossdale Tract area. Since 2018, SJAFCA has prepared the Adequate Progress Findings for ULOP as a joint effort between the agencies involved in the JEPA. Lathrop is working with SJAFCA to explore various funding programs, such as the new Enhanced Infrastructure Financing District and Overlay Assessment District. As noted previously, the Mossdale Tract Regional Levee Impact Fee is in effect and the City continues to collect monies as development occurs. Lathrop will continue working with all public agencies within RD17 and SJAFCA to provide final design and construction of ULOP improvements that will allow findings of Adequate Progress toward providing ULOP as the improvements are constructed.

2. Determination

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

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

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

This section considers the benefits and constraints of the City of Lathrop's (City) government structure in regard to the provision of public services. The Local Agency Formation Commission (LAFCo) is required to consider the advantages and disadvantages of any options that might be available to provide services. In reviewing potential government structure options, consideration may be given to financial feasibility, service delivery quality and cost, regulatory or government frameworks, operational practicality, and public reference.

1. Background

The City is a General Law city that operates under the City Council/City Manager form of municipal government. Therefore, residents of the City ultimately have oversight of the provision of public services since the City is run by an elected City Council that answers to the public through the ballot process. When and if the City annexes property within its sphere of influence (SOI), the City will need to provide these subject areas with a wide range of public services. In some cases, annexation will require services that are not currently available in the SOI.

The City undertakes long-range programs to better plan and budget for needed improvements to services and facilities. In addition, the City's annual budgeting process is used to balance expenditures for provision of needed services. This process allows the City to analyze the need for staffing, equipment and facilities for the following year. City departments are encouraged to identify areas to minimize costs for providing services while maintaining adequate levels of service. The annual budget is an effective planning process utilized by the City.

2. Determination

Since the City is an incorporated city, the City Council will make final decisions concerning fee structures and provisions of service. As discussed in previous chapters, the City reviews its fee structures for fire protection, law enforcement, water, sewer and stormwater drainage on an annual basis. The City of Lathrop Comprehensive General Plan (General Plan) also includes numerous goals, objectives, policies and actions to ensure that adequate services are provided in a cost-effective manner in order to accommodate new growth.

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

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

The City has demonstrated the ability to work with other service providers and municipalities to ensure that adequate services are provided in a cost effective and efficient manner. Efforts to ensure effective government structure for the provision of fire and law enforcement personnel, water, wastewater treatment and stormwater drainage facilities demonstrates the City's foresight to plan for future services needed for potential growth within the SOI, as well as for the

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planned development and population increases anticipated within the City. Assuming the City continues to evaluate existing government structure and seek opportunities for improvement, no significant barriers are expected in regard to government structure during the ten- and thirty-year planning horizons.

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