



MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN

FINAL

APPROVED BY SAN JOAQUIN LAFCO
APRIL 14, 2016

PREPARED BY CITY OF LATHROP
FOR SAN JOAQUIN LAFCO

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CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
TABLE OF CONTENTS

TABLE OF CONTENTS	PAGE
Executive Summary	E-1
1. Introduction	2-1
A. LAFCO and the Sphere of Influence	2-1
B. California Environmental Quality Act	2-2
2. Sphere of Influence Plan	2-3
A. Factors	2-7
1. Present and Planned Land Uses	2-7
2. Present and Probable Need for Public Facilities and Services	2-18
3. Present Capacity of Public Facilities and Adequacy of Public Services	2-19
4. Social and Economic Communities of Interest	2-19
B. Sphere Analysis	2-19
1. Existing and Projected Population	2-19
2. Sphere Capacity	2-22
C. Development Projections	2-22
3. Municipal Service Review	3-1
A. Growth and Population Projections.....	3-1
1. Population and Demographics	3-1
2. Population Projections	3-2
3. Development Projections.....	3-3
4. Determination	3-5
B. Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence.....	3-6
C. Present and Planned Capacity for Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies.....	3-6
1. Fire Protection	3-7
2. Law Enforcement	3-21
3. Water Supply, Conservation and Treatment	3-24
4. Wastewater Collection and Treatment	3-34
5. Storm water Drainage	3-39
6. Determination	3-47

CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
TABLE OF CONTENTS

	PAGE
D. Financial Ability of Agency to Provide Service	3-50
1. Development Fees	3-51
2. Ad Velorum, Property Tax	3-52
3. Economic Conditions and Outlook	3-53
4. Long Term Financial Planning	3-54
5. Major Projections for 2015-2016 and for the Future	3-54
6. Connection and Usage Charges.....	3-55
7. Special Districts and Benefit Districts.....	3-56
8. Financial Management	3-58
9. Financial Statements	3-59
10. Financial Analysis	3-61
11. Financial Analysis of the City's Funds.....	3-64
12. Determination	3-67
E. Status of and Opportunities for Shared Facilities	3-68
1. Background	3-68
2. Determination	3-71
4. References	4-1

CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
TABLE OF CONTENTS

	PAGE
 List of Tables	
2-1 SOI Capacity.....	2-7
2-2 Residential Build Out-Lands Within the Existing City Limits	2-18
2-3 Growth Projections-Growth Rate Method.....	2-20
2-4 Growth Projections-City of Lathrop Projections	2-21
3-1 Population and Household Trends	3-2
3-2 Housing Inventory	3-4
3-3 City of Lathrop Groundwater Well Capacity.....	3-25
3-4 Water Demand Management Measures.....	3-31
3-5 Water Supply and Demand During Normal Years	3-33
3-6 WDR Recycled Effluent Discharge Limitations	3-37
3-7 WDR Groundwater Constituent Limits.....	3-38
3-8 Projected Wastewater Flow	3-38
3-9 City of Lathrop Summary of Net Assets	3-62
3-10 City of Lathrop Net Cost of Governmental Activities	3-64
 List of Figures	
2-1 Existing City Limits and SOI	2-4
2-2 Sphere of Influence Land Use Designations	2-6
2-3 City of Lathrop General Plan.....	2-9
2-4 Existing Williamson Act Contracts.....	2-12
2-5 Existing and Pending Developments.....	2-15
2-6 Proposed SOI and 10 Year Horizon	2-24
3-1 Lathrop Population Projection – Growth Rate Method.....	3-3
3-2 LMFIRE Fire Station Locations	3-11
3-3 FRCFIRE Fire Station Locations	3-15
3-4 Future Fire Station Locations	3-19
3-5 Police Station Location	3-23
3-6 Lathrop Water Service Area.....	3-26
3-7 Lathrop Wastewater Service Area.....	3-35
3-8 Reclamation and Drainage District Boundaries	3-41
3-9 FEMA Flood Map	3-42
3-10 Storm Water Basins	3-45
3-11 200 Year Flood Plain	3-46

CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
TABLE OF CONTENTS

EXECUTIVE SUMMARY

The City of Lathrop (City) has prepared this update to the adopted Municipal Services Review (MSR) of 2009 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, 2014. This MSR complies with these policies as well. This updated Lathrop MSR will be used by San Joaquin LAFCo to reduce the Lathrop SOI and establish an Area of Interest consistent with the City's 1991 General Plan, as amended through July 2015 and to re-align the 10 year growth horizon.

State law and San Joaquin LAFCo Service Review Policies (updated December 14, 2011) 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
- ◆ 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 north area (2,101 acres) is located north of the Central Lathrop Specific Plan area and westerly of Interstate 5. A majority of this area does not have a General Plan land use designation, while about 60 acres adjacent to Interstate 5 is designated for Freeway Commercial (FC) uses. The City of Lathrop is proposing to reduce the adopted SOI to exclude those properties which do not have a General Plan Land Use designation assigned to them. Instead the City of Lathrop would like LAFCo to re-designate this area as an "Area of Interest" as defined by the San Joaquin LAFCo policies.

There is an additional smaller area northeast of the City boundary (approximately 156 acres) along Roth Road that is designated Freeway Commercial and Light Industrial. In addition, there are approximately 560 acres south of the City boundary pre-zoned for industrial uses, of which 223 acres are a part of the approved Lathrop Gateway Business Park Specific Plan and 337 acres are part of the approved South Lathrop Specific Plan. In total, the City's proposed new SOI would contain 716 acres of land.

The City's proposed ten-year growth horizon would include the 60 acres westerly of the Roth/Interstate 5 Intersection, the 96 acres north of Roth Road easterly of Interstate 5, the remaining 223 acres of the Lathrop Gateway Business Park Specific Plan and the 337 acres made up of the South Lathrop Specific Plan. The City of Lathrop would therefore propose no property 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 future development anticipated in Lathrop, east of Interstate 5 (I-5). The recent uptick in the residential housing market has led to the revival of one of two of the largest master plan communities River Islands. River Islands at build-out is anticipated to generate 11,000 homes and 5 million square feet office retail. The Central Lathrop Specific Plan (CLSP) is still on hold because of defaults associated with bond debt used to finance substantial infrastructure. Once the bond debt is restructured CLSP is anticipated to generate 5,000 new homes and 5 million square feet of retail opportunities along I-5. Growth within the City's SOI, over the next 10 years will occur in the major sectors of the City; River Islands, Lathrop Gateway Business Park and South Lathrop. The City Council recently approved the South Lathrop Specific Plan which is 315 acres and is comprised of 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. An annexation request for South Lathrop Specific Plan area will be presented to San Joaquin LAFCo for consideration. The City is also currently processing a request by Flying J Corporation to allow a truck travel center on the north side of Roth Road near I-5. The Flying J project will ultimately be processed by the City for a request for annexation. The remaining unincorporated area in the City's SOI would be annexed to the City within the 10-year horizon, but there are no current development proposals for this area.

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 involves 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 construction of Fire Station 34. This fire station was 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 suggest the need for a total of four new fire stations. LMFD has started the architectural plans for a future station in the River Islands development. Construction on this latest station is anticipated to begin early 2016. Furthermore, additional personnel and equipment can be added to the existing fire stations to accommodate future needs.

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 is planned to be built in one of several locations to meet

future law enforcement demand throughout the City and SOI. This new police station will replace the older station currently being utilized. It is anticipated that the new location will be west of I-5, likely adjacent to the new government center at 390 Towne Centre Drive.

The Police Department has 26 sworn officers including 1 Captain, 1 Lieutenant, 3 Sergeants, one Detective, 20 Deputy Sheriffs, and 3 civilian staff members. 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 1.31 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 2008 Water Supply Study (WSS) and the 2005 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.

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 the continued reliance on arsenic treatment facilities for Well Nos. 6-10, water blending of surface and groundwater to reduce TDS, development of non-potable water sources, and continued implementation of water conservation programs. According to the Water Master Plan, the City would have a net surplus of 8,176 acre feet of water in 2035, 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 Collection Master Plan and Wastewater Treatment and Disposal Master Plan (prepared in 2000 and updated in 2004), the 2006 Lathrop 5-year Plan and the Central Valley Regional Water Quality Control Board (CVRWQCB) Order R5-2015-0006 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 Wastewater Treatment and Disposal Master Plan projects new development would increase the total wastewater discharge to an average dry weather flow of approximately 11.9 Million's Gallons Day (MGD) at build-out. The City has plans for upgrading the existing LCTF to increase the treatment capacity, upgrade the treatment technology, and improve operational flexibility of the plant. With these improvements the LCTF would have a treatment capacity of 6.0 MGD. to accommodate anticipated growth. 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.

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 is working with RD 17 to update that JPA to fund the local share of the needed Urban Level of Protection (ULOP) improvements to the RD 17 levees, to adopt fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, and a new Enhanced Infrastructure Financing District. To date, Lathrop and Manteca have 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 all public agencies within RD 17 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.

D. 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. The City has budgeted for current and future expenses, debts and revenues. The City of Lathrop's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

The City's financial statements include the collection of Measure C funds. Measure C was created to qualify for Lathrop Communities desire for a higher quality of life for enhanced police, fire, and parks for their community. Measure C was passed by over two-thirds voter approval in Lathrop. 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 55-65 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.

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. The update of the Capital Facilities Fee (impact fee) study is expected to be completed in 2016.

E. 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.

F. 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.

CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
EXECUTIVE SUMMARY

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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 July 2015 and to re-align the 10 and 30 year growth horizons.

State law and San Joaquin LAFCo Service Review Policies (updated December 14, 2011) 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
- ◆ Financial Ability of the Agency to Provide Service
- ◆ Status of, and Opportunities for, Shared Facilities
- ◆ Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

A. LAFCo and the Sphere of Influence

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

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

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

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

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 Cities growth horizons and to change of a portion of the sphere of influence to an Area of Interest.

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 lands 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.

The City's existing SOI contains two primary unincorporated areas, one area north of the City's boundary and one area south. The majority of the area (2,101 acres) is located north of the Central Lathrop Specific Plan area and has no General Plan land use designation (refer to Figure 2-1, Existing City Limits and SOI). This land does not have an assigned General Plan Land Use designation and was proposed for the storage of recycled water, spray fields, and agricultural/open space purposes. The recycled water storage ponds and spray fields are an essential component of the planned expansion of the City's municipal waste water treatment plant. The ponds and spray fields are essential to the municipal plant and would be annexed into the City in the future. This area is now proposed to be defined as an Area of Interest and the Lathrop SOI reduced to exclude those lands which do not have a General Plan Land Use designation. The subject 2,101 acres was added to the City of Lathrop's SOI by action of the San Joaquin LAFCo January 19, 2007, which was prior to the latest update of the LAFCo Commission Policy and Procedures for Spheres of Influence (September 21, 2007).

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

Figure 2-1 (Existing City Limits and SOI)

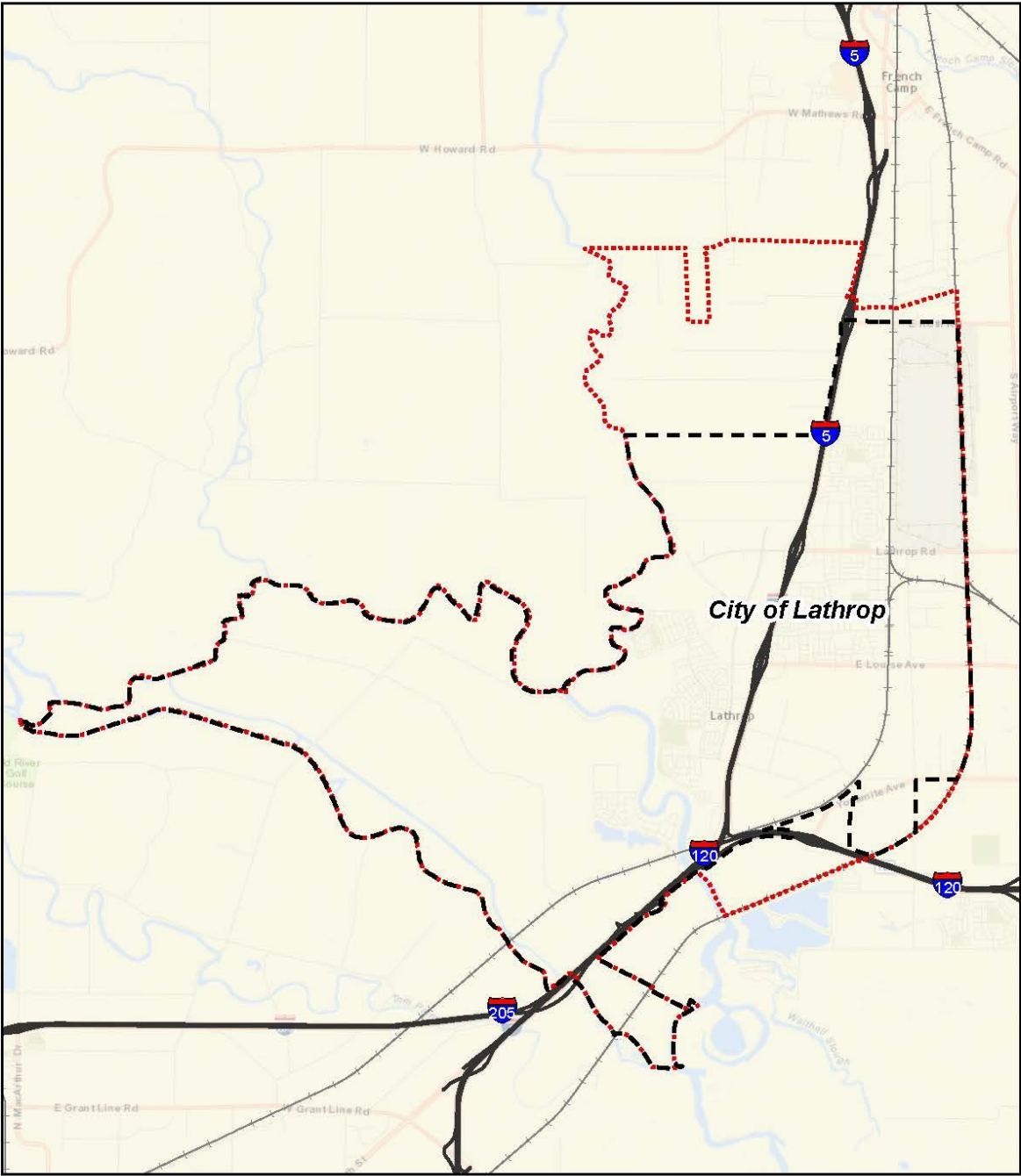


FIGURE: 2-1



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 (about 156 acres) north of the City Limits northerly of Roth Road for Freeway Commercial and Light Industrial 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 560 acres pre-zoned for light industrial uses, commercial and open space uses. Approximately 223 acres remain in the SOI as part of the Lathrop Gateway Business Park Specific Plan and 337 acres are part of the approved South Lathrop Specific Plan approved by the City Council July 20, 2015. In total, the City's SOI contains 716 acres of land designated on the Lathrop General Plan for a variety of Commercial, Industrial and Open Space 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, acres and modified time horizon for annexation for the areas within the City's SOI.

Figure 2-2 illustrates the General Plan Land Use designations for the properties within Lathrop Sphere of Influence.

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

General Plan Land Use	Acres ²	Time Horizon ¹
Lathrop Gateway Specific Plan Area		
Limited Industrial	21	10
Commercial Office	79	10
Public/Quasi Public	5	10
Service Commercial	118	10
South Lathrop Specific Plan Area		
Limited Industrial	291	10
Commercial Office	14	10
Open Space	18	10
Public/Quasi Public	14	10
Other Areas		
Freeway Commercial	87	10
Limited Industrial	69	10
Total:	716	--
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.

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

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Figure 2-3 (General Plan Land Use Map)

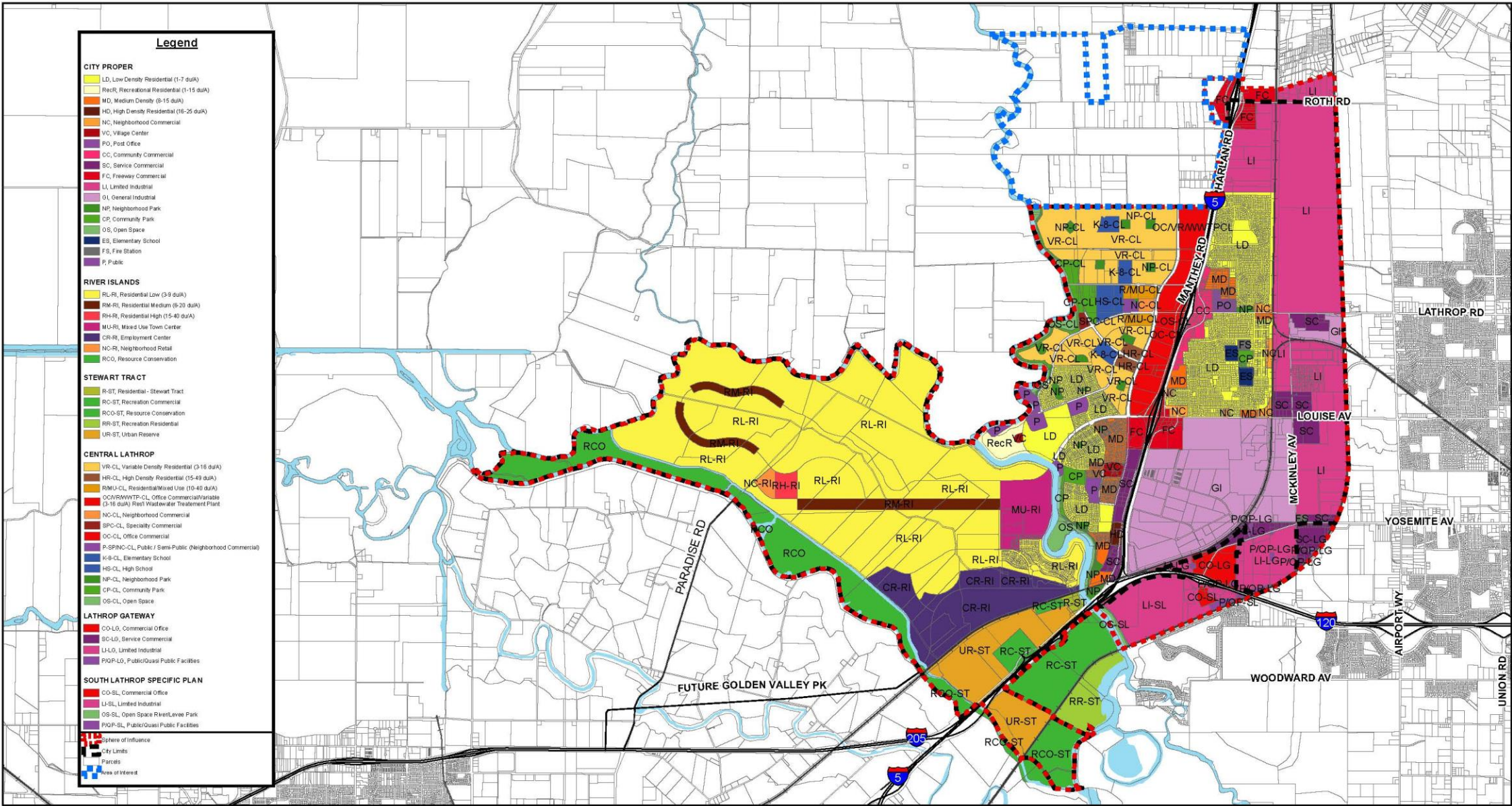


FIGURE: 2-3



City of Lathrop General Plan with Proposed Area of Interest

City of Lathrop

Date: 9/29/2015

Document Path: S:\GIS\Amend\GDD\MSE_2015\Final\General_Plan.mxd

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 two parcels that have active Williamson Act contracts in the City of Lathrop, Assessor's Parcel No's 191-190-01 and 02 (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 will also be enhanced by the change to the northern SOI to re-designate approximately 2,101 acres as an "Area of Interest" and the same area being part of the Delta Plan adopted by the State of California. Delta Plan Policy DP-P1 requires new development 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)

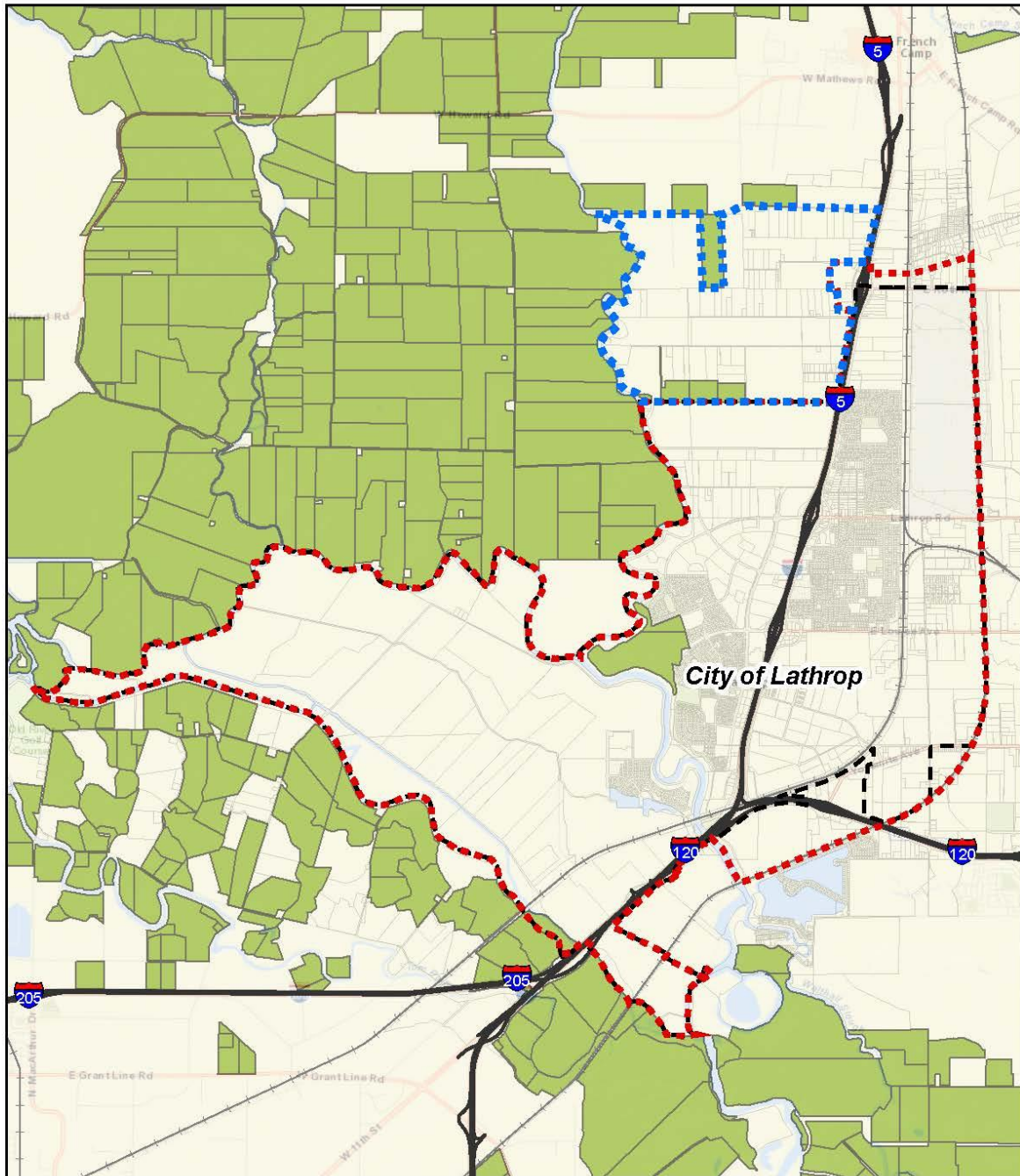
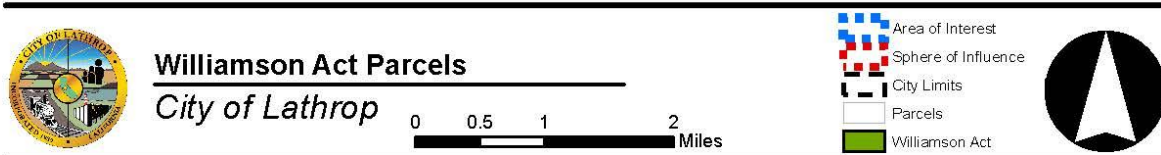


FIGURE: 2-4



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 January 2016 is \$2,508 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) was required to pay \$3,762 per acre.
3. All other developments in the City are required to pay \$2,508 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 typical SJMSCP fee amounts to approximately \$15,000 per acre, meaning \$11,250 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.

Survey's conducted by Stanislaus LAFCo, during their policy deliberation on appropriate Agricultural Mitigation in March of 2015, suggested that the justified value for an Agricultural Easement is between \$6,000 and \$10,000 per acre with a three (3) county (San Joaquin, Stanislaus and Merced) average agricultural mitigation fee of \$6,919 per acre being established. Stanislaus LAFCo has suggested that the mitigation fee should be increased by 5% to allow for an endowment management resulting in an average mitigation fee of \$7,305 per acre. This mitigation fee range has been confirmed with the Central Valley Farm Land Trust. However, it should be noted that Stanislaus and Merced are *not* included in the SJMSCP or any similar

program and accordingly, no developments within those counties pay the same habitat mitigation fees that developments within San Joaquin County pay, which partially addresses the loss of agricultural lands as discussed above.

Locally, the agricultural mitigation fees in San Joaquin County are as follows: San Joaquin County \$8,675 per acre ; City of Stockton \$9,869 per acre ; City of Manteca \$2,585 per acre; City of Tracy \$2,476.32 and, City of Lodi is a one to one replacement. The City of Lathrop should consider revisiting, through a nexus study, its agricultural mitigation fee in light of the higher fees reached in settlement agreements and the significantly greater fees established by other jurisdictions. It should be recognized, however, that any increase in fees will not result in a significant revenue source since little land is available for conversion to urban uses.

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:

SPHERE OF INFLUENCE PLAN

Figure 2-5 (Existing and Pending Developments)

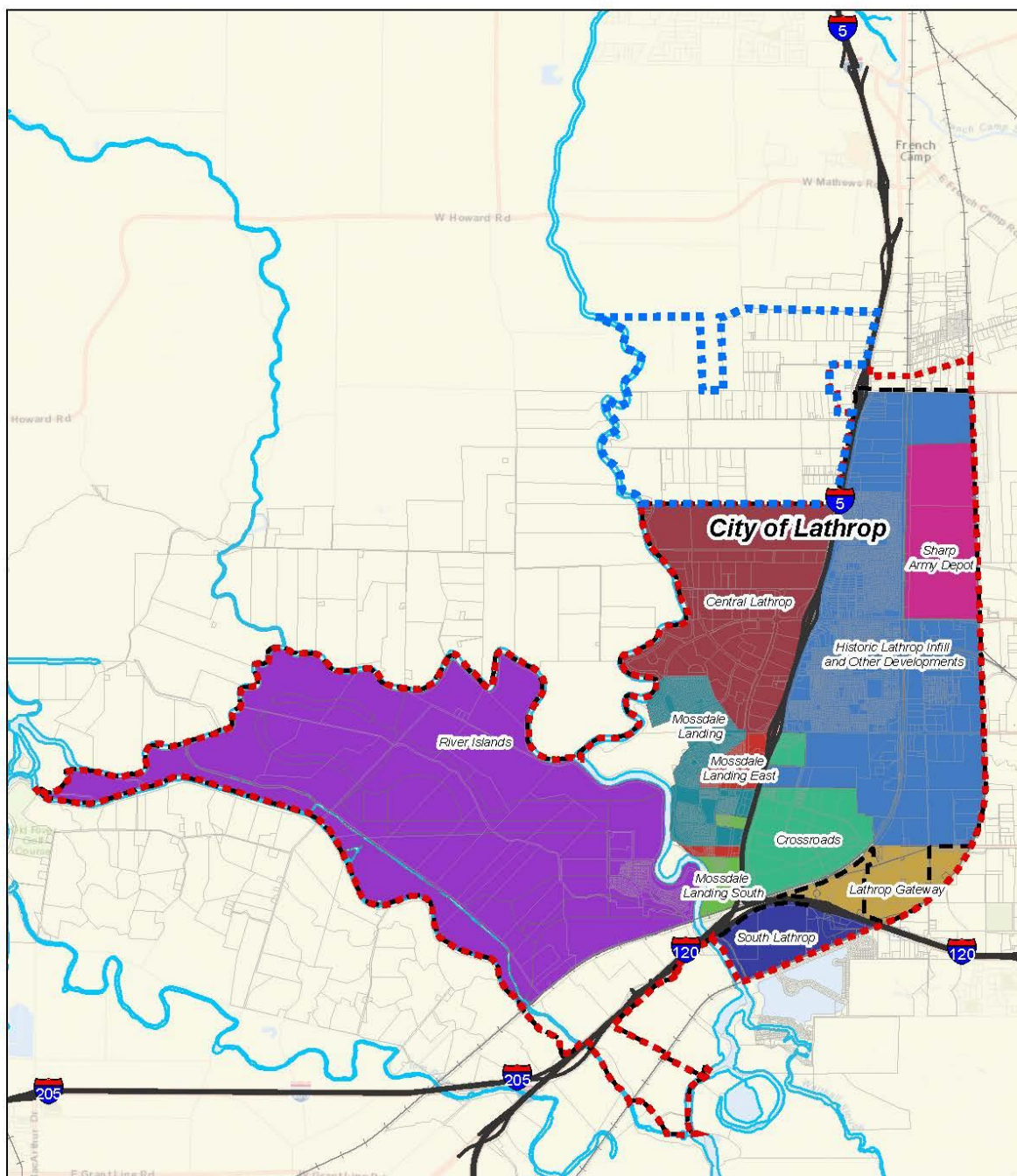
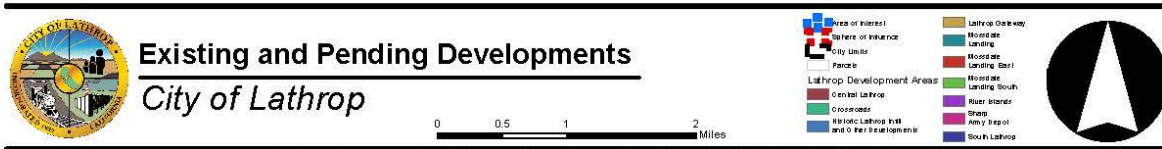


FIGURE: 2-5



- ◆ 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 proposes a mixture of low, medium and high density residential units. In total, River Islands will consist of 11,000 homes, a 260-acre employment center, a 47-acre town center, 265 acres of parks and nine schools. Construction has begun in the River Island project with the completion of an elementary school for the Banta Elementary School District (Next Generation STEAM Academy) as well as the construction of a Charter School. About 250 residential permits were issued during 2015 and an estimated 500 permits are projected for 2016. The projects estimated completion date is 2040.

- ◆ Mossdale Landing

Mossdale Landing is a mixed-use master planned community that is anticipated to be completed by 2018. Construction at Mossdale Landing began in 2003 and approximately 2,200 residential units have been constructed thus far. An additional 100 low density and 275 high/medium density units are anticipated by project completion. In addition, the development is allocating approximately 35 acres of land for 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 2018. The proposed development includes 100 existing low-density residential units and will add 151 low density, 293 medium density and 82 high density units. The development will include 6.5 acres of village 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 297 medium density residential units. In addition, the project proposes 28 acres of commercial, 25 acres of open space and 9.5 acres of parks.

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

The portion of the City east of Interstate (I-5) is anticipated to expand and add density in the future. Currently, this area consists of approximately 2,886 low density and 78 medium density units, commercial and industrial areas, and a few 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. All new residential projects are projected to consist of medium density residential units (i.e., small lot sizes). By General Plan build-out, the area will consist of 2,746 low density and 894 medium density residential units increasing the total existing residential unit count by 1,112 total units.

- ◆ Central Lathrop Specific Plan

The Central Lathrop Specific Plan proposes development of 1,520 acres located west of Interstate 5. Project completion is anticipated by 2050. The Specific Plan proposes approximately 6,790 low, medium and high density residential units and 11.5 acres of

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

office/commercial land uses. The project also includes two schools and 200 acres of recreational land use and open space.

- ◆ **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 anticipates annexation of about 99 acres of the remaining 117 acres by 2016. The project proposes approximately 203 acres of limited industrial, 51 acres of service commercial and 70 acres of office and commercial retail uses, which would result in approximately 4.7 million square feet of service commercial, limited industrial, distribution, and research and development related uses, and approximately 920,000 square feet of commercial office and retail uses.

- ◆ **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 City Council action to approve the South Lathrop Specific Plan included authorization to submit the plan area, plus lands not annexed with the Lathrop Gateway Business Park Specific Plan, to San Joaquin LAFCo for annexation consideration. The Specific Plan proposes approximately 10 acres of commercial office uses, 246 acres of Limited Industrial, 31 acres of open space and 27 acres of roads and public facilities. The City anticipates the annexation of the South Lathrop Specific Plan area in 2016.

- ◆ **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 Airforce with a variety of supplies depending on the demand of goods and supplies created by war time efforts. The Depot is occupied by two different arms of the Federal Government, the West Coast Distribution Center employing 348 workers and up until September 30th of 2014 the Defense Logistics Agency which transferred its workforce of 700 workers to the larger Tracy Army Depot. Sharpe Army Depot was made part of the City limits of Lathrop 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 of Lathrop does have a water inter-tie to be used only in the case of an emergency. The discussion of services for the City of Lathrop excludes the Sharpe Army Depot as it is an independent service provider.

Of the approved and/or pending projects described above, only a portion of the Lathrop Gateway Business Park and the South Lathrop Specific Plan are located outside the City Limits but within the SOI. The City of Lathrop is proposing a modification to the 10 year growth horizon previously approved by LAFCo to allow the South Lathrop Specific Plan to be annexed along with a 99 acre portion of the Lathrop Gateway Business Park Specific Plan. Additionally the City is anticipating the annexation of about 25.5 acres of land north of Roth Road near Interstate 5 to allow a regional truck fueling station. In total, the current City of Lathrop includes existing and/or planned developments which would generate approximately 23,356 residential units, 340 acres of office, 150 acres of retail/commercial, 203 acres of industrial land uses, and

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

542 acres of land designated for parks, schools and open (total includes future development in east Lathrop).

Projected residential Build out of the City is summarized in Table 2-2 below and includes underutilized properties identified in Historic Lathrop as part of the 2009-2014 Lathrop Housing Element Update:

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

Planning Area	Dwelling Units	Estimated Population¹
Historic Lathrop – Existing	1,112	4,070
Historic Lathrop - Underutilized	956	3,499
Mossdale Landing	2,575	9,424
Mossdale Landing East	626	2,291
Mossdale Landing South	297	1,087
Central Lathrop	6,790	24,851
River Island	11,000	40,260
Total:	23,356	85,292
¹ Estimated population using the 2010 census figure for persons per household.		

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 20,353. 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. 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. 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 district's 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).

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 majority of north area (2,101 acres) is located north of the Central Lathrop Specific Plan area and has no General Plan land use designation. The City of Lathrop proposes to remove these parcels from the SOI and place them in an "Area of Interest". There is an additional smaller area northeast of the City boundary (approximately 156 acres) along Roth Road that is designated Freeway Commercial and Light Industrial. In addition, there are approximately 560 acres south of the City boundary pre-zoned for industrial uses, of which 223 acres are a part of the approved Lathrop Gateway Business Park Specific Plan and 337 acres are part of the approved South Lathrop Specific Plan. In total, the City's adjusted SOI would contain 716 acres of land.

This MSR Update of 2016 includes an amendment to the adopted growth horizons to reduce the number of parcels in the 30 year growth horizon and transfer specific areas to the ten-year growth horizon including: 60 acres westerly of the Interstate 5/Roth Intersection; 96 acres north of Roth Road easterly of Interstate 5; and, the 337 acres made up of the South Lathrop Specific Plan. This will result in all 716 acres being included in the 10 year growth horizon.

The most recent annexation into Lathrop occurred in June of 2012 with the annexation of a 213.5 acre portion of the 384 acre Lathrop gateway Business Park Specific Plan area. 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 reduce the sphere of influence northerly of the City and designate this area as an Area of Interest. These changes are 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, 2015, is 20,353. 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 2015 population estimates were used. The San Joaquin County Council of Governments (SJCOG) population estimates prepared by University of Pacific (UOP) as part of the 2011 Regional Transportation Plan (RTP) were used as a basis for the population projections described below for the Growth Rate Method. SJCOG is in the process of updating their

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

population projections as part of the updated RTP, but these figures will not be made public until mid-year 2016.

Population projections using the growth rate method are shown in Table 2-3 (Growth Projections – Growth Rate Method) and are based on the 2000 and 2010 Census as well as the DOF's population projections for 2015. The future growth projections beyond 2015 were based on the adopted population projections published by San Joaquin County Council of Governments (SJCOG) in an adopted report dated December 2009 for the 2011 Regional Transportation Plan. The growth rates suggest a softening of the population growth rate for Lathrop after 2020 to a more stabilized growth rate of less than 1% growth per year.

Table 2-3: Growth Projections – Growth Rate Method

Year	Annual Growth Rate	Estimated Population	Net New Population	Compound Growth
2000	--	10,445	--	--
2010	4.2%	18,023	7,578	7,578
2015	2.29%	20,353	2,330	9,908
2020	3.35%	23,747	3,394	13,302
2025	1.53%	25,558	1,811	15,113
2030	1.24%	27,136	1,578	16,691
2035	0.92%	28,384	1,248	17,939
2040	0.92%	29,690	1,306	19,245
2045	0.92%	31,055	1,366	20,610

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

- ◆ 2000 and 2010 Census figures.
- ◆ Historical trend analysis based of California Department of Finance Estimates (2000 – 2015).
- ◆ SJCOG projections adopted in 2009 as part of the 2011 RTP. Forecast commissioned by UOP Business Forecast Center.
- ◆ Local jurisdiction input.
- ◆ Current economic and housing market conditions (including foreclosures)
- ◆ 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 2045, the City is expected to add approximately 10,702 people, which would increase the City's total population to 31,055 residents. 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 construction. It is likely that absent significant financial resource commitments to certain levee

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

improvements, future urban development that is subject to the provisions of SB5 will be adversely affected.

In light of the amount of activity associated with the construction of the River Islands Project, the SJCOG population projections presented in Table 2-3 above are considered to be too conservative. San Joaquin County in updating their General Plan in 2015, has prepared a Draft Environmental Impact Report which has assigned Lathrop a 7.16% share of the projected San Joaquin County Population. This results in a projected population for Lathrop in 2035 of 67,700. In discussing the population forecasting model with Mintier-Harnish, the consultants hired by the County to update the General Plan, the population assignment of 7.16% for Lathrop could not be defined. We have confirmed that San Joaquin County directed Mintier-Harnish to assign a greater percentage of the future population growth in the County to the Cities.

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 anticipated population that project might bring to Lathrop. River Islands building permit activity has been significant during 2015 and is expected to continue at a pace of about 500 permits per year between 2015 and 2020. This has resulted in an abnormally high population growth rate during this time frame. We assume the amount of building permit activity will stabilize in the future years beyond 2020 to about 400 permits per year. This would result in a much more even annual population growth rate for Lathrop. Table 2-4 below represents the City of Lathrop's estimated future population based on all factors stated above.

Table 2-4: Growth Projections – City of Lathrop Projections

Year	Annual Growth Rate	Estimated Population	Net New Population	Compound Growth
2000	--	10,445	--	--
2010	4.2%	18,023	7,578	7,578
2015	2.29%	20,353	2,330	9,908
2020	9.48%	30,003	9,650	19,558
2025	5.15%	37,723	7,720	27,278
2030	4.09%	45,443	7,720	34,998
2035	3.40%	53,163	7,720	42,718
2040	2.90%	60,883	7,720	50,438
2045	2.54%	68,603	7,720	58,158

Regardless the City of Lathrop will continue to plan all infrastructure demands for a projected City Build-Out population of 85,292.

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 majority of the adopted SOI (2,101 acres) is located north of the Central Lathrop Specific Plan area in General Plan Sub-Planning Area #2 and has no General Plan land use designation (refer to Figure 2-1, Existing City Limits and SOI). The area with no General Plan Land Use designations is proposed to be redesignated as an Area of Interest and the sphere of influence reduced accordingly. The proposed sphere of influence would be reduced by approximately 2,101 acres. This area was anticipated to be used for the application of recycled water and agricultural/open space purposes according to the City of Lathrop Comprehensive General Plan (General Plan). There is an additional smaller area northeast of the City boundary (approximately 196 acres) along Roth Road that is designated Freeway Commercial and Light Industrial.

South of Lathrop City boundary is an additional 560 acres pre-zoned for light industrial uses, commercial and open space uses. Approximately 223 acres remain in the SOI as part of the Lathrop Gateway Business Park Specific Plan and 337 acres are part of the approved South Lathrop Specific Plan. In total, the City's proposed SOI contains 714 acres of land. Refer to Figure 2-5 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, the Lathrop Gateway Business Park Specific Plan area, and the South Lathrop Specific Plan area south of Highway 120 will require the extension of public services from the City. These master plans and financing strategies are being finalized. 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 and thirty-year growth horizons. As shown in Figure 2-6, the City's ten-year horizon includes the balance of the Lathrop Gateway Business Park (223 acres) remaining as part of the 2012 annexation effort; 96 acres of land easterly of Interstate 5 and north of Roth Road; 60 acres westerly of the Roth/Interstate 5 intersection; South Lathrop Specific Plan area (337 acre plan area, including 73 acres of State Highway and Railroad ROW); and 251 acres designated for Limited Industrial, Freeway Commercial and SR 120 and Railroad right of way. Gateway Business Park proposes approximately 4.7 million

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

square feet of service commercial, limited industrial, distribution and research and development related uses, and approximately 920,000 square feet of commercial office and retail uses. The South Lathrop Specific Plan compliments the Lathrop Gateway project by proposing to add approximately 4.3 million square feet of employment generating development.

The build-out of the projects already within the City and shown in Figure 2-1 are no longer anticipated by 2045, as current economic and housing market conditions will yield slightly slower absorption rates. Nevertheless, these projects are expected to add a significant amount of new residents to the City through the year 2045. In addition to residential development planned for the City over the next 30 years, a significant amount of industrial, commercial and recreational uses are also planned. Although these uses would not increase the City's population, they would require the need for municipal services and, therefore, are analyzed as part of this MSR.

According to the City of Lathrop Population Projections, the City's total population is expected to increase by 32,810 persons reaching a population of 53,163 by 2035. Alternatively, using the population estimates proposed by San Joaquin County, the City of Lathrop's population could increase to 67,700 by 2035 adding 47,347 persons. The City of Lathrop will however continue to plan all infrastructure necessary to serve a residential build out of 85,292 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.

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

Figure 2-6 (Proposed SOI 10 Year Horizon)

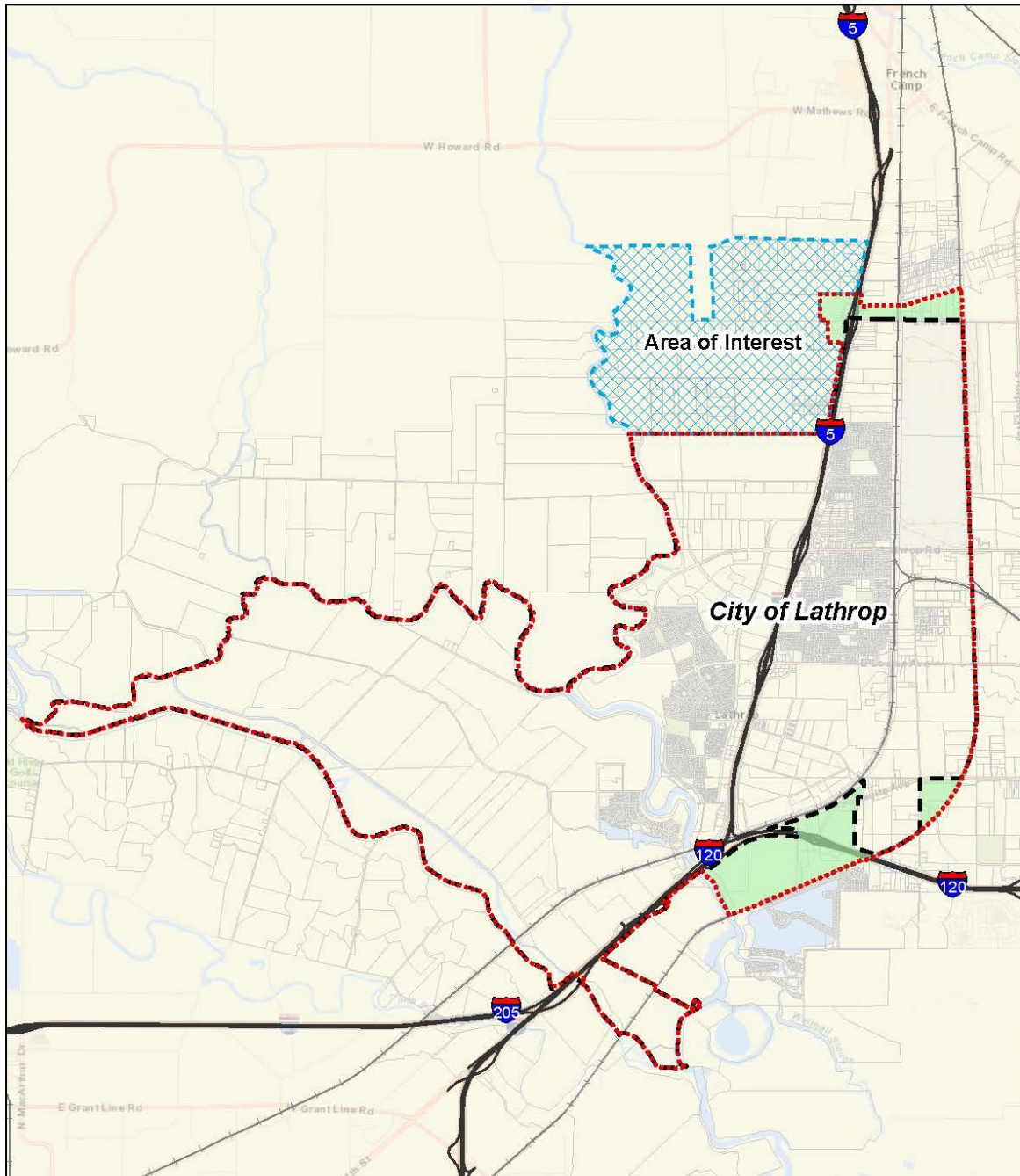
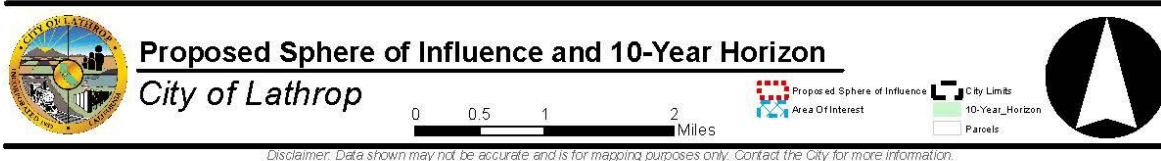


FIGURE: 2-6



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 are expected to continue to grow over the next 30 years. 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. Nonetheless, according to the San Joaquin Council of Government's (SJCOG) Estimates and Forecasts of Population adopted November 19, 2009, 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 2035, the population is expected to grow an average of 1.92 percent per year, well above the state's one percent and the nation's 0.8 percent projected growth rates.¹ It is anticipated that the County's population could reach nearly one million residents by 2035.

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.² By 2010, the City had grown 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 (2015) is estimated at 20,353. SJCOG based on the population forecasting performed by the Business Forecasting Center at the University of the Pacific (UOP) for the 2011 Regional Transportation Plan has predicted an annual growth rate for Lathrop between 2015 and 2020 of 3.34 percent, between 2020 and

¹ San Joaquin Council of Governments, Countywide Population/Household/Employment Update, December 2009 used for the 2011 Regional Transportation Plan.

² U.S. Census Data, 1990

³ U.S. Census Data, 2010

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

2025 of 1.53 percent, between 2025 and 2030 of 1.24 percent and between 2030 and 2035 of 0.92 percent. The City of Lathrop Comprehensive General Plan (General Plan) combined with approved Specific Plans, recorded Final Maps and pace of building permit issuances could result in a City "Build Out" population of about 85,292. The City of Lathrop is projected to grow at a higher rate than what is being projected by SJCOG. San Joaquin County has assigning a population percentage to Lathrop of 7.16% and has suggested that Lathrop could grow to 67,700 by 2035. 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 anticipated population that project might bring to Lathrop. River Islands building permit activity has been significant during 2015 and is expected to continue at a pace of about 500 permits per year between 2015 and 2020. 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 85,292.

Table 3-1 (Population and Household Trends) illustrates the City's growth and trends over the past 25 years.

Table 3-1: Population and Household Trends

Year	1990	2000	2010	2015
Population	6,841	10,445	18,023	20,353
Annualized Growth Rate		3.45%	4.20%	2.28%
Total Housing Units	2,095	2,991	5,261	5,801
Average Household Size	3.53	3.59	3.77	3.86
# Single Family Units	1,687	2,473	4,659	5,202
# Multi-Family Units	115	167	167	167

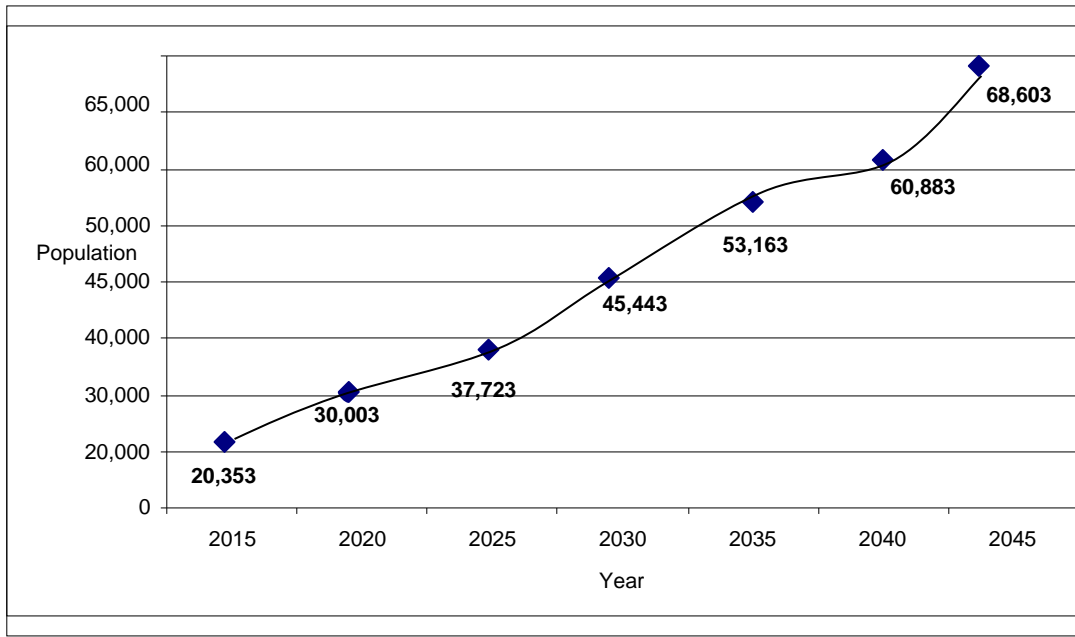
As shown in Table 3-1, the City's population has grown significantly over the past 25 years. Lathrop's percent increase in population from 1990 to 2015 represents an annual growth rate of 6.5 percent and ranks fifth in the state. Also of particular note is the significant increase in residential units in the City, which from 2000 to 2015 increased by approximately 115 percent. Residential growth in Lathrop has however slowed over the past five years to 11.4 percent between 2010 and 2015. This is due to the cyclical nature of the housing economy and the impacts associated with the shifting World economy.

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 their own projections to determine the City's population as illustrated below in Figure 3-1.

Lathrop Population Projection Method

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



As shown in Figure 3-1, the City's population is projected to increase to a total of 68,603 residents by 2045.

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. A future annexation requested by the Lathrop City Council would propose annexation of the South Lathrop Specific Plan for 465 acres. Flying J proposal located north of Roth Road, near Interstate 5, is another 24 acre annexation which may be considered by the City Council in 2016 for submittal to LAFCo for annexation consideration.

Residential Housing Approvals

Table 3-2 presented below describes the inventory of approved residential tract maps in Lathrop. Currently Building Permit activity is restricted primarily to River Islands with some activity with Non-Residential projects.

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

Table 3-2: Housing Inventory

Housing Inventory City of Lathrop, Community Development September 1, 2015			
Ready Lots (Approved Final Map, Ready to Build)			
Total Remaining			
Tract/Subdivision Name	Units	Units	Final Map
MSDL Tract 3338	66	5	1/27/2003
MSDL Tract 3410	132	4	1/27/2003
MSDL Tract 3490 (Village 7)	52	4	8/14/2014
RI South River Bend Tract 3703	61	23	9/30/2013
RI South River Bend Tract 3704	34	1	9/30/2013
RI South River Bend Tract 3705	46	1	9/30/2013
RI South River Bend Tract 3706	50	8	7/21/2014
RI South River Bend Tract 3792	60	15	1/12/2015
RI South River Bend Tract 3861	24	1	4/6/2015
RI South River Bend Tract 3791	55	27	5/4/2015
Subtotal	580	89	
Ready Apts (Approved Site Plan, Ready to Build)			
			Approval
MSDL Fairfield Apartments	208	208	2/28/2007
Total Lots & Apts	788	297	
Entitled Lots (Approved Tentative Map, Pending Final Map)			
Total Remaining			
Tract/Subdivision Name	Units	Units	Final Map
CLSP VTM Tract 3647	1040	1040	3/20/2007
CLSP VTM Tract 3789	430	430	1/13/2014
MSDL Queirolo South Tract 3626	74	74	8/15/2006
MSDL VTM Tract 3225	60	60	1/27/2003
MSDL VTM Tract 3073 Unit 2	66	66	3/2/2004
RI VTM 3694	4284	3874	3/27/2007
Total	5954	5544	
CLSP=Central Lathrop Specific Plan MSDL=Mosssdale Landing RI=River Islands			

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. Recently the City has approved Building Permits for a number of new Industrial developments including:

- Simplot's Fabric Warehouse Building of 18,000 square feet,
- Super Store's Warehouse Freezer Expansion of 18,866 square feet,
- I-5 Logistics Warehouse of 745,640 square feet, and
- Tesla Warehouse at 64,750 square feet.

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 2015 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 South Lathrop Specific Plan, the remainder of the Lathrop Gateway Project area westerly to the Railroad Tracks and the 24 acres north of Roth Road easterly 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 involves 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.

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 pro-active Fire Department covering 100 square miles including the City of Lathrop. LMFD staff is comprised of 33 uniformed full time personnel and 20 Reserve Personnel. LMFD personnel includes a Fire Chief, deputy Fire Chief, deputy Fire Marshal, a Battalion Chief, 3 acting Battalion Chiefs, 8 Fire Captains, 5 acting Fire Captains, 14 Firefighters/Engineers, 18 on-call Firefighters and 3 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 fire stations. LMFD has four (4) Fire Stations, two (2) of which are located in the City of Lathrop.

The French Camp 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 some 16 square miles, including a small portion of Stockton. Approximately 805 acres of the French Camp Fire District is in the Lathrop proposed Area of Interest and about 149 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 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.

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 ten members each. Each of the shifts is on duty for rotating periods of 24 hours. A minimum of two members are on duty at each of the satellite fire stations at all times. Three members are assigned to the main station and three members are assigned to the station located in Mossdale

Landing also located within the City Limits.³ The LMFD District boundaries spread over about 100 square miles, with the bulk of the District (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 along with the Manteca Fire Department, Stockton Fire Department, and Lodi Fire Departments. LMFD tracks the following times segments and continuously works to improve response times. These times are provided from the Stockton Fire Dispatch Center, specific to the City of Lathrop's boundary, which as stated earlier has been the dispatch provider since January 1, 2014:

Time-to-Dispatch: During the time period from January 1st 2015 to October 21st of 2015 the total Time-to-Dispatch reported was 90-100 seconds for 90% of the total calls for fire, and 70-80 seconds for 90% of the total Emergency Medical Calls.

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 90% of the total Emergency Medical Calls and 80 seconds for 90% of the total Fire Calls. The LMFD's crews have a turnout time of 64 seconds for 90% of the medical calls received and 86 seconds for 90% of the total fire calls received.

Travel Time: Travel time is the measurement from when the unit rolls toward the call and is completed when it arrives at the dispatched location. The LMFD's travel times to all emergency (Code 3- lights and sirens activated) is 4:08 minutes to 90% of the total emergent calls for service.^{4,5}

The Fire Marshal administers the District's fire prevention and code enforcement program. Plan checks are done by the Fire Marshal along with the more complex inspections. Fire Company personnel conduct inspections and annual re-inspections. Additional fire safety programs include smoke detector installation for the elderly and disabled and fire safety and awareness in the schools.⁶

The Fire District responds, not only to fires of all types, but also medical emergencies, traffic accidents, and river 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.⁷

ISO Rating for LMFD

The Insurance Services Office (ISO) Public Classification Program currently rates the LMFD in their January 2013 report, as a community classification of 3 for the City of Lathrop. This is an

³ Lathrop-Manteca Fire Protection District website, <http://www.lmfd.org>, August 28, 2015

⁴ Lathrop-Manteca Fire District, Lathrop-Manteca Fire District Master Plan, 2006

⁵ Gene Neely, Fire Chief, Personal Communication, August 31, 2015 and September 8, 2015 and Larry Madoski, Admin. Battalion Chief November 3, 2015.

⁶ Lathrop-Manteca Fire Protection District website, <http://www.lmfd.org>, August 28, 2015

⁷ Ibid

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

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.

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

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

Figure 3-2, LMFD Fire Station Locations

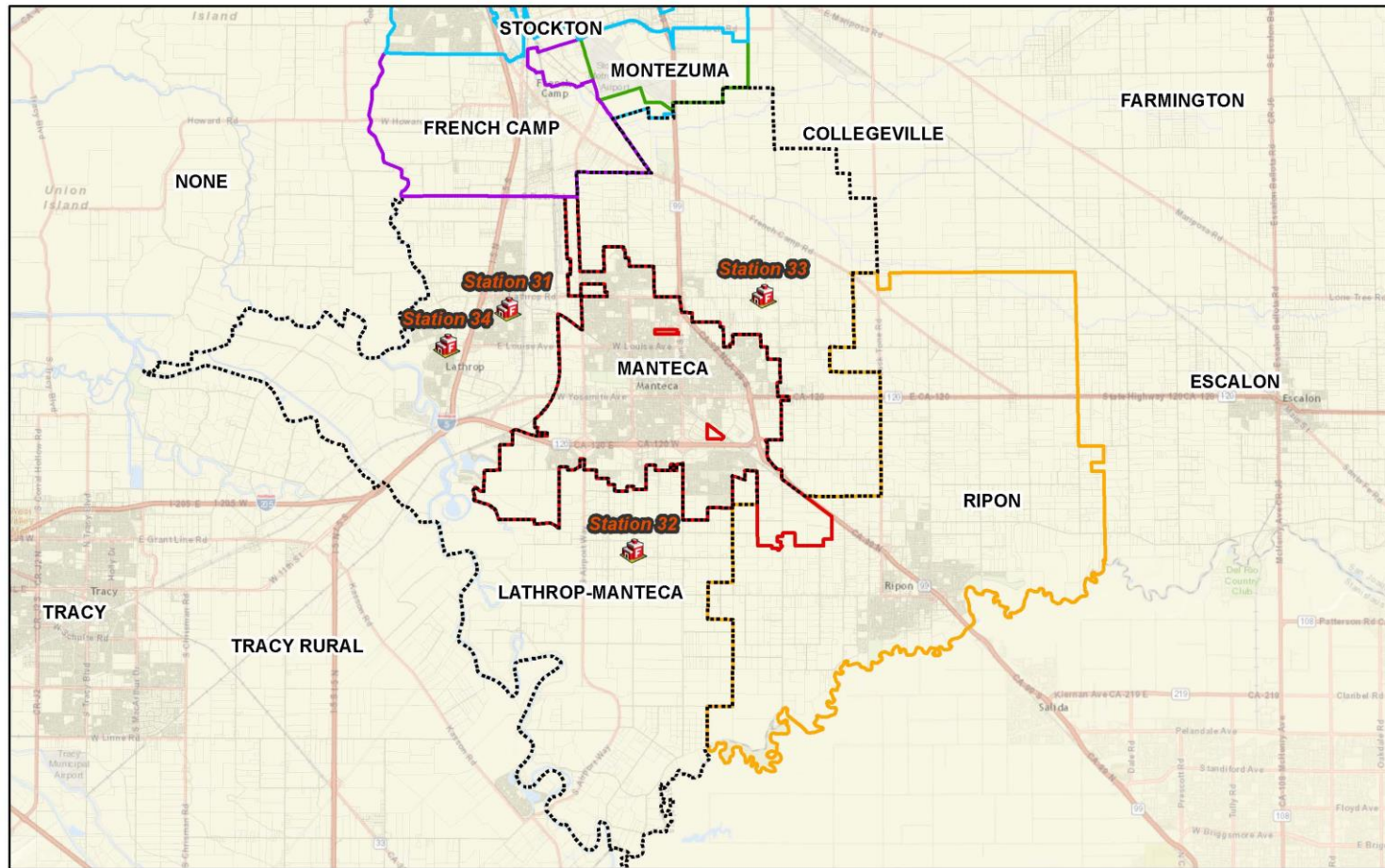


FIGURE: 3-2



Lathrop-Manteca Fire District Fire Station Locations
City of Lathrop

0 2 4 Miles

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



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 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. French Camp maintains one Fire Station located at 310 East French Camp Road. This station is staffed by 2 engine companies and is staffed 24-hours per day. The District receives about 1,000 calls per year.

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 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.^{8,9}

The Fire District responds, not only to fires of all types, but also medical emergencies, traffic accidents, and river 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.¹⁰

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 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.

⁸ French Camp-McKinley Fire MSR adopted by SJ LAFCO October 21, 2011

⁹ Paul Tualla, Fire Chief of FRCFIRE, Personal Communication, September 12, 2015 and e-mail of November 12, 2015.

¹⁰ Ibid

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

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

Figure 3-3, FRCFIRE Fire Station Location

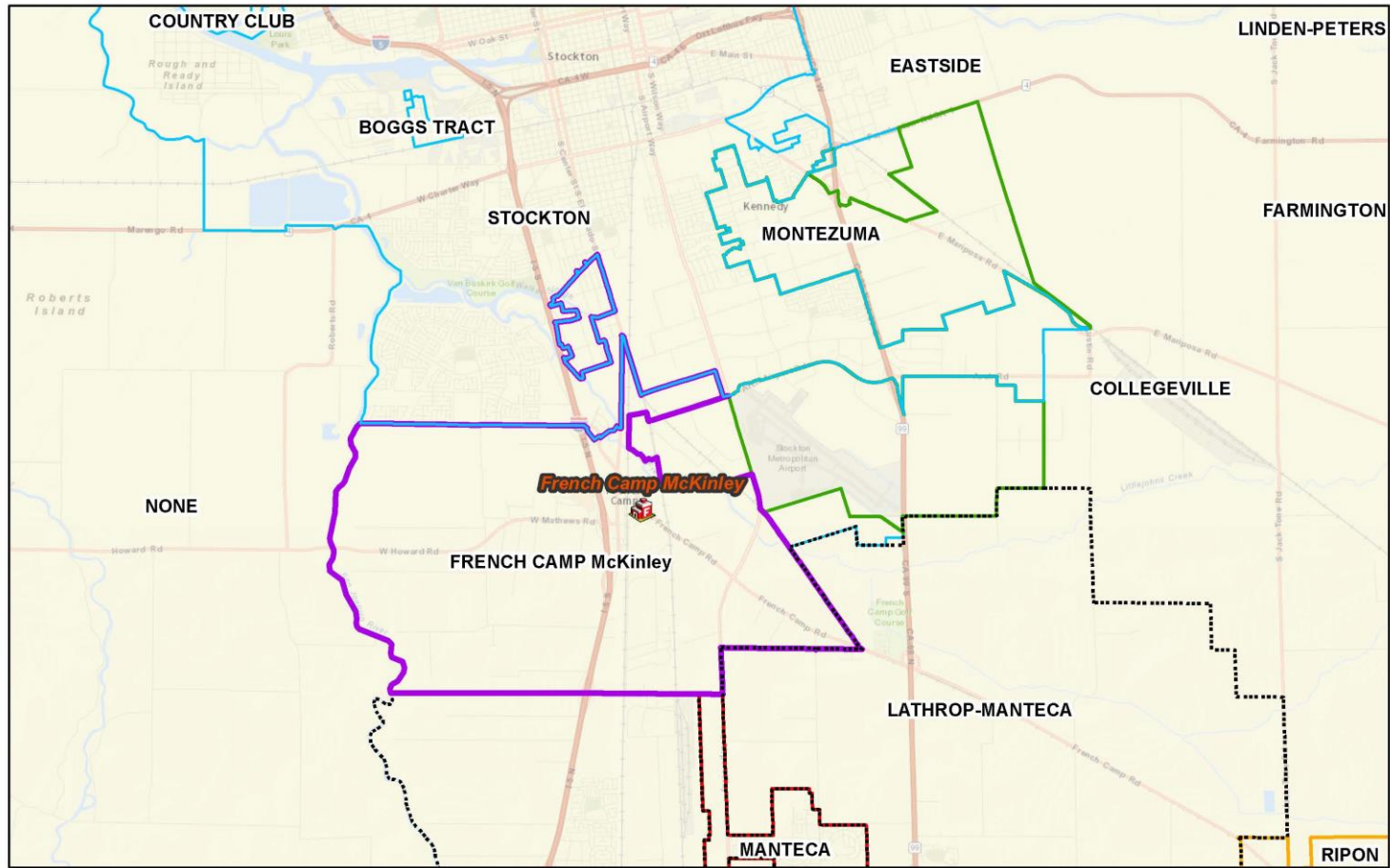


FIGURE: 3-3



French Camp Fire Station Location
City of Lathrop

0 1 2 Miles

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



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 Plan¹¹, including plans for managing emergency operations, the handling of hazardous materials and the rapid cleanup of hazardous materials spills.¹²

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). This fire station 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 of 2006. 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.

¹¹ Rebecca Willis, Personal Communication, August 2015

¹² City of Lathrop, Comprehensive General Plan, , November 9, 2004

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

The LMFD Master Plan of 2006 has identified the need for four (4) future stations to provide future fire protection service.¹³ The general locations of these stations include:

- ◆ North Dos Reis Road D'Arcy Parkway/Yosemite area
- ◆ River Islands (South)
- ◆ River Islands (North)
- ◆ McKinley – Lathrop Gateway Business Park

¹³ Lathrop-Manteca Fire District, Lathrop-Manteca Fire District Master Plan, 2006

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

Figure 3-4, Future Fire Station Locations

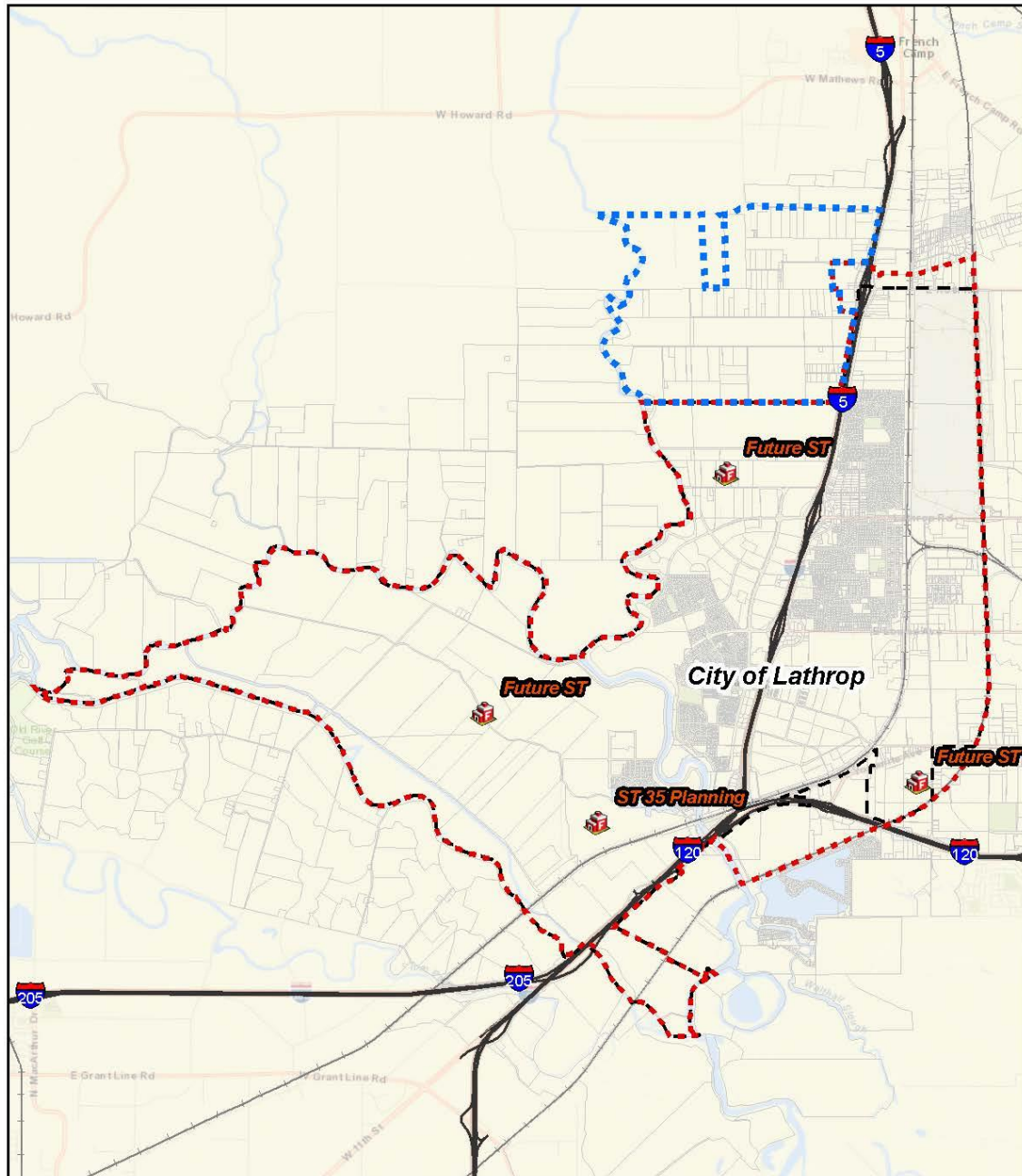
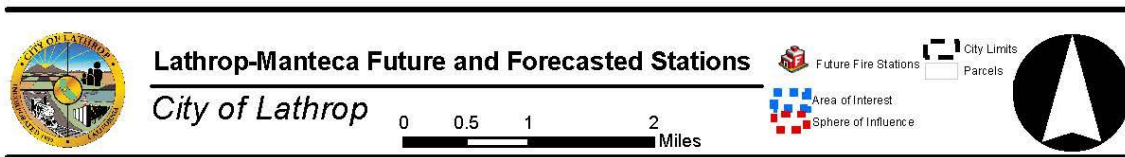


FIGURE: 3-4



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

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. Based on the current level of new construction in River Island the LMFD has initiated architectural services for the fifth station to be located in River Islands as planned. LMFD anticipates breaking ground on station #35 in early 2016. Station #35 will be 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 2014-2015 budget for LMFD was \$6,153,495. Of this \$1.9 million came from the Districts share of property tax increment at 9.9% received (average rural fire district increment is 11.7%), \$106,397 in special CFD tax assessments associated with the Central Lathrop Specific Plan Area (CFD 2006-02) and \$978,000 from 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).

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.

The Fiscal Year 2015-2016 budget is \$1,062,000 which came from the Districts share of property tax increment at 8.1% received (average rural fire district increment is 11.7%). With the addition of the Mountain House contract, the District's 2015-2016 budgets will increase by \$2,278,000 of which the increase will be allocated to manage the Mountain House Community Service District contract.

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 through contract with the San Joaquin County Sheriff's Department. Lathrop Police Services' officers are Deputy Sheriff's assigned to the City. They have unique training to include traffic enforcement, specific to an incorporated City.

Lathrop Police Services is located at 15597 Seventh Street. The location of the police station is presented in Figure 3-5 (Police Station Location). Since the City was incorporated, police service has been expanded to include eleven patrol cars. Lathrop Police Services is staffed 24 hours a day in a series of 3 patrol shifts with a minimum of 2 patrol officers per shift. Minimum staffing levels are set at 6 officers per day. Lathrop Police Services has 26 sworn officers, including 1 captain serving as police chief, 1 lieutenant, 3 sergeants, 1 detective, 20 deputy sheriffs and 3 civilian staff. 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 1.31 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 one of several locations to meet the future law enforcement demand throughout the City and SOI. It is anticipated that the new location may be west of Interstate 5 (I-5), likely adjacent to the government center at 390 Towne Centre Drive.

The City has adopted a police staffing standard of 1.5 officers per 1,000 residents. The City plans to contract for 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 30 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 provide police service 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:

CITY OF LATHROP

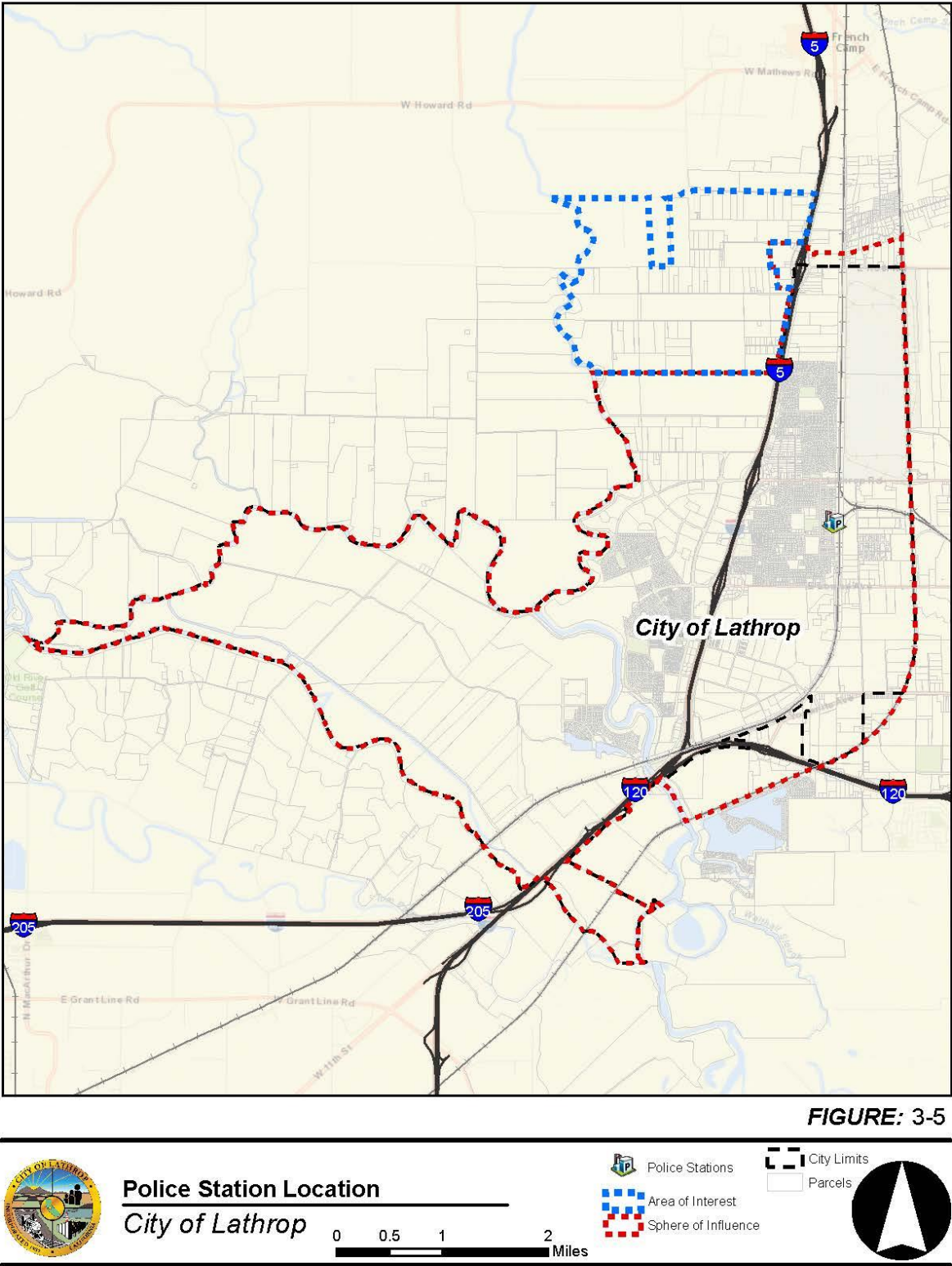
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

- 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.

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

Figure 3-5, Police Station Location



3. Water Supply, Conservation and Treatment

The City provides water service to all of its estimated 20,353 residents. The ultimate water service area is determined by the Lathrop General Plan. The service area includes the City Limits and proposed SOI with the inclusion of two areas of county land located to the east of South Howland Road and 7th Street.¹⁴ 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 (UWMP) and Water Supply Study (WSS) prepared by West-Yost published but not approved in September of 2013. Each of these reference documents are available at Lathrop City Hall and are posted on the Cities Web-site.

The City's most recent water supply planning document is the 2005 WSS and draft UWMP of 2010. These studies evaluate existing and anticipated water supplies and demands and provide alternatives for additional sources of water supply. The UWMP is intended to ensure efficient use of available water, evaluate the existing water system in supply reliability, and provide a water shortage contingency plan. The City is in the process of releasing an RFP for an update to the UWMP pursuant to the State requirements for the 2015 reporting period. The City anticipates that the updated UWMP would be completed in late 2016.

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 groundwater basin used by the City for municipal potable water is the Eastern San Joaquin Sub-Basin of the Eastern San Joaquin County Groundwater Basin (east of the San Joaquin River). The Western San Joaquin Sub-Basin (west of the San Joaquin River) is currently used by existing homes and used as a non-potable water supply for irrigation of municipal landscape areas. The basin is located in the Sacramento-San Joaquin Delta sub-region, a part of the Central Valley aquifer system that occupies most of the large basin in central California between the Sierra Nevada and the Coastal Range Mountains.¹⁵ Prior to surface water supplies becoming available from the South County Surface Water Supply Project (SCSWSP), the City relied solely on local groundwater wells to meet municipal and industrial water demands.

¹⁴ Nolte, Potable Water Supply and Distribution Master Plan Amendment, November 2004

¹⁵ California Department of Water Resources, California's Groundwater: Bulletin 118, 2003 Update

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

Currently, five (5) groundwater wells supply potable water to City residents: Well Nos. 6, 7, 8, 9 and 10. Well No. 21 is currently not in service because of detectable levels of Uranium which exceeds State Standards. The City is evaluating a plan to blend the well water from Well No. 21 with Well No.'s 9 and 10. Funding for this project will come from monies allocated for water development as part of the Mossdale CFD. Most City wells are currently treated for Arsenic which requires a Ferric removal process and disposal of the removed compounds in an approved landfill. The City continues to search for new well locations which comply with appropriate well separation requirements per published recommendations by the State of California away from documented groundwater concerns.

Additional wells will be proposed when needed. Groundwater well capacities are presented in Table 3-3 (City of Lathrop Groundwater Well Capacity). Private Wells supply groundwater for use in agricultural and industrial (manufacturing) operations.¹⁶

Table 3-3: City of Lathrop Groundwater Well Capacity

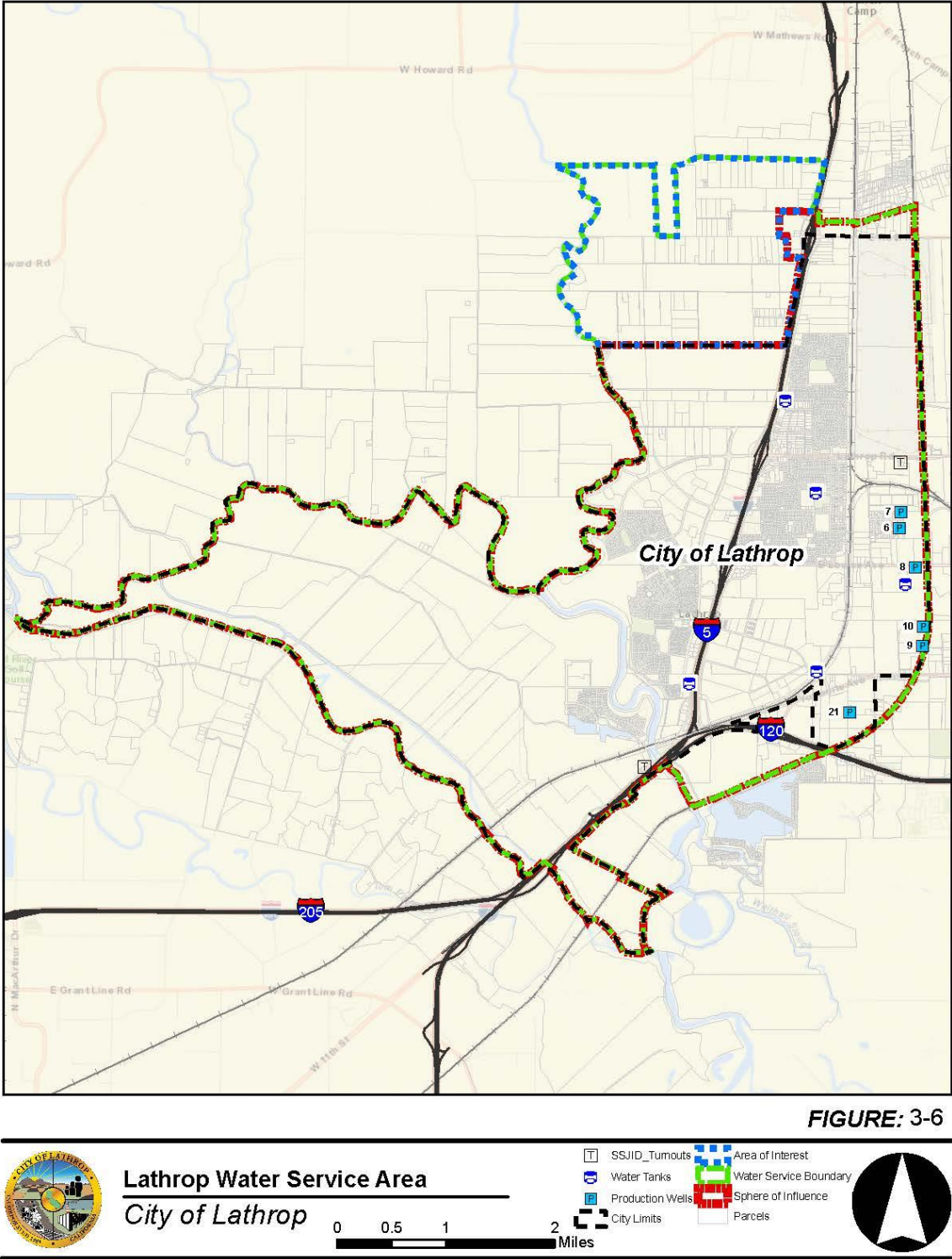
Groundwater Well		Modeled Well Capacity		
Well Name	Well Status	MGD	AFY	Available for Use in AFY
Well No. 6	Existing	2.0	2,240	1,120
Well No. 7	Existing	1.8	2,016	1,008
Well No. 8	Existing	1.8	2,016	1,008
Well No. 9	Existing	1.8	2,016	1,008
Well No. 10	Existing	1.8	2,016	1,008
Well No. 21	Existing (not in service)	1.8	2,016	1,008
Well No. 22	Proposed	1.8	2,016	1,008
Well No. 23	Proposed	1.8	2,016	1,008
Well No. 24	Proposed	1.8	2,016	1,008
Total		16.4	18,368	9,184
MGD = million gallons per day AFY = acre feet per year				

The use of groundwater throughout the region as a water supply source has created overdraft conditions and contamination of the groundwater aquifer. Overdraft occurs when the rate of groundwater extraction exceeds the rate of groundwater recharge. According to the Department of Water Resources (DWR) Bulletin 118, the Eastern San Joaquin County Groundwater Basin is in a critical condition of overdraft due to extraction rates higher than the aquifer can safely yield. The safe yield of an aquifer is defined as the maximum rate of groundwater extraction that can be regularly withdrawn without causing adverse impacts to groundwater levels or quality. The safe yield of the aquifer in Lathrop consists of two separate Sub-Basins. The eastern Sub-Basin yield is currently calculated as 7,052 acres (current City Limits) in the basin area multiplied by 0.87 AFY, or 6,135 AFY. The safe yield of the western Sub-Basin is calculated as 5,782 acres in the basin area multiplied by 0.87 AFY, or 5,030 AFY. The combined safe yield for the Lathrop groundwater basins is 11,165 AFY. The estimated safe yield of the entire groundwater basin is approximately 618,000 acre feet per year (AFY).

¹⁶ RBF, Water Supply Study, 2008

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

Figure 3-6 (Lathrop Water Service Area)



Surface Water

The City currently receives treated surface water from South San Joaquin Irrigation District (SSJID) through the South County Surface Water Supply Project (SCSWSP). SSJID is the owner and operator of the SCSWSP. SSJID's source of supply is the Stanislaus River, based on pre-1914 water rights and post-1914 appropriative water rights for direct diversion to storage. SSJID's water rights are subject to a 1988 Agreement and Stipulation with the United States Bureau of Reclamation (USBOR) regarding New Melones Dam Reservoir operation. The SCSWSP is being constructed in two phases. Phase I of the SCSWSP was completed in July 2005. The initiation of Phase II will occur when the project participants (Escalon, Lathrop, Manteca, and Tracy) request the initiation of Phase II by notifying SSJID.

On October 1, 1995, the City signed a Water Supply Development Agreement (Development Agreement) with SSJID as part of the SCSWSP. 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.¹⁷ 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.

In 2010, the City of Lathrop purchased 1,129 AFY from SCSWSP. In 2014 the amount of surface water purchased by Lathrop equaled 560 AFY (0.5 Million gallons per day) and in 2015 the SCSWSP required all participants to reduce their surface water demands by 20 percent. Lathrop responded and reduced their surface water demand to 336 AFY (0.3 Million Gallon per day).

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 capacity of the LCTF is will be 1.0 MGD once all the recycled water facilities are in place. The City will look to the future to expand the existing LCTF to increase the treatment capacity and operational flexibility of the plant. The LCTF is projected to have a treatment capacity of 6.0 MGD at build-out. The City has a planned build-out treatment capacity of approximately 11.9 MGD.¹⁸ The balance will be treated by the Manteca WQCF based upon agreements between the Cities of Lathrop and Manteca.

The City has yet to fully implement its potential use of recycled water to offset potable water use because of limited staffing resources and because of TDS limitations imposed by the RWQCB. These TDS limitations were recently modified to allow the use of Lathrop's high quality, tertiary treated and disinfected effluent to be used to irrigate municipal landscaping. All major new developments (Mosssdale Village, River Islands and Central Lathrop) are plumbed with purple pipe to encourage the use of reclaimed water for urban landscapes.

¹⁷ Ibid

¹⁸ Reference to the waste water treatment capacity of 11.9 MGD represents a total capacity at build-out and includes WQCF and LCTF and any potential expansion of treatment facilities.

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

In addition, because the manmade lakes in the River Islands project are connected to the groundwater, the River Islands project is constructing a municipal irrigation system which utilizes a combination of reclaimed water, ground water and river water to supply the needs of the urban landscape areas including schools, parks, medians and roadside landscaping. The City has a future recycled water demand of approximately 4,684 AFY at City build-out.¹⁹ Uses include irrigation for golf courses, parks and playgrounds, schoolyards, roadway medians, commercial landscaping and open space, and industrial reuse for cooling towers, boiler feeds and manufacturer processes.²⁰ The City Council has established policy to meet a majority of the urban landscape needs of the City with non-potable water.

The Central Valley Regional Water Quality Control Board (CV-RWQCB) regulates the LCTF and use of recycled water through Board Order Number R5-2015-0006. This order allows land application only to those areas subject to review in a final document adopted pursuant to the CEQA and prior to the date of adoption of the order. Recycled water includes concentrations of Total Dissolved Solids (TDS) which are a function of the TDS in the source water supply and minerals picked up through daily use and wastewater treatment. Recycled water is allowed to be applied to City-owned or leased land listed in the Waste Discharge Requirements (WDR). To date, recycled water has only been used for irrigation at the Landscape and Lighting Areas (LLAs) on Towne Center Drive, on the River Islands project and the Crossroads LAAs due to the exceedance of TDS limits in the recycled water. This becomes a concern when the existing ground water has a TDS level which already exceeds State standards. The City of Lathrop in cooperation with the RWQCB has recently altered the City of Lathrop discharge requirements as it relates to TDS to allow Lathrop's high quality, tertiary treated and disinfected effluent to be used to irrigate municipal landscaping. The City will continue to use recycled water for the irrigation of fodder crops, turf, and landscape areas. Recycled water is applied to land application areas owned or contracted by the City of Lathrop by flood irrigation of agronomic rates for both nitrogen and water application.²¹

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. 21 is not permitted to be used as a potable groundwater well by the California Department of Public Health due to the presence of Uranium. The operational groundwater wells have a combined capacity of approximately 7.4 MGD. Municipal wells generally 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.

¹⁹ RBF, Water Supply Study, 2008

²⁰ Ibid

²¹ Ibid

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

- ♦ **Water Mains and Pipelines.** The piping system for water distribution includes approximately 80 miles of piping ranging from 2 to 16-inches in diameter used to distribute water to the City's approximately 5,748 different water connections.²²
- ♦ **Water Storage.** The City has five (5) 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. Some of the water storage tanks have at least one booster pump with an additional fire booster pump. The entire water system is controlled by an electronic system called SCADA (Supervisory Control and Data Acquisition). This system connects the pump stations and water tanks using radio telemetry to communicate to each other. The SCADA system allows the City to employ many back up and safety features that are unable to be performed manually.²³

Water Quality

The City surface water supply from the SCSWSP 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. Arsenic levels above the federal drinking water limit were found at all the City's groundwater wells. The City installed an arsenic treatment system to remove arsenic in groundwater wells. A centralized arsenic treatment facility for the City's five current groundwater wells (Nos. 6, 7, 8, 9 and 10) provides adequate treatment at the lowest cost compared to other alternatives analyzed.²⁴

The City supply wells are located immediately east of groundwater containing concentrations of TDS that exceed the 500 milligrams per liter (mg/L) secondary Maximum Contaminant Level. Recent TDS concentrations at City wells range from 270 mg/L to 440 mg/L and possibly up to 760 mg/L. Data from depths comparable to the water supply well screens on private wells indicate TDS concentrations in the range of 1,000 to 4,000 mg/L.

Groundwater contamination with pesticides, solvents, metals and nitrates has been identified at several locations in the City due to industrial processes. These contamination plumes are associated with pollution from local industries. Groundwater extraction and treatment facilities have been installed by the local industries to remediate the contaminated groundwater. These areas of contaminated groundwater include:^{25,26}

²² City of Lathrop Finance Department, July 2015

²³ City of Lathrop, Public Works Department Website, <http://www.ci.lathrop.ca.us/pwd/utilities/sewer>, 2015

²⁴ DSWA And Associated Firms, Engineering Services for Design and Construction of Municipal Water Supply Wells Arsenic Reduction Facilities, 2007

²⁵ RBF, Water Supply Study, 2008

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

- ◆ Sharpe Army Depot (located east of I-5, south of Roth Road and north of West Lathrop Road)
- ◆ Occidental Chemical Corporation (located near the intersection of Louise Avenue and McKinley Avenue). The Occidental Chemical Corporation site is now owned by J.R. Simplot.

Water Conservation Measures

The City has implemented several water conservation measures, including adopting a water conservation ordinance.²⁶ The City's 2005 Urban Water Management Plan (UWMP) identifies a series of Demand Management Measures (DMM), also known as Best Management Practices (BMP). These measures, which are designed to maximize efficient water use and minimize wastewater, are summarized in Table 3-4 (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 2009 Municipal Services Review. Due to funding shortages, the City of Lathrop has not had the dedicated manpower to progress with the measures described below, however as the economy improves Lathrop is encouraged that these measures will be priorities for the City. The City Council should focus their financial resources as a priority to implement these water conservation measures which have been stated goals since the 2009 MSR update.

The Lathrop City Council has chosen to delay the implementation of the stated Water Conservation Measures restated below (which are the same measures which were presented in the 2009 MSR). Two factors have led to extensive water conservation in the community of Lathrop. First factor is the rising costs of potable water. Both the higher cost of surface water and the increased requirements for groundwater treatment have caused City Staff to pass these increase costs of potable water to the consumers of Lathrop. As water costs have increased, the community has reduced its water usage as a function of the higher water bills. The second factor is the recent drought and the State mandate to reduce domestic consumption by 25%. The Lathrop community met these reductions without need for added Water Demand Management Measures.

²⁶ U.S. Department of Health and Human Services, Agency for Toxic Substances & Disease Registry, http://www.atsdr.cdc.gov/hac/pha/sharpe/sad_p1.html, January 2009

²⁷ City of Lathrop, Ordinance No. 91-55 and Resolution No. 91-123, 1991

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

Table 3-4: Water Demand Management Measures²⁸

Demand Management Measure	Description	City Program
DMM 1	Water Survey Programs for Single-Family Residential and Multi-Family Residential Customers	Not funded at this time.
DMM 2	Residential Plumbing Retrofit	Not funded at this time.
DMM 3	System Water Audits, Leak Detection and Repair	Not funded at this time.
DMM 4	Metering with Commodity Rates for New Connections and Retrofit of Existing Connections	The City installs and reads meters on all new services and conducts a meter calibration and replacement program.
DMM 5	Large Landscape Conservation Programs and Incentives	Not funded at this time.
DMM 6	High-Efficiency Washing Machine Rebate Programs	Offered by PG&E.
DMM 7	Public Information Programs	Annual report and information booths are set up by the City.
DMM 8	School Education Programs	Not funded at this time.
DMM 9	Conservation Programs for Commercial, Industrial, and Institutional Accounts	Not funded at this time.
DMM 10	Wholesale Agency Assistance Programs	n/a
DMM 11	Conservation Pricing (including excess water use surcharge)	The City adopted water conservation ordinances outlining four phases of implementation. The excess water surcharges go into effect with Phase IV water. Currently the City of Lathrop is at Phase III.
DMM 12	Conservation Coordinator	Not funded at this time
DMM 13	Water Waste Prohibition	The City has permanently incorporated this into its ordinances.
DMM 14	Residential ULFT Replacement	Not funded at this time.

²⁸ RBF, Water Supply Study, 2008

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

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.

Water demand projections utilize adjusted demand factors estimated in the 2008 WSS. Demand projections include attainable water savings from residential water conservation measures. The water demands are distributed throughout the planning horizon based on the estimated phasing of future proposed developments. The drought and mandated water conservation measures imposed by the State of California during the summer of 2015 have resulted in a much lower water demand city wide. If Lathrop assumed the same water demand per capita established in 2010 of 0.2049 AFY/dwelling units and applied that water usage rate to a build out population of 85,292 persons, Lathrop would have a cumulative water demand of 17,476 AFY.

It is anticipated that Well No. 21 will come online in 2018 to meet projected water demands as well as Well No. 22 in 2025 and Well No. 23 in 2030.

Water demand projections through City build-out are shown in Table 3-5 (Water Supply and Demand During Normal Years). These water demands are significantly lower than that illustrated in the 2009 MSR for Lathrop and cannot be adequately explained other than the City has been under tremendous pressure by the State of California to reduce domestic water consumption. The description below is based on actual water demands projected into the future. 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. The City of Lathrop is still developing comprehensive plans to harvest recycled water to be used more efficiently in LLA areas and other public open spaces. It is reasonable to assume the Non-potable water supply volumes will increase significantly in the future.²⁹

²⁹ RBF, Water Supply Study, 2008

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

Table 3-5: Water Supply and Demand During Normal Years (AFY)

	2010	2012	2014	2015	2020	2025	2030	2035	Build-Out
Available Surface Water ¹	8,007	8,007	6,887	6,887	6,887	6,887	10,671	10,671	10,671
Groundwater Pumping Capacity	5,152	5,152	5,152	5,152	6,160	7,168	8,176	8,176	8,176
Recycled Non-Potable Water	289	469	500	500	500	500	500	500	500
Total Potable Water Supply	13,159	13,159	12,039	12,039	13,047	14,055	18,847	18,847	18,847
Potable Water Demand ³	3,693	9,884	4,571	3,145	5,805	7,111	8,711	10,671	17,476
Difference for Potable Water ²	9,466	4,171	7,468	8,894	7,242	6,944	10,136	8,176	1,371
	¹ The City's contract with SSJID expires in 2029. The City has the option to purchase the water treatment facility at that time. Projected allocations after this date are based on current contract allocations. ² Positive values are supply surpluses. ³ Assumes 4.5 percent annual growth in water demand from 2014 levels. ⁴ Water demands reported for 2010, 2012, 2014 and 2015 are based on actual meter readings monitored by the City.								

Potable water demand presented in table 3-5 above is substantially lower for year 2015 and into the future, when compared to the 2009 MSR. The large reduction in the 2015 water demand, and that of future years following 2015, was triggered by the "Great Recession" which greatly reduced development activity during the past 10 years. This delayed growth coupled with State required domestic water reductions is reflected in the projected future domestic water needs presented above in comparison to those water demand figures assumed with the 2009 MSR. The build-out water demands presented above in Table 3-5 are based on actual water usage versus projected demand, and reflect the large impact of conservation by the community. It should be noted that the calculated groundwater safe yield of 11,165 AFY is substantially higher than the projected ground water pumping capacity.

Also, 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 2008 WSS. 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 the installation of arsenic treatment facilities in Well Nos. 6-10 (complete), water blending of surface and groundwater to reduce TDS, development of non-potable water sources, and continued implementation of water conservation programs. The City could also implement one or more of the other water supply alternatives as deemed necessary.³⁰

The City completed a Potable Water Master Plan that identified infrastructure needed for new development. However, the Potable Water Master Plan needs to be updated to include the results of the 2008 WSS. 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 are responsible. The infrastructure would be built by the projects and includes distribution pipelines, tanks, and booster pump stations.³¹

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 newly consolidated 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. The City's Wastewater Collection Master Plan and Wastewater Treatment and Disposal Master Plan (prepared in 2000 and updated in 2004), the 2006 Lathrop 5-year Plan and the Central Valley Regional Water Quality Control Board (CVRWQCB) Order R5-2015-0006 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.³² As planning level documents, the master plans estimate build-out needs with the understanding that land uses and specific project 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).

³⁰ Ibid

³¹ Nolte, Potable Water Supply and Distribution Master Plan Amendment, November 2004

³² City of Lathrop Public Works website, <http://www.ci.lathrop.ca.us/pwd/utilities/sewer>, August 2015

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

Figure 3-7 Lathrop Wastewater Service Area

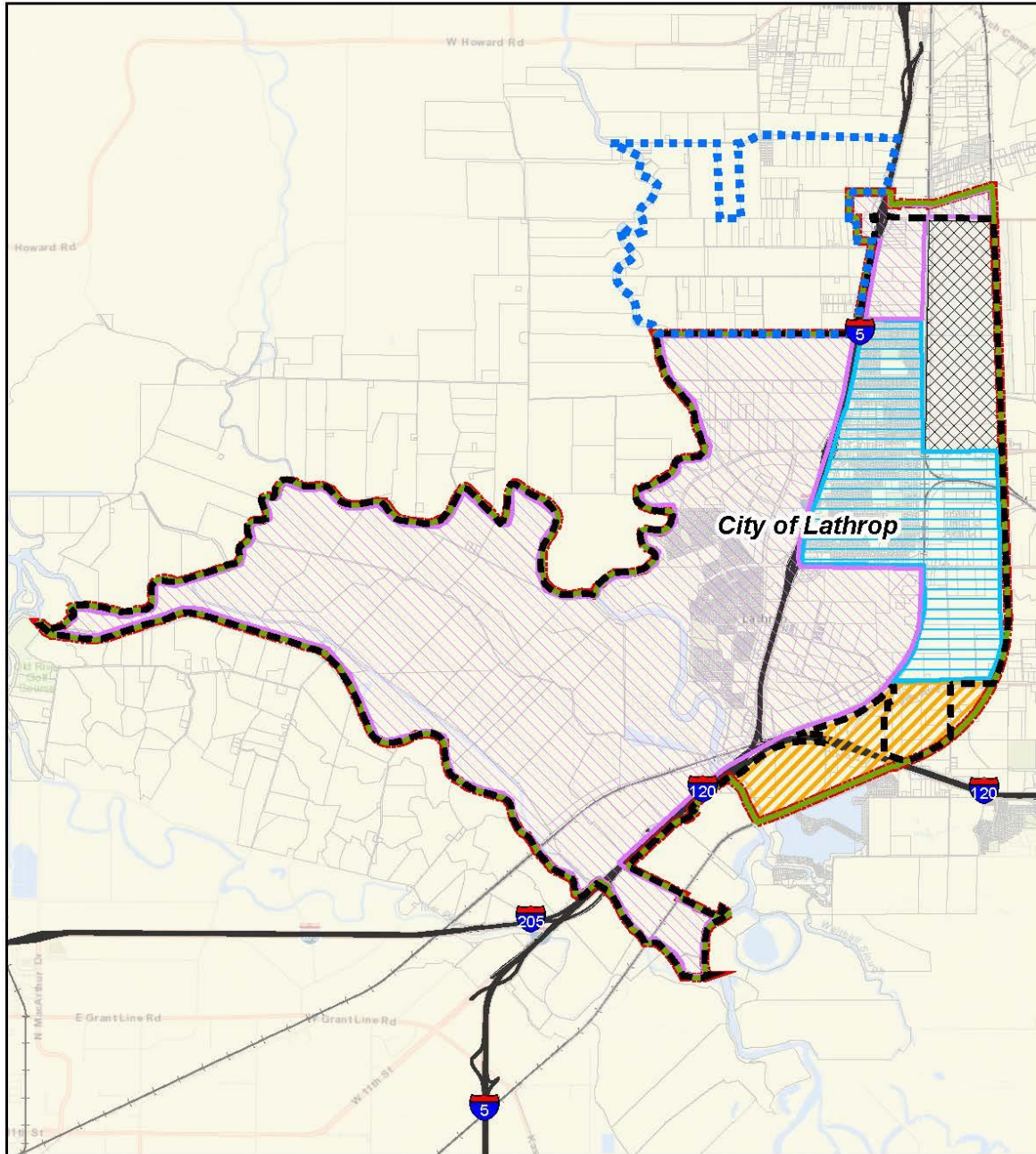
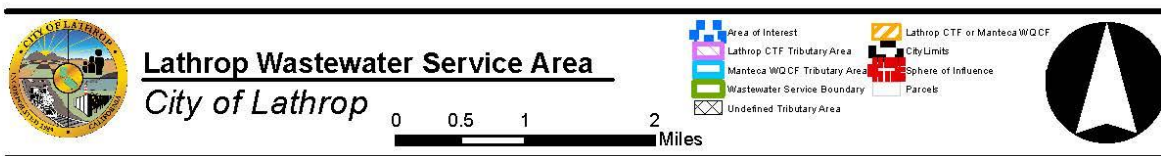


FIGURE: 3-7



Wastewater Collection and Treatment

The wastewater collection system consists of gravity sewer lines that range from 6 to 18 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.^{33 34}

The City owns the LCTF. This wastewater treatment plant operates under a separate permit. All of the wastewater generated in the areas west of I-5 and Crossroads is conveyed to the LCTF (refer to Figure 3-6). The daily operations of LCTF are performed by a private contractor, Veolia Water NA. In 2003, the City entered into a 20-year agreement with Veolia to perform these operational services. The City has the ability to upgrade the existing LCTF to increase the treatment capacity and operational flexibility of the plant to 6.0 MGD as needed. The Regional Board Order R5-2015-0006 authorizes the City's permitted capacity to increase from 0.75 MGD to 1.0 MGD of raw sewage. This capacity increase is pending the City's completion of the improvements associated with recycled water generation. Ultimate capacity of the LCTF is authorized by current permits to 6.0 MGD.

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 recently updated July 16, 2015.

The LCTF has a current capacity of 1.0 MGD. 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 6.0 MGD. However, WDR can be negotiated in the future, allowing the City to increase the permitted treatment capacity to the planned capacity of 9.1 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.³⁵

³³ Nolte, Lathrop Wastewater Treatment and Disposal Master Plan Amendments, November 2004

³⁴ Nolte, Lathrop Wastewater Collection Master Plan Amendments, November 2004

³⁵ 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). The LCTF WDR specifies additional restrictions on recycled water use. Recycled water from the LCTF is delivered to one of five storage ponds until it is used. The storage ponds are lined with 40-mil high-density liner to minimize percolation. The City uses recycled water for irrigation of agricultural crops and plans to apply the treated water on planned landscape areas within the Mossdale and River Island development. Recycled water is applied to land application areas using flood irrigation at agronomic rates for both nitrogen and water application.

Wastewater Quality

The LCTF's WDR specifies that effluent from the LCTF must not exceed the limits presented in Table 3-6 (WDR Recycled Effluent Discharge Limitations). The 2015 discharge permit from the RWQCB identified fewer constituents to monitor than that which was disclosed in the 2009 MSR. 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 3-6: Waste Discharge Report Recycled Effluent Discharge Limitations

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	750	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		
pH	Average Daily: 6.5 < pH < 10		

The CV-RWQCB regulates the LCTF and use of recycled water through Board Order Number R5-2015-0006. 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 3-7 (WDR Groundwater Water Constituent 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.³⁶

³⁶ CVRWQCB Order R5-2015-0006

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

Table 3-7: WDR Groundwater Constituent Limits

Constituent	Maximum Allowable Concentration
TDS	Current Ground Water quality
Total Nitrogen	Current Ground Water quality

Future Wastewater Demand and System Improvement

The Wastewater Treatment and Disposal Master Plan projects new developments will increase the total wastewater flow to an average dry weather flow of approximately 11.9 MGD at build-out. All wastewater flows will be treated at the LCTF or Lathrop-Manteca WQCF, however it is not clearly defined how much would be allocated to each treatment plant. The 2004 wastewater flows (per the 2004 Master Plan) and projected future wastewater flows of the three major City areas are presented in Table 3-8 (Projected Wastewater Flow (MGD)).

Table 3-8: Projected Wastewater Flow (MGD)

Date	Area 1 (East Lathrop)	Area 2 (West Central Lathrop)	Area 3 (Stewart Tract)	Total
2004	0.76	0.0	0.0	0.76
Build-out	3.8	3.7	4.4	11.9

The City's Wastewater Treatment and Disposal Master Plan is a phased plan to provide treatment capacity for the anticipated 11.9 MGD at build-out, whenever it may occur. This plan accounts for the phasing and location of each planned future development area within the City.³⁷

The City's Wastewater Collection Master Plan, Wastewater Treatment and Disposal Master Plan (prepared in 2000 and updated in 2004) and the 2006 Lathrop 5-year Plan have identified the requirements anticipated to be necessary for the conveyance and treatment of wastewater at build-out, whenever it may occur. Furthermore, the Master Plan outlines a phasing plan for the implementation and anticipated cost for construction. To ensure that appropriate funding is available when the wastewater related 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.

³⁷ 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

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 County³⁸
- ◆ 1987 Master Storm Drain Plan for Lathrop³⁹
- ◆ 1992 City of Lathrop Storm Drain Master Plan⁴⁰
- ◆ 2003 Northern Area Portion Master Plan of Drainage⁴¹
- ◆ 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 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.^{42,43}

³⁸ RW Siegfried & Associated and George S Nolte & Associates, Storm Drainage Study and Master Plan for San Joaquin County, 1973

³⁹ Thompson-Hysell Engineers, Master Storm Drain Plan for Lathrop, 1987

⁴⁰ Lew-Garcia-Davis Engineers/Surveyors, Lathrop Storm Drain Master Plan, July 1992

⁴¹ RBF, Northern Area Portion Master Plan of Drainage, May 2003

⁴² City of Lathrop, NPDES Phase II Storm Water Management Plan, November 04, 2003

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.⁴⁴

Storm drain infrastructure has primarily been studied and developed by the City for the areas of historic Lathrop, Mossdale Landing, Stonebridge, River Island 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.⁴⁵

Levees within the City are owned and maintained by Reclamation Districts 17, Reclamation District 2107 and Reclamation District 2062.⁴⁶ The levees are designed to protect the City from flooding that might occur from the San Joaquin River 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 areas protected by levees from 1.0 percent annual chance of 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.⁴⁷ 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).

The City, DWR and Reclamation Districts 17 and 2062 are addressing requirements for public awareness and improvements to the levee system. 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. Currently there is a \$70 per parcel per year assessment on these properties.

⁴³ WGR Southwest, Inc., City of Lathrop Storm Water Development Standards, June 03, 2008

⁴⁴ City of Lathrop, Geographic Information System (GIS) Data, September 2015

⁴⁵ City of Lathrop, Geographic Information System (GIS) Data, September 2015

⁴⁶ City of Lathrop, Geographic Information System (GIS) Data, September 2015

⁴⁷ FEMA, FIRM City of Lathrop, CA Panel 590 of 925: Map Number 063780595A, Effective Date December 16, 2005

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

Figure 3-8 Reclamation and Drainage District Boundaries

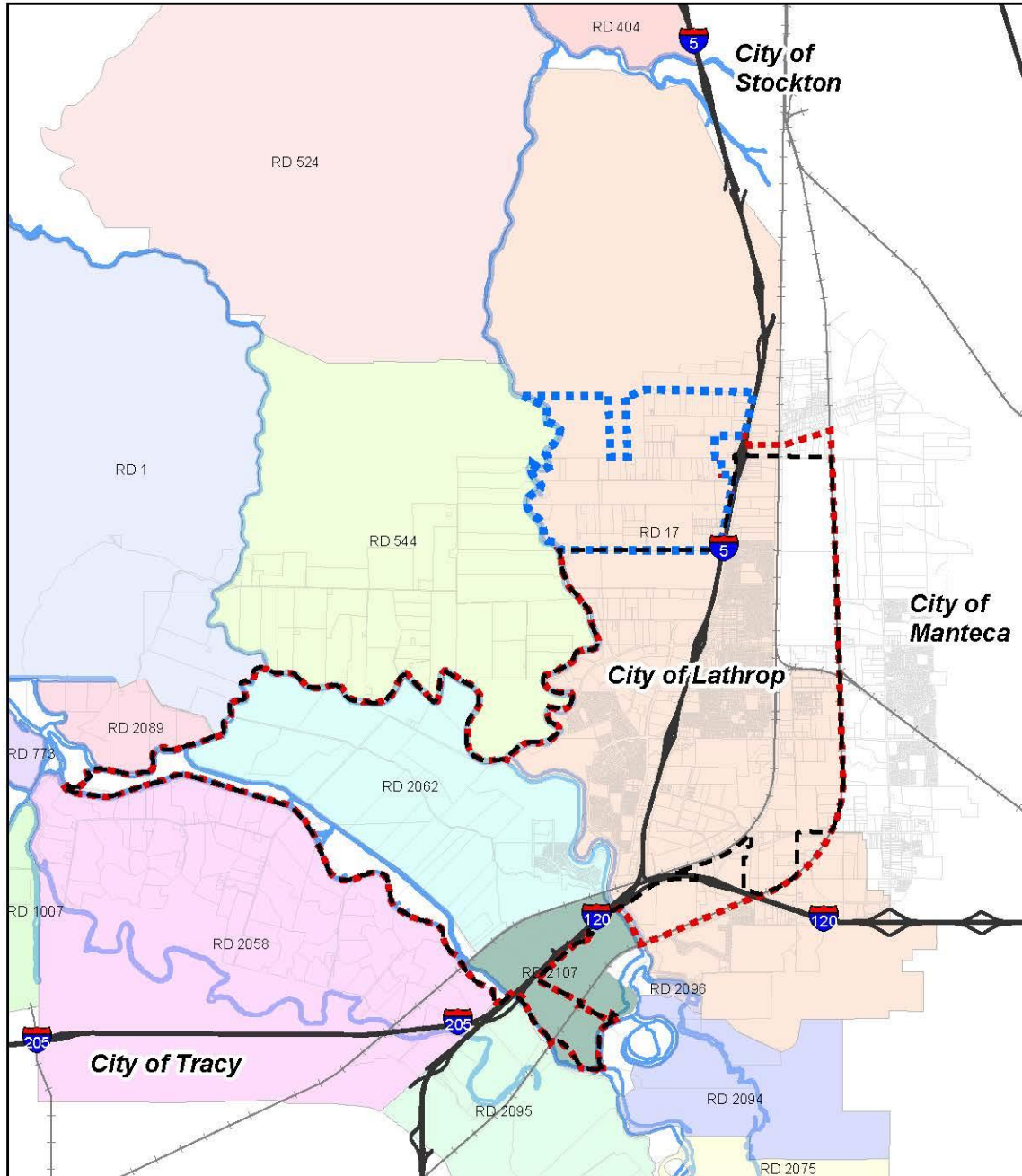
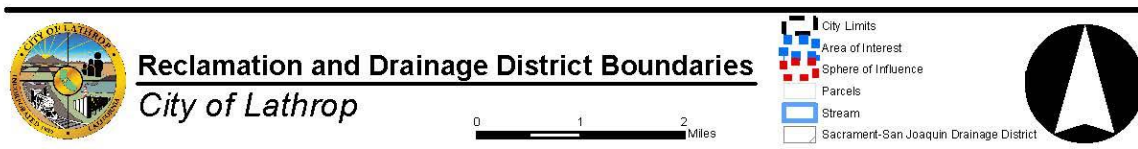
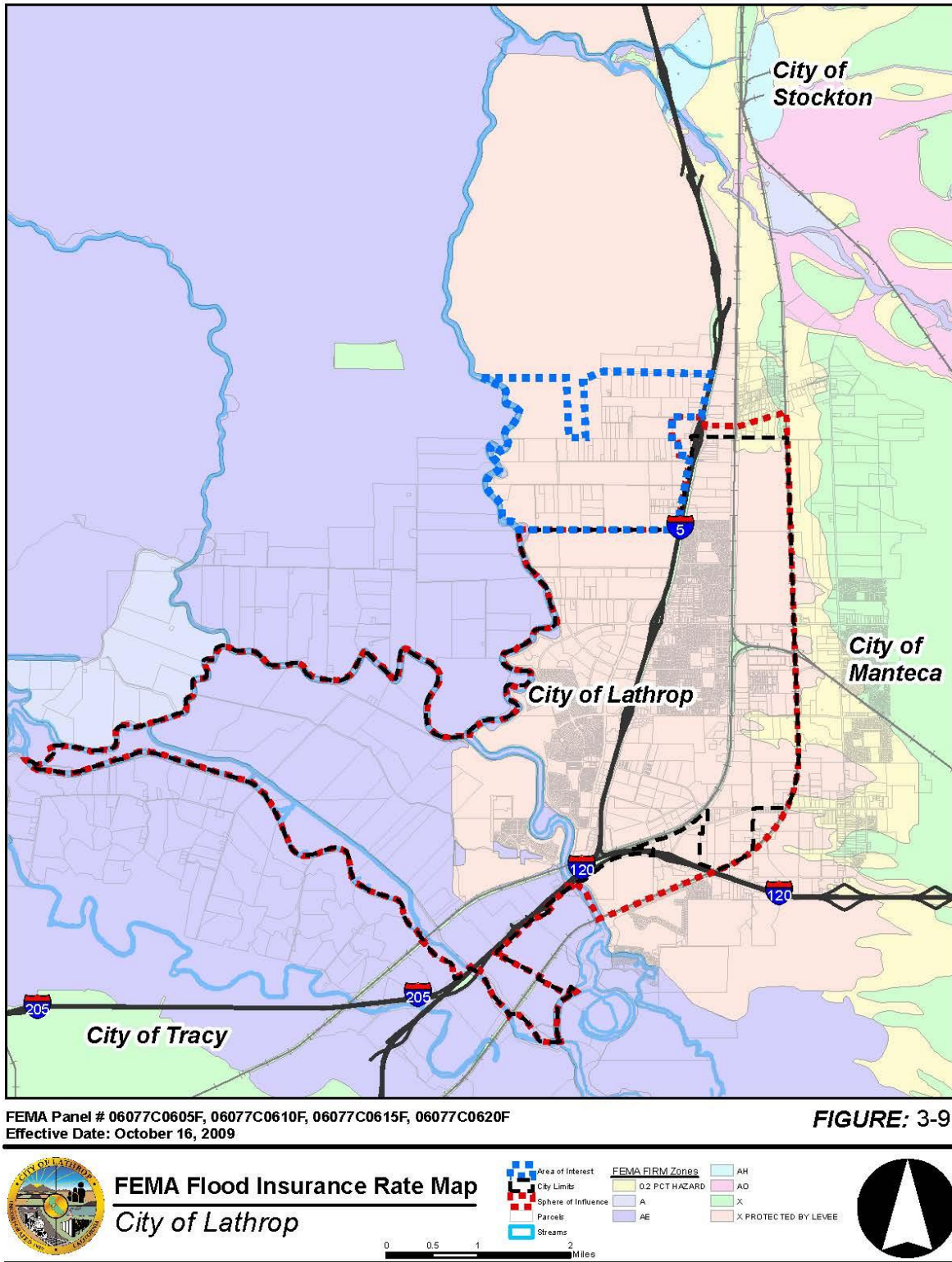


FIGURE: 3-8



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

Figure 3-9 FEMA Flood Insurance Rate Map



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.

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 improved levees for the River Islands Phase 1 area and is preparing the engineering evidence to demonstrate a 200-year certification of these levees by July 2, 2016. Improvements to RD 2062 levees protecting the remainder of the River Islands project will occur at a later date; these future urban areas will also be subject to the requirements of the SB 5 Bills. The process of planning, engineering, documenting and certifying 200-year levees is highly technical and complex. Nonetheless, all of the involved parties are moving forward to demonstrate and certify the levees constructed in River Island Phase 1 satisfy 200-year flood protection.

RD 17: This district includes land east of the San Joaquin River in Lathrop, Manteca, Stockton, and San Joaquin County. The cities, county and RD 17 are jointly planning 200-year levee improvements along the east bank of the San Joaquin River to provide 200-year flood protection by 2025, and to demonstrate “adequate progress” by July 2, 2016. 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 is working with RD 17 to update that JPA to fund the local share of the needed Urban Level of Flood Protection (ULOP) improvements to the RD 17 levees, to adopt fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, and a new Enhanced Infrastructure Financing District. To date, Lathrop and Manteca have funded the

CITY OF LATHROP

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

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 all public agencies within RD 17 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 2025, 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). Phase 1 of River Islands was constructed with levees built to a 200-year flood standard. Phase 1 of includes entitlements for over 4,000 residential lots, a commercial town center, school sites, and an employment center that are protected by 200-year levees, and available for development as the real estate market demands. The City will not be “shut down”; rather, growth will be focused in the western portion of the City known as River Islands.

An important component of a Finding of Adequate Progress is to have a Finance Plan to demonstrate how the improvements will be funded. This is a legal requirement set forth in SB 5. If the City does not have a Finance Plan, then it will not be in a position to make the Adequate Progress Finding. The City is currently working with RD 17, Manteca, Stockton, and San Joaquin County to develop a Finance Plan for the necessary improvements for 200-year flood protection.

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

Figure 3-10 Storm Water Basins

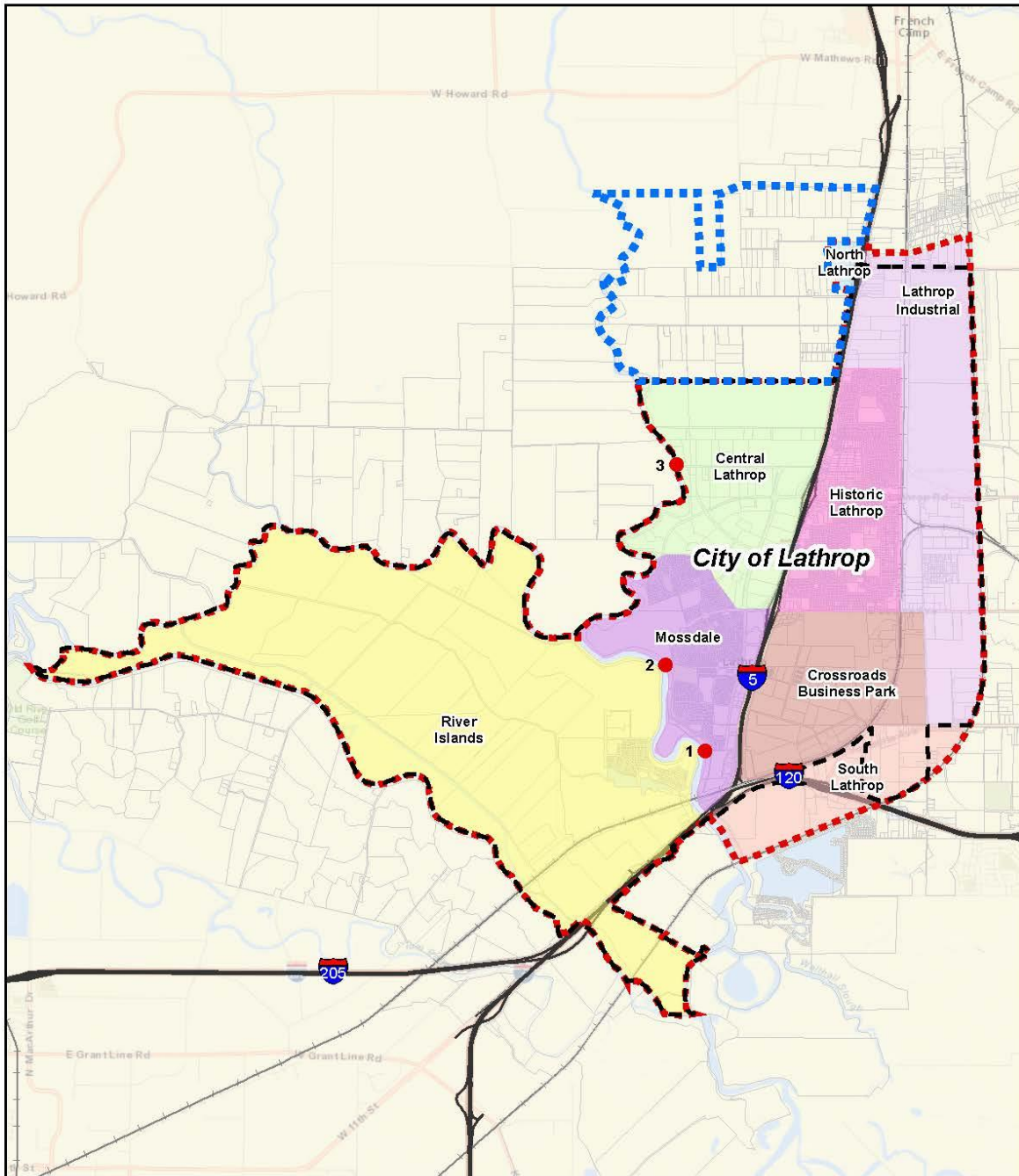


FIGURE: 3-10



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

Figure 3-11 200 Year Flood Plain

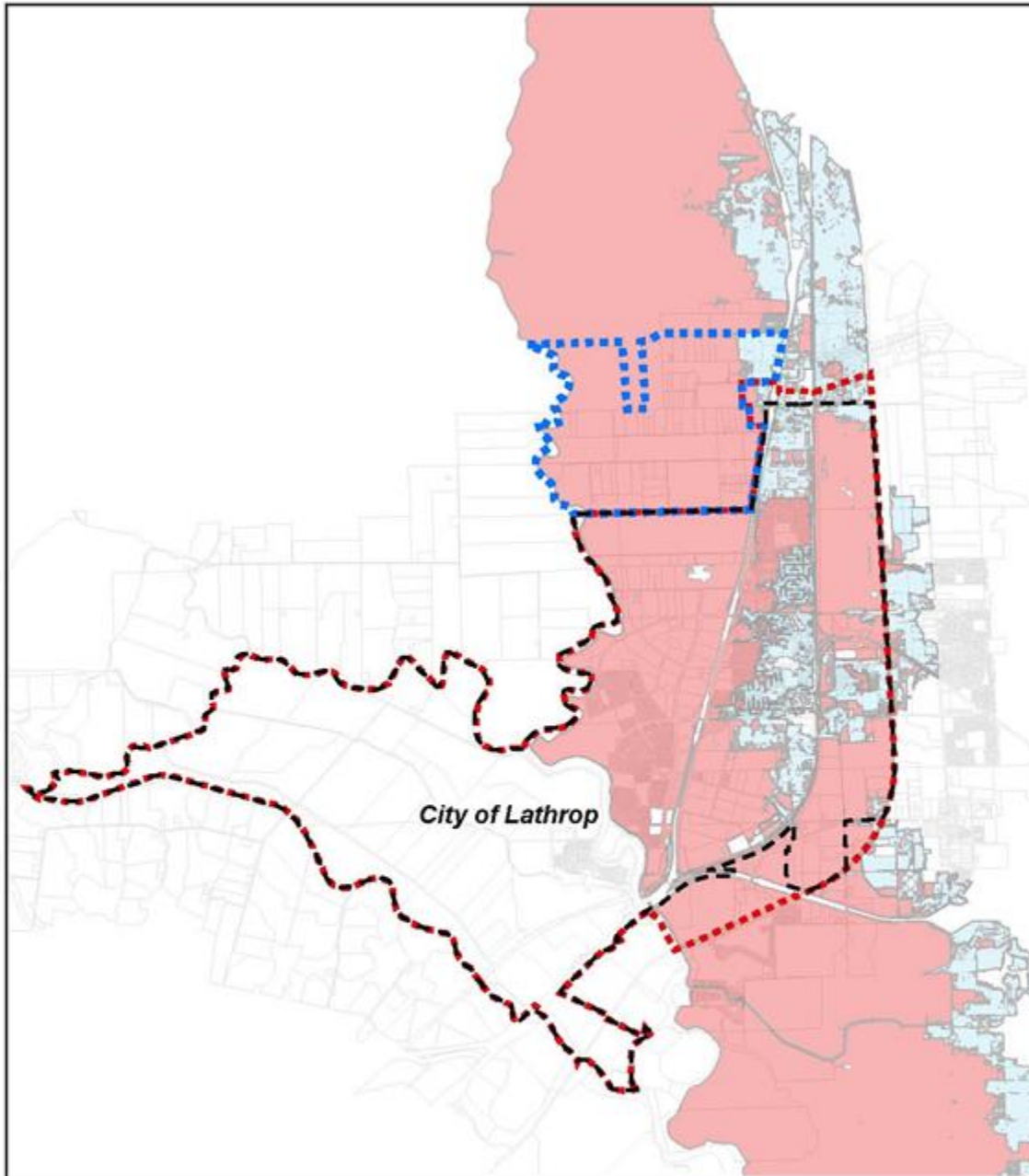


FIGURE: 3-11



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.⁴⁸ 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.⁴⁹

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

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 construction of Fire Station 34. This fire station was 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 four new fire stations. LMFD has started the architectural plans for a future station in the River Islands development. Construction on this latest station is anticipated to begin early 2016. Furthermore, additional personnel and equipment can be added to the existing fire stations to accommodate future needs.

⁴⁸ City of Lathrop, Comprehensive General Plan , November 9, 2004

⁴⁹ City of Lathrop, Adopted Capital Improvement Program: Fiscal Year 2014-2015

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

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.

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 is planned to be built in one of several locations to meet future law enforcement demand throughout the City and SOI. This new police station will replace the older station currently being utilized. It is anticipated that the new location will be west of I-5, likely adjacent to the new government center at 390 Towne Centre Drive.

The Police Department has 26 sworn officers including 1 Captain, 1 Lieutenant, 3 Sergeants, one Detective, 20 Deputy Sheriffs, and 3 civilian staff members. 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 1.31 officers per 1,000 residents. The current City Wide Priority 1 average response time is 4 minutes.

The City of Lathrop will ensure that the 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 2008 Water Supply Study (WSS) and the 2005 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.

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 the continued reliance on arsenic treatment facilities for Well Nos. 6-10, water blending of surface and groundwater to reduce TDS, development of non-potable water sources, and continued implementation of water conservation programs. According to the Water Master Plan, the City would have a net surplus of 8,176 acre feet of water in 2035, 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 Collection Master Plan and Wastewater Treatment and Disposal Master Plan (prepared in 2000 and updated in 2004), the 2006 Lathrop 5-year Plan and the Central Valley Regional Water Quality Control Board (CVRWQCB) Order R5-2015-0006 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 Wastewater Treatment and Disposal Master Plan projects new development would increase the total wastewater discharge to an average dry weather flow of approximately 11.9 Million's Gallons Day (MGD) at build-out. The City has plans for upgrading the existing LCTF to increase the treatment capacity, upgrade the treatment technology, and improve operational flexibility of the plant. With these improvements the LCTF would have a treatment capacity of 6.0 MGD. to accommodate anticipated growth. A total combined treatment capacity is planned by the City at build-out of 11.9 MGD through a combination of expansions at the LCTF and WQCF. The 11.9 MGD of capacity would be able to adequately serve the major planned development within the City and SOI. The City's current WDR from the CV-RWQCB limits the treatment capacity of the City to 6.0 MGD.

Storm Water Drainage

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

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

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

SB5 200-Year Flood Protection

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

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

Lathrop is composed of three separate flood basins, represented by the three reclamation districts that cover the City: Reclamation District 2107 located on Stewart Tract, southeast of the UPRR tracks, Reclamation District 2062 located on Stewart Tract, northwest of the UPRR tracks and also known as the River Islands development project, and Reclamation District 17 located east of the San Joaquin River. Per the recently amended General Plan, RD 2107 is not subject to SB5. RD 2062 is expected to confirm that they already provide ULOP flood protection prior to July 2016. 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 is working with RD 17 to update that JPA to fund the local share of the needed ULOP improvements to the RD 17 levees, to adopt fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, and a new Enhanced Infrastructure Financing District. To date, Lathrop and Manteca have 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 all public agencies within RD 17 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.

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.”⁵⁰ 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 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.

⁵⁰ 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.”

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 is in the process of concluding a comprehensive review of Capital Facility Fees, which is expected to be completed in 2016. 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 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, 1996.⁵¹

The 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.⁵²

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)

⁵¹ 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.

⁵² County of San Joaquin & City of Lathrop Agreement for Property Tax Allocation Upon Annexation A-12-472

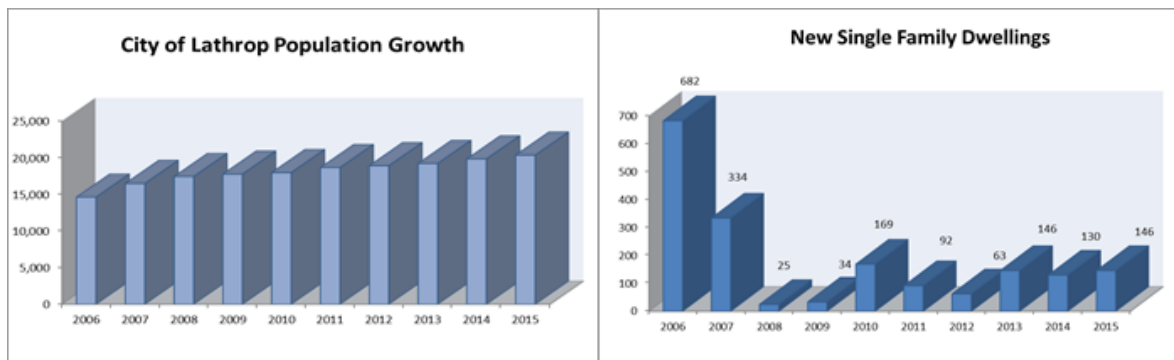
CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

- ◆ 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

3. *Economic Conditions and Outlook*

The June 30, 2015 financial report indicates that the City of Lathrop concluded the year having consistently provided quality services to citizens, while actively managing recent tax revenue challenges through budget reductions to meet its obligation. Lathrop maintains adequate fund balances for emergencies in a majority of its governmental operations funds and proprietary funds. On October 4, 2010 the City Council adopted a formal Fund Balance Reserve Policy. The policy allows Council to approve any fund balance between 10% and 50% of adjusted appropriations as part of the Annual Budget resolution, provided that the level of the Contingency Reserve is not reduced below 10%. At fiscal year-end 2015, the General Fund unreserved available fund balance was 61.6% of total expenditures.

Illustrated in the chart below, the City experienced significant residential growth during fiscal year 2005/06 thru fiscal year 2006/07, followed by declines in recent years. Lathrop, along with many cities in California, experienced an economic slowdown in the latter half of 2008 that subsequently deepened into an economic recession in 2009. The City's population increased 2.6% over the prior year, the unemployment rate in the region increased from 10.5% in 2014, to 10.7% for 2015. The City is anticipating an increase in residential building over the next fiscal year.



The Lathrop economy, therefore, is influenced by that of a more diverse Bay area economy where many Lathrop residents are employed. Property tax revenue to the City has increased by about 12% in the past four years. As a result, the City has implemented long term budget and financial planning measures to ensure a sound financial position is kept during the next several years.

4. *Long Term Financial Planning*

Management encourages its departments to project their resource needs for a period longer than the traditional annual budget. In May 2009, the City Council adopted a 5-Year Survival Plan that stabilizes the City's finances by cutting departmental costs and utilizing the General Fund reserve over a period of 5 years. With only modest growth projected for revenues, in May 2010, the City changed the 5-Year Survival Plan to a 5-Year Stabilization Plan and in 2013 the City created a 10-year Financial Plan which begins to address the structural deficit and minimizes the use of reserves. On November 6, 2012, the Citizens of Lathrop approved Measure C by 77%. Measure C is a general purpose 1% additional sales tax Measure (with no sunset) 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.

5. *Major Projections for 2015-2016 and the for the Future*

- A. In its broadest sense, the vision of the City is to provide a high quality of life for all whom live, work, shop, and play within the City of Lathrop. To carry out this vision, there are major projects that are planned or are in the process of being completed.

FINANCIAL SUMMARY

FINANCIAL HIGHLIGHTS

- The assets of the City of Lathrop exceeded its liabilities at June 30, 2015 by \$309 million (net assets). Of this amount, \$59.6 million (unrestricted net assets) may be used to meet the City's ongoing obligations to residents and creditors.
- During the fiscal year, the City's governmental activities revenues exceeded expenses by \$4.0 million.
- The total revenue from all sources decreased \$14.5 million from the prior year due to the one-time revenue received in prior year for the Water Bonds Refunding.
- The General Fund reported excess expenditures over revenues (including transfers) of \$4.7 million, thereby decreasing the fund balance.
- Sales and use tax collections decreased by \$0.7 million, a 10.9 percent decrease from the prior year.
- At June 30, 2015, the City's governmental funds reported combined ending fund balances of \$48.2 million, an increase of \$7.8 million in comparison with June 30, 2014. Of this \$48.2 million total amount, \$11.1 million or 23 percent is unassigned fund balance.
- At June 30, 2015, the unassigned fund balance for the General Fund was \$11.1 million, compared to last year's unassigned actual fund balance of \$16.6 million

REVENUE

Revenues 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 2014/15, property tax revenue increased by \$327 thousand.

EXPENSES

Expenses for the City totaled \$36.5 million and \$41.8 million for the years ended June 30, 2015 and 2014 respectively. Governmental activities incurred \$27 million of expenses while business-type activities incurred \$9.5 million in fiscal year 2015. Decreases in expenses are associated with the one time funding of \$3 million towards the City's Other Post-Employment Benefits (OPEB) obligation in Fiscal Year 2014.

6. 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.

7. *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 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.⁵³ 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.⁵⁴ 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 23 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

⁵³ California Tax Data, www.mello-roos.com/pdf/mrpdf.pdf, accessed September 22, 2008

⁵⁴ City of Lathrop Storm Water Management Plan, NPDES Phase II, 2015

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

- ◆ 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 2006-1 (Infrastructure)
- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Operations & Maintenance)
- ◆ Central Lathrop Specific Plan Community Facilities District 2006-2 (Police and Fire Services)
- ◆ Historic Lathrop Community Facilities District 2005-1
- ◆ River Island Specific Plan Community Facilities District 2013-1

Unfortunately, due to the economic downturn starting in 2007, the largest developer of the Central Lathrop Specific Plan area stopped making tax payments. The Central Lathrop Specific Plan area is mostly undeveloped; however it does include two public use facilities; City of Lathrop Generations Center and Lathrop High School. The result of the property tax payment suspension has caused a default to the \$50 Million in bonds associated with Community Facilities District 06-1. The Bonds are limited obligation bonds of the City on behalf of CFD 2006-1, secured by and payable solely from the proceeds of the special taxes levied on the property within the boundaries of the CFD 06-1. The City has the power and is obligated pursuant to the covenants contained in the Bond Indenture for CFD 2006-1 to cause the levy and collection of the special taxes annually in an amount determined according to the Rate and Method of Apportionment. In addition, the City is required to commence and prosecute foreclosure actions upon delinquent property owners within CFD 2006-1. The City has entered into numerous stipulations for judgement of foreclosure with landowners; however, due to the value of the property and the foreclosure rules set forth in the Bond Indenture, the sale of the property at a foreclosure sale has failed because the bond debt far exceeds to the value of the property.

The bond repayment obligation associated with CFD 06-1 is not the obligation of the City of Lathrop as has been disclosed to the City Council on a number of occasions including a City Manager's Report of August 23, 2010. This obligation is that of the property owners of record, whom in this case own a majority stock in the Lathrop CFD 06-1 bonds.

8. *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 54-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.

9. Financial Statements

Comprehensive Annual Financial Report

The City prepares a Comprehensive Annual Financial Report (CAFR) each year with their financial statements. The CAFR 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.

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

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

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 77 individual governmental funds in 2015. 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 73 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. These two major funds' financial statements are shown individually in the front of this report.

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 53 fiduciary funds.

10. 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 \$309 million at the close of Fiscal Year 2014/15.

By far the largest portion of this year's net assets reflects the City's investment in capital assets of \$238 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 2014/15 Comprehensive Annual Financial Report.

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 \$10.7 million or 3.5 percent of total net position. The remaining balance of \$59.6 million (19.3 percent of total net position) is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

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

The table below shows the government-wide assets, liabilities and net assets for both fiscal years ended June 30, 2014 and 2015.

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		
	2014	2015	2014	2015	2014	2015	
Assets:							
Capital assets	\$ 37,280	\$ 43,329	\$ 31,602	\$ 32,844	\$ 68,882	\$ 76,173	10.58%
Other assets	155,818	163,846	116,220	116,383	272,038	280,229	3.01%
Total Assets	193,098	207,175	147,822	149,227	340,920	356,402	4.54%
Deferred Outflows							
Deferred Outflows Related to Pension	0	308	0	39	0	347	-
Liabilities:							
Current liabilities	2,678	6,281	2,681	3,598	5,359	9,879	84.34%
Long-term liabilities	13,481	11,225	28,626	26,270	42,107	37,495	-10.95%
Total Liabilities	16,159	17,506	31,307	29,868	47,466	47,374	-0.19%
Deferred Inflows							
Deferred Inflows Related to Pension	0	958	0	108	0	1,066	-
Net Position:							
Invested in Capital Assets,							
Net of Related Debt	140,357	145,672	88,126	92,350	228,483	238,022	4.17%
Restricted	4,866	7,734	2,697	2,996	7,563	10,730	41.87%
Unrestricted	31,716	35,613	25,692	23,945	57,408	59,558	3.75%
Total Net Position	\$ 176,939	\$ 189,019	\$ 116,515	\$ 119,291	\$ 293,454	\$308,310	5.06%

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 increased by 5.1 percent during the 2014-2015 budget years, from \$293.4 million at June 30, 2014 to \$308.3 million at June 30, 2015.

Although the net position of the City's business-type activities is \$119.3 million, the City generally can only use these net assets to finance the continuing operations of the business-type activities.

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

Changes in net assets

The City's total program expenses of \$36.5 million are less than the revenues of \$55.6 million for an increase in net assets as of June 30, 2015 of \$19.1 million. The table on the next page shows the summarized revenues and expenses for both fiscal years 2013/14 and 2014/15.

The City's fiscal year 2014/15 change in net position was 32.6 percent lower than fiscal year 2013/14, due to a decrease of 20.7 percent in total revenues and a decrease of 12.6 percent in total expenditures in fiscal year 2014/15. The expenditure decrease is largely found in the Long Term Debt activity, which is a result of refunding of the 2003 Water Bonds.

Governmental program activities and general revenues of \$42.9 million and transfers out of \$84 thousand, supported expenses of \$27 million, for a total net increase in net position in tax-supported activities of \$15.9 million. The reason for the increase in the governmental net assets is due to an increase in capital grants and contributions and property taxes.

Business-type activities revenues of \$12.7 million supported expenses of \$9.5 million and transfers in of \$84 thousand, for a total change in net position in utility enterprise activities of \$3.2 million. The reason for the increase in the business-type net position is due to the continued growth of the City's customer base and the refunding of the Water Bonds. The increase to net position of \$3.2 million is available for future water and sewer improvement needs as required by projected City population increases and development 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 result in revenues in excess of expenditures of \$16.3 million. General government services and public safety delivery costs exceeded program revenues by \$7 million and \$6.4 million, respectively.

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 2014/15, property tax revenues increased by \$327 thousand.

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 \$27 million. The net cost of all services indicates that the overall cost of government is less than revenue generated to support it. This is a good indication that the City is managing its costs responsibly.

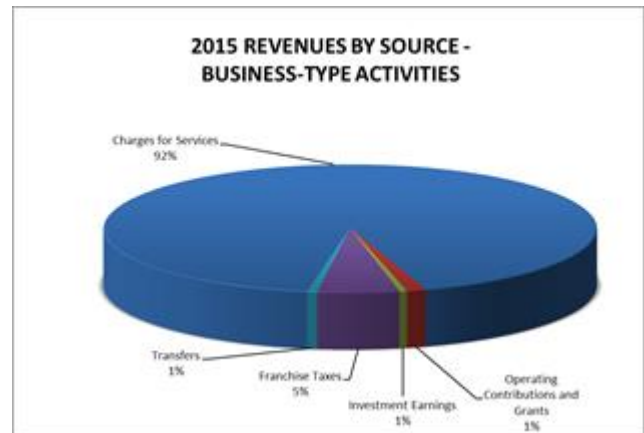
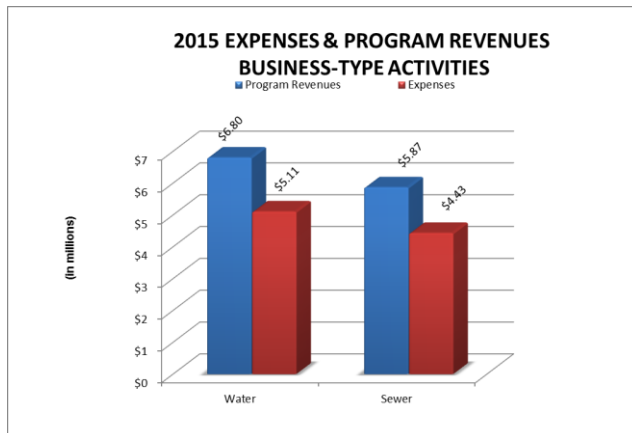
CITY OF LATHROP
MUNICIPAL SERVICES REVIEW AND SPHERE OF INFLUENCE AMENDMENT
ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS

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		
	2014	2015	Percent Change	2014	2015	Percent Change
General government	\$ 4,680	\$ 7,449	59.17%	\$ (4,277)	\$ (6,958)	62.68%
Community development	1,574	603	-61.69%	616	1,949	216.40%
Public safety	5,940	6,962	17.21%	(5,028)	(6,435)	27.98%
Public works	13,889	10,864	-21.78%	14,171	16,335	15.27%
Culture and leisure	1,112	780	-29.86%	(866)	(555)	-35.91%
Other	925	340	-63.24%	(925)	(340)	-63.24%
Total	\$ 28,120	\$ 26,998	-3.99%	\$ 3,691	\$ 3,996	8.26%

Business-type Activities

Business-type activities increased the City's net position by \$3.2 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.



11. 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

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

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, 2015, the City of Lathrop's governmental funds (general, special revenue, and capital project funds) reported combined ending fund balances of \$48.2 million, an increase of \$7.8 million in comparison with the prior fiscal year. Approximately 23 percent of this total amount (\$11.1 million) constitutes unassigned fund balance, which is available for spending, at the City's governing body's discretion. Of the remainder fund balance, \$6.9 million is non-spendable, \$6.8 million is restricted, \$22.5 million is committed and \$0.9 million is assigned and are not available for new spending.

The General Fund is the chief operating fund of the City of Lathrop. At the end of the 2015 fiscal year, fund balance of the general fund was \$18 million, of which \$11.1 million is unassigned fund balance. The decrease in fund balance of the General Fund for Fiscal Year 2014/15 was \$4.7 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Total unassigned fund balance represents 61.6 percent of total General Fund expenditures of \$18 million in 2015. This means the City's general governmental operations could continue for about 7 months without any additional revenue generation.

In Fiscal Year 2014/15, taxes are the General Fund's largest source of revenue at 58 percent, or \$7.3 million, of total revenues of \$12.6 million. Property taxes represent 31.6 percent, or \$3.3 million, of this total taxes amount in the General Fund.

The Landscape Maintenance fund ended the current year with a total fund balance of \$0.9 million, of which a large portion is committed and not available for new spending on landscape maintenance. Overall, fund balance remained stable in the fund as a result of cost saving measures implemented to assist in keeping rates down for property owners and maintaining a sufficient reserve within the fund.

The Developer Projects fund had an ending fund balance of \$1.1 million at June 30, 2015. 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 \$12.3 million as of June 30, 2015. 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 Measure K fund had an ending balance of \$1.5 million as of June 30, 2015. Fund Balance increased \$0.9 million during the fiscal year. Measure K funds account for revenues generated from a 2-cent sales tax for local street repairs. These funds are restricted for maintenance and construction on street related projects.

The Streets and Roads Capital Projects fund ended fiscal year 2014/15 with a fund balance of \$1.7 million. Fund balance increased \$0.3 million in this fund due to ongoing projects: (Louise Ave/I-5 Improvements, Lathrop Rd/I-5 Improvements & River Islands Parkway/Bradshaw

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

Bridge). The committed fund balance of \$1.7 million may only be used to fund specific future Streets and Roads Capital projects.

The Capital Projects fund had an ending fund balance of \$1.1 million as of June 30, 2015. Fund Balance increased \$1.4 million during the fiscal year primarily due to ongoing capital projects (i.e.: Generations Center). The committed fund balance can only be used for specific projects identified in this fund.

Proprietary funds

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

Water Fund

In Fiscal Year 2014/15, the water utility enterprise fund increased its net position from \$52.2 million to \$53.2 million. Unrestricted net assets at the end of the fiscal year amounted to \$13.7 million, and are available for future capital water system improvements. \$36.5 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 \$3 million is restricted to satisfy debt service obligations and covenants.

Sewer Fund

In Fiscal Year 2014/15, the sewer utility fund increased its net assets from \$63.5 million to \$66.1 million. Unrestricted net assets at the end of the fiscal year amounted to \$10.2 million and, are available for future capital sewer system improvements. Over \$55.9 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 of Lathrop'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 .

12. 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 of Lathrop's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis.

The City's financial statements include the collection of Measure C funds. Measure C was created to qualify for Lathrop Communities desire for a higher quality of life for enhanced police, fire, and parks for their community. Measure C was passed by over two-thirds voter approval in Lathrop. 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 55-65 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.

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. The update of the Capital Facilities Fee (impact fee) study is expected to be completed in 2016.

The City has 2 types of debt. Long-Term Debt and Special Assessment Debt (without City Commitment).

1. Long Term Debt – The City has 4 Long-Term debt issuance.
 - a. City Hall Lease – This debt is secured by Capital Facility Fees collected when building permits are issued and the General Fund. If SB 5 constrains building permits and the City has not collected enough fees, the General Fund will be responsible for making the debt service payment.
 - b. 2003 Water Revenue Bonds – This debt financed the acquisition and construction of the South County Surface Water Supply Project (SSJID). The balance of the debt as of 6/30/15 is \$12.6 million. \$6.1 million of the debt is the responsibility of current rate payers and has no impact on future development. The remaining \$6.5 million is the responsibility of the developers of the Central Lathrop Specific Plan area. Currently, the City's General Fund is making the debt service payments while negotiating a development agreement with the developer of the CLSP area. The City also has the ability to sell the SSJID water if a new development agreement is not

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

- negotiated. The City has recently adopted a 5 year water rate plan that increases water rates thru FY 2019/20. The debt service payment for the current rate payers is included in the rate study.
- c. State Revolving Fund Loan – This debt is the responsibility of current water rate payers and is included in the 5 year rate study.
 - d. Compass Bank Loan - This debt is the responsibility of current water rate payers and is included in the 5 year rate study.
2. Special Assessment Debt– Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the re-payment of this 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 through a standing contract with the San Joaquin County Sheriff's Department. The Lathrop Police officers are Deputy Sheriffs assigned to the City, and have unique training to include traffic enforcement specific to the City. The City's Police Department is located at 15597 Seventh Street, and is staffed by 26 sworn officers. If needed, additional assistance can be summoned under a mutual agreement with surrounding cities and San Joaquin County. The City, in conjunction with San Joaquin County will continually

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

review the level of service provided by the County in order to meet response time goals as new development is implemented.

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.

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 2062.⁵⁵ 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

⁵⁵ San Joaquin County, Geographic Information System, Reclamation Districts Map, December 17, 2007

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

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.⁵⁶

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 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 2016. 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 is working with RD 17 to update that JPA to fund the local share of the needed ULOP improvements to the RD 17 levees, to adopt fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, and a new Enhanced Infrastructure Financing District. To date, Lathrop and Manteca have 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 all public agencies within RD 17 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.

⁵⁶ FEMA, FIRM, City of Lathrop, CA Panel 590 of 925: Map Number 063780595A, Effective Date December 16, 2005

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 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.

SB5 Impact on Lathrop

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 is working with RD 17 to update that JPA to fund the local share of the needed Urban Level of Protection (ULOP) improvements to the RD 17 levees, to adopt fee programs and/or exactions paid and advanced from property owners in areas of entitled and planned development within RD17, and a new Enhanced Infrastructure Financing District. To date, Lathrop and Manteca have 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 all public agencies within RD 17 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.

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.

a. 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 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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CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
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CITY OF LATHROP
MUNICIPAL SERVICE REVIEW AND SPHERE OF INFLUENCE PLAN
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