



FINAL
TRACY MUNICIPAL SERVICES REVIEW

JULY 2019

Prepared for:

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

Prepared by:

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El Dorado Hills, CA 95762

On behalf of:

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

D e N o v o P l a n n i n g G r o u p

A Land Use Planning, Design, and Environmental Firm



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EXECUTIVE SUMMARY

This Municipal Services Review (MSR) is being prepared for the San Joaquin Local Agency Formation Commission (LAFCo) by the City of Tracy (City) in compliance with the 2000 Cortese-Knox-Hertzberg Act, which requires that a MSR be prepared prior to or concurrent with an update of a Sphere of Influence (SOI). The MSR evaluates existing and future service conditions and reviews the advantages and disadvantages of various government service structure options in the form of written determinations. A MSR is a tool upon which LAFCo can base its action on a SOI. This MSR will be used by the San Joaquin LAFCo when reviewing annexations and amendments to the City of Tracy's SOI. The City last updated its SOI and MSR in 2012. The City is completing this MSR to inform LAFCo as it considers various annexation applications submitted by the City.

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

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

- Growth and Population Projections for the Affected Area
- The Location and Characteristics of any Disadvantaged Unincorporated Communities within or Contiguous to the Sphere of Influence
- Present and Planned Capacity of Public Facilities and Adequacy of Public Services, Including Infrastructure Needs or Deficiencies including Needs or Deficiencies related to Sewers, Municipal and Industrial Water, and Structure Fire Protection in any Disadvantaged, Unincorporated Communities (DUCs) within or contiguous to the Sphere of Influence
- Financial Ability of Agencies to Provide Services
- Status of, and Opportunities for, Shared Facilities
- Accountability for Community Service Needs, Including Governmental Structure and Operational Efficiencies

CONTENTS

This MSR includes the following chapters:

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

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

Chapter 2, Sphere of Influence Plan. Chapter 2 provides a detailed description of the capacity of the City and SOI to accommodate growth and addresses present and planned land uses in the area, including agricultural open space lands, the present and probable need for public facilities and services in the area, the present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide, the existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency, and the present and probable need for those public facilities and services within any disadvantaged unincorporated communities (DUCs) within the SOI. The SOI Plan does not propose any changes to the City's SOI, but does include modifications to the 10- and 30-Year Horizons.

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

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

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

Chapter 6, Status of and Opportunities for Shared Facilities. Chapter 6 addresses the City's existing arrangements for shared facilities and resources as well as opportunities for reducing overall costs and improve services by sharing facilities and resources.

Chapter 7, Accountability for Community Service Needs. Chapter 7 addresses the benefits and constraints of the City of Tracy's government structure and operations in regards to the provision of public services.

DETERMINATIONS

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

DETERMINATION 1: GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

1-A. Present and Planned Land Uses

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

Planned land uses in the City are summarized in **Table 1-1** and shown in **Figure 1-3** and include a residential development ranging from very low to high densities, commercial, office, industrial uses, and public uses, as well as agricultural and open space uses.

Agricultural lands continue to make up a portion of the area within the SOI and Planning Area outside of the City limits, including within the 10 and 30-year Horizons. The majority of the parcels within the SOI that are located outside of the current City limits are designated for urban development (see **Figure 1-3**). The inclusion of these agricultural lands within the City's SOI is consistent with Government Code Section 56426.6, as described in Chapter 2.

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

1-B. Social and Economic Communities of Interest

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

region as many local communities export workers to the Bay Area, as evidenced by approximately 50% of San Joaquin County residents (121,253 jobs) working outside of the County. Maintaining the City's SOI would continue to provide these benefits to the City and region.

Historically, the area surrounding Tracy has been largely agricultural. Much of the area surrounding the City limits and SOI includes Williamson Act lands. In addition, the existing SOI includes 23 parcels within the SOI that are under Williamson Act protection (see **Figure 1-2**). As previously described, the continued inclusion of the six Prime Agricultural parcels in the 30-Year Horizon as well as the ten Non-Prime parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the remaining Non-Prime parcels, there are nine located in the Open Space area in the southwest portion of the SOI that would remain permanent open space, there is one located within the 10-Year Horizon in the northwest portion of the SOI, one located within the 10-Year Horizon in the southern area of the SOI, and three located in the 30-Year Horizon; with the exception of the Open Space lands, these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Further, the General Plan includes policies that will be implemented as development occurs on or adjacent to agricultural lands that address and reduce impacts between urban development and agricultural land uses.

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

The City of Tracy General Plan provides a framework for future growth and development within the City and the SOI. As described in Chapters 2 and 3, the City of Tracy has created a thorough policy structure to manage the SOI, including maps that identify two key geographies: Primary Residential Growth Areas and Secondary Residential Growth Areas. The City of Tracy initially adopted a residential Growth Management Ordinance (GMO) in 1987. The current GMO is provided under City Resolution 2012-1201 and was most recently revised by the City Council on October 20, 2015. Furthermore, the City's Residential Growth Management Program (RGMP) established in Chapter 10.12 of the Municipal Code, set annual limits on the Residential Growth Allotment (RGA), which is the allotment made by the City that must be obtained by a developer before each residential building permit is issued by the City, unless the subdivider obtains an exemption. The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year, although there are exceptions for affordable housing, small custom residential projects, to meet state RHNA goals, and projects utilizing Active Adult Residential Allotments.

The City's population was estimated at 92,553 in 2018. The latest SJCOG population projections for Tracy are 127,933 people by 2040 and 147,782 people by 2050. Under the City's GMO, taking exemptions into account, a population of approximately 141,341 could be accommodated by 2040 and approximately 162,335 persons could be accommodated by 2050 (see **Table 2-2**).

The SOI, including the 10-Year and 30-Year Horizons, provides for maximum growth of up to approximately 25,956 people and 25,696 jobs (as an upper bound) (see **Table 2-3**) if all vacant and

underutilized parcels were developed; however, it is not expected that actual population and employment growth will reach this amount based on the historical trends, population projections, and an unrealistic expectation of full development of all vacant and underutilized parcels. Additionally, since the City has created limits on the number of new housing units (to approximately 600 units per year for market rating housing), this would limit the actual level of population growth within the 10-Year and 30-Year Horizons. There are many factors that will ultimately influence the actual population (including job availability, housing availability/affordability, etc.). Were the City and SOI to develop at full capacity, the City would have a population of 143,343 persons and 68,628 jobs at buildout.

The 10 and 30-Year Horizons within the existing SOI will adequately provide for the projected population and jobs growth through 2049. This level of population, housing, and jobs growth is consistent with the City's General Plan. The City's ability to provide adequate service to new developments will be ensured prior to approval of new developments, in accordance with existing City policies and fee programs, as described in Chapters 4 and 5.

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

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

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

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

Existing public facilities and services are adequate for serving the needs of Tracy's population, as described in Chapter 4. In early 2018, the Tracy Rural Fire District and the City of Tracy entered into a joint power agreement to form a new joint powers authority known as the South San Joaquin County Fire Authority (SSJCFA) to provide first response fire protection services to the entire jurisdictional area of the SSJCFA. SSJCFA maintains fire stations located throughout its jurisdictional area; the City and the Tracy Rural Fire District are each responsible for capital improvements to their fire stations and replacement, when needed, of their equipment. Both Tracy's fire and police services maintain adequate staff and facilities. The City's water supply, wastewater, and storm drainage services meet the needs of current population, and are being updated and expanded to meet the needs of future populations as new development occurs.¹ As discussed in Chapter 4, the

¹ Master Plans are available for buildout of the City's water, wastewater, and storm drainage systems.

City regularly studies the need for facilities and services and works to address the existing and planned service needs of the City. The determinations included in Chapter 4 of this MSR show that public facilities and services are adequate to meet the needs of the current population. In addition, public facilities and services are being improved over time, and specific timeframes and policies have been established to meet the projected demand from the City's future growth.

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

The ability of the City of Tracy to provide public facilities and services has been explored in the MSR and the City has been found to provide adequate facilities and services to meet the needs of the existing population. Public services provided by the City include police, water, wastewater, and stormwater drainage. The City also provides public facilities including transportation (i.e. TRACER bus) and recreational facilities. The City and the Tracy Rural Fire District provide fire service via the SSJCFA, effective July 2018. Services provided by other agencies include schools (e.g. the Tracy Joint Unified School District and Jefferson School District). New development within the SOI will lead to population growth and the need for additional service provision. The expanded tax base and fees that result from new development, as well as establishment of Community Facilities Districts where appropriate, will provide funding for these services. Development and connection fees will address the capital costs and user charges will address the infrastructure and operating expenses of new development. General Plan policies are in place to ensure adequate service provision for current and future populations, and require the City to address any gaps in funding that present themselves in the future.

3-B-1. FIRE PROTECTION DETERMINATIONS

As described in Chapter 4, the City has an appropriate process in place to plan and fund fire protection services, including regular review of its service levels and funding sources and annual budgeting of resources, that will ensure adequate fire protection staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City fire services to areas within the SOI, including consideration of whether such services are anticipated to be provided directly by the City or by a JPA

3-B-2. LAW ENFORCEMENT DETERMINATIONS

As described in Chapter 4, the City has an appropriate process in place to plan and fund police services, including regular review of its service levels and funding sources, that will ensure adequate police staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI.

3-B-C. WATER SUPPLY AND TREATMENT DETERMINATIONS

As described in Chapter 4, the City has planned for adequate capacity in its water supply, water distribution, and water treatment infrastructure to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding

tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for water service.

3-B-4. WASTEWATER COLLECTION AND TREATMENT DETERMINATIONS

As described in Chapter 4, the City has planned for adequate capacity in its wastewater treatment services and wastewater conveyance infrastructure to accommodate new development in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for wastewater services.

3-B-5. STORMWATER DRAINAGE DETERMINATIONS

As described in Chapter 4, the City has planned for adequate capacity in its storm drainage facilities to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to provide storm water control. The City also ensures that new development is protected from 100- and 200-year flood hazards through requiring new development to comply with applicable local, state, and federal regulations, as described above.

As described in Chapter 4, the City has addressed potential hazards associated with flooding, including the 100- and 200-year floodplains, in the General Plan, General Plan EIR, and Municipal Code. The City's General Plan includes requirements that are applied to new development to ensure that developing areas are protected from 100- and 200-year flood hazards through requiring new development to comply with applicable local, state, and federal regulations, as described above. Implementation of the City's existing requirements will ensure that flood hazards are addressed prior to development of any areas within the SOI.

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

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

DETERMINATION 5: FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

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

finances are in accordance with the legal requirements for such. An outside audit is performed each year to ensure that the legal requirements are met.

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

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

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

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

The City has budgeted for current and future expenses, debts, and revenues. The City's financial statements show that they are fiscally sound. The City will continue to manage and report their financial condition on an annual basis, which will include adjustments to address any projected cost increases or deficiencies as necessary.

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

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

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

wastewater and sewer systems, as well as fire protection and law enforcement services. It is through these processes that the City will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

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

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

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

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

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

The City's current management process is adequate and meets the needs of the City. The City has demonstrated the ability to work with other service providers and districts to ensure that adequate services are provided in a cost-effective and well-planned manner. Efforts to ensure effective government structure for the provision of fire and police protection, transportation, water supply, wastewater treatment, and storm drainage facilities which include the completion of comprehensive planning documents demonstrate the City's foresight to plan for future service needs as City boundaries expand due to annexations and its population increases. Assuming the City continues to evaluate existing government structure and seek opportunities for improvement,

no significant barriers are expected in regards to government structure during the 10 and 30-Year Horizons.

1. INTRODUCTION

A. SPHERE OF INFLUENCE

The Sphere of Influence (SOI) is a planning tool and the establishment of a SOI or the inclusion of property within a SOI of an existing governmental entity does not automatically mean that the area is being proposed for annexation and development at this time. LAFCo is responsible for determining that an agency is reasonably capable of providing needed resources and basic infrastructure to serve areas within the current City limits and in the SOI.

The City of Tracy is not proposing to increase or modify the SOI. The 10- and 30-Year growth boundaries are located within the boundary of the City's current SOI.

The City of Tracy adopted its General Plan in February 2011. The General Plan designates land to provide for future growth of residential and non-residential land uses through 2025. Since the General Plan was adopted in 2011, the Housing Element was amended with the current Housing Element that was adopted in March 2016 and the Safety Element was amended to address updated flooding requirements in June 2016. The General Plan Land Use Map has also been amended from time to time, with recent amendments that include revisions to the land use designations at: 2461 and 2441 Holly Drive from Residential High to Commercial, the Home2 Suites Hotel site (northwest corner of Grant Line Road and Corral Hollow Road) from Office to Commercial, the Harvest in Tracy site (southeast corner of West Grant Line Road and Interstate 205) from Commercial to Residential High, and the Tracy Village site at Valpico Road and Corral Hollow Road from Urban Reserve 9 to Active Adult Residential.

The General Plan addresses growth in the City, SOI, and the Planning Area. The General Plan describes the overall Planning Area as consisting of approximately 114 square miles. The SOI, which is within the Planning Area, currently consists of a total of 41.89 square miles. The City limits, which is within both the Planning Area and SOI, contains 25.96 square miles. The area within the SOI located outside of the City limits is 15.93 square miles (41.89 – 25.96 square miles). The General Plan describes the Planning Area and SOI as follows:

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

Sphere of Influence: The SOI is the area outside of the City limits that the City expects to annex and urbanize in the future. It is the expected physical limit of the City based on the most current information. During the General Plan update process and in response to Local Agency Formation Commission (LAFCo) policies established in 2007, revisions to the SOI were made to more accurately

reflect locations where the City may grow in the future and locations where no urban growth is expected.

The 10-Year Horizon spans from 2019 to 2029 and the 30-Year Horizon addresses 2029 to 2049. The SOI 10-Year and 30-Year Horizons are located within the City's SOI.

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

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

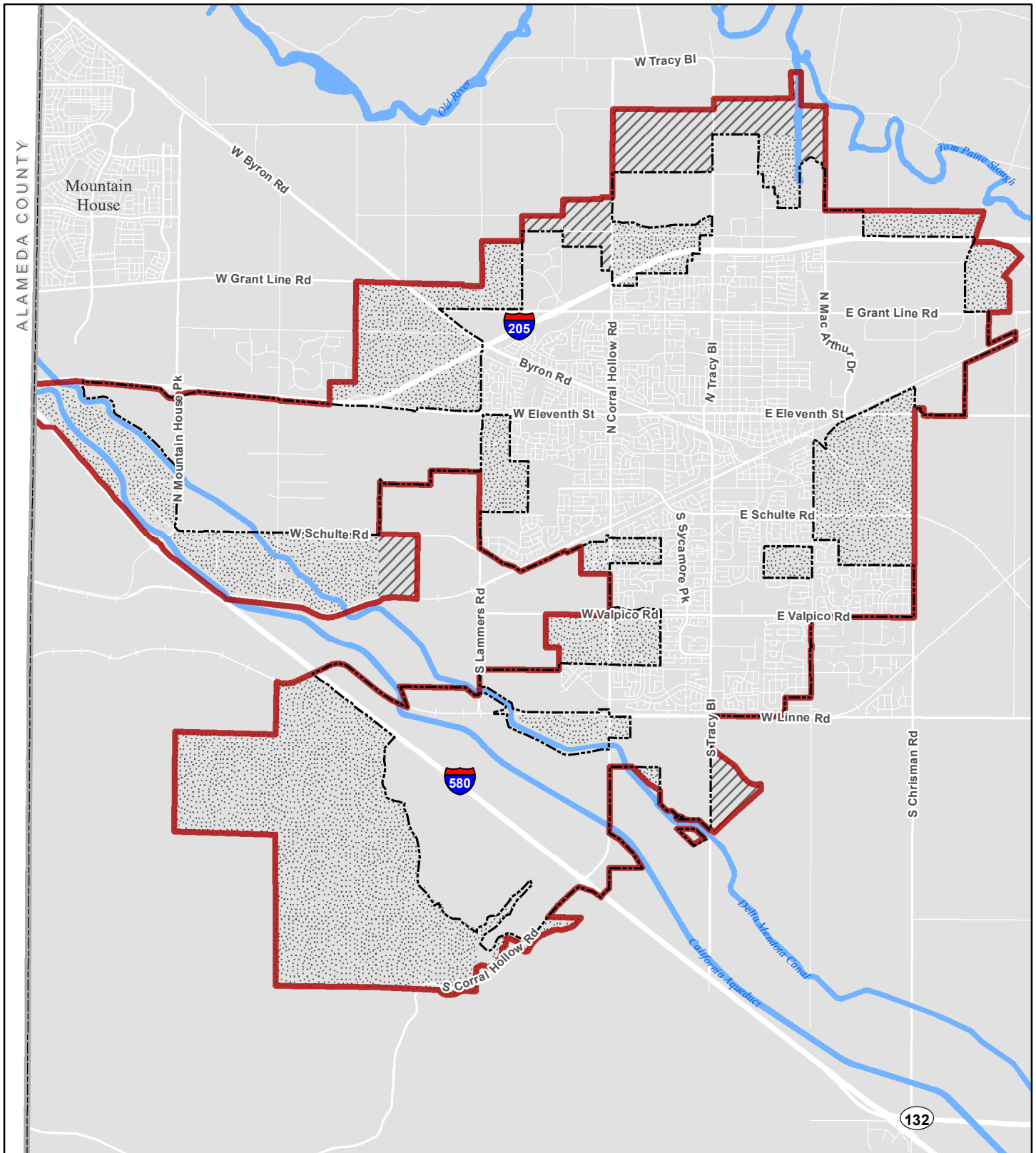
The 10-Year Horizon contains approximately 8,243.7 acres of land within assessor's parcels; the 30-Year Horizon contains approximately 1,182 acres of land within assessor's parcels, as shown in **Table 1-1** (below). A significant portion of the 10-Year Horizon, 3,430.3 acres, is planned for Open Space uses and is not planned for development. The proposed uses and development capacity in the 10- and 30-Year Horizons are described in greater detail in Chapter 2.

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

GENERAL PLAN LAND USE DESIGNATION	ACREAGE			
	CITY LIMITS	SOI-10 YEAR	SOI-30 YEAR	GRAND TOTAL
Active Adult Residential	-	132.5	-	132.5
Aggregate	10.82	22.4	142.9	176.2
Agriculture	-	-	680.6	680.6
Commercial	1,156.64	405.9	60.1	1,622.6
Downtown	114.64	-	-	114.6
Industrial	3,850.68	1,558.1	162.0	5,570.7
Office	597.60	-	-	597.6
Open Space	81.94	3,430.3	-	3,512.2
Park	651.49	198.9	-	850.4
Public Facilities	954.67	65.9	-	1,020.6
Residential High	234.67	31.4	-	266.1
Residential Low	4,184.78	297.3	-	4,482.1
Residential Medium	1,214.69	28.5	-	1,243.2
Residential Very Low	92.01	127.9	136.5	356.4
Traditional Residential - Ellis	285.85	-	-	285.9
Urban Reserve	110.88	1,944.4	-	2,055.3
Village Center	64.87	-	-	64.9
Total	13,606.21	8,243.7	1,182.0	23,031.8

SOURCES: SAN JOAQUIN GIS DATA, 2018; CITY OF TRACY GENERAL PLAN, 2011.

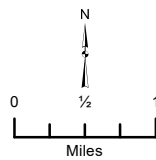
NOTE: TOTALS IN TABLE MAY NOT ADD UP PRECISELY DUE TO ROUNDING



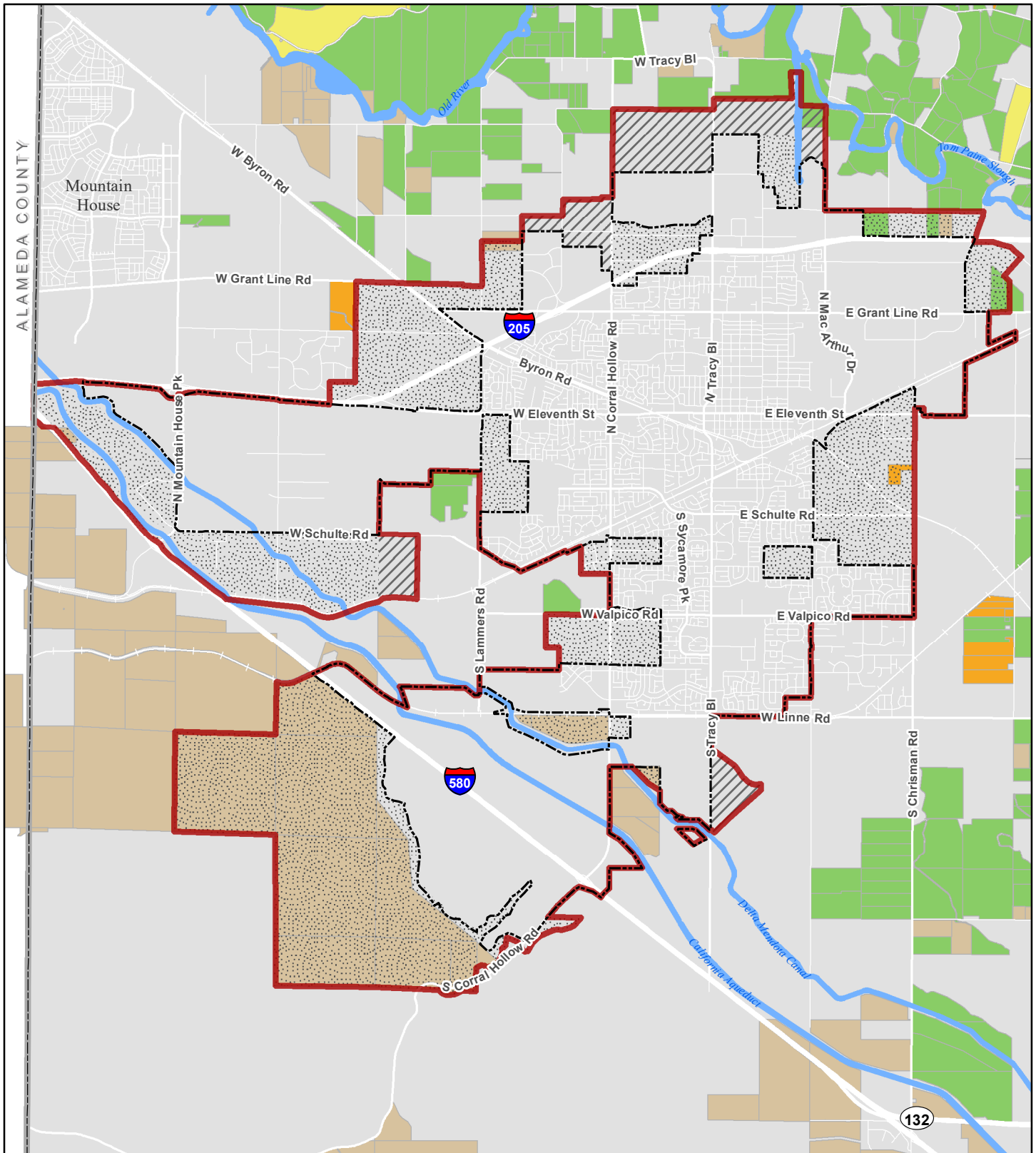
TRACY MUNICIPAL SERVICES REVIEW

Figure 1-1. Planning Horizons

- Planning Areas**
- City Limits
 - Sphere of Influence
- Planning Horizon**
- 10-Year Planning Horizon
 - 30-Year Planning Horizon



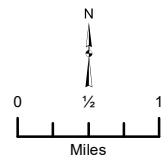
Sources: San Joaquin County; City of Tracy. Map date: May 2, 2019.



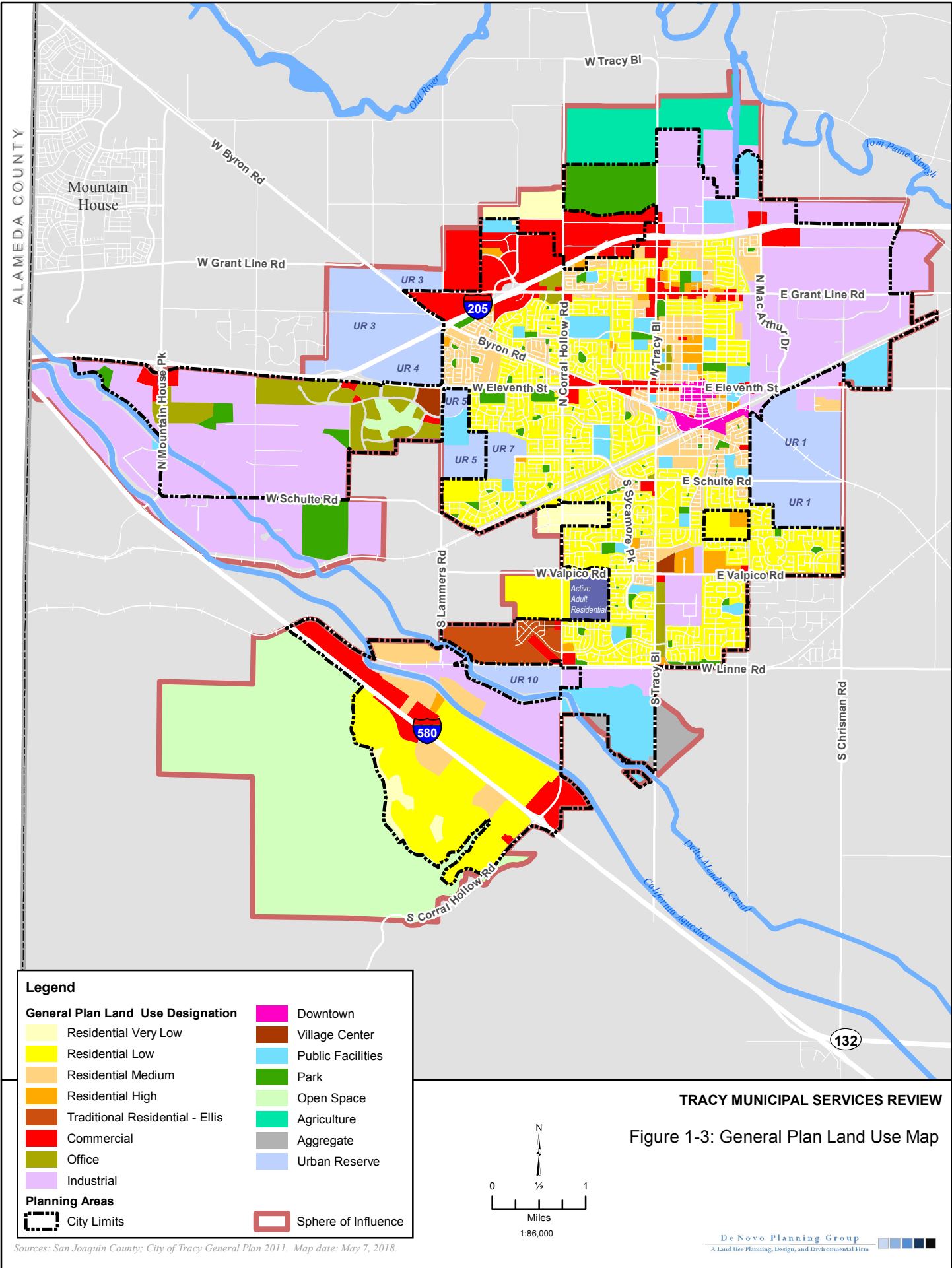
TRACY MUNICIPAL SERVICES REVIEW

Figure 1-2. Williamson Act Lands

- | | | | |
|--------------------------|--------------------------|-----------------------------|-----------------------------|
| Planning Areas | | Williamson Act Lands | |
| City Limits | Sphere of Influence | Prime Agricultural Land | Non-Prime Agricultural Land |
| Planning Horizon | | Farmland Security Zone | Non-Renewal |
| 10-Year Planning Horizon | 30-Year Planning Horizon | | |



Sources: San Joaquin County; City of Tracy; California Department of Conservation, Williamson Act Statewide 2017. Map date: May 2, 2019.



TRACY MUNICIPAL SERVICES REVIEW

Figure 1-3: General Plan Land Use Map

Sources: San Joaquin County; City of Tracy General Plan 2011. Map date: May 7, 2018.

1. 10-Year Horizon (2018-2028 Horizon)

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

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

Although **Figure 1-1** shows a large portion of the SOI within the 10-year horizon, not all of the land in the 10-year horizon will be completely built out within 10 years. LAFCo allows cities to show an area as planned for development in a 10-year horizon even if it will only be partially built out in this time. This is because planning for future development and infrastructure provision requires a long-term view². Comprehensive planning is important to the City and the City has included lands beyond its projected needs in the 10-Year Horizon to allow the City to respond to market demand as various areas within the SOI become ready for annexation, since it is difficult to identify which property owners will respond to market demands and be interested in annexation during the 10-Year Horizon. Therefore, lands within the 10-year SOI horizon may only be partially developed within ten years and will be fully developed over a longer time frame. This approach is consistent with LAFCo policies on SOIs and annexations. See Chapter 2 for a detailed discussion of the development capacity of the 10-Year Horizon and the reasoning behind the areas included in the 10-Year Horizon.

2. 30-Year Horizon (2028-2048 Horizon)

The 30-Year Horizon contains additional land located outside of the City limits (in the SOI) and the 10-Year Growth Horizon, as shown in **Figure 1-1**. The City anticipates the potential for urban development within the 30-Year Horizon ending in 2048. The City has included these areas within

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

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

its 30-Year Horizon to ensure that the City has control over future proposed development. The goal is to encourage orderly and managed growth.

B. LAFCo AND THE SPHERE OF INFLUENCE

Government Code Section 56076 defines a SOI as a “plan for probable physical boundaries and service area of a local agency, as determined by the commission.” It is in an area within which a city or district may expand, over a defined period of time, through the annexation process. In simple terms, a SOI is a planning boundary within which a city is expected to grow over time.

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

1. The present and planned land uses in the area, including agricultural and open space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

C. CALIFORNIA ENVIRONMENTAL QUALITY ACT

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

2. SPHERE OF INFLUENCE PLAN

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

- The present and planned land uses in the area, including agricultural open space lands.
- The present and probable need for public facilities and services in the area.
- The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
- The present and probable need for those public facilities and services within any disadvantaged unincorporated communities (DUCs) within the sphere of influence.

LAFCo guidelines for determining SOI requires that "sphere horizons," or planning increments, depict a City's logical boundaries at time periods of between five and ten years, and up to thirty years. SOI areas must be consistent with general plan land use elements, and with the municipal services review (MSR). LAFCo also encourages general plan policies for implementing ordinances and programs that address smart growth principles, infill and redevelopment strategies, mixed use and increased densities, community buffers, and conservation of habitat, open space, and agricultural land. LAFCo has established procedural guidelines for determining SOIs, including a Timeframe guideline which states "Territory that is currently receiving services from a local agency, or territory that is projected to need a local agency's services within a 0-30 year timeframe may be considered for inclusion within an agency sphere. "Sphere horizons" or planning increments should depict the agency's logical boundary at a time period of between 5 and 10 years and at the end of the 30-year time period."

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

A. SPHERE OF INFLUENCE

The City of Tracy is not proposing to modify the SOI or decrease the capacity of its Planning Horizons. However, in its review of the SOI, LAFCo staff have required that the 10- and 30-Year Horizons be adjusted to accommodate less growth in the 10-Year Horizon and to removed lands within the 100- and 200-year floodplains from the 10-Year Horizon. The 10- and 30-Year Horizons and the SOI are described in Chapter 1 and the capacity for new growth and the anticipated phasing of such growth for both horizons is described in this chapter.

The City designates Primary Residential Growth Areas and Secondary Residential Growth Areas. To manage the SOI, and specifically the 10-Year Horizon, the City created a policy structure (both in the

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

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

The Urban Reserve designations can include both residential and non-residential uses. Several Urban Reserve areas have been annexed by the City and/or developed since 2011. The following discussion provides an overview of the various Urban Reserve areas that currently exist within the SOI:

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

The 2011 General Plan and MSR included ten Urban Reserve areas; however, only five remain, as five have already had Specific Plans, Planned Unit Developments (PUDs), or General Plan

Amendments approved to replace those Urban Reserve designations. Two of these have been annexed into the city, with development underway.

B. SPHERE ANALYSIS

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

1. Existing and Projected Population

The City of Tracy’s growth rate has shown large swings through the decades. **Table 2-1** summarizes the Tracy’s growth from 1960 through 2017. The City grew rapidly from 1990 to 2000, in fact, during this period, the growth rate exceeded 69%, with a population change from 33,558 to 56,929 residents. The period from 2000 to 2010 also witnessed a rapid population growth of over 45%. This was followed by lower growth rates in the current decade.

TABLE 2-1: CITY OF TRACY HISTORICAL POPULATION GROWTH

YEAR	POPULATION	GROWTH (FROM PRIOR PERIOD)
1990	33,558	--
2000	56,929	69.6%
2010	82,922	45.7%
2018	92,553	11.6%

NOTE: ESTIMATES FOR 1990, 2000, AND 2010 ARE FROM MARCH 1ST. ESTIMATES FOR 2018 ARE FROM JANUARY 1ST. THE GROWTH RATE FROM 2010 TO 2018 REPRESENTS A PERIOD OF 8-YEARS.

SOURCES: STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2011- 2018; E-8 HISTORICAL POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES, AND THE STATE, 1990-2000.

The San Joaquin Council of Governments (SJCOG) forecasts that Tracy’s population is anticipated grow to 127,933 by 2040, as shown in **Table 2-2**. The SJCOG population projections shown in **Table 2-2** are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG.¹ These projections were developed on July 7, 2016. However, these projections do not include growth in Tracy associated with annexations as the projections are based on the Census boundary for the City, as described in the methodology provided in the *San Joaquin County Forecast Summary*. As the City annexes land and increases its Census-designated boundary, it would be appropriate to apportion some amount of the growth identified in the “Rest of the County” category identified in the *San Joaquin County Forecast Summary* to the City. Further, the *San Joaquin County Forecast Summary* indicates that projections for Tracy represent reduced growth that takes into account the GMO; however, these projections do not appear to address the GMO provisions that allow additional permits to be issued to meet the City’s Regional Housing Needs Allocation and to establish 600 active adult allocations for Tracy Village, as shown in **Table 2-2**. In order to consider the full growth potential within the City and SOI, **Table 2-2** identifies the SJCOG projections as well as the growth planned for by the City based on 1) the maximum growth allowed under the City’s GMO, including Active Adult Residential Allocations

¹ University of the Pacific, Eberhardt School of Business. 2016. *San Joaquin County Forecast Summary*.

with no annexation of existing units, and 2) the maximum growth allowed under the City's GMO and Active Adult Residential Allocations with annexation of existing units in areas of the SOI that are designated for residential use by the General Plan.

TABLE 2-2 COMPARATIVE POPULATION PROJECTIONS

YEAR	SJCOG FORECASTED POPULATION (CITY LIMITS)	MAXIMUM GROWTH ALLOWED UNDER CITY'S GMO AND ACTIVE ADULT RESIDENTIAL ALLOTMENTS (NO ANNEXATION OF EXISTING UNITS) ²	MAXIMUM GROWTH ANTICIPATED BASED ON CITY'S GMO, ACTIVE ADULT RESIDENTIAL ALLOTMENTS, AND ANNEXATION OF EXISTING UNITS
2020	95,040	97,865	97,865
2025	102,236	108,885	109,851 ¹
2030	109,492	119,382	120,348 ¹
2035	118,130	129,878	130,844 ¹
2040	127,933	140,375	141,341 ¹
2045	137,784	150,872	151,838 ¹
2050	147,782	161,369	162,335 ¹

SOURCES: UNIVERSITY OF THE PACIFIC – SAN JOAQUIN COUNTY FORECAST SUMMARY, JULY 7, 2016; CITY OF TRACY – 25-YEAR POPULATION PROJECTIONS; CALIFORNIA DEPARTMENT OF FINANCE, E-5 CITY/COUNTY POPULATION AND HOUSING ESTIMATES. NOTE: SJCOG POPULATION PROJECTIONS DO NOT INCLUDE GROWTH IN TRACY ASSOCIATED WITH ANNEXATIONS.

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

¹ INCLUDES POPULATION ASSOCIATED WITH ANNEXATION OF EXISTING DWELLING UNITS IN AREAS DESIGNATED BY THE GENERAL PLAN FOR RESIDENTIAL USE

2. Sphere Capacity

The years 2019-2029 are used for the 10-Year Horizon and 2029-2049 for the 30-Year Horizon in this Municipal Services Review. There are three pending projects proposing annexation to the City. The Alvarez annexation is approximately 10 acres on Larch Road, west of and adjacent to the current City limit line for commercial development. The Tracy Village annexation is approximately 165 acres, located at the southeast corner of Valpico and Corral Hollow Roads, including the property formerly known as Urban Reserve 9 and the surrounding adjacent residential lots. A 590-lot Active Adult Residential subdivision is proposed, while the adjacent lots to be annexed will be designated Residential Estate zoning. The Avenues annexation is approximately 185 acres, located west of Coral Hollow Road and south of Valpico Road.

² Calculated based on the average of 600 dwelling units per year allowed under the City's GMO (*Chapter 10.12 of the Tracy Municipal Code*), plus an additional 5 dwelling units per year for other exemptions and 600 Active Adult Residential Allotments in Year 2025; the California Department of Finance 'persons per household' value of 3.47 for year 2017 (*E-5 City/County Population and Housing Estimates, 1/1/2017*) for all units except Active Adult Residential Allotments which were assumed to have an average 'persons per household' value of 2.0.

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

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

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

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

For a detailed discussion of the phasing of future growth within the City and Planning Horizons, see **Table 2-7**.

TABLE 2-3 NEW RESIDENTIAL AND EMPLOYMENT GROWTH (CITY AND SOI CAPACITY)

	ACRES	DWELLING UNITS ⁷	POPULATION ⁷	JOBS ⁷
Existing City Limits Capacity				
Existing Development within City Limits ¹	8,134.0	26,964	92,553	22,115
Remaining Capacity within City Limits ^{2,5}	5,472.2	7,169	24,834	20,817
<i>Subtotal: Existing City Limits Capacity</i>	<i>13,606.2</i>	<i>34,133</i>	<i>117,387</i>	<i>42,932</i>
SOI Capacity				
SOI: 10-Year Horizon ^{3,5}	8,243.6	7,461	25,018	21,841
SOI: 30-Year Horizon ^{4,5}	1,182.0	272	938	3,855
<i>Subtotal: SOI Capacity</i>	<i>9,425.6</i>	<i>7,733</i>	<i>25,956</i>	<i>25,696</i>
Total	23,031.8	41,866	143,343	68,628

1. EXISTING UNITS AND POPULATION DATA PROVIDED BY THE STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2011- 2018. ESTIMATES FROM 1/1/2018. EXISTING JOBS PROVIDED BY U.S. CENSUS ‘ONTHEMAP’ TOOL; JOBS DATA PROVIDED FOR YEAR 2015 (LATEST DATA AVAILABLE).
2. SEE TABLE 2-4 FOR A DETAILED DESCRIPTION OF THE REMAINING DEVELOPMENT CAPACITY WITHIN THE CITY, INCLUDING THE CAPACITY OF SPECIFIC PLANS, DEVELOPMENT PROJECTS, AND VACANT LANDS. IT IS NOTED THAT MANY OF THESE AREAS ARE NOT ANTICIPATED TO BUILD OUT WITHIN THE NEXT TEN YEARS. SEE TABLE 2-7 (10- AND 30-YEAR DEVELOPMENT WITH PHASING).
3. SEE TABLES 2-5 (PROJECTED NEW GROWTH CAPACITY OF 10 YEAR HORIZON) FOR SUPPORTING DATA
4. SEE TABLES 2-6 (PROJECTED NEW GROWTH CAPACITY OF 30 YEAR HORIZON) FOR SUPPORTING DATA
5. POPULATION IS ESTIMATED AT 3.45 PERSONS PER DWELLING UNIT, BASED ON THE AVERAGE HOUSEHOLD SIZE FROM 2010 TO 2018 AS REPORT IN THE DEPARTMENT OF FINANCE E-5 REPORT (DOF, 2018) AND AT 2.25 PERSONS PER DWELLING UNIT FOR AGE-RESTRICTED UNITS (DE NOVO PLANNING GROUP, 2019).
6. THE DWELLING UNITS, POPULATION, AND JOBS REPRESENT NEW DEVELOPMENT THAT COULD OCCUR AND DO NOT INCLUDE EXISTING USES ARE ANTICIPATED TO CONTINUE IN USE IF ANNEXED.

A. WITHIN THE CITY LIMITS

Future development within the city will occur within existing approved Specific Plans, approved/pending development projects, and on vacant infill sites located throughout the city, as shown on **Figure 2-1**. **Table 2-4** identifies the remaining capacity of the city, based on the remaining

capacity in each Specific Plan, growth associated with development projects outside of the Specific Plan area, and the capacity of the city's vacant and infill sites.

As shown in **Table 2-4**, remaining developable lands within the city have the capacity for 7,069 to 7,169 units, resulting in a population increase of approximately 24,834. A sizeable amount of the future residential growth within the existing City limits reflects development opportunities within specific plans (up to 4,700 units), with additional development potential associated with approved development projects (866 units) and under-utilized or vacant properties (1,603 units).

The residential development anticipated within the city is below the maximum amount identified in the General Plan as a result of development projects developing at less than the maximum capacity allowed under the General Plan. While the projected growth combined with the City's existing population of 92,553 results in a maximum population within the city of 117,387, as shown in **Table 2-3**, it is anticipated that the trend of developing below maximum capacity will continue and buildout of the city will be less than the remaining capacity identified in **Table 2-4**.

Economic growth within the City is expected to accommodate 20,817 jobs, which would result in a total of 42,932 jobs within the City limits (see **Table 2-3**). The majority of new jobs would occur within approved Specific Plans (16,985 jobs), while 338 jobs are anticipated in association with other approved development projects, and 3,494 jobs are anticipated with development of vacant sites, as shown in **Table 2-4**.

In addition to the likelihood for future development to occur below the maximum capacity of a given site, buildout within the City limits is not likely to occur in the near future as there are a number of factors that may delay development, including the small size of many of the remaining 581 acres of vacant, infill parcels that discourages 'master' development of those parcels and not all property owners wish to develop their land. Development occurs when the property owner is interested in developing or selling their land and when market conditions make the development of their property economically profitable; while the City can plan for development, it cannot force property owners to develop their land. Further, some of the Specific Plans and approved/pending development projects may develop over a long-term period of 10 to 30 years, particularly the commercial components that typically occur after the majority of residential development within an area has occurred, and there is also the potential for development within the Specific Plans to occur at levels lower than the maximum capacity, particularly for the non-residential uses where development plans have not yet been submitted. For example, the Tracy Hills Specific Plan anticipates that full development of the Plan area may take 20 years or more to complete and the Cordes Ranch Specific Plan anticipates that buildout will occur over a 20- to 30-year period.

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

TABLE 2-4: SPECIFIC PLANS, APPROVED PROJECTS, AND VACANT/INFILL LANDS - REMAINING DEVELOPMENT CAPACITY WITHIN CITY LIMITS

TYPE	STATUS	ACRES ¹	DWELLING UNITS	POPULATION ²	JOBS ³
SPECIFIC PLANS⁴ (remaining development capacity, does not include developed uses)					
Cordes Ranch Specific Plan	Approved, partially constructed. Capacity remains for up to 9,000,000 SF industrial and 1,500,000 SF office/commercial uses.	1,150	0		6,000
Ellis Specific Plan	Approved, partially constructed. Capacity remains for up to 490,000 SF limited use commercial, 140,000 SF Village Center commercial, and 300 to 400 dwellings.	126	300- 400	1,035	385
Tracy Hills Specific Plan	Approved, partially constructed. Capacity remains for up to 2,200,000 SF office/commercial, 3,300,000 SF industrial, and 4,300 dwellings.	2,315	4300	14,835	3,850
Gateway Concept Development Plan	Approved, not yet constructed. Capacity remains for up to 1,000,000 to 5,000,000 SF office/research & development and 500,000 SF commercial uses.	538	0	0	3,250
Industrial Areas Specific Plan	Approved, partially constructed. Capacity remains for	403	0	0	2,000
Northeast Industrial Areas Specific Plan	Approved, partially constructed. Capacity remains for up to 1,000,000 to 2,000,000 SF industrial/office uses.	109	0	0	1,000
I-205 Corridor Specific Plan	Approved, partially constructed. Capacity remains for 500,000 SF commercial uses	89	0	0	500
Subtotal Specific Plans	-	4,730	4,600 - 4,700 Units	15,870	16,985
DEVELOPMENT PROJECTS^{4,5}					
Berg Road Project	Approved, not yet constructed	10.0	71	244	-
Elissagaray Infill	Approved, not yet constructed	10.0	47	162	-
Trigo Duplexes and Triplexes	Approved, not yet constructed	2.0	18	62	-
Valpico Apartments	Approved, not yet constructed	11.6	252	869	-
Primrose/Kagehiro Phase III	Partially constructed	47.0	252	869	-
Rocking Horse	Approved, not yet constructed	55.0	226	779	-
Toste (Retail) (Grant Line Rd)	Approved, not yet constructed	5.0	-	-	100
TW Tracy Building	Approved, not yet constructed	10	-	-	100
Home 2 Suites (94-room hotel)	Approved, not yet constructed	2.6	-	-	16

TYPE	STATUS	ACRES ¹	DWELLING UNITS	POPULATION ²	JOBS ³
Kaiser Permanente Expansion (49,000 sf)	Approved, not yet constructed	10	-	-	122
Subtotal Development Projects	-	163.1	866	2,985	338
VACANT PARCELS (summarized by General Plan Land Use Designation)					
Commercial	-	55.9			1,216
Downtown	-	54.6			1,188
Industrial	-	160.4			698
Office	-	13.6			369
Park	-	4.7			0
Public Facilities	-	109.5			23
Residential High	-	31.2	624	2,152	
Residential Low	-	10.6	49	169	
Residential Medium	-	30.2	290	1,000	
Urban Reserve 7	-	110.4	640	2,208	
Subtotal Vacant Parcels		581.0	1,603	5,529	3,494
TOTAL (Specific Plans, Development Projects, and Vacant Parcels)		5,472.2	7,169	24,834	20,817

¹FOR SPECIFIC PLANS, THIS CATEGORY IS LIMITED TO THE UNDEVELOPED PORTION OF THE SPECIFIC PLAN AND INCLUDES LANDS DESIGNATED FOR ROADS, STORMWATER DETENTION BASINS, SCHOOLS, PARKS, OTHER SERVICES AND INFRASTRUCTURE, AND OPEN SPACE.

²POPULATION IS ESTIMATED AT 3.45 PERSONS PER DWELLING UNIT, BASED ON THE AVERAGE HOUSEHOLD SIZE FROM 2010 TO 2018 AS REPORT IN THE DEPARTMENT OF FINANCE E-5 REPORT (DOF, 2018).

³EMPLOYMENT IS BASED ON DEVELOPMENT OCCURRING AT APPROXIMATELY 75% OF MAXIMUM CAPACITY AND ASSUMES EMPLOYMENT AT THE FOLLOWING RATES: 1 EMPLOYEE PER 500 SF (COMMERCIAL AND OFFICE), 1 EMPLOYEE PER 1,000 TO 1,500 SF (INDUSTRIAL); 1 EMPLOYEE PER 6 HOTEL ROOMS

⁴“APPROVED” REFERS TO A PROJECT THAT HAS RECEIVED ITS INITIAL PLANNING ENTITLEMENT(S) FOR THE NUMBER OF DWELLING UNITS AND AMOUNT OF NON-RESIDENTIAL DEVELOPMENT, SUCH AS THE APPROVAL OF A SPECIFIC PLAN, TENTATIVE SUBDIVISION MAP, AND/OR SITE DEVELOPMENT PLAN.

⁵DOES NOT INCLUDE DEVELOPED PROJECTS WITHIN SPECIFIC PLANS AS SUCH PROJECTS ARE INCLUDED IN THE REMAINING CAPACITY CALCULATION FOR THE SPECIFIC PLAN

SOURCE: CITY OF TRACY, 2018

B. WITHIN THE TEN-YEAR HORIZON

Residential Land: Future dwelling unit estimates for the 10-Year Horizon (**Table 2-3**) are based on the City’s General Plan land use designations. Population estimates for the 10-Year Horizon (**Table 2-3**) are based on the Population/Dwelling Unit ratio of 3.45, an average of the household size from 2010-2018, as provided by the California Department of Finance, Report E-5 (May 1, 2018).

Table 2-5 below provides a breakdown of the General Plan land uses within the 10-Year Horizon. The Urban Reserve designation includes both residential and non-residential use; Table 2-5 reflects the portion of each urban reserve area that is planned for residential use. As shown in Table 2-5, buildout of the 10-Year SOI would result in 7,461 new residential units (**Table 2-5**) and a population of 25,018 (**Table 2-3**). While this growth would not fully occur during the 10-Year Horizon, the City needs the flexibility to comprehensively plan for development and start the annexation process for areas within the SOI within the 10-year timeframe (see ‘10-Year Horizon SOI Areas’ discussion below).

Non-residential land: There is also a variety of non-residential land uses within the 10-Year Horizon that would provide for various commercial, industrial, and public uses. **Table 2-5** below provides a breakdown of the land uses and acreages. It is anticipated that Open Space and Public Facilities lands within the 10-Year SOI would have no change in use if annexed. Similarly, the Industrial land use designation includes developed uses on a majority of the land; the employees identified for this category represent new employment growth and do not include employment estimated for the existing industrial uses.

TABLE 2-5 PROJECTED NEW GROWTH CAPACITY OF RESIDENTIAL LAND USE DESIGNATIONS - 10-YEAR

GENERAL PLAN LAND USE DESIGNATION	ACREAGE	DWELLING UNITS ²	EMPLOYEES
	SOI 10-YEAR	SOI 10-YEAR	SOI 10-YEAR
Active Adult Residential (Urban Reserve 9)	132.5	600	0
Aggregate	22.4	No change in use/employment	
Residential Very Low	127.9	165	0
Residential Low	297.3	1,349	0
Residential Medium	28.5	261	0
Residential High	31.4	666	0
Urban Reserves 3, 5, 9, 10 ¹	1,944.4	4,420	9,921
Commercial	405.9	0	7,691
Industrial	1,558.1	0	4,219
Open Space	3,430.3	No change in use/employment	
Park	198.9	0	10
Public Facilities	65.9	No change in use/employment	
TOTAL	8,243.5	7,461	21,841

SOURCES: SAN JOAQUIN GIS DATA, 2018; CITY OF TRACY GENERAL PLAN, 2011.

¹ URBAN RESERVE ACREAGE AND UNITS ARE BASED ON THE LAND USES PLANNED FOR EACH URBAN RESERVE AREA AS DESCRIBED IN THE GENERAL PLAN.

² APPROXIMATELY 224 EXISTING RESIDENTIAL UNITS ARE LOCATED IN THE 10-YEAR HORIZON THAT ARE DESIGNATED FOR RESIDENTIAL USES; THESE UNITS ARE NOT INCLUDED IN THE TOTAL AND ANNEXATION OF THESE UNITS WOULD NOT REQUIRE ISSUANCE OF GMO ALLOTMENTS.

C. WITHIN THE 30-YEAR HORIZON

Residential Land: Future dwelling unit estimates for the 30-Year Horizon (**Table 2-3**) are based on the General Plan land use designations. Population estimates for the 30-Year Horizon (**Table 2-3**) are based on the City's Population/Dwelling Unit average ratio of 3.45 from 2010 to 2018, as provided by the California Department of Finance, Report E-5 (May 1, 2018). **Table 2-6** below provides a breakdown of the General Plan residential land uses, including projected dwelling unit capacity, within the 30-Year Horizon.

Non-residential land: There is also a variety of non-residential land uses within the 30-Year Horizon that would provide for various commercial, industrial, and other uses, as shown in **Table 2-6** below.

TABLE 2-6 PROJECTED NEW GROWTH CAPACITY OF NON-RESIDENTIAL LAND USE DESIGNATIONS - 30-YEAR

LAND USE	ACREAGE	DWELLING UNITS ²	EMPLOYEES
	SOI 30-YEAR	SOI 30-YEAR	SOI 30-YEAR
Residential Very Low	136.5	272	0
Aggregate	142.9	No change in use/employment	
Agriculture	680.6	No change in use/employment	
Commercial	60.1	0	856
Industrial	162.0	0	2,999
TOTAL	1182.1	272	3,855

SOURCES: SAN JOAQUIN GIS DATA, 2018; CITY OF TRACY GENERAL PLAN, 2011.

C. DEVELOPMENT PROJECTIONS

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

Figure 1-1 shows the existing City limits, the 10-Year and 30-Year Horizons, and the SOI. It is unlikely that all land uses within the SOI will be developed by 2049. The San Joaquin Council of Governments (SJCOG) updates the population projections for the cities of San Joaquin County every four years to facilitate their regional transportation planning efforts. SJCOG's latest population projections anticipate 127,933 people by 2040; growth projections based on the City's residential Growth Management Ordinance show that the actual population may be higher as described below.

The City of Tracy adopted a residential Growth Management Ordinance in 1987. In general terms, the goal of the GMO is to achieve a steady and orderly growth rate that allows for the adequate provision of services and community facilities; it includes a balance of housing opportunities. Under the GMO, builders must obtain a RGA in order to secure a residential building permit. One RGA equals the public services and facilities required by one dwelling unit³. The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year. There are exceptions for affordable housing. The current GMO is provided under City Ordinance 1201, effective December 3, 2015. The GMO provides

³ City of Tracy, 2009, *City of Tracy Residential Growth Management Plan*, page 4.

guidelines which contemporize the City's residential growth management program. The GMO Guidelines were most recently revised by the City Council on October 16, 2012, Resolution 2012-214. It is not expected that the City would exceed the GMO or deviate from related growth policies through the 10-Year and 30-Year Horizons. In 2015, a special election was held and City residents voted to pass Measure K, which created an Active Adult Residential Allotment Program that is exempt from the City's GMO and allocated 600 Active Adult Residential Allotments to the property formerly known as Urban Reserve 9.

The currently designated SOI, which includes the 10 and 30-Year Horizons, is expected to provide for population growth of approximately 143,343 people (see also **Table 2-3**); however, it is not expected that actual population growth will approach this maximum amount based on the historical trends and the growth allowed under the GMO and Active Adult Residential Allotments for Tracy. It is anticipated that development accommodated by the 10-Year and 30-Year Horizons would be within the growth planned by SJCOG, which anticipates a population of 147,782 in 2050, and well below the maximum growth that could occur under the City's GMO and Active Adult Residential Allotments, which would allow a maximum population of 162,335 in 2050 when annexation of existing residential units is also taken into account. There are many factors that will ultimately influence the actual population (i.e. job availability, housing availability/affordability, etc.). The land in the SOI, (within the 10- and 30-Year Horizons), would accommodate the majority of the City's anticipated population growth during the 30-Year Horizon.

As shown in **Table 2-7**, development within the City and the 10-Year SOI is not anticipated to fully build out in the next 10 years. Much of the development accommodated within the City's Specific Plan areas is planned to occur over a 20-year (or more) timeframe and would not be fully developed during the next 10 years. Similarly, much of the vacant, infill sites in the City are anticipated to develop slowly due to a variety of factors, including preferences of the property owners to not request development at this time. While the City anticipates annexation of lands in the 10-Year Horizon during the 10-year planning period, many of these lands will begin to be developed but will not be fully built-out within 10 years. Some of these lands may not be annexed until the end of the 10-year planning period and it is possible that while such lands may be annexed, development will not commence until the following 10-Year Horizon. As is shown in Table 2-7, during the next 10 years, approximately 3,927 units are anticipated to be developed within the City's existing limits, yielding a population of approximately 13,542 persons, and commercial, industrial, and other employment-generating development is expected to result in approximately 13,681 employees. During that same period, planned growth in the City's 10-Year Horizon would result in approximately 3,124 dwelling units (approximately population of 10,055 persons) and 4,938 employees.

This would result in total net growth in both the City and annexed areas of 7,051 dwelling units (23,597 persons) and 18,619 employees during the 10-year period. This planned growth is within the maximum growth anticipated by the City.

TABLE 2-7: DEVELOPMENT ANTICIPATED WITHIN YEARS 1 TO 10 AND WITHIN YEARS 11 TO 30.

	YEAR 1 TO YEAR 10			YEAR 11-YEAR 30+		
	HOUSING UNITS	POPULATION	JOBS	HOUSING UNITS	POPULATION	JOBS
EXISTING CITY LIMITS						
SPECIFIC PLANS						
Cordes Ranch	-	-	3,000	-	-	3,000
Ellis	350	1,207	385	-	-	-
Tracy Hills	2,150	7,417	1,925	2,150	7,417	1,925
Gateway Concept Dev. Plan	-	-	3,250	-	-	-
Industrial Areas Specific Plan	-	-	2,000	-	-	-
Northeast Industrial Areas	-	-	1,000	-	-	-
I-205 Corridor	-	-	500	-	-	-
Subtotal Specific Plans	2,500	8,624	12,060	2,150	7,417	4,925
DEVELOPMENT PROJECTS (NOT WITHIN SPECIFIC PLANS)						
Berg Road Project	71	244	-	-	-	-
Elissagaray Infill	47	162	-	-	-	-
Trigo Duplexes and Triplexes	18	62	-	-	-	-
Valpico Apartments	252	869	-	-	-	-
Primrose/Kagehiro Phase III	252	869	-	-	-	-
Rocking Horse	226	779	-	-	-	-
Toste (Retail)	-	-	100	-	-	-
TW Tracy	-	-	100	-	-	-
Home 2 Suites	-	-	16	-	-	-
Kaiser Permanente Expansion	-	-	122	-	-	-
Subtotal Approved Projects	866	2,985	338	-	-	-
VACANT PARCELS						
Commercial	-	-	486	-	-	730
Downtown	-	-	416	-	-	772
Industrial	-	-	244	-	-	419
Office	-	-	129	-	-	221
Park	-	-	-	-	-	-
Public Facilities	-	-	8	-	-	14
Residential High	218	752	-	374	1,290	-
Residential Low	17	58	-	29	100	-
Residential Medium	102	351	-	174	600	-
Urban Reserve 7	224	772	-	384	1,324	-
Total Vacant/Infill	561	1,933	1,283	961	3,314	2,156
Total Growth within Existing City Limits	3,927	13,542	13,681	3,111	10,731	7,081
PLANNING HORIZON						
Area 1	0	0	480	0	0	184
Area 2	0	0	0	0	0	0
Area 3	0	0	800	0	0	845

	YEAR 1 TO YEAR 10			YEAR 11-YEAR 30+		
	HOUSING UNITS	POPULATION	JOB	HOUSING UNITS	POPULATION	JOB
Area 4	0	0	0	0	0	0
Area 5	600	1,350	0	98	338	0
Area 6	659	2,273	0	178	614	0
Area 7	0	0	0	165	569	0
Area 8	635	2,190	58	635	2,190	174
Area 9	320	1,104	0	320	1,104	1,347
Area 10	0	0	900	43	148	5,090
Area 11	0	0	1,450	7	24	3,823
Area 12	154	530	800	368	1,269	3,349
Area 13	0	0	0	0	0	2,077
Area 14	756	2,608	0	1,906	6,575	274
Area 15	0	0	0	889	3,067	0
Area 16	0	0	450	0	0	3,285
Subtotal	3124	10,055	4,938	4,609	15,898	20,758
Total Growth Projected: City Limits, 10-Year SOI – Land Annexed and Developed						
City & 10-Year SOI	7,051	23,597	18,619	-	-	-

NOTE: THIS TABLE IS INTENDED TO DEMONSTRATE THE POTENTIAL PACE OF GROWTH IN THE CITY AND SOI AND IS NOT INTENDED TO PLACE LIMITATIONS ON GROWTH OR OTHERWISE BE USED TO CONTROL THE RATE, TYPE, OR LOCATION OF GROWTH.

SOURCE: CITY OF TRACY, 2019; DE NOVO PLANNING GROUP, 2019

D. DETERMINATIONS

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

1. Present and Planned Land Uses

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

Planned land uses in the City are summarized in **Table 1-1** and shown in **Figure 1-3** and include residential development ranging from very low to high densities, commercial, office, industrial uses, and public uses, as well as agricultural and open space uses.

Agricultural lands continue to make up a portion of the area within the SOI and Planning Area outside of the City limits, including within the 10- and 30-Year Horizons. The majority of the parcels within

the SOI that are located outside of the current City limits are designated for urban development (see **Figure 1-3**). There are a total of 23 Williamson Act contract lands within the SOI.

There are six Prime Agricultural land parcels, which are all located within the northeastern portion of the SOI within the 30-Year Horizon. The continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts.

There are also sixteen Non-Prime Agricultural land parcels and one Non-Renewal parcel within the SOI. Ten of these parcels are within the Tracy Hills open space area and one parcel is within the 30-Year Horizon; the continued inclusion of these parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the remaining Non-Prime parcels, there is one located within the 10-Year Horizon in the northwest portion of the SOI, four located in the southwest portion of the SOI, and one (Non-Renewal) located along the eastern boundary of the SOI; these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Beyond these identified parcels, there are no other Williamson Act Land located within the SOI.

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

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

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

10-YEAR HORIZON SOI PLANNING SUBAREAS

While **Table 2-5** identifies the planned capacity of the 10-Year Horizon, it is anticipated that actual development during the 2019-2029 period would be much less than the full capacity, as shown in **Table 2-7**. The City's General Plan requires comprehensive planning of areas within the SOI, including Urban Reserve areas, as identified by Land Use Element Objective LU-1.2 and implementing policies P1 through P3. This level of comprehensive planning is demonstrated through the City's approach to Urban Reserve 6 (Cordes Ranch), Urban Reserve 9 (Ponderosa), and the Tracy Hills Specific Plan. A significant amount of land designated for open space uses is included in the 10-Year Horizon to allow the City the flexibility to consider annexation of these lands. The 10-Year Horizon Planning Subareas are shown in **Figure 2-2** and are described in detail below.

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

for services and utilities, the City must provide flexibility to accommodate market demand and property owner interest.

Planning Subarea 1 - Patterson Pass Business Park

This 1,262-acre planning subarea includes the Patterson Pass Business Park as well as other industrial and agricultural uses. In 1991, the City entered into an annexation agreement with a group of property owners for the annexation of 625 acres of land that lie within the area now known as the Patterson Pass Business Park. The agreement provided the properties within the agreement area with City water and sewer services, and states that the annexation of land will commence as soon as possible once the City limits are contiguous with the property. With the 2013 annexation of the Cordes Ranch Specific Plan area, the land is now contiguous to the City limits. The majority of this acreage is already developed, and the City already provides sewer service and, through water to County Service Area 50, water supply for this planning subarea. The City has an existing commitment to annex this area and this area is a logical extension of the City's boundaries, as the City is the primary service provider for the majority of development within this planning subarea.

Planning Subarea 2 - Tracy Hills Open Space

All of the approximately 3,534 acres of open space land adjacent to the Tracy Hills Specific Plan planning subarea is collectively held under three different conservation easements. According to the US Fish and Wildlife-approved Preservation Management Plan, development of any of this area is expressly prohibited. The planning subarea has remained in the 10-Year SOI due to the fact that much of this land serves as easements in exchange for mitigating the impacts of development in the Tracy Hills area, and accordingly bears a direct relationship to the City's land conservation efforts. This open space area is part of the vision for Tracy, as expressed in the General Plan, and the City's intent is to provide public benefit to City residents, through encouraging public access to open space for educational and recreational purposes. Further, this planning subarea borders the Lawrence Livermore National Laboratory and continuing to include these lands within the SOI, and ultimately the City, demonstrates the City's interest in this area and provides for a clearer discussion when the City expresses concerns regarding Lawrence Livermore National Laboratory activities, such as explosions of outdoor ordnance, that could affect the City.

Planning Subarea 3 - UR 10 Industrial

This approximately 150-acre planning subarea, which includes Urban Reserve 10 and adjacent industrial land, is surrounded by land within the City limits (Ellis and Tracy Hills Specific Plans, both currently under construction). The General Plan anticipates that this planning subarea will likely be developed with industrial uses, but could also be amended to consider mixed use development, should a new commuter rail station be located within or near the adjacent Ellis Specific Plan. With the surrounding infrastructure improvements being completed by other adjacent development, this property has the potential to be in high demand for development in the near future and is a logical extension of the City's boundaries.

Planning Subarea 5 - Tracy Village

The Tracy Village project was approved by the City Council in May of 2018 and the City is in the process of applying for annexation of the area. In 2015, a ballot initiative was approved by Tracy voters that established a separate pool of Residential Growth Allotments (RGAs) for “Active Adult” developments that are separate from the RGAs allocated to all other residential projects, and not subject to the Measure A numeric limitation. The initiative also allocated 600 Active Adult RGAs for this particular project. Pending annexation of the site, development will initiate in 2019. This planning subarea has been planned for growth by the City, including affirmation from the City’s voters, and represents a logical extension of the City’s boundaries.

Planning Subarea 6 - Avenues

This planning subarea includes the City-approved Avenues project, approved by the City on September 4, 2018, and the City is in the process of applying for annexation of the planning subarea. This residential development is intended to be an extension of the development pattern associated with the Ellis Specific Plan and represents a logical and efficient extension of the City’s growth and associated services.

Planning Subarea 7-Mountain View Acres

This area of rural residential land uses, surrounded by the City on three sides is included in the 10-Year Horizon should the property owners need to annex in order to receive the provision of water, sewer, and storm drain services. While there has not yet been any indication of interest in annexation, the area was included due to its location, and so that annexation for the provision of services would be expedient, should health and safety reasons (such as well and septic failures) arise. This area is already developed and would not cause any significant new development to occur should the properties be annexed.

Planning Subarea 8 - Bright/Castro/Pombo and Kimball High School (Urban Reserves 5 and 7)

This grouping of properties includes approximately 282 acres, all intended for various densities of residential development and accompanying public facilities such as parks and schools. One developer controls all of the land, and is comprehensively planning the entirety of the acreage prior to annexation and development, per General Plan requirements. Kimball High School divides the otherwise vacant property, and the City already provides water and sewer services to the school. Geographically, the land is nearly surrounded by existing development in the City limits. With its proximity to a major sports park, existing schools and housing, and the Cordes Ranch and Gateway Specific Plan areas, the annexation and development of this area is important as it will provide vital vehicular and pedestrian connections that are currently lacking between housing and schools and job centers. The extension of Schulte Road would provide connectivity and reduce vehicle miles traveled. This planning subarea is also an eligible area to receive Residential Growth Allotments pursuant to GMO Guidelines.

Planning Subarea 10 - Urban Reserve 3

This Urban Reserve is another planning subarea that will be comprehensively planned through the Specific Plan process prior to the commencement of any development. The new interchange at I-205 and Lammers Road (discussed above) will facilitate the development of this area, which, per the General Plan, includes a small amount of residential (as a buffer to the existing adjacent residential, commercial, office and industrial land uses.

Planning Subarea 11 - I-205 Expansion

The City's primary commercial center is nearly built out, and the development of this adjacent land for both commercial and high density residential promotes logical and efficient land and infrastructure planning by expanding an existing area. The portion of this planning subarea that is not within the 100- or 200-year floodplain is included in the 10-Year Horizon. The remaining portion of this planning subarea that is within the 100- or 200-year floodplain is anticipated to be moved to the 10-Year Horizon when planning for flooding in this area has been resolved.

Planning Subarea 12 - Larch Clover

There has historically been a high demand from the property owners in the Larch Clover planning subarea for annexation for the provision of water and sewer services for public health and safety. A previous annexation attempt failed to gain support from the registered voters in the area. Upon annexation, the area is planned for commercial development, and would provide supporting retail, restaurant, and hotel space for the adjacent major sports complex, Legacy Fields. The portion of this planning subarea that is anticipated to develop or be planned for development in the next 10 years has been included in the 10-Year Horizon; the remaining portion of this planning subarea is within the 30-Year Horizon.

Planning Subarea 13-Agricultural Land

The industrial component of this subarea is included in the 10-Year Horizon. The City's Wastewater Master Plan estimates a future flow of 22 million gallons per day (mgd), and the City's discharge permit only allows for 16 mgd. The agriculturally zoned property was purchased by the City in order for the excess discharge from the wastewater treatment plant to be used for agricultural irrigation and is included in the 30-Year Horizon to allow the City the ability to designate and zone this land in accordance with the planned use.

Planning Subarea 14-Urban Reserve 1

The 780 acres included within this Urban Reserve are intended for residential development, at a variety of densities. This land is surrounded by the City limits on three sides, and would provide additional population to support the downtown and represents a logical extension of the City boundaries. With the reconfiguration of the Eleventh Street/Mac Arthur Drive/and construction of a new Eleventh Street bridge, access for this area has been improved.

Planning Subarea 15 – Rocha

This approximately 95-acre area is commonly known as the Rocha property and is still actively farmed with row crops. The General Plan anticipates that the area will be developed with

Residential Low and Residential High land uses. While the City has no indication from the property owner that they intend to cease farming operations in the near future, this property represents a logical extension of the City's boundaries and is fully surrounded by the incorporated City.

Planning Subarea 16 – West Arbor Ave/Paradise Rd

This approximately 367-acre includes multiple parcels at the northeast entry to the City along I-205. The General Plan anticipates that the area will be developed with Industrial uses. This area represents a logical extension of the City's industrial and jobs-generating uses to the north and east along the I-205 corridor.

30-YEAR HORIZON SOI AREAS

As shown in Table 2-6, the 30-Year Horizon includes lands planned for residential, commercial, industrial, aggregate, and agricultural uses. Buildout of the 30-Year Horizon would result in approximately 272 dwelling units and 3,855 jobs.

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

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

2. Present and Probable Need for Public Facilities and Services

The ability of the City of Tracy to provide public facilities and services has been explored in the Municipal Services Review and the City has been found to provide adequate facilities and services to meet the needs of the existing population. Public services provided by the City and addressed in this MSR include police, water, wastewater, and stormwater drainage. The City also provides public facilities including transportation (i.e. TRACER bus) and recreational facilities (including parks). The City of Tracy and the Tracy Rural Fire District also provide fire service via the South San Joaquin County Fire Authority (SSJCFA). Services provided by other agencies include schools (e.g. Tracy Joint Unified School District and Jefferson School District). New development within the SOI will lead to population growth and the need for additional service provision. The expanded tax base and fees

that result from new development, as well as establishment of Community Facilities Districts where appropriate, will provide funding for these services. Development and connection fees will address the capital costs and user charges will address the infrastructure and operating expenses of new development. General Plan policies are in place to ensure adequate service provision for current and future populations, and require the City to address any gaps in funding that present themselves in the future.

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

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

4. Social and Economic Communities of Interest

While the City of Tracy does not abut any incorporated communities, the residents of Tracy share social and economic interests with the nearby communities of Lathrop, Manteca, and Mountain House (unincorporated) as well as a variety of local organizations of interest, such as numerous businesses, schools, churches, and other community service programs that serve Tracy's residents. Lands in the SOI are unincorporated, but are historically, socially, and economically related to Tracy. The existing social fabric of the city will not change substantially with the growth anticipated in the SOI, including growth projected for the 10-Year and 30-Year Horizons. As described in the 2011 City of Tracy Municipal Service Review, new growth is expected to be positive, bringing in new families and economic buying power as well as possible revenues that increase the City's budget. Industrial, commercial, and retail growth anticipated in the SOI would bring jobs and economic growth and improve the City's jobs-housing balance. An increase in jobs in the City would benefit the larger region as many local communities export workers to the Bay Area, as evidenced by approximately 50% of San Joaquin County residents (121,253 jobs) working outside of the County. Maintaining the City's SOI would continue to provide these benefits to the City and region.

Historically, the area surrounding Tracy has been largely agricultural. Much of the area surrounding the City limits and SOI includes Williamson Act lands. In addition, the existing SOI includes 23 parcels within the SOI that are under Williamson Act protection (see **Figure 1-2**). As previously described,

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

the continued inclusion of the six Prime Agricultural parcels as well as the the ten Non-Prime parcels within the SOI is anticipated to have no adverse effect on the associated Williamson Act contracts. Of the remaining Non-Prime parcels, these parcels are all planned for development and urbanization by the City's General Plan and their continued inclusion in the City's SOI facilitates planned, orderly, and efficient patterns of land use and public services and the public interest in this change continues to substantially outweigh the public interest in the continuation of the associated Williamson Act contracts. Further, the General Plan includes policies that will be implemented as development occurs on or adjacent to agricultural lands that address and reduce impacts between urban development and agricultural land uses.

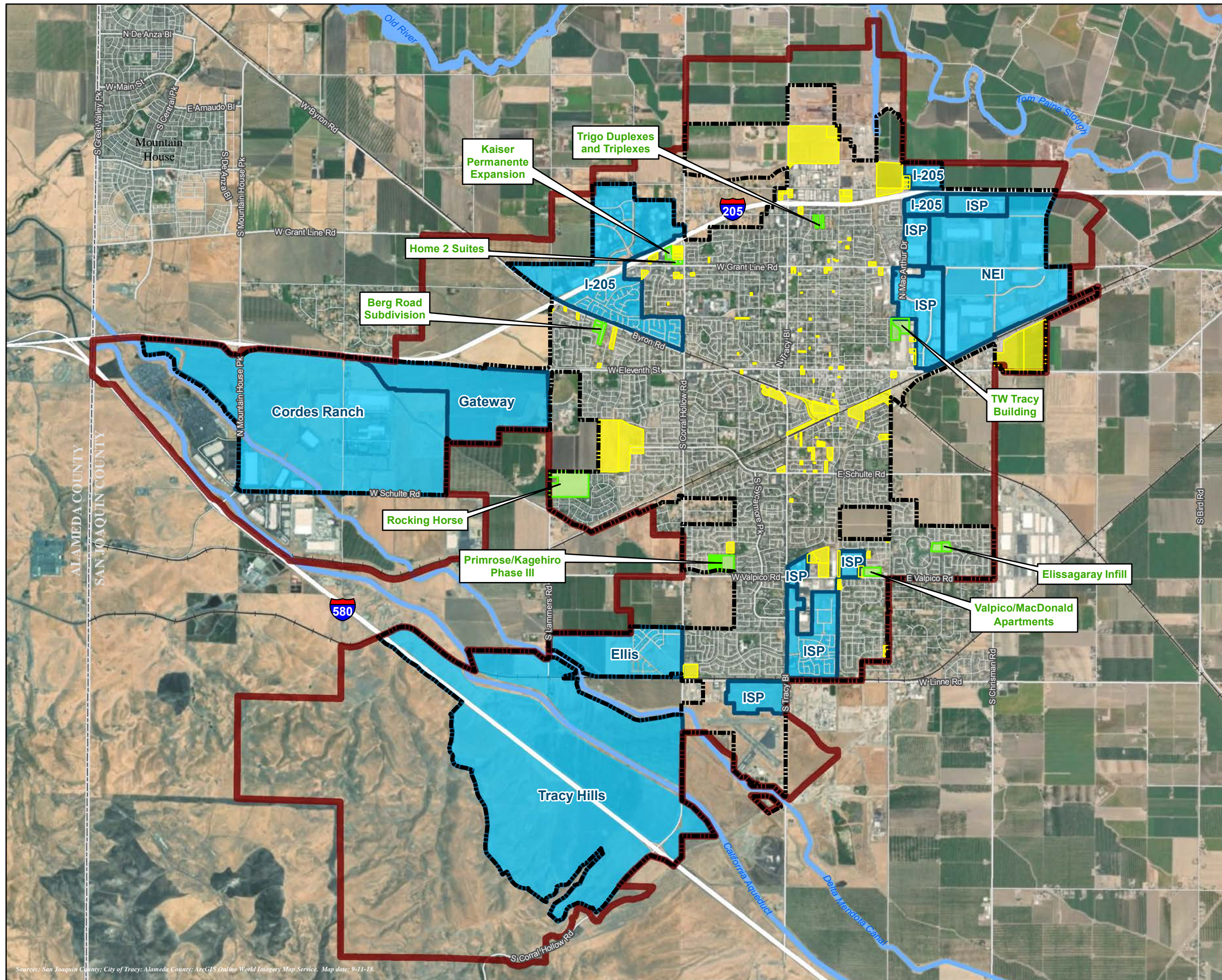
5. Present and Probable Need for Public Facilities and Services in DUCs within the SOI

There are no currently identified Disadvantaged Unincorporated Communities within the Tracy SOI⁵. A thorough review was conducted of 2000 Census data and more recent American Community Survey (ACS) data (2012-2016) at the block group level to identify any potential Disadvantaged Unincorporated Communities within the City's SOI. None of the block groups within the SOI had a median income of \$37,994 (80% of the Census 2000 California median household income of \$47,493) or less as of the 2000 Census. None of the block groups within the SOI had a median income of \$51,027 or less based on review of the ACS 2012-2016 data. The Disadvantaged Communities Mapping tool maintained by the California Department of Water Resources (<https://gis.water.ca.gov/app/dacs/>) was also reviewed and did not show any disadvantaged communities within the Tracy's SOI. As there are no Disadvantaged Unincorporated Communities located within the Tracy SOI, no further discussion of this determination is provided within this MSR.

⁵ San Joaquin LAFCO, 2012. *Change of Organization Policies and Procedures Including Annexations and Reorganizations*, Exhibit A.

Figure 2-1:

Specific Plans, Approved Projects, and Vacant Lands within the City



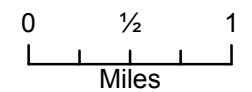
Legend

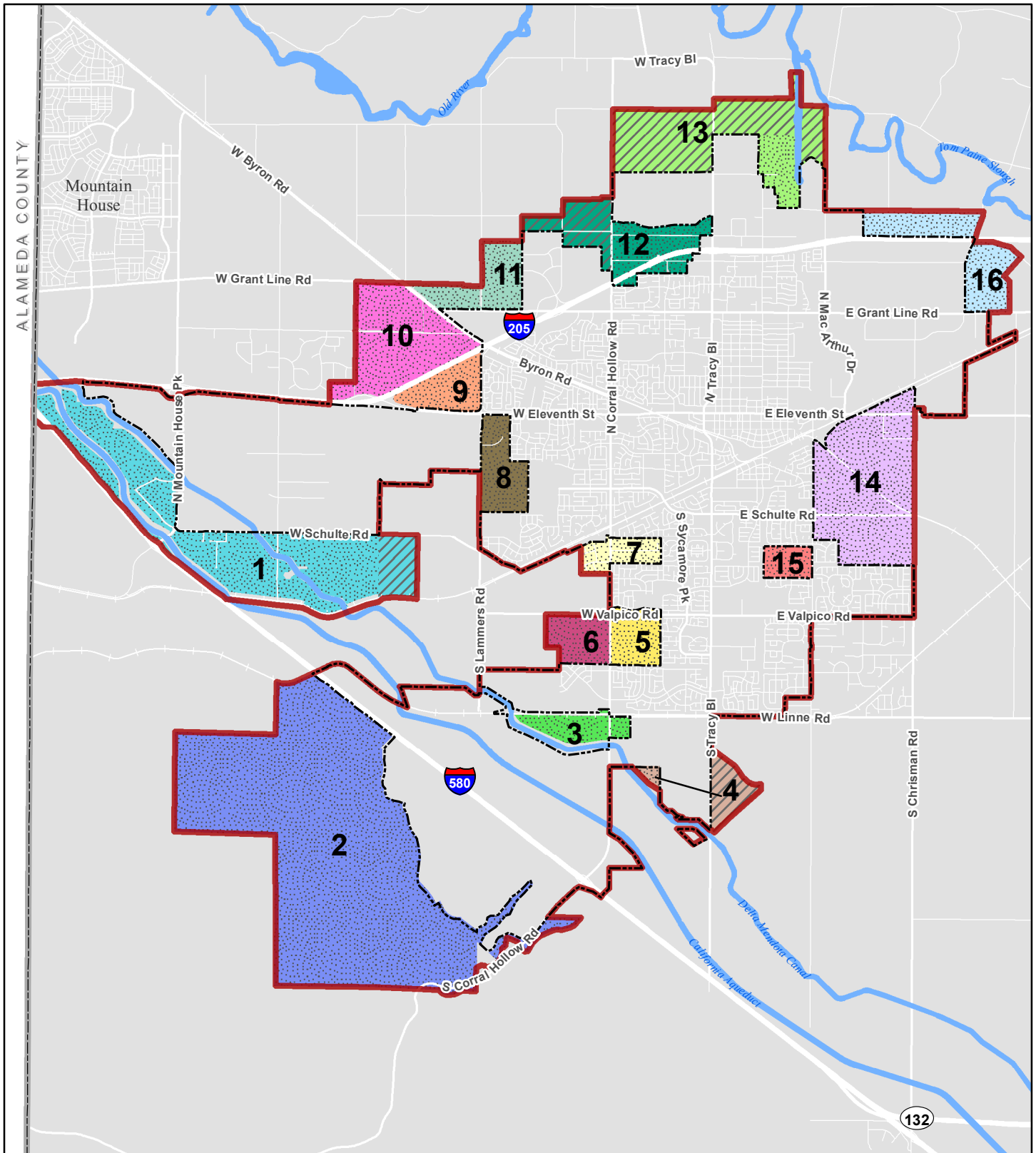
Planning Areas

-  City Limits
-  Sphere of Influence
-  County Limit

Projects, Specific Plans, and Vacant Lands

-  Approved Project
-  Specific Plan
-  Vacant Lands







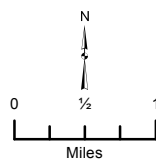


TRACY MUNICIPAL SERVICES REVIEW

Figure 2-2. Planning Subareas

Planning Areas

-  City Limits
-  Sphere of Influence
- 1 - 16:** Planning Subareas (color-coded by area)
-  10-Year Planning Horizon
-  30-Year Planning Horizon



Sources: San Joaquin County; City of Tracy. Map date: May 2, 2019.

3. GROWTH AND POPULATION PROJECTIONS

This chapter identifies future growth projections for the City of Tracy and its 10-Year and 30-Year Horizons that need to be taken into consideration when planning for the provision of services. A detailed discussion of existing and future municipal services to meet the future demand identified in this chapter is included in Chapter 4 of this MSR.

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

A. POPULATION AND DEMOGRAPHICS

Tracy is one of the larger cities in San Joaquin County, with a population of 82,922 in 2010 and 92,553 in 2018¹. Between 1990 and 2000, the City of Tracy's population grew from 33,558 to 56,929, as indicated in **Table 3-1**. This reflects a 69.6% increase, which reflects a 5.4% annual growth. From 2000-2010, the population grew from 56,929 to 82,922, reflecting an annual growth rate of 3.8%. From 2010-2018, the population increased from 82,922 to 92,553, a 11.5% increase, reflecting a 1.48% annual growth rate during this period. Data from the State of California Department of Finance was available for years 1990, 2000, 2010, and 2018.

TABLE 3-1 POPULATION AND HOUSEHOLD TRENDS IN TRACY

	1990	2000	2010	2018
Population	33,558	56,929	82,922	92,553
Housing Units	12,174	18,087	25,963	26,964
Single Family Units	9,198	15,076	22,002	22,691
Multi-Family Units	2,531	2,536	3,494	3,805
Mobile Homes	445	475	467	468
Average Household Size	2.98	3.21	3.40	3.45

NOTE: ESTIMATES FOR 1990, 2000, AND 2010 ARE FROM MARCH 1ST. ESTIMATES FOR 2018 ARE FROM JANUARY 1ST.

SOURCES: STATE OF CALIFORNIA, DEPARTMENT OF FINANCE: E-5 POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES AND THE STATE — JANUARY 1, 2011- 2018; E-8 HISTORICAL POPULATION AND HOUSING ESTIMATES FOR CITIES, COUNTIES, AND THE STATE, 1990-2000.

1. Growth Accommodation

The City of Tracy adopted a residential Growth Management Ordinance (GMO) in 1987. In general terms, the goal of the GMO is to achieve a steady and orderly growth rate that allows for the adequate provision of services and community facilities, and includes a balance of housing opportunities. Under the GMO, builders must obtain a Residential Growth Allotment (RGA) in order

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

to secure a residential building permit. One RGA equals the public services and facilities required by one dwelling unit². The GMO limits the number of RGAs and building permits to an average of 600 housing units per year for market rate housing, with a maximum of 750 units in any single year. There are exceptions for affordable housing, and to accommodate the Regional Housing Needs Allocation (RHNA) in compliance with the General Plan.

The current GMO is provided under City Ordinance 1201, effective December 3, 2015. The GMO provides guidelines which contemporize the City's residential growth management program. The GMO Guidelines were most recently revised by the City Council on October 16, 2012, Resolution 2012-214. Under the GMO, a total of only 18,000 building permits can be issued between the years 2018 and 2048³. Additional affordable dwelling units can be built; however, with a lack of funding from previously available sources (such as the redevelopment agency), there has been no demand from developers for affordable RGAs in recent years. In addition, the GMO includes exceptions for other types of projects, such as very small projects on a single lot (such as custom homes, and duplexes and triplexes). Based on past permit history, it is projected that an additional 5 custom units per year would be constructed through the GMO exemption, totaling 150 units between 2018 and 2048. In total, it is projected that the market rate units, affordable units, and other exemptions allowed by the GMO would result in a total of approximately 20,000 units by 2048. The availability of building permits under the GMO will be a primary factor in determining how development occurs within the city and SOI in the future. In 2015, a special election was held and City residents voted to pass Measure K, which created an Active Adult Residential Allotment Program that is exempt from the City's GMO and allocated 600 Active Adult Residential Allotments to the property formerly known as Urban Reserve 9.

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

- Achieve a steady and orderly rate of annual residential growth in the City, and to encourage diverse housing opportunities for the region in which the City is situated, and to balance these needs with the City's obligation to provide public facilities and services to the City's residents with available fiscal resources;
- Regulate the timing and annual amount of new development projects, so that necessary and sufficient public facilities and services are provided, and so that new development projects will not diminish the City's level of service standards;
- Encourage concentric growth of the City by promoting efficient residential development patterns and orderly expansion of residential areas to maximize the use of existing public services and infrastructure;
- Encourage development which will efficiently utilize existing and planned future, public facilities;

² City of Tracy, 2009, *City of Tracy Residential Growth Management Plan*, page 4.

³ Based on an average of 600 building permits allowed per year during the period from 2018 to 2048, not including exemptions that may apply.

3 GROWTH AND POPULATION

TABLE 3-2 COMPARATIVE POPULATION PROJECTIONS

YEAR	SJCOG FORECASTED POPULATION (CITY LIMITS)	MAXIMUM GROWTH ALLOWED UNDER CITY'S GMO AND ACTIVE ADULT RESIDENTIAL ALLOTMENTS (NO ANNEXATION OF EXISTING UNITS) ⁵	MAXIMUM GROWTH ANTICIPATED BASED ON CITY'S GMO, ACTIVE ADULT RESIDENTIAL ALLOTMENTS, AND ANNEXATION OF EXISTING UNITS
2020	95,040	97,865	97,865
2025	102,236	108,885	109,851 ¹
2030	109,492	119,382	120,348 ¹
2035	118,130	129,878	130,844 ¹
2040	127,933	140,375	141,341 ¹
2045	137,784	150,872	151,838 ¹
2050	147,782	161,369	162,335 ¹

SOURCES: UNIVERSITY OF THE PACIFIC – SAN JOAQUIN COUNTY FORECAST SUMMARY, JULY 7, 2016; CITY OF TRACY – 25-YEAR POPULATION PROJECTIONS; CALIFORNIA DEPARTMENT OF FINANCE, E-5 CITY/COUNTY POPULATION AND HOUSING ESTIMATES. NOTE: SJCOG POPULATION PROJECTIONS DO NOT INCLUDE GROWTH IN TRACY ASSOCIATED WITH ANNEXATIONS.

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

1 INCLUDES POPULATION ASSOCIATED WITH ANNEXATION OF EXISTING DWELLING UNITS IN AREAS DESIGNATED BY THE GENERAL PLAN FOR RESIDENTIAL USE

C. EMPLOYMENT TRENDS AND PROJECTIONS

Table 3-3 below identifies employment data for the City of Tracy from 2000-2015. As indicated, the labor force of Tracy has steadily increased. The largest amount of employment growth occurred during the period from 2000 to 2010, with a 55.1% increase in the City of Tracy labor force. This occurred despite the unemployment rate increase from 5.8% in 2000 to 18.3% in 2010. Projections of total jobs within the City of Tracy are presented below in **Table 3-4**. Note that the jobs reflect the number of jobs, not the number of employed residents. While the City prefers to retain skilled workers inside its labor market, comparing the two tables, it is clear that a large portion of the Tracy labor force commutes to jobs outside of the City. A large proportion of commuters choose to work in the neighboring San Francisco Bay Area region.

TABLE 3-3 TRACY EMPLOYMENT ESTIMATES

YEAR	LABOR FORCE	NO. EMPLOYED	UNEMPLOYMENT RATE
2000	27,121	25,492	5.8%
2010	42,071	34,809	18.3%
2015	47,140	43,643	7.5%

⁵ Calculated based on the average of 600 dwelling units per year allowed under the City's GMO (*Chapter 10.12 of the Tracy Municipal Code*), plus an additional 5 dwelling units per year for other exemptions and 600 Active Adult Residential Allotments in Year 2025; the California Department of Finance 'persons per household' value of 3.47 for year 2017 (*E-5 City/County Population and Housing Estimates, 1/1/2017*) for all units except Active Adult Residential Allotments which were assumed to have an average 'persons per household' value of 2.0.

- Encourage a balance of housing types in the City which will accommodate a variety of persons, including affordable housing projects which will accommodate persons of very low, low, and moderate income, and persons on limited or fixed incomes; and
- Implement and augment the City policies related to the regulation of new development as set forth in the general plan, specific plans, City ordinances and resolutions, master plans, finance and implementation plans and design documents.

The General Plan establishes policies for orderly residential growth, which is implemented through the GMO and GMO Guidelines. These regulations allow for residential growth to occur in both infill and greenfield areas, and is prioritized both geographically and through other means (such as development agreements).

2. City Services and Infrastructure Master Plans

The City plans the extension of services and utilities to its population through the periodic preparation and updating of its various public facility master plans, including water, sewage, and drainage. Additionally, the City maintains a Public Facilities Master Plan (adopted 2013), a Public Safety Master Plan (adopted 2013), a Water System Master Plan (adopted 2012), a Wastewater Master Plan (adopted 2017), and a Storm Drainage Master Plan (adopted 2012). The City recently updated its Urban Water Management Plan in 2016. The City's capacity to serve existing development and planned growth is addressed in Chapter 4.

B. POPULATION PROJECTIONS

The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated grow to 127,933 by 2040, as shown in **Table 3-2**. The SJCOG population projections shown in **Table 3-2** are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG, as described in Chapter 2.⁴ These projections were developed on July 7, 2016. These SJCOG growth projections do not appear to fully consider the City's adopted General Plan, approved development projects, and potential development within the City's SOI. In order to consider the full growth potential within the City and SOI, **Table 3-3** also includes growth projections based on 1) the maximum growth allowed under the City's GMO and Active Adult Residential Allocations with no annexation of existing units, and 2) the maximum growth allowed under the City's GMO and Active Adult Residential Allocations with annexation of existing units in areas of the SOI that are designated for residential use by the General Plan.

⁴ University of the Pacific, Eberhardt School of Business. 2016. *San Joaquin County Forecast Summary*.

SOURCES: U.S. CENSUS BUREAU AMERICAN COMMUNITY SURVEY 1-YEAR ESTIMATES; PROFILE OF SELECTED ECONOMIC CHARACTERISTICS: 2000 CENSUS 2000 SUMMARY FILE (SF 3).

TABLE 3-4 TRACY JOBS PROJECTIONS (2015-2030)

	2015	2020	2025	2030
SJCOG Jobs	21,702	24,651	25,833	27,100

SOURCE: SJCOG – SAN JOAQUIN COUNTY FORECAST SUMMARY, JULY 7, 2016.

It is noted that the SJCOG projection for jobs in Tracy is well below the City’s employment levels and also below the U.S. Census jobs data for the City. In 2015, 43,643 of Tracy’s labor force was employed while U.S. Census data indicates that there were 22,115 jobs held in the city at that time. This means that while there were approximately 1.81 employees per housing unit in the city, the city only 0.85 jobs in the city available per housing unit, resulting in the majority of the City’s employed residents commuting outside of Tracy for work.

As described in the City’s General Plan, the City has planned to improve the jobs to housing balance to provide more employment opportunities for the City’s residents. The General Plan would accommodate approximately 66,260 jobs (as shown in **Table 2-3**), which improves the current jobs to housing ratio of approximately 0.83 (2018) to a ratio of 1.55 upon buildout of the City and SOI.

D. DEVELOPMENT PROJECTIONS

This section provides an overview of projected development to accommodate growth in Tracy.

1. Within City Limits

The approximately 13,606.21 acres of land within the City limits currently accommodates a population of approximately 92,553 people and 26,964 housing units (as of January 1st, 2018). The total acreage within the City limits represents 59.0% of the total land within the current City limits and SOI. Within the current City limits, the City’s residential growth is anticipated to result in a population of 117,387 persons and a total of 34,133 dwelling units (see **Table 2-3**). Upon full annexation of lands within the SOI, Tracy’s total build-out capacity within the total area contained by both the City limits and SOI is approximately 143,343 people and 41,866 dwelling units (see **Table 2-3**).

2. 10-Year Horizon (2018-2028)

The approximately 8,243.6 acres of land within the 10-Year Horizon represents 35.7% of the total land within the current City limits and SOI. Tracy’s total build-out capacity within the 10-Year Horizon is approximately 25,018 people and 7,461 dwelling units. When combined with the development projected for the existing City limits, the total growth anticipated is approximately 142,405 people and 41,594 dwelling units (this is determined by adding the ‘Subtotal: Existing City Limits Capacity’ and ‘10-Year Horizon’ rows in **Table 2-3**).

3. 30-Year Horizon (2028-2048)

The approximately 1,182.0 acres of land within the 30-Year Horizon represents 5.1% of the total land within the current City limits and SOI. Tracy’s total build-out capacity (within the total area

contained by the City limits and SOI) is approximately 143,343 people and 41,866 dwelling units (see **Table 2-3**).

E. DETERMINATION

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

The City's population was estimated at 92,553 in 2018. Between 1990 and 2000, the City experienced a 5.4% annual growth rate; however, the growth rate decreased to approximately 1.48% from 2010 to 2018. The latest SJCOG population projections for Tracy are 127,933 people by 2040 and 147,782 people by 2050. Under the City's GMO, taking exemptions and annexations of existing units into account, a population of approximately 141,341 could be accommodated by 2040 and approximately 162,335 persons could be accommodated by 2050 (see **Table 2-2**).

The current SOI, including the 10-Year and 30-Year Horizons, provides for maximum population growth of up to approximately 143,343 people (as an upper bound) (see **Table 2-3**) if all vacant and underutilized parcels were developed; however, it is not expected that actual population growth will reach this amount based on the historical trends, population projections, and an unrealistic expectation of full development of all vacant and underutilized parcels. Additionally, since the City has created limits on the number of new housing units (to approximately 600 units per year for market rating housing), this would limit the actual level of population growth within the 10-Year and 30-Year Horizons. There are many factors that will ultimately influence the actual population (including job availability, housing availability/affordability, etc.).

The 10 and 30-Year Horizons within the existing SOI will adequately provide for the projected population and jobs growth through 2049. This level of population, housing, and jobs growth is consistent with the City's General Plan. The City's ability to provide adequate service to new developments will be ensured prior to approval of new developments, in accordance with existing City policies and fee programs, as described in Chapters 4 and 5.

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

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

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

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

In order to approve a change in the SOI and annexation of land into the City of Tracy, LAFCO must determine that the necessary infrastructure and public services exist to support the new uses at comparable service levels. The information put forward in this MSR supports the City of Tracy's requested 10-Year and 30-Year Horizons.

A. FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES

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

LAFCO adopted a policy in April 2019 that requires future annexations to the City of Tracy to detach from the Rural Fire District.

CITY OF TRACY FIRE DEPARTMENT

The City of Tracy Fire Department was established under Ordinance No. 12 by the City of Tracy Board of Trustees on November 3, 1910. This ordinance also established the City's fire district boundaries. Tracy's firefighting force initially consisted of nothing more than "bucket brigades" from volunteers

summoned during a fire. A City-owned building on 7th Street, just west of Central Avenue, was utilized as Tracy's very first firehouse.

TRACY RURAL FIRE PROTECTION DISTRICT

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

SOUTH COUNTY FIRE AUTHORITY

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

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

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

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

On February 20, 2018, the member agencies of the SCFA moved to dissolve the existing SCFA and establish a new joint powers authority (JPA) known as the South San Joaquin County Fire Authority (SSJCFA). The City and Rural Fire District agreed that dissolving the SCFA and establishing a new joint powers authority would allow the entities to resolve outstanding financial and operational issues, which included a cumbersome cost-sharing plan and concerns of the Rural Fire District regarding allocation of costs and adequate representation as part of the JPA, while allowing them to continue to combine their resources, revenues and personnel to address some operational and financial

efficiencies. The SSJCFA was formed to provide a full range of fire services to the entire jurisdictional area of both the incorporated City limits of Tracy and the surrounding rural community. The SCFA and SSJCFA will run concurrently to allow the existing SCFA to dissolve effective June 30, 2018, and the new SSJCFA to be implemented effective July 1, 2018.

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY

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

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

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

CAL FIRE

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

EMERGENCY MEDICAL SERVICES (EMS)

Medical transport is provided by private ambulance company via contract with the San Joaquin County Emergency Medical Services Agency. American Medical Response (AMR) is the current

exclusive emergency ambulance service provider in San Joaquin County.¹ Escalon Community Ambulance, Manteca District Ambulance, and Ripon Consolidated Fire District are exceptions to the County's exclusive contract with AMR. EMS incidents made up 70.31% of all calls that the Tracy Fire Department was dispatched to in all of the SCFA jurisdiction during FY 2017/18.

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

1. Existing Facilities and Services

The SSJCFA provides fire protection, life safety and emergency response services to 160 square miles of the southern part of San Joaquin County. As previously described, the City provides services as a member of the SSJCFA. The City of Tracy and the Rural Fire District resources are combined to provide service to the jurisdictional area, although a five-member elected board still runs the Rural Fire District while the City Council and City Manager control the City.

The SSJCFA currently operates six fire stations (see **Figure 4-2**²), a support services building, and an administrative office. Twenty-four hour-a-day staffing is provided with six paramedic engine companies, and one paramedic ladder truck company. Four fire stations are within the incorporated area of the City of Tracy, and two are in the surrounding rural Tracy area. The City Fire Department maintains a repurposed unstaffed fire station that serves as support for operations and apparatus storage. Fire Stations 92 and 96 relocated in 2014 due to findings of a Standards of Cover study conducted in 2017. The repositioning of these facilities will achieve more efficient fire protection coverage to the jurisdictional area of both the City and Rural Fire District. **Table 4-1** shows the name, location and equipment housed at each of these stations. Pursuant to the JPA agreement, SSJCFA maintains all fire stations and each member agency is responsible for structural repairs to its fire stations and for the replacement of its fire equipment. The financial ability of the member agencies to fund existing and planned facilities services is discussed in Chapter 5.

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

STATION/OWNERSHIP	LOCATION	COMPANY NUMBER/EQUIPMENT	
91/City	1701 West Eleventh Street	Truck 91	2017 Pierce Velocity Tractor Drawn Aerial, 100' All-steel ladder
		Engine 91	2015 Spartan Hi-Tech 1500gpm Type 1 pumper
		WT 90	2005 Pierce Kenworth Water Tender
		USAR 9	2004 Utility Trailer – Type 2, Medium Rescue
92/Rural Fire District	1035 East Grant	Engine 92	2015 Spartan Hi-Tech 1500 gpm Type 1 pumper

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

² Only five stations are shown in Figure 4-2. Station 93 is located outside of map area (outside of the city limits, at 1400 West Durham Ferry Road).

prior to July 1, 2018) City after July 1,(2018)	Line Road	OES 349	2008 HME 1250 gpm Type 1 pumper
96/City	1800 West Grant Line Road	Engine 96	2009 Spartan Hi-Tech 1500 gpm Type 1 pumper
		Haz-Mat 9	1999 Pierce 1500 gpm Type 1 pumper
97/City	595 West Central Avenue ¹	Engine 97	2015 Spartan Hi-Tech 1500 gpm Type 1 pumper
Support (Unstaffed)/City	301 West Grant Line Road	R-Engine 95	2003 Pierce 1500 gpm Type 1 pumper
		R-Engine 98	2000 Pierce 1500 gpm Type 1 pumper
93*/Rural Fire District	1400 West Durham Ferry Road (New Jerusalem)	Engine 93	2008 Peirce Contender 1250 gpm Type 1 pumper
		R-Truck 90	2000 Spartan/LTI tractor drawn aerial, 100' ladder
		Grass 90	2000 Ford F-550 100gpm Type 4 pumper
		R-Engine 90	2000 Pierce 1000 gpm Type 1 pumper
94*/Rural Fire District	16502 West Schulte Road (Patterson Pass) ²	Engine 94	2003 Pierce Saber 1500 gpm Type 1 pumper
		Brush 90	2017 HME/International Type 3 pumper

SOURCE: CITY OF TRACY FIRE DEPARTMENT, 2018.

* - STATIONS WITH AN ASTERISK ARE LOCATED OUTSIDE OF THE CITY LIMITS. EMERGENCIES ARE RESPONDED TO FROM THE CLOSEST FACILITY REGARDLESS OF CITY LIMITS.

¹ RELOCATION OF STATION 97 TO VALPICO ROAD SOUTHEAST OF ITS CURRENT LOCATION IS PLANNED TO BE COMPLETE IN 2021.

² RELOCATION OF STATION 94 NORTH OF ITS CURRENT LOCATION TO OPTIMIZE SERVICE IS PLANNED TO BE COMPLETE IN 2021.

RESPONSE TO CALLS FOR SERVICE

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

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

During FY 2017/18, the SSJCFA was dispatched to 8,768 incidents resulting in 12,667 unit responses. Of these calls, 6.34% were to fire incidents, 70.31 percent were to EMS incidents, and the remaining calls were to other incident types.

In FY 2017/18, in the City and annexed areas undetached from the Rural Fire District, the SSJCFA met this overall goal 71% of the time for EMS incidents, 68% of the time for structure fire incidents, and 77% of the time of all other incident types (not EMS or structure fire incidents). **Table 4-2** identifies the call processing, turnout time, and travel time, as well as the sum of these three components of response time (total reflex time) for EMS, structure fire, and other incidents within

the City limits³ The response time objectives shown in **Table 4-2** do not include the PSAP response time (30 seconds) for the City as the PSAP response time is not able to be captured.

In FY 2017/18, in the rural areas, the SSJCFA met this overall goal 77% of the time for EMS incidents, 83% of the time for structure fire incidents, and 77% of the time for all other incident types (not EMS or structure fire incidents). **Table 4-3** identifies the call processing, turnout time, and travel time, as well as the sum of these three components of response time (total reflex time) for EMS, structure fire, and other incidents that are within the Rural Fire District area outside of the City limits. The response time objectives shown in **Table 4-3** do not include the PSAP response time (30 seconds) for the Rural Fire District as the PSAP response time is not able to be captured.

TABLE 4-2 SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY RESPONSE PERFORMANCE (BENCHMARKS) – CITY LIMITS FY 2017/18

	EMS Incidents			Structure Fire Incidents			All Other Incident Types		
	% Objective Met	Objective	90 th Percentile	% Objective Met	Objective	90 th Percentile	% Objective Met	Objective	90 th Percentile
Call Processing	89%	1:00	1:29	70%	1:00	1:10	59%	1:00	2:34
Turnout Time	28%	1:00	1:58	15%	1:20	2:49	39%	1:20	2:07
Travel Time	68%	4:00	5:34	79%	4:00	5:37	73%	4:00	6:26
Total Reflex Time	71%	6:00	7:33	68%	6:20	8:29	77%	6:20	9:26

SOURCE: SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY RESPONSE PERFORMANCE REPORT, FISCAL YEAR 2017/2018

TABLE 4-3 SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY RESPONSE PERFORMANCE (BENCHMARKS) – RURAL FIRE DISTRICT OUTSIDE CITY LIMITS FY 2017/18

	EMS Incidents			Structure Fire Incidents			All Other Incident Types		
	% Objective Met	Objective	90 th Percentile	% Objective Met	Objective	90 th Percentile	% Objective Met	Objective	90 th Percentile
Call Processing	86%	1:00	1:18:	50%	1:00	1:35	59%	1:00	2:27
Turnout Time	19%	1:00	2:07	17%	1:20	3:01	39%	1:20	2:34
Travel Time	79%	7:30	9:05	83%	7:30	7:42	73%	7:30	9:59
Total Reflex Time	77%	9:30	11:40	83%	9:50	10:48	77%	9:50	13:06

SOURCE: SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY RESPONSE PERFORMANCE REPORT, FISCAL YEAR 2017/2018

It is noted that the City and Rural Fire District do not dispatch calls; calls are received and processed by outside agencies (VRECC and Stockton Fire Department). The average call processing time was 1:56 90% of the time for the SCFA in FY 2016/17. This exceeds the 1:30-minute call received to dispatch goals of the City and Rural Fire District. However, at the end of FY 2017/18, the call processing (received to dispatch) time was improved, with an average time of 1:23 for EMS incidents and 2:04 for fire incidents.

During FY 2016/17, turnout time objectives were modified to better reflect NFPA 1710 by adding 20 seconds to turnout times (1:20 total) for all “structure fire” and “all other incident types”. This is due to the fact personnel are required to don additional personal protective equipment prior to responding to these incident types. Turnout time objective for EMS responses remains at 1:00.

³ As provided within the SCFA Annual Report FY 2017/2018

The SSJCFA achieved a 2:26 turnout time 90% of the time for all incident types in FY 2017/18. SSJCFA Turnout times exceed the one minute or one minute twenty second objective, however it is noted that the Citygate Standards of Cover study recommends a two minute turnout time.

The SSJCFA achieved a 7:24 travel time 90% of the time for its entire service area in FY 2017/18. In the City and annexed areas not detached, 90th percentile travel times were 5:34 for EMS, 5:37 for structure fires, and 6:26 for all other incident types. In the Rural Fire District 90th percentile travel times were 9:05 for EMS, 7:42 for structure fires, and 9:59 for all other incident types. The City travel times of 5:52 for all call types exceed the 4:00 goal. The Rural Fire District travel times of 8:55 for all call types also exceed the 7:30 goal.

The Standards of Cover study concluded that the only way to appreciably lower the travel times is to add more fire stations as revenues permit. Stations 94 and 97 are planned for relocation, as discussed below, which will improve travel times. Two additional stations, Stations 95 and 99 will also be added, as discussed below, which will reduce the service areas and associated travel times of existing stations.

NFPA 1710

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

The standards are divided as follows:

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

ISO RATING

The Insurance Services Office (ISO) Public Protection Classification Program currently rates the City Fire Department as a **Class 2**, and the Rural Fire District as a **Class 03/3Y**. ISO ratings are provided on a scale of 1 to 10, with 1 being the highest possible protection rating and 10 being the lowest. The ISO rating measures individual fire protection agencies against a Fire Suppression Rating

Schedule, which includes such criteria as facilities and support for handling and dispatching fire alarms, first-alarm response and initial attack, and adequacy of local water supply for fire-suppression purposes. The ISO ratings are used to establish fire insurance premiums.

BUDGET

The SSJCFA receives income from property taxes, fees and services, and capital outlays. In FY 2016/17, the SCFA received total funding of \$16,044,840. The SCFA total expenditure during this period was also \$16,044,840. The SCFA budget (for FY 2017/18) provided for expenditures of \$17,399,842. The SSJCFA adopted budget for FY 2018/19 provides for expenditures of \$19,169,797.

2. Provisions for Future Growth and Systems Improvement

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

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

The City and Rural Fire District have reviewed and considered the findings of the Standards of Cover Study and are taking steps to address the recommendations in order to meet response time standards in light of growth and development patterns. The following stations are planned:

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

Station 95: Station 95 is a new station that will be located in Tracy Hills north of I-580 and will be owned by the Rural Fire District. This station will serve the southern developing area of the City. The design of Station 95 is completed and construction is estimated to begin in 2022 and be completed in 2022.

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

Station 99: Station 99 will be located near Ellis and the proposed Avenues development; this station will be owned by the Rural Fire District and will provide coverage to the middle developing area of the SOI, west of Coral Hollow Road and east of Lammerers Road. While the expected timeline for development of the geographical area served by this station is 10 or more years, the Standards of Cover Study indicated sufficient development has occurred to trigger the need for this station.

The funding for the relocation of Stations 94 and 97 and construction of Stations 95 and 99 is discussed in Chapter 5.

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

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

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

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

Funds for future infrastructure will be derived from impact fees as indicated within the Citywide Public Safety Master Plan, collected by the City and passed through to the Rural Fire District accordingly. The operating costs to staff the facilities will be derived from property tax revenue growth in developing areas. Development impact fees are calculated to provide for facilities needed to serve long-term development, which means that the fees are calculated over a large geographical

area and may require 10 to 20 years before the total fees are collected from all developers. The City addresses this lag (difference between the timing of the collection of funds from 100% of development and the appropriate time to construct facilities which are needed in advance of or concurrent with development) through advancing funds through interfund loans. The City has developed a financing plan to relocate Stations 94 and 97 and to construct Stations 95 and 99 and the City Council approved the plan on October 16, 2018.

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

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

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

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

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

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

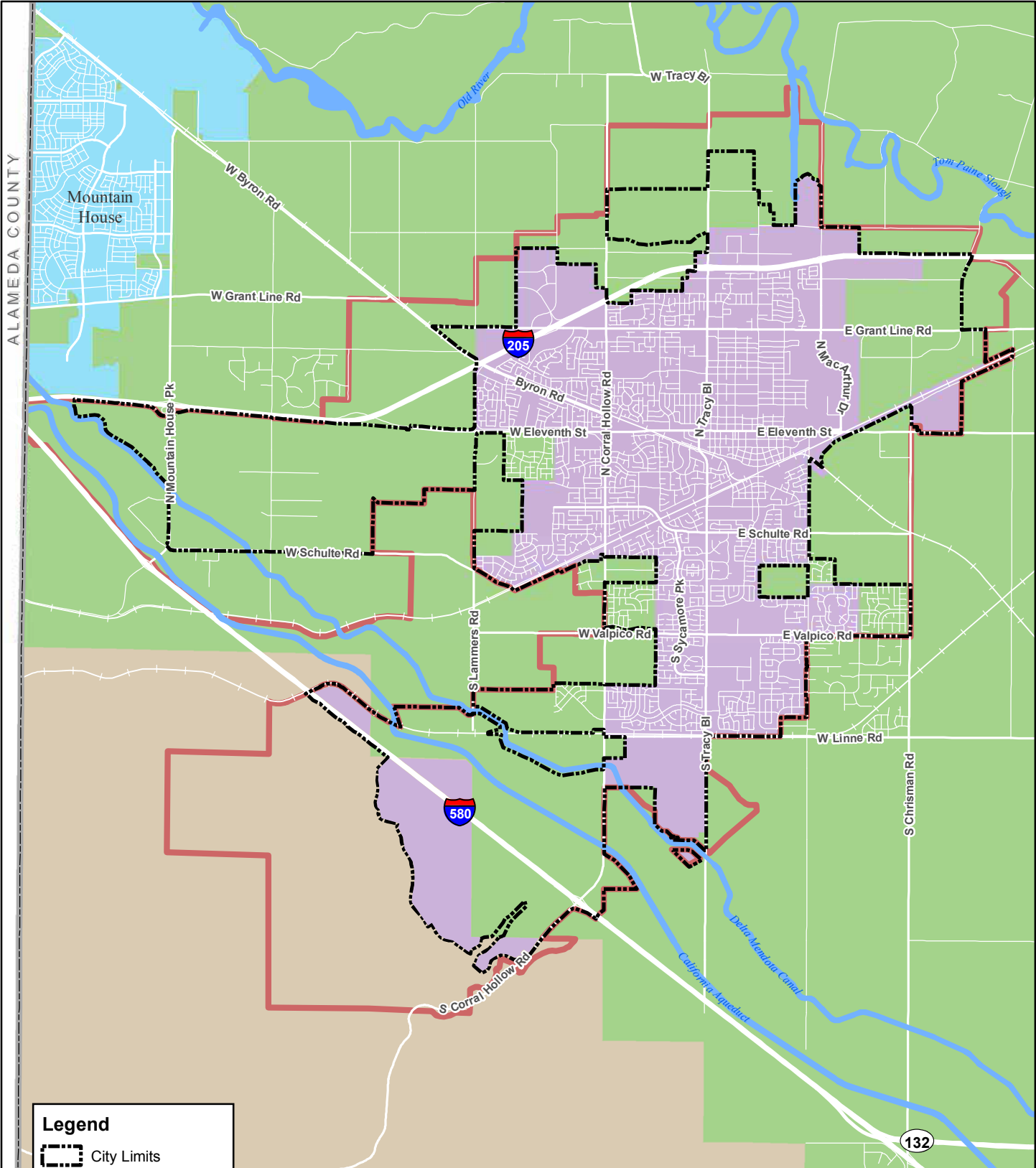
The General Plan also outlines land use policies to take full advantage of the use of existing public services and minimize the need for additional ones. As discussed further below, Objective LU-1.3 would ensure that public facilities are accessible and distributed evenly and efficiently throughout the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

The SSJCFA receives funding from various revenue sources including the City's General Fund and the Rural Fire District. General Fund allocations are derived from property taxes, sales tax revenue and user fees. The Rural Fire District receives its funding through property tax from San Joaquin County as well as a special assessment fee for those structures located in the Rural Fire District. The Rural Fire District derives 82% of its revenue from unsecured and secured property tax. Another 17% is derived from the \$0.03 per square foot special assessment. The SSJCFA also bills for cost recovery for those calls for service that occur in the Rural Fire District; however, this revenue source makes up less than 1 percent of the JPA's overall budget.

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

Determination: The City has an appropriate process in place to plan and fund fire protection services, including regular review of its service levels and funding sources and annual budgeting of resources, that will ensure adequate fire protection staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI. The City shall continue to plan for adequate service levels by regularly updating the Citywide Public Safety Master Plan to reflect providing City fire services to areas within the SOI, including consideration of whether such services are anticipated to be provided directly by the City or by a JPA.

ALAMEDA COUNTY

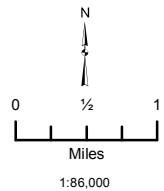


Legend

- City Limits
- Sphere of Influence

Fire District

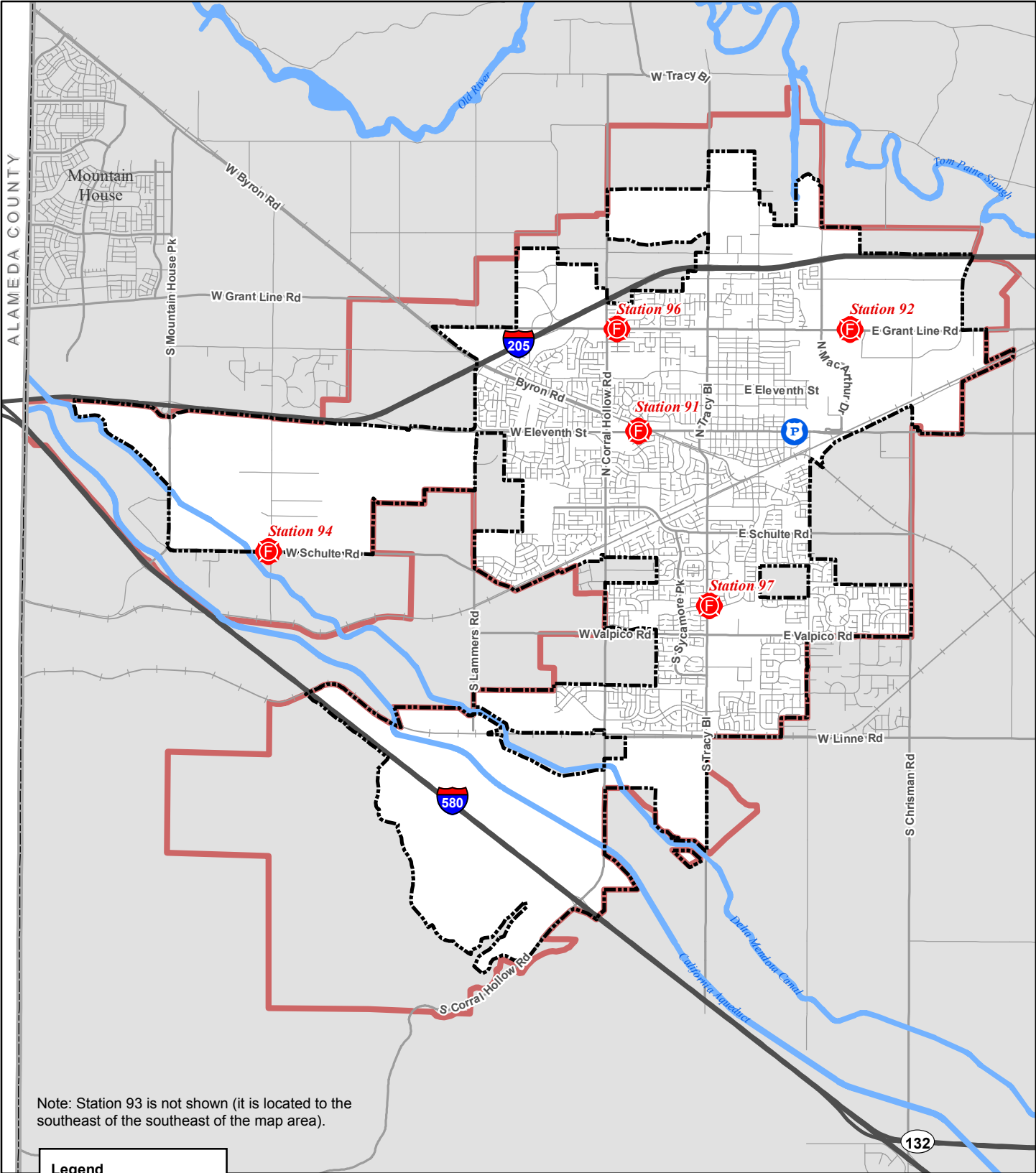
- Tracy
- Tracy Rural
- Mountain House
- None



TRACY MUNICIPAL SERVICES REVIEW





Figure 4-1: Fire Districts

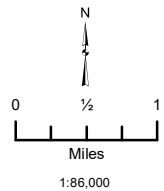
Sources: San Joaquin County; City of Tracy. Map date: November 12, 2018.



Note: Station 93 is not shown (it is located to the southeast of the southeast of the map area).

Legend

-  City Limits
-  Sphere of Influence
-  Fire Station
-  Police Station



TRACY MUNICIPAL SERVICES REVIEW
 Figure 4-2: Tracy Police and Fire Stations

Sources: San Joaquin County; City of Tracy.
 Map date: December 27, 2017.

B. LAW ENFORCEMENT

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

1. Existing Facilities and Services

EXISTING FACILITIES

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

The Police Department has 90 sworn officers budgeted in FY 2017/18, including one chief, two captains, five lieutenants, 11 sergeants, 11 corporals, and 56 patrol officers. The Police Department also has 49 professional staff members, which includes part-time employees. Professional staff members include administrators, communications dispatchers, community services personnel, animal control, a records supervisor, and crime scene technicians.

The Police Department divides calls into three categories, Priority 1, 2, and 3 calls. Priority 1 calls are defined as life threatening situations. Priority 2 calls are not life threatening, but require immediate response. Priority 3 calls cover all other calls received by the police. The average response time for Priority 1 calls within the City is approximately seven to eight minutes. Response times for Priority 2 and 3 calls are 15 and 27 minutes, on average, respectively.

The Police Department defines offences for statistical purposes using the Uniform Crime Reporting Code of California. Crimes are classified as Part 1 or Part 2 offences, depending on the priority of the crime. In 2017, 2944 Part 1 offences, which include homicide, rape, burglary and larceny, were reported. Property crimes, which include larceny, burglary, car break-ins, auto accessory theft and shoplifting, are the most common crimes in Tracy, accounting for 77 percent of offences in 2017. The two most common crimes in Tracy in 2017 were larceny and auto theft. Between 2016 and 2017, Part 1 offenses in Tracy increased by about 12 percent.

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

The Police Department and San Joaquin County Sheriff's Department provide mutual aid when a situation exceeds the capabilities of either department. Mutual aid is coordinated by the San Joaquin County Sheriff's Office.⁴

⁴ Personal communication with City of Tracy Police Captain Alex Neicu. January 8, 2018.

ORGANIZATION

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

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

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

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

STAFFING

As of 2015, the Police Department had 86 full-time sworn officers. There were also 44 full-time non-sworn officers and 7 additional part-time personnel in 2015. The Police Department has 90 sworn officers budgeted for FY 2017/18.

Staffing levels are assessed by the City on an annual basis, based on a variety of factors including response times for the three priorities listed above. With a population of 90,890 as of 2017, the Police Department's 90 sworn police officers in FY 2017/18 equate to a police officer staffing level of 1.0 officers per 1000 residents.

A review of nearby jurisdictions identified the following police officer staffing levels in 2016: Manteca (0.8), Modesto (1.0), Stockton (1.3), Oakdale (1.0), and Ripon (1.5).

CRIME STATISTICS

The number of violent offenses known to law enforcement in 2016 for the City and a sample of neighboring cities (Manteca, Modesto, Stockton, Ripon, and Oakdale) are provided in **Table 4-4** below. **Table 4-5**, below, provides the number of property crime (i.e. non-violent) offenses known to law enforcement for these cities.

TABLE 4-4 VIOLENT OFFENSES KNOWN TO LAW ENFORCEMENT, BY CITY (YEAR 2016) – CITY OF TRACY AND NEIGHBORING JURISDICTIONS

CITY	MURDER & MANSLAUGHTER	RAPE	ROBBERY	AGGRAVATED ASSAULT	TOTAL VIOLENT CRIME
Tracy	0	17	62	72	151
Ripon	0	2	9	1	12
Manteca	0	30	91	123	244
Modesto	13	103	481	1,507	2,104
Stockton	49	128	1,185	3,019	4,381
Oakdale	0	10	11	33	54

SOURCE: U.S. DEPARTMENT OF JUSTICE, FEDERAL BUREAU OF INVESTIGATIONS CRIME IN THE UNITED STATES, 2018

The jurisdictions neighboring Tracy have varying populations. Therefore, the per capita rate of total violent crime offenses known to law enforcement in 2016 (as provided by the statistics in **Table 4-4**, and based on population levels provided by the U.S. Census Bureau) in each of these jurisdictions is provided as follows (for the sake of comparison): Tracy (0.2%), Ripon (0.1%), Manteca (0.3%), Modesto (1.0%), Stockton (1.4%), and Oakdale (0.2%). As shown, the per capita rate of violent crime offenses known to law enforcement in 2016 is lower in the City than each of these neighboring jurisdictions, with the exception of Ripon.

TABLE 4-5 PROPERTY CRIME OFFENSES KNOWN TO LAW ENFORCEMENT, BY CITY (YEAR 2016)

CITY	BURGLARY	LARCENY – THEFT	MOTOR VEHICLE THEFT	ARSON	TOTAL PROPERTY CRIME
Tracy	245	1,348	306	12	1,899
Ripon	22	225	20	0	267
Manteca	315	2,020	365	13	2,700
Modesto	1,421	6,350	1,553	65	9,324
Stockton	2,251	7,550	1,833	81	11,634
Oakdale	127	482	79	3	688

SOURCE: U.S. DEPARTMENT OF JUSTICE, FEDERAL BUREAU OF INVESTIGATIONS CRIME IN THE UNITED STATES, 2018

The per capita rate of total property crime offenses known to law enforcement in 2016 (as provided by the statistics in **Table 4-5**, and based on population levels provided by the U.S. Census Bureau) in each of these jurisdictions is provided as follows: Tracy (2.1%), Ripon (1.7%), Manteca (3.5%), Modesto (4.4%), Stockton (3.8%), and Oakdale (3.0%). As shown, the per capita rate of total property crime offenses known to law enforcement in 2016 is lower in the City than each of these neighboring jurisdictions, with the exception of Ripon.

Table 4-6 provides crime statistics in the City from 2017 and through August 2018, as provided by the Police Department. As shown, overall reported crime increased by 14% between 2017 to 2018, although this is partially a result of the increase in population over this period.

TABLE 4-6 TRACY POLICE DEPARTMENT ANNUAL CRIME STATISTICS (YEAR 2014 vs. 2015)

CRIME	YEAR 2018, THROUGH AUGUST	YEAR 2017	% CHANGE
Violent Crime	145	142	2%
Property Crime	1,670	1,454	15%
Total Part I Crimes	1,815	1,596	14%

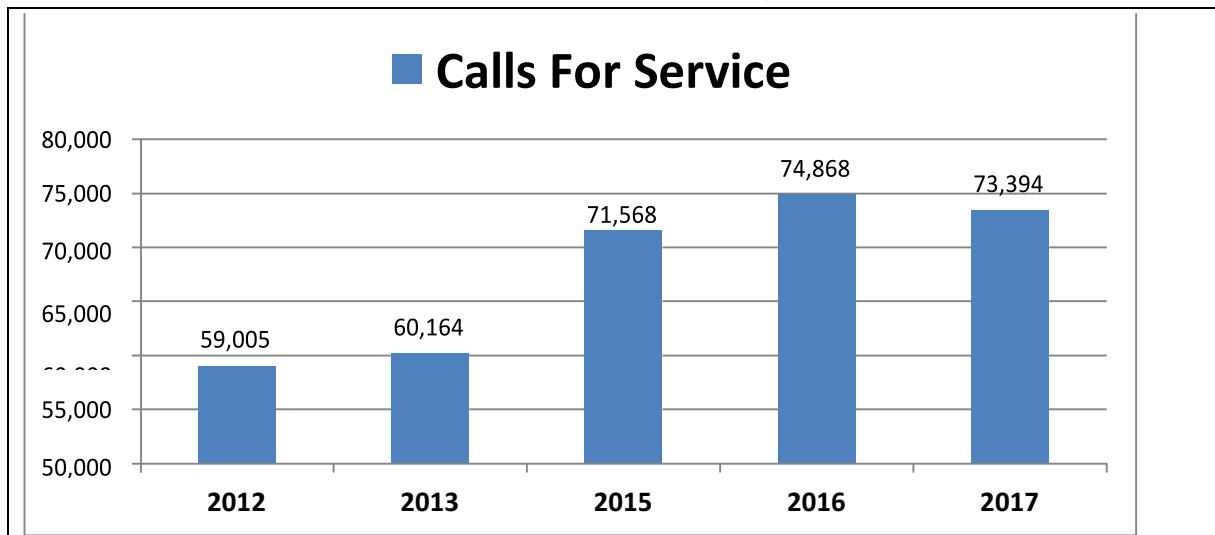
SOURCE: TRACY POLICE DEPARTMENT, 2018

RESPONSE TIMES

The Police Department classifies calls for service as priority 1, priority 2 or priority 3. Priority 1 calls are calls where a threat is posed to life or is a crime of violence. Priority 2 calls are calls for service where there is an urgency or suspicious behavior. Priority 3 calls are calls for service where no emergency or serious problem is involved. The averages for the department's response times for 2015 for the 3 priorities are listed below.

- Priority 1 calls: 6 minutes and 48 seconds
- Priority 2 calls: 15 minutes and 6 seconds
- Priority 3 calls: 29 minutes and 43 seconds

Prior to 2015, the Police Department handled approximately 60,000 calls per year. From 2015 to the present, the Department is averaging over 70,000 calls for police service annually. The current budgeted staffing for police officers is 90, which is under what the Department had prior to the recession. Chart 4-1 illustrates how calls for service have increased 25% in the last 5 years.

CHART 4-1: CITY OF TRACY CALLS FOR SERVICE – POLICE DEPARTMENT, 2012 – 2017*

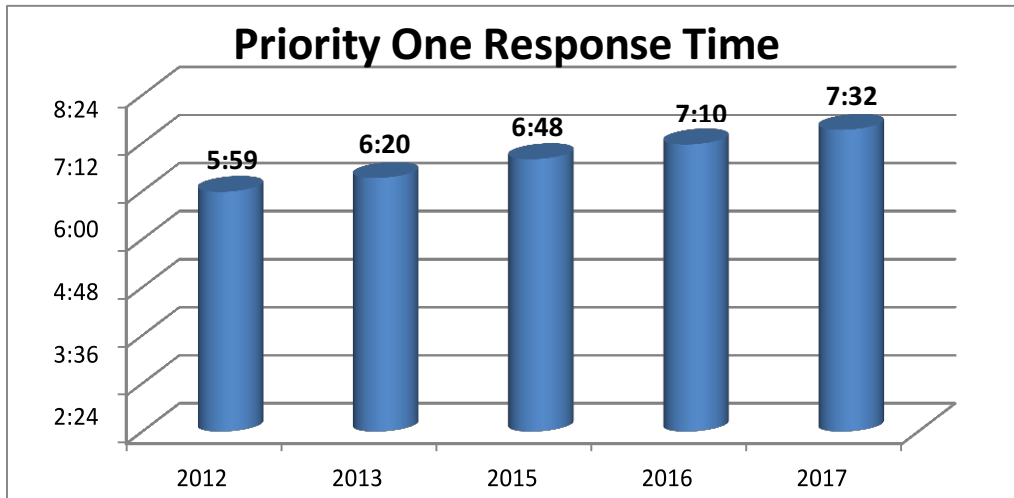
SOURCE: TRACY POLICE DEPARTMENT, 2018

*2014 DATA IS UNAVAILABLE DUE TO CHANGING CAD/RMS VENDORS

As a direct reflection of the City's increased population, police officer response time to Priority One calls has steadily increased from 5:59 minutes in 2012 to 7:32 minutes in 2017. Priority One calls are

in-progress incidents that threaten human life or property. A less than seven-minute response time to a Priority One call is the Department's goal each year. Chart 4-2 illustrates the steady increase in Priority One call response times.

CHART 4-2: CITY OF TRACY PRIORITY ONE RESPONSE TIME – POLICE DEPARTMENT, 2012 – 2017*



SOURCE: TRACY POLICE DEPARTMENT, 2018

*2014 DATA IS UNAVAILABLE DUE TO CHANGING CAD/RMS VENDORS

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

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

3. Provisions for Future Growth and Systems Improvement

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

The General Plan also contains policies that were designed to provide police services in an efficient manner and ensure project designs help to reduce the need for policing. The Land Use Element of the General Plan outlines two objectives to foster the efficient match of public facilities to development. Objective LU-1.3 would ensure that public facilities are accessible and distributed

evenly and efficiently throughout the City, and that residential development is directed in a way to maximize the use of existing public services and infrastructure (Objective LU-1.4). In addition, the City would continually strive for improved performance and efficiency of the Tracy Police Department (Objective PF-2.1, P3), and would review all project proposals for potential law enforcement hazards and encourage the use of physical site planning for crime prevention. Four specific action items are also included under Objective PF-2.3 to maintain and improve law enforcement services to keep up with Tracy's changing population and help reduce crime in general. The combination of these policies would help minimize the demand for police services.

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

As provided in the above text, the current police officer staffing levels at the Police Department (as of FY 2017/2018) are approximately in line with the police officer staffing levels of nearby jurisdictions, including the cities of Manteca, Modesto, Stockton, and Oakdale, and Ripon. In addition, the crime rates within the city are currently lower than most neighboring jurisdictions. The Police Department annually reviews its need for increases in personnel and equipment, based on the Police Department's response times, expected budget, and expected growth and demand for law enforcement services.

In June 2018, the Police Department completed a staffing needs analysis and was approved an increase in both sworn and civilian personnel to match anticipated city growth. The City Council approved the following growth plan phased in over three fiscal years, beginning with the 2018-19 FY.

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

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

As new specific plans and development projects within the SOI are considered, the City reviews the specific details of each project to: 1) identify the associated demand for new police facilities and operations, and 2) to identify whether the City's funding, including fees and assessments generated

by the new development through the payment of development impact fees, sales tax revenues, and annual CFD assessments, will be adequate to address the demand for police services. Prior to approving any new development project, the City can ensure that any CFD associated with the project, development agreement provisions for funding police services, and development impact fee schedule is appropriately adjusted to reflect anticipated funding gaps. Therefore, it is determined that the City has the capacity to provide police services to the planned development within the SOI and that City will have adequate revenue to expand police services, sufficient to ensure that such services are maintained for existing development and are made available for new development.

Determination: The City has an appropriate process in place to plan and fund police services, including regular review of its service levels and funding sources, that will ensure adequate police staffing, performance levels, and facilities are maintained to serve the City's existing population as well and future growth within the SOI.

C. WATER SUPPLY, CONSERVATION AND TREATMENT

The City provides potable water supplies to all users within the City's water service area through its own water distribution system. The City's existing water service area is generally coterminous with the City city limits (approximately 22 square miles). The City provides potable water service to all of its residents; the City does not currently supply non-potable water. The City's water supply system is maintained by the City's Public Works Department. In 2015, the City provided water to approximately 24,000 customers.

Sources of the City's water supply include the Stanislaus River, the Delta-Mendota Canal (DMC), and groundwater pumped from wells. In 2016, 70% of the water supply, or 3.62 billion gallons, came from the Stanislaus River. Water from the Delta-Mendota Canal comprised 18% of the total water supply, or 0.935 billion gallons. The City's groundwater supply comprised 12%, or 0.589 billion gallons. Although the City does not currently supply non-potable water, the City is currently pursuing recycled water supplies. **Figure 4-3** illustrates the existing water infrastructure. The *City of Tracy Citywide Water System Master Plan*, the *City of Tracy 2015 Urban Water Management Plan* prepared in 2016, and the *2016 Consumer Confidence Report* were the primary sources of information used in this section.

1. Existing Supply and Demand

The City's two wholesale surface water suppliers are: (1) the United States Bureau of Reclamation (USBR) and (2) the South San Joaquin Irrigation District (SSJID). The City of Tracy has a Municipal and Industrial (M&I) contract with the USBR for delivery of Central Valley Project (CVP) water conveyed via the Delta-Mendota Canal (conjunctively referred to as "DMC/CVP" water). The City has acquired additional assignments of DMC/CVP agricultural reliability water through agreements with the local irrigation districts (the City coordinates with several local water agencies)⁵. The City also purchases Stanislaus River water from SSJID, as provided by the South County Water Supply Project (SCWSP). The SSJID notifies the City of the deliveries that it can expect to receive from the SCWSP on an annual basis. The City in turn notifies the SSJID each year of the deliveries that it expects to receive over the next three years.

A portion of the land area included in the Tracy Hills Specific Plan was annexed into the Byron-Bethany Irrigation District (BBID) in 1999 and is entitled to water service from BBID as part of BBID's pre-1914 appropriative water rights. This water is delivered via the DMC. The City anticipates that up to 4,500 AFY of the BBID pre-1914 water will be available to the City as the Tracy Hills as development is built and this area begins to experience potable water demand. Use of this water, however, is limited to the area of Tracy Hills included in BBID's service area. The agreement between the USBR and BBID that enables the City to receive this water further limits use of BBID pre-1914

⁵ The City has entered into agreements with Banta-Carbona Irrigation District (BCID) and West Side Irrigation District (WSID) for assignments of DMC/CVP agricultural reliability water. Additionally, the City is working with Byron-Bethany Irrigation District (BBID) to obtain a portion of their DMC/CVP agricultural reliability water. The City also coordinates with the San Luis & Delta-Mendota Water Authority (SLDMWA), a group of federal water serve contractors that has assumed responsibility for operation and maintenance of certain CVP facilities.

4 PRESENT AND PLANNED CAPACITY

water to the CVP Consolidated Place of Use (CPOU).⁶ Based on the projected water demands in this area, the City anticipates that up to 2,430 AFY of BBID pre-1914 water will be available by 2035.

The remaining portion of the City’s water supply comes from groundwater extracted from the 539-square mile Tracy Subbasin, part of the larger San Joaquin Valley Groundwater Basin. The City is located in the southern portion of the Tracy Subbasin. The primary groundwater source for the City is the lower water-bearing zones of the Tulare formation. These water-bearing zones occur at depths of 300 to 700 feet below ground surface and are confined by an extensive clay stratum known as Corcoran Clay. The City operates nine groundwater wells with a total extraction capacity of 18,300 gallons per minute (gpm), or 26 million gallons per day (MGD). The City coordinates management of the Tracy Subbasin with several other agencies within the region, including BBID, BCID, WSID, Del Puerto Water District (DPWD), Patterson Water District (PWD), West Stanislaus Irrigation District, and San Joaquin County. These Basin stakeholders collectively developed a Regional Groundwater Management Plan pursuant to the 1992 Groundwater Management Act, AB 3030.

The City’s 2015 Urban Water Management Plan (UWMP) describes how future water resources and demands within the City’s service area will be managed to provide an adequate and reliable water supply. Trends in water demand for the City of Tracy are provided below. As shown in the following table (**Table 4-7**), Tracy’s per capita water use decreased from 223 gallons per capita per day (GPCD) to 146 GPCD from 2000 to 2015, a 34.5% decrease.

TABLE 4-7 CURRENT AND HISTORICAL POTABLE WATER USE AND POPULATION

YEAR	POTABLE WATER DEMAND (ACRE-FEET)	SERVICE AREA POPULATION	PER CAPITA POTABLE WATER USE (GPCD)
2000	14,338	57,298	223
2001	14,629	61,423	213
2002	15,682	66,372	211
2003	16,970	70,444	215
2004	18,370	75,131	218
2005	17,892	78,613	203
2006	18,000	80,535	200
2007	19,176	81,082	211
2008	17,118	81,873	187
2009	16,693	82,426	181
2010	16,603	83,312	178
2011	16,882	83,648	180
2012	18,052	84,833	191
2013	18,587	84,883	195
2014	16,213	85,346	170
2015	14,041	85,707	146

SOURCE: CITY OF TRACY UWMP, 2016.

⁶ Long Term Contract Between the United States and the BBID Providing for the Exchange of Non-Project Water for Project Water, dated April 2014.

An analysis of the current and historical data revealed three major trends in Tracy's potable water supply:

- Seasonal fluctuations in demand. The City typically experiences dry summers and wet winters. Correspondingly, the City's water demand has been highest in June, July, and August, and lowest in December, January, and February.
- Annual fluctuations in demand. Since California's precipitation patterns vary from one year to the next, Tracy's water demand fluctuates annually based on local rainfall. In hotter, drier years, irrigation and cooling needs can increase the City's potable water demand above what is needed during cooler or wetter years.
- Long-term decrease in per capita demand. The City's per capita water demand has generally decreased over the prior 10-year period, with per capita water use decreasing from 218 GPCD in 2004 to 146 GPCD in 2015. While recent declines may be attributed in part to behavioral changes and regulatory mandates during the recent drought, the longer-term decline is likely representative of increases in water use efficiency.

Current and historical potable water supply is provided in **Table 4-8**, below. As shown, the City has maintained sufficient water supply over recent years. Total potable water demand in 2015 was 14,041 acre-feet (AF). This demand was the lowest over the period 2011 through 2015. For the other years in this timeframe, water demand ranged from 16,213 AF in 2014 to 18,587 AF in 2013.

TABLE 4-8 CURRENT AND HISTORICAL POTABLE WATER SUPPLY

WATER DEMAND SECTOR	ANNUAL PRODUCTION (ACRE-FEET)				
	2011	2012	2013	2014	2015
Surface Water					
Total Surface Water Supply	16,583	17,800	18,072	15,533	13,522
Percentage of Supply	98%	99%	97%	96%	96%
Groundwater Production					
Net Groundwater Production	300	252	515	680	519
Percentage of Supply	2%	2%	5%	4%	6%
Total	16,882	18,052	18,587	16,213	14,041

SOURCE: CITY OF TRACY UWMP, 2016.

Historically, groundwater had accounted for up to 50% of the City's water supply. Prior to 2001, groundwater extraction in Tracy totaled less than 6,000 AFY. Between 2001 and 2004, to meet increased demands for water, Tracy began extracting additional groundwater, ranging from 6,878 AFY to 7,717 AFY. In 2005, groundwater extraction decreased to approximately 6,000 AFY because: (1) the SCWSP was completed and Tracy began receiving Stanislaus River water, and (2) rainfall was above normal, meaning that Tracy received a high percentage of its DMC/CVP contractual entitlements. From 2006 to 2010 groundwater extraction ranged from 3,672 AFY to 498 AFY, declining as more water was used from SSJID. Over the period from 2011 through 2015, net groundwater production in the City ranged from 252 AFY to 680 AFY (as shown in **Table 4-8**).

2. Water Shortage Contingency Planning

The City maintains a Water Shortage Contingency Plan (WSCP), which has been developed to serve as a flexible framework of planning response measures to mitigate future water supply shortages. The City adopted its first WSCP in 1992 to provide City staff and City water customers with guidelines for reducing water consumption in the event of a drought. The City's WSCP was updated in June 2015 via Ordinance 1196 to incorporate the mandatory prohibitions required by the SWRCB and provide the City with additional tools to meet the SWRCB-mandated 28% conservation standard. The most recent version of the City's WSCP is codified within Chapter 11.28, Article 5 – Drought and Other Water Emergency, and Article 6 – Water Conservation and Rationing Plan, Water Emergency Plan, Variances and Appeals Water Management, of the Tracy Municipal Code. This version of the City's WSCP builds upon and supersedes the City's 2015 WSCP. The ordinance that establishes the current version of the City's WSCP is included in Appendix P of the 2015 UWMP, and was adopted as part of the 2015 UWMP.

The City's WSCP has been developed to support the broader vision of the City laid out in the General Plan. Among other things, the General Plan emphasizes the importance of "hometown feel", community livability, quality of life, and increased economic development. To that end, the City's WSCP reflects the following set of guiding principles:

- Prioritize the reduction of non-essential water uses;
- Water cutbacks will focus on outdoor water use;
- Focus on fewer requirements, including enforceable standards;
- Provide early communication and reserve penalties for significant violations.

Practically, these principles guide the City to ask for a shared contribution from all its customers towards meeting water reduction goals during periods of water shortage. They further direct the City to focus on its water conservation efforts on reducing discretionary water uses such as outdoor irrigation, while attempting to minimize economic and other impacts to its residential and commercial customers. The City learned during the recent drought that public outreach and awareness are capable of generating significant savings in response to severe drought. The WSCP emphasizes these activities before it mandates specific water-conserving actions.

Prior to the 2015 SWRCB Resolution, the City Council had already declared Stage 2 of the 2015 WSCP to respond to 2014 SWRCB actions. The City Council enacted Stages 3 and 4 of the 2015 WSCP on June 2, 2015. Stage 4 of the 2015 WSCP called for a 25% water reduction and included prohibitions that targeted water waste and discretionary outdoor uses. This stage of action remained in place to meet the 2015 SWRCB mandated reduction target. The City achieved high savings (up to a 34% reduction in total demand) during the summer and fall months, likely corresponding to large cut-backs in irrigation water uses. Total cumulative water savings through February 2016 have been 26.9% (as provided by the City of Tracy 2015 UWMP).

3. Existing Transmission and Distribution System

The City provides water services to all water users within the City limits, plus approximately 118 residences in the Larch-Clover County Services District (CSD). All connections are metered. In 2015,

the City served 24,500 metered connections. The majority of service connections in the City are associated with single-family residential accounts. The City's water infrastructure is shown in **Figure 4-3**. No recycled water through the City's system has been used in Tracy because a distribution system for recycled water has not yet been constructed.

Because of differences in elevation of up to several hundred feet within its service area, Tracy has established three pressure zones for its treated water distribution system. There are three existing pressure zones (Zones 1, 2, and 3). To support future planned development two additional pressure zones (Zones 4 and 5) have been proposed for future use.

The three existing pressure zones include over 420 miles of water mains that vary in diameter up to 36 inches. The age of the pipes also varies, dating from about 1910 to the present. The three existing pressure zones are interconnected by pressure reducing valves, pressure sustaining valves, and a number of normally-closed interconnection valves. Several booster pump stations regulate the pressure differences between the three zones and, along with pressure control valves, regulate flow between zones.

Zone 1, the most developed of the three existing zones, is supplied with water from a 36-inch transmission main that extends north from John Jones Water Treatment Plant (JJWTP) along Tracy Boulevard (from SSJID via Eleventh Street) and from Zone 2 via five pressure sustaining valves. Zone 2, comprised of residential and light industrial water users, is supplied from the Zone 2 Booster Pump Station located at the JJWTP and from the Linne Road Booster Pump Station located near the intersection of Linne Road and MacArthur Drive. The Safeway and Patterson Pass Business Park developments in Zone 3 are supplied water from the Safeway Booster Pump Station located on Schulte Road east of Patterson Pass Road.

The City has four treated water storage reservoirs, including two clearwells and two storage tanks, with a total available storage capacity of 13.5 MG. Two of these reservoirs, Clearwell #1 and Clearwell #2, are located adjacent to the JJWTP, with storage capacities of approximately 0.66 MG and 4.0 MG, respectively. Since Clearwell #1 is operated as a chlorine contact basin, it is no longer considered to provide available storage capacity. Additional storage is provided by the Northeast Industrial storage tank, with a capacity of 2.4 MG. The fourth storage reservoir is a 7.1 MG capacity storage tank located on Linne Road.

The City's DMC/CVP surface water supplies are treated at the JJWTP, located at the southern end of the City just east of the DMC and California Aqueduct. The JJWTP was constructed in 1979, expanded in 1988, and expanded and upgraded again in 2008. The treatment capacity is 30 MGD, with a potential future capacity of 45 MGD.

Stanislaus River water, provided by the SCWSP, is treated at the Nick C. DeGroot Water Treatment Plant (DGWTP) located adjacent to Woodward Reservoir in Stanislaus County. The DGWTP, which was completed in 2005, has a current capacity of 40 MGD and a final build-out capacity of 60 MGD.

The City currently owns and operates nine groundwater production wells: the Lincoln Well and Production Wells 1, 2, 3, 4, 5 (Lewis Manor), 6 (Park & Ride), 7 (Ball Park), and Production Well 8. The pumping capacity of the City's production wells ranges from 1,400 gpm to 2,500 gpm, which a

combined total capacity of 18,300 gpm.⁷ All production wells are screened below the confining Corcoran Clay with sanitary seals that entirely seal the wells from the upper, unconfined aquifer. Groundwater does not need treatment, although chlorine is added to add a barrier of protection for public health.

4. Water Quality

As described within the City's 2016 Consumer Confidence Report, the quality of the City's water supply complied with or exceeded all State and Federal drinking water requirements. The City chlorinates its potable water supply. The City also uses chloramines as a secondary disinfectant when treating source water from the Delta Mendota Canal.

DMC/CVP Surface Water

A sanitary survey for the drinking water sources for Tracy's potable water system was completed in February 2016. Potable water in Tracy was found to be most vulnerable to petroleum pipelines (existing), gas stations (historical and existing), mining (active and historical), agriculture (active and historical), and septic and waste landfill dumps (historical and existing). While significant problems have not been encountered to date, there is also potential for a variety of water quality issues in the Delta that could make the water less suitable for municipal use, including levee failures, toxic spills, and salinity. The City's water treatment facility, the JJWTP, is able to address most potential water quality concerns and provide treatment to a level that meets all potable water standards.

SCWSP Surface Water

Available raw water quality data are summarized and analyzed in the SSJID Survey Update (SSJID Sanitary Survey). Of the parameters monitored and reported in the SSJID Sanitary Survey, almost all of the compounds were detected at concentrations below applicable water quality standards. Results from the SSJID's Sanitary Survey indicate that cattle in the vicinity of the main canal have contributed to elevated levels of total and fecal coliform between the Goodwin Dam and the Woodward Reservoir, and the recreational activity near the reservoir may be causing additional contamination. To prevent access to the canal and watershed, SSJID has repaired the fencing along the canal as recommended in the SSJID Sanitary Survey.

Groundwater

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

The City monitors water quality parameters in its nine production wells and in a network of six monitoring well clusters throughout the City. Generally, the water quality in the unconfined aquifer above the Corcoran Clay is poorer than in the confined aquifer. Total dissolved solids (TDS)

⁷ City of Tracy 2015 Urban Water Management Plan, 2016.

concentrations in well water sampled in the semi-confined aquifer ranged between 1,000 milligrams per liter (mg/L) and 1,500 mg/L, while the measured TDS in the City's production wells in the confined aquifer are in the range of approximately 500 to 900 mg/L.

Analytes present at elevated concentrations throughout the Tracy Subbasin in both the semi-confined and confined aquifers include chloride, nitrate, sulfate, and boron. Elevated chloride occurs in several areas near the City and along the San Joaquin River. Areas of elevated nitrate occur in the northwestern part of the Tracy Subbasin and in the vicinity of Tracy. Elevated boron occurs over a large portion of the Tracy Subbasin from south of Tracy extending to the northwest side of the Tracy Subbasin. Sulfate concentrations of up to 500 mg/L have been detected in Tracy Subbasin groundwater. In general, the groundwater near Tracy is considered to be very hard.

5. Water Conservation Measures

Urban Water Management Plan

The City's 2015 Urban Water Management Plan (UWMP) identifies a series of water demand management measures (DMM). These measures are listed below.

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

Water Management

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

I. Water Shortage Contingency Plan

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

II. *Water Efficient Landscape Ordinance*

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

Recycled and Non-Potable Water

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

6. Future Supply and Demand and Improvements to the System

As previously described, the City does not currently supply non-potable water to its customers, but is pursuing recycled water supplies and has relied upon recycled water use offsetting potable water demands when projecting future potable water needs. Additionally, as previously described, the City has an M&I contract with the USBR for delivery of DMC/CVP water. The City has acquired additional assignments of DMC/CVP agricultural reliability water through agreements with the local irrigation districts (the City coordinates with several local water agencies). The 2015 UWMP conservatively estimates that the City will receive 50% of its agricultural reliability contractual entitlement in future normal water years. During dry years, a CVP M&I contractor is typically eligible for a minimum shortage allocation equal to 75% of adjusted historical use. Per the CVP M&I Water Shortage Allocation Plan, the minimum shortage allocation may be reduced further when the allocation of agricultural reliability water in that year is reduced below 25% of contract entitlement.

Table 4-9 summarizes the City's projected potable water demand by sector in five-year increments between 2020 and 2040 (as provided within the 2015 UWMP), as well as under buildout conditions that consider full development of the SOI. The City anticipated that total potable water demand in 2040 will be 27,537 AFY. The highest growth is expected to occur in the industrial sector, where potable water demand is expected to increase by more than 200%.

TABLE 4-9 PROJECTED POTABLE WATER DEMAND BY SECTOR

WATER DEMAND SECTOR	PROJECTED POTABLE WATER DEMAND (ACRE-FEET)					
	2020	2025	2030	2035	2040	Buildout
<i>Projected Residential Water Demand</i>						
Single Family Residential	11,618	12,126	12,633	13,141	13,649	17,609
Multi-Family Residential	1,277	1,365	1,454	1,542	1,630	2,148
<i>Subtotal Residential</i>	<i>12,895</i>	<i>13,491</i>	<i>14,087</i>	<i>14,683</i>	<i>15,279</i>	<i>19,757</i>
<i>Projected CII Water Demand</i>						
Commercial	1,506	1,749	1,993	2,236	2,479	4,676

Industrial	1,578	2,380	3,181	3,983	4,785	6,825
Institutional/Governmental	674	710	746	781	817	900
Subtotal CII	3,758	4,839	5,920	7,001	8,082	12,401
Projected Other Water Demand						
Irrigation	1,764	1,764	1,764	1,764	1,764	2,006
Subtotal Other	1,764	1,764	1,764	1,764	1,764	2,006
Total Projected Water Consumption	18,417	20,094	21,771	23,448	25,125	34,164
Unaccounted-for-Water	9.6%	9.6%	9.6%	9.6%	9.6%	9.6%
Total Projected Water Demand	20,185	22,023	23,861	25,699	27,537	37,444

SOURCE: CITY OF TRACY UWMP, 2016.

As described previously, the majority of the City's potable water supply is from two surface water supplies: (1) CVP water delivered by way of the DMC, (2) Stanislaus River water provided for by the SCWSP, and (3) BBID water delivered by way of DMC. The reliability of the City's surface water supplies is discussed below.

The City has access to 10,000 AFY of M&I-reliability DMC/CVP water and 10,000 AFY of agriculture reliability DMC/CVP water. The City also has access to 11,120 AFY of Stanislaus River water provided by the SCWSP. Due to the seniority of the water rights underlying the SCWSP, SSJID's pre-1914 appropriate rights to Stanislaus River water, the City has historically assigned a high reliability to SCWSP water. However, the experiences of the recent drought have caused the City to revise its reliability projections for SCWSP water in dry years. In August 2014, due to concerns about decreasing water levels in the New Melones Reservoir, SSJID curtailed water deliveries to the SCWSP contracting cities by 20% of their monthly allocations. This 20% curtailment translated to an allocation to the City of approximately 85% of its annual contractual entitlement in 2014. In 2015, SSJID allocated water to each SCWSP contracting city based upon actual water use in 2013. Under this allocation scheme, the City was assigned 85% of its actual 2013 water use.

In normal years, the City anticipates receiving 100% of its SWSCP contractual entitlement. In future dry years, the City is assuming that allocations will be based on the City's contractual entitlement, rather than consumption in a given year. Therefore, the City's allocation of SCWSP water in 2014 serves as the basis for the City's single dry year projections. In single dry years, the City anticipates receiving 85% of its SCWSP contractual entitlement. The City is also conservatively assuming that it will receive 85% of its contractual entitlement to SCWSP water in multiple dry years. Since the actual amount of water that may be used (2,430 AFY) is significantly less than the contractual entitlement (4,500 AFY), these reductions in dry years are not expected to reduce the actual amount of supply available to the City.

The City is able to withdraw up to 9,000 AFY of groundwater from the Tracy Subbasin on an average annual basis. However, due to the high TDS and hardness in the City's groundwater supplies, the City is only planning to withdraw 2,500 AFY in a normal year. This reduces the stress on the Tracy Subbasin and allow for more groundwater storage, thereby increasing the City's ability to rely on groundwater in dry years. Given the City's multiplicity of options for potable water supply, supply is

anticipated to be sufficient in future years, in excess of future demand. **Table 4-10**, below, summarizes the City's existing and projected potable water entitlements for the City of Tracy, as provided within the 2015 UWMP.

TABLE 4-10 EXISTING/FUTURE AVAILABLE POTABLE WATER SUPPLIES ENTITLEMENTS

Potable Water Source	Water Right or Contract	Reliability	Current and Projected Potable Water Supply (AFY)					
			2015	2020	2025	2030	2035	2040
<i>Current Supplies</i>								
DMC/CVP	USBR Tracy Contract	10,000	10,000	10,000	10,000	10,000	10,000	10,000
DMC/CVP	USBR BCID Contract	5,000	5,000	5,000	5,000	5,000	5,000	5,000
DMC/CVP	USBR WSID Contract	5,000	5,000	5,000	5,000	5,000	5,000	5,000
SCWSP	SSJID Contract	Pre-1914	11,120	11,120	11,120	11,120	11,120	11,120
BBID	Tracy Hills Contract	Pre-1914	0	700	1,400	2,100	2,430	2,430
Groundwater	--	--	2,500	2,500	2,500	2,500	2,500	2,500
<i>Anticipated Future Supplies</i>								
DMC/CVP	USBR BBID Contract	USBR BBID Contract	0	2,000	4,000	6,000	8,000	8,800
SCWSP	Conserved Water Amendment Agreement	Pre-1914	0	0	0	0	1,880	1,880
Normal Year Total			33,620	36,320	39,320	41,720	45,930	46,730
<i>Dry Year Supplies¹</i>								
Semitropic Water Storage Bank		--	3,500	3,500	3,500	3,500	3,500	3,500
Groundwater		--	6,500	6,500	6,500	6,500	6,500	6,500
Aquifer Storage and Recovery		--	1,000	1,000	1,000	1,000	1,000	1,000
Dry Year Total			11,000	11,000	11,000	11,000	11,000	11,000

SOURCE: CITY OF TRACY URBAN WATER MANAGEMENT PLAN

¹THE UWMP ALSO ANTICIPATES THAT THE CITY WOULD RECEIVE 4,300 AF OF DMC/CVP WATER, 9,452 AF OF SCWSP WATER, AND 2,430 AF OF BBID WATER DURING MULTIPLE DRY YEARS, RESULTING IN A TOTAL SUPPLY OF 27,182 DURING DRY YEAR CONDITIONS.

It should be noted that supply availability and reliability, actual demands, and the City's actual use of recycled water to offset potable water demands may change in the future. As such, the City may need to acquire additional potable water supplies in the future, as described previously. Expansion will primarily consist of above ground storage capacity to ensure an adequate supply of potable water. The City is also interested in utilizing recycled water in the future for non-potable water needs. Additionally, as also previously described, the City maintains a Water Shortage Contingency Plan (WSCP), which has been developed to serve as a flexible framework during dry years.

New development projects are required to pay development impact fees to fund their fair-share of water system improvements. The City has planned improvements necessary to address existing deficiencies and to serve buildout conditions of the City and SOI in the Water System Master Plan

(see **Figure 4-3a**). Water system improvements to serve buildout conditions include JJWTP surface water treatment and intake capacity expansion by 21 MGD, storage facilities, groundwater wells, booster pump stations, pipeline improvements, interconnections, and backup generators. These improvements are detailed in the Water System Master Plan and are estimated to cost approximately \$263 million.

The City is considering potential projects that would further increase the use of recycled water within the City. These projects include irrigation with recycled water at Legacy Fields, Tracy Sports Complex, and Plasencia Fields. Another such project is considering discharging recycled water into the DMC, where it would be conveyed to downstream users, including the City of Tracy. This project is in the conceptual stage and therefore the future recycled water use associated with it has not been quantified.

New developments in the City are required to include recycled water distribution systems in accordance with the City's Recycled and Non-Potable Water Ordinance (Municipal Code Chapter 11.30). The requirements of the Recycled and Non-Potable Water Ordinance facilitate the future use of recycled or other non-potable water for irrigation purposes within the new development. In December 2013, the City adopted development impact fees to fund recycled water infrastructure improvements.

In August 2015, the City of Tracy was recommended by the California Department of Water Resources (DWR) for funding as part of the Proposition 84-funded Delta, San Joaquin and Sacramento Rivers Water Quality Grant Program. The grant provides the City with \$18 million to implement its Recycled Water Master Plan (2012). The total cost of implementing the City's Recycled Water Master Plan is estimated to be greater than \$33 million. The remainder of funding would be provided from developers (that is, in general, all new projects are conditioned to build/fund or pay their fair share toward those future recycled water lines). The grant funding from DWR will be used to construct pump stations and pipelines to distribute recycled water to customers on the west side of the City and the GWF Power Facility. As new development occurs along the recycled water pipeline route, the demand for recycled water is anticipated to grow to approximately 2,813 AFY. Per the terms of the grant, the City is required to expend the grant funds by March 31, 2020.

The City of Tracy also provides regular maintenance and replacement of water infrastructure, on an as-needed basis. Water infrastructure is monitored regularly, and the City replaces aging and/or failing infrastructure to ensure continuity of service. The existing *City of Tracy Citywide Water System Master Plan* evaluates the City's existing potable water system and plans for replacement of pipeline, installation of Supervisory Control and Data Acquisition (SCADA) system monitoring at each pressure regulating system, and calibration of the SCADA data tags.

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

- Golf courses shall be designed to minimize water, energy and chemical (e.g. pesticides and fertilizer) usage, preserve wildlife habitat, and incorporate native plants and drought-resistant turf (Goal OSC-4, Objective OSC-4.1, Policy P6).

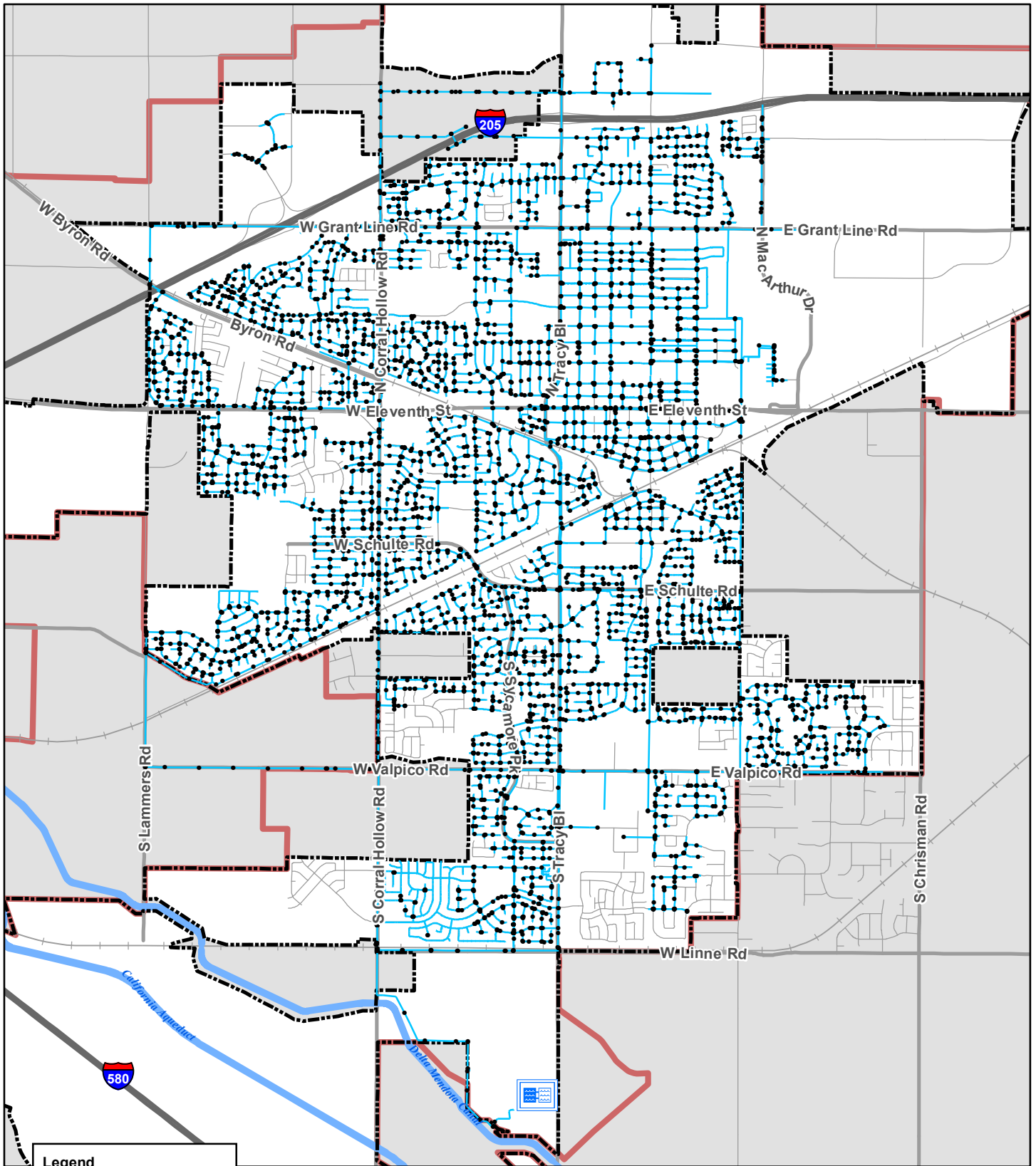
- The City shall encourage landscaping that is water- and energy-efficient (Goal OSC-5, Objective OSC-5.1, Policy P3).
- The City shall promote water conservation by implementing the Best Management Practices contained in the Urban Water Management Plan (Goal PF-6, Objective PF-6.1, Policy P1).
- The City shall continue to acquire additional sources of water supplies to meet the City's future demands (Goal PF-2, Objective PF-6.1, Policy P2).
- To the extent feasible, the City shall use surface water supplies to meet daily water needs and reduce reliance on groundwater supplies (Goal PF-6, Objective PF-6.1, Policy P3).
- The City shall establish water demand reduction standards for new development and redevelopment to reduce per capita and total demand for water (Goal PF-6, Objective PF-6.1, Policy P4).
- The City shall maintain water storage, conveyance and treatment infrastructure in good working condition in order to supply domestic water to all users with adequate quantities, flows and pressures (Goal PF-6, Objective PF-6.2, Policy P1).
- The City shall be responsible for constructing new transmission water lines, as needed to meet future needs. Individual development projects shall be responsible for the construction of all water transmission mains (Goal PF-6, Objective PF-6.1, Policy P3).
- All new water facilities shall be designed to accommodate expected capacity for buildout of areas served by these facilities but may be constructed in phases to reduce initial and overall costs (Goal PF-6, Objective PF-6.3, Policy P5).
- The availability of sufficient, reliable water shall be taken into account when considering the approval of new development (Goal PF-6, Objective PF-6.3, Policy P5).
- Costs for water service expansion shall be distributed among new water users fairly and equitably (Goal PF-6, Objective PF-6.3, Policy 6).
- Groundwater supplies should be reserved for emergency use during water treatment shutdowns, short-term shortages of surface water supplies or during droughts (Goal PF-6, Objective PF-6.4, Policy 1).
- Backup emergency power systems shall be provided at all essential water facilities that rely on electric power (Goal PF-6, Objective PF-6.4, Policy P2).
- Storage reservoir facilities should be located at naturally high topographic locations to capitalize on gravity flow, whenever possible (Goal PF-6, Objective PF-6.4, Policy P3).
- Future water systems and facilities shall be designed to minimize the likelihood of damage from vandalism or terrorist activity (Goal PF-6, Objective PF-6.4, Policy P4).
- The City shall provide recycled water systems, including pipelines, pump stations and storage facilities, to serve primarily City-owned facilities, schools and parks as funding becomes available (Goal PF-6, Objective PF-6.5, Policy P1).
- Recycled water piping systems ("purple pipe") shall be constructed as appropriate in all new development projects to facilitate the distribution and use of recycled water. The specific location and size of the recycled water systems shall be determined during the development review process (Goal PF-6, Objective PF-6.5, Policy P2).
- Recycled water shall be used for all public properties and large private open spaces or common areas to the extent feasible (Goal PF-6, Objective PF-6.5, Policy P3).

- The City shall plan for recycled water infrastructure in the City's Infrastructure Master Plans and, to the extent feasible, recycled water should be utilized for non-potable uses, such as landscape irrigation, dust control, industrial uses, cooling water and irrigation of agricultural lands (Goal PF-6, Objective PF-6.5, Policy P3).

Expected growth in the City over the next 10 and 30 years will generate substantial increases in demand for domestic water. The 2015 UWMP describes that future domestic water supplies will continue to be met from (1) the USBR, (2) the SSJID, (3) the BBID, and groundwater.

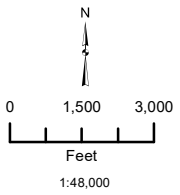
The 2015 UWMP describes how the City will meet the present and future potable water demands during normal and dry years. The City also maintains a Water Shortage Contingency Plan, which has been developed to serve as a flexible framework during dry years. The City will be able to supply potable and non-potable water to meet the needs of the buildout of the 10-Year and 30-Year Horizons. The City maintains a Citywide Water System Master Plan, which plans for the necessary improvements to address existing potable and non-potable deficiencies and to serve buildout conditions, which include development of the SOI. The Citywide Water System Master Plan is updated regularly to reflect additions to the City's water system that have been constructed to serve new development and to reflect the remaining facilities necessary under buildout conditions. New development projects are required to pay development impact fees to fund their fair-share of water system improvements. The City Council, City Manager, Public Works Director, and Utilities Director regularly review the City's ability to provide water to support proposed and anticipated growth. Based on such review, the City's development impact fees, which includes fees for water system facilities, is updated regularly to ensure that adequate fees are collected to pay for the requisite water infrastructure. Water users pay for their monthly water service; this funding provides for ongoing maintenance needs to maintain the service. The City's approach to funding water services, including collection of development impact fees from new development as well as on-going monthly water service fees from all of its water users, ensures that the City will have adequate revenue and infrastructure to provide the necessary facilities and water service to support existing development and new development.

Determination: The City has planned for adequate capacity in its water supply, water distribution, and water treatment infrastructure to accommodate new development planned in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for water service.



Legend

- City Limits
- Sphere of Influence
- Water Valve
- Water Main
- Water Treatment Plant (JJWTP)



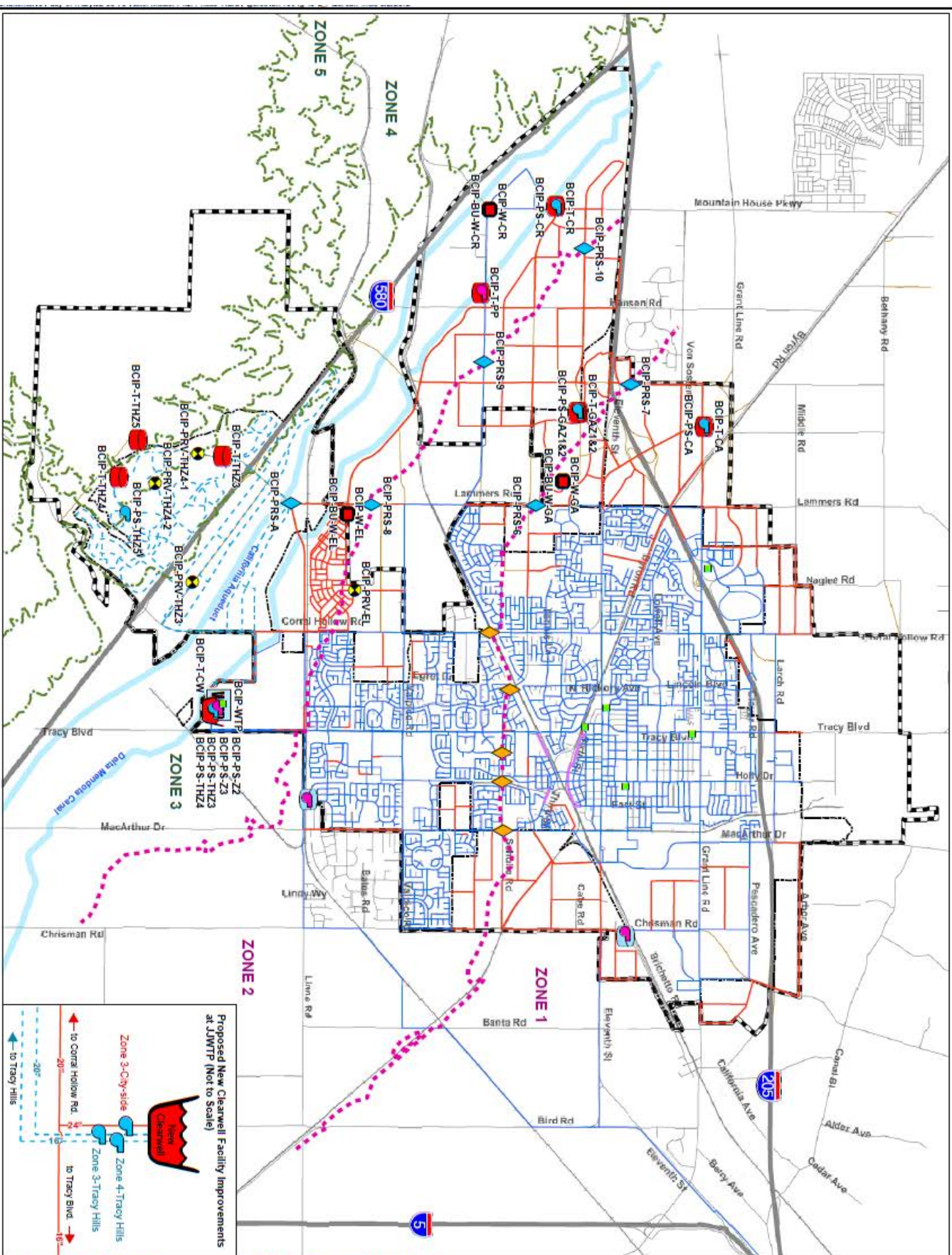
TRACY MUNICIPAL SERVICES REVIEW
 Figure 4-3: Water Infrastructure

Sources: San Joaquin County; City of Tracy. Map date: December 27, 2017.

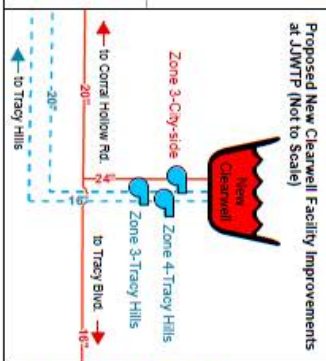
FIGURE 10-2

City of Tracy
Water System Master Plan

RECOMMENDED
BUILDOUT POTABLE
WATER SYSTEM CIP



- NOTES
1. The City's existing hydraulic model is not an all pipes model. Therefore, not all existing pipes are shown in red.
 2. Proposed ASR Groundwater Well: Individual PRVs on water service connections with static pressures exceeding 80 psi will be the responsibility of individual developers to install.



TRACY MUNICIPAL SERVICES REVIEW

Figure 4-3a: Buildout of Water System

Source: City of Tracy, Citywide Water System Master Plan date: March 15, 2018



D. WASTEWATER COLLECTION AND TREATMENT

The City provides wastewater collection and treatment for the incorporated area of the City of Tracy. The City's Public Works Department maintains the City's wastewater collection and treatment system. Wastewater is collected from nearly all portions of the City and routed to the City's Wastewater Treatment Plant (WWTP), located at 3900 Holly Drive in Tracy. The *City of Tracy Wastewater Master Plan* was used as the primary source of information in this section.

1. Wastewater Collection and Treatment

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

The WWTP is located north of Interstate 205 and between MacArthur Drive and Holly Drive. The WWTP was constructed in 1930 and has undergone many major expansions and upgrades. Discharges from the WWTP are currently regulated by Waste Discharge Requirements Order R5-2017-0038, issued by the Central Valley Regional Water Quality Control Board (Central Valley Water Board) on December 8, 2017.

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

2. Wastewater Treatment Plant Permitting and Capacity

The City's National Pollutant Discharge Elimination System (NPDES) permit CA0070154 for the WWTP currently allows for the discharge of 10.8 MGD of average dry weather flow (ADWF) and up to 16 MGD if applicable permit requirements are met. The permit, which is administered by the RWQCB, sets forth the maximum allowable discharge rate, effluent quality requirements, discharge prohibitions, receiving water limitations, pretreatment program requirements, biosolids disposal requirements, and self-monitoring guidelines. The WWTP has a current design ADWF of 10.8 MGD.

The WWTP provides disinfected tertiary level treatment meeting Title 22 requirements. Treatment processes at the WWTP includes primary clarifiers, activated sludge, secondary clarifiers, flocculation, tertiary filtration, and disinfection/dechlorination. The City's major industrial wastewater producer, Leprino Foods, conveys its wastewater through a separate force main to pre-treatment ponds that are operated by Leprino and located on the WWTP property. A significant portion of the biochemical oxygen demand (BOD) is removed in the pre-treatment ponds before the

food process wastewater is conveyed to the WWTP. The main treatment processes at the WWTP are as follows:

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

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

The WWTP is undergoing expansion to increase capacity to a 12 MGD facility. This expansion includes grit removal, primary clarification, solids handling, disinfection, and dechlorination. The previous expansion of the WWTP (completed in 2007)]

3. Wastewater Quality

Wastewater quality indicators are used to assess the suitability of wastewater for disposal or re-use. Wastewater quality tests measure physical, chemical, and biological characteristics of wastewater. The Central Valley Water Board provides the applicable wastewater monitoring requirements, to ensure that wastewater generated in the region is safe for disposal and/or re-use.

A Monitoring and Reporting Program (MRP) for the WWTP was provided by the Central Valley Water Board. The MRP describes requirements for monitoring domestic wastewater, industrial wastewater, treated domestic wastewater effluent, treatment/storage/percolation ponds, industrial wastewater land application area, and groundwater, pursuant to Water Code Section 13267. Wastewater influent monitoring requires the following samples, as described in **Table 4-11**.

TABLE 4-11 WASTEWATER INFLUENT MONITORING

PARAMETER	UNITS	TYPE OF SAMPLE	MINIMUM SAMPLING FREQUENCY
Flow	MGD	Meter	Continuous
pH	Standard Units	Meter	Weekly
Biochemical Oxygen Demand (BOD) at 20 degrees C	mg/L	24-hour Composite	Daily
Total Suspended Solids	mg/L	24-hour Composite	Daily
Fixed Dissolved Solids	mg/L	Grab	Weekly
Electrical Conductivity at 25 degrees C	µmhos/cm	Grab	Weekly

SOURCES: CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL VALLEY REGION (2015)

Table 4-12, below, provides the effluent limitations for the City of Tracy Wastewater Treatment Plant.

TABLE 4-12 CITY OF TRACY WASTEWATER TREATMENT PLANT EFFLUENT LIMITATIONS

PARAMETER	UNITS	EFFLUENT LIMITATIONS				
		AVERAGE MONTHLY	AVERAGE WEEKLY	MAXIMUM DAILY	INSTANTANEOUS MINIMUM	INSTANTANEOUS MAXIMUM
Biochemical Oxygen Demand (BOD) (5-day @ 20 Degrees C)	mg/L	10	15	20		
	lbs/day	900	1400	1800		
	lbs/day	1000	1500	2000	--	--
	lbs/day	1100	1700	2300		
	lbs/day	1300	2000	2700		
Total Suspended Solids	mg/L	10	15	20		
	lbs/day	900	1400	1800		
	lbs/day	1000	1500	2000	--	--
	lbs/day	1100	1700	2300		
	lbs/day	1300	2000	2700		
pH	Standard units	--	--	--	6.5	8.5
Ammonia	mg/L	1.3	--	2.1		
	lbs/day	120	--	190		
	lbs/day	130	--	210	--	--
	lbs/day	150	--	240		
	lbs/day	170	--	280		
Bis(2-ethylhexyl) phthalate	µg/L	12	--	49	--	--
Copper (total recoverable)	µg/L	15	--	10.4	--	--
Chlorodibromomethane	µg/L	8.0	--	18	--	--
Dichlorobromomethane	µg/L	11	--	23	--	--
Nitrate + Nitrite (as N)	mg/L	10	--	--	--	--

SOURCE: CALIFORNIA REGIONAL WATER QUALITY CONTROL BOARD, CENTRAL VALLEY REGION (2015)

Furthermore, as described in the current City of Tracy Wastewater Master Plan, the following is a brief discussion of some newly emerging water quality limits:

- **Compounds of Emerging Concern (CEC):** CECs include anthropogenic compounds such as pharmaceuticals, flame retardants, hormones, steroids, and personal care products. These contaminants have been detected at low levels in surface water leading to concerns that CECs may adversely impact aquatic habitat and human health. Regulations to remove CECs from influent wastewater and limit their discharge to the environment are still in the infancy phase as environmental monitoring and overall understanding of the compounds continues. Typical WWTPs are not specifically designed to remove CECs from the waste-stream; treatment and operational processes are likely to be governed by the types of compounds and associated discharge limits if and when regulated.
- **Disinfection Byproducts:** Production of disinfection byproducts (DBP) is also of concern. One of the more common groups of DBPs includes trihalomethanes. These carcinogenic compounds are formed as a result of the chemical reactions between chlorine and the organic compounds in the wastewater. Another significant DBP is N-nitrosodimethylamine (NDMA), which has been the focus of several research efforts as it is a powerful carcinogen. NDMA is a candidate for future regulation because it has been associated with water disinfection treatment.
- **Salinity (electrical conductivity/total dissolved solids [TDS]):** More stringent salinity control is anticipated within the Sacramento-San Joaquin Delta Waterways. Whether salinity is controlled at the source prior to discharging to sewage collection systems, or at the treatment plant itself, state regulations will continue to restrict salinity discharge as measured by electrical conductivity. This issue is a prime focus of the ongoing revisions to the Bay-Delta Plan and also the Central Valley Salinity Alternatives for Long-term Sustainability management program that is being developed valleywide by the state and numerous stakeholders.
- **Methyl mercury Formation:** This will be of concern if the City implements a wetland treatment system for effluent polishing or thermal mitigation. It has been found that wetland systems foster the microbial activity associated with converting inorganic divalent mercury (Hg^{2+}) to the more toxic methyl mercury (MeHg). The rate of methyl mercury production within a wetland habitat depends on several factors, including the quantity of mercury within the influent waters and the surrounding site soil. A thorough study examining the specific site details should be conducted prior to implementing a natural wetland treatment option for the City.
- **Nutrients (nitrogen and phosphorous):** The need for stricter nutrient management requirements in the Delta will be evaluated in the future, given concern for the role of nutrients in the growth of nuisance algae and aquatic plants and the resulting impacts on the Delta ecosystem and drinking water supplies.

4. Future Wastewater Demand and Systems Improvement

Historical ADWFs, as monitored by the Tracy WWTP, are shown in **Table 4-13**. These flows are presented for the years 2003 through 2009, as provided from the Tracy Wastewater Master Plan.

TABLE 4-13 HISTORICAL AVERAGE DRY WEATHER FLOW

YEAR	ADWF (MGD)
2003	7.24
2004	7.33
2005	7.60
2006	7.51
2007	7.65
2008	7.69
2009	7.60

SOURCE: TRACY WASTEWATER MASTER PLAN (2012)

NOTE: AVERAGE DRY WEATHER INFLUENT FLOWS, EXCLUDING LEPRINO FOODS CONTRIBUTION, FOR THE MONTHS OF JULY, AUGUST, AND SEPTEMBER.

The City of Tracy population in 2017 is 90,890. Since the projected annual average daily wastewater flow is approximately 80 gallons per capita per day (the per capita wastewater generation rate) as provided within the Tracy Wastewater Master Plan, the City of Tracy will therefore need to be prepared to implement a long-term alternative once the population reaches approximately 135,000 (given that the WWTP has a current design ADWF of 10.8 MGD). As shown in Chapter 2 of this MSR, this level of population not expected to occur until 2035-2040 (based on the maximum growth allowed under the City's GMO), which is beyond the 10-Year Horizon but within the 30-Year Horizon. However, the Tracy Wastewater Master Plan has planned for the future expansion of the WWTP. As previously described in Section C, Water Supply, Conservation, and Treatment, of this chapter, the City has planned to use recycled water at Legacy Fields, Tracy Sports Complex, and Plasencia Fields and is considering discharging recycled water into the DMC.

The ADWF capacity of the main WWTP located at Holly Drive would need to be nearly doubled from 10.8 MGD to 21.1 MGD to meet the flow projections contained within the Tracy Wastewater Master Plan. The proposed expansion strategy is to produce Title 22 quality effluent to offset irrigation demand within the Future Service Areas regardless of the ultimate plant capacity. Treated effluent up to 16 MGD ADWF will be discharged to the Old River during the winter months when irrigation demand is minimal (actual maximum flowrates to the Old River will exceed this ADWF value on some occasions due to peaking within the system, but this is allowed under the discharge permit)⁸. Flows that exceed the discharge or outfall piping limitations would be stored in ponds located to the north of the WWTP to attenuate discharge to the Old River. Solids generated from the WWTP would continue to be dewatered in drying beds and land-applied for final disposal. Design criteria for the expansion of Tracy's WWTP are shown in **Table 4-14**.

⁸ As previously described, up to 16 MGD of influent is allowed if applicable permit requirements are met.

TABLE 4-14 WASTEWATER TREATMENT PLANT EXPANSION DESIGN CRITERIA

DESCRIPTION	DESIGN CRITERIA
Average Dry Weather Flow	21.1 MGD
Maximum Month Flow	23.3 MGD
PWWF	49.1 MGD
Average BOD Loading	46,445 lbs/day
Design Maximum Month BOD Loading	69,667 lbs/day
Average TSS Loading	48,247 lbs/day
Design Maximum Month TSS Loading	72,371 lbs/day
ADWF Surface Water Discharge Limit	16 MGD
Final Effluent Quality Standard, Liquid	Title 22 Unrestricted Reuse
Solids Disposal Location	Land Application
Solids Treatment Standard	Class A/Class B Biosolids

SOURCE: TRACY WASTEWATER MASTER PLAN (2012)

Several technologies exist to expand the WWTP to 21.1 MGD. The plan provided within the Tracy Wastewater Master Plan to expand the plant to achieve a 16-MGD ADWF capacity includes adding a fourth aeration basin and a fourth secondary clarifier, and assumes an equalized flow to the existing conventional filtration system so that hydraulic filter loading will not exceed 5.0 gpm/ft² (the regulatory maximum rate for recycled water use). Available technologies to expand the secondary treatment capacity include, but are not limited to, membrane bioreactor (MBR), moving-bed bioreactor (MBBR), and integrated fixed-film activated sludge. All three are proven technologies for retrofitting an existing system and are applicable to the City of Tracy's needs. However, both MBBR and integrated fixed-film activated sludge would require expanding the filtration system, and MBR would replace the existing filtration system in addition to providing secondary treatment. MBR technology has the added benefit of producing higher quality effluent, which will likely be necessary as discharge permit requirements become more stringent in the future.

The existing headworks facility would be modified for both screening and fat, oil and grease removal. An additional mechanical screen would be required for the future peak flows while maintaining one redundant unit. In addition, fine screens with openings no greater than 2 mm would be required. An alternative location for fine screening could be after primary clarification.

The secondary treatment system would be modified from a conventional activated sludge system to an MBR system in stages. The existing process train would be employed for ADWF up to 16 MGD, and those improvements would be retained for service for as long as they remain reliable. The proposed MBR improvements would be added to the system in subsequent expansion phases or at such time that either more restrictive discharge requirements mandate a change in treatment process or when the useful life of the existing process train has ended. During the period when two treatment trains are present (existing activated sludge and membranes), the effluent from each would be comingled prior to discharge; MBR effluent, which would be of better quality, could preferentially be diverted to either reuse or direct discharge, depending on the more stringent requirements for either use that are then in existence.

The existing digester complex would be expanded to provide additional stabilization volume to maintain current solids disposal practices. The increased solids produced by future flows will require an increase in drying bed area for dewatering stabilized biosolids. To minimize the additional land required for dewatering, the City may evaluate mechanical dewatering to augment the drying beds. This would also provide operational flexibility, as digested solids could be thickened to approximately 16 percent total solids and then applied to the drying beds to achieve an optimum dried product. During the winter months when rain is more prevalent, the mechanical dewatering system could be used with additional polymer to achieve a dewatered product above 20 percent total solids.

As part of phased improvements under a separate project, the City in the process of finalizing design for building a 42-inch effluent outfall and diffuser project from the WWTP to the Old River that replaces the existing 33-inch asbestos cement pipeline and increase the effluent discharge capacity from 9 MGD to 16 mgd. The second phase of the WWTP expansion is currently underway, and will provide additional treatment capacity to serve upcoming developments. The WWTP expansion project has an estimated total budget of \$30,000,000.

The City of Tracy also provides regular maintenance and replacement of wastewater infrastructure, on an as-needed basis. Wastewater infrastructure is monitored regularly, and the City replaces aging and/or failing infrastructure to ensure continuity of service. The existing City of Tracy Wastewater Master Plan plans for replacement gravity mains, pipes, and other infrastructure. A planned update to the Wastewater Master Plan in the coming years will provide updated plans for the maintenance and replacement of aging wastewater infrastructure within the city.

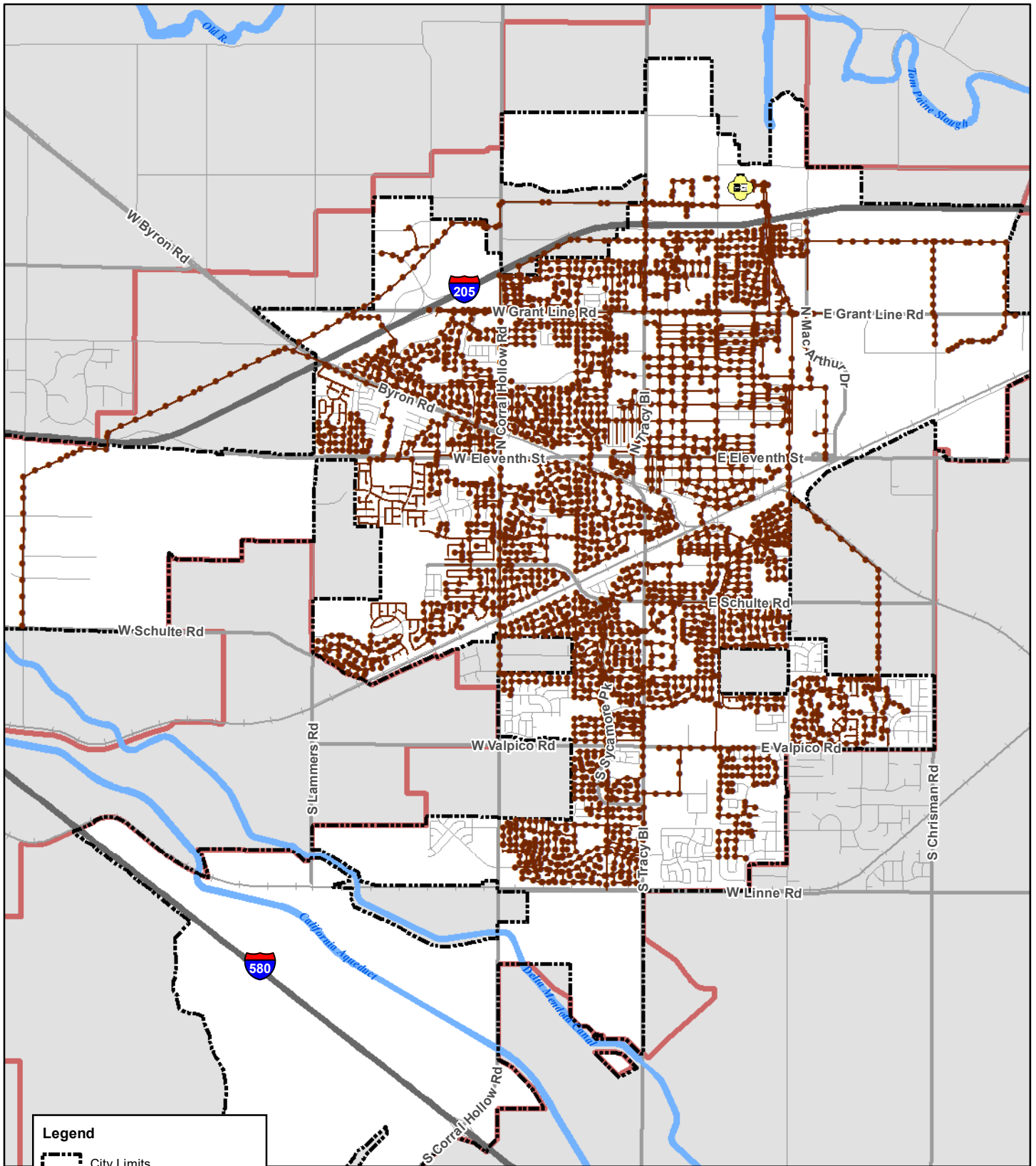
The City of Tracy General Plan addresses wastewater treatment through the following policies:

- The City shall maintain wastewater conveyance, treatment and disposal infrastructure in good working condition in order to supply municipal sewer service to the City's residents and businesses (Goal PF-7, Objective PF-7.1, Policy 1).
- The City shall expand the existing wastewater treatment plant to the extent possible or pursue a single new west side facility instead of building new facilities at multiple locations to meet future needs (Goal PF-7, Objective PF-7.1, Policy 2).
- New habitable structures located within the City limits shall connect to the public wastewater collection system (Goal PF-7, Objective PF-7.1, Policy 3).
- Wastewater collection and treatment facilities shall be designed to serve expected buildout of the areas served by these facilities but constructed in phases to reduce initial and overall costs (Goal PF-7, Objective PF-7.3, Policy 1).
- The City shall construct new wastewater trunk lines as needed. Individual development projects shall be responsible for construction of all collection lines other than trunk lines (Goal PF-7, Objective PF-7.3, Policy 2).
- The approval of new development shall be conditioned on the availability of sufficient capacity in the wastewater collection and treatment system to serve the project (Goal PF-7, Objective PF-7.3, Policy 3).

- “Package” treatment plants shall not be allowed in the City (Goal PF-7, Objective PF-7.3, Policy 4).
- New development shall fully fund the cost of new wastewater treatment and disposal facilities (Goal PF-7, Objective PF-7.3, Policy 5).
- Prior to any development approvals within an Urban Reserve, the City shall complete new wastewater master planning and wastewater treatment and disposal studies, particularly for the west side of the city. These studies are to be funded by proponents of new development and must show how adequate wastewater treatment will be provided to the Urban Reserve in question (Goal PF-7, Objective PF-7.3, Policy 6).
- New wastewater treatment plants should be located to allow for distribution of recycled water to application areas by gravity flow where feasible (Goal PF-7, Objective PF-7.4, Policy 1).
- The City shall integrate public facilities and wastewater reclamation sites with agricultural and open space preservation programs where feasible (Goal PF-7, Objective PF-7.4, Policy 2).
- Biosolid disposal shall be managed so as to minimize impacts to the environment and public health (Goal PF-7, Objective PF-7.4, Policy 3).
- The City shall establish wastewater treatment demand reduction standards for new development and redevelopment to reduce per capita and total demand for wastewater treatment (Goal PF-7, Objective PF-7.4, Policy 4).

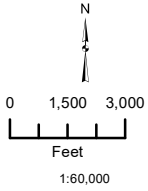
The Tracy Wastewater Master Plan, which includes the entirety of the area within the SOI, has planned for the future expansion of the WWTP as well as replacement gravity mains, pipes, and other infrastructure to serve buildout of the city and SOI. Expansion of the city limits to include area within the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

Determination: The City has planned for adequate capacity in its wastewater treatment services and wastewater conveyance infrastructure to accommodate new development in the City and SOI and to serve existing development and has appropriate funding tools to ensure that new development funds the necessary infrastructure and associated maintenance and services necessary to address demand for wastewater services.



Legend

- City Limits
- Sphere of Influence
- Wastewater Junction Point
- Wastewater Line
- Wastewater Treatment Plant



TRACY MUNICIPAL SERVICES REVIEW

Figure 4-4: Wastewater Infrastructure

Sources: San Joaquin County; City of Tracy. Map date: December 27, 2017.

E. STORMWATER DRAINAGE

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

1. Existing Stormwater Drainage System

Tracy operates its own storm drainage system. Stormwater drains through open channels, storm drains, and closed conduits that are owned, operated and maintained by the City and the West Side Irrigation District (WSID). These systems drain into three outfalls, the WSID Main Drain, the Westside Channel Outfall System (that discharges into Old River via a force main), and the Sugar Cut Outfall. The Sugar Cut Outfall system serves two areas, Central Tracy and the eastside industrial area. Both areas have their own outfall systems. These three outfalls discharge storm runoff into Old River, which is a part of the San Joaquin Delta. Pump stations are used to move water over grades; however, the majority of the system is gravity operated. The City utilizes detention basins at many locations to store and meter discharges before they are released into outfall facilities.

Generally, storm drainage is accommodated well for the majority of the City's developed areas, with flooding being limited to a few local problem areas. The completion of several, major storm drainage infrastructure upgrade projects over the past 20 years have accommodated the storm drainage needs for new development and have eliminated the majority of prior problem areas. Presently, the majority of storm drainage generated by existing developed areas within the City's Sphere of Influence discharges to one of four (4) outfalls that eventually discharge to Old River to the north.

Some of the developed areas within the SOI are not presently connected to facilities that drain to any of the above outfalls and are currently draining to temporary retention ponds until future facility connections are funded and constructed.

Undeveloped areas within the SOI predominantly consist of agricultural lands that drain from south to north and from southwest to northeast, also toward Old River. These agricultural areas are typically drained by tailwater ponds, tailwater ditches, and tailwater ponds that drain to tailwater ditches. The larger tailwater ditches are owned and operated by WSID, NBID, and other Irrigation Districts.

The *City of Tracy Citywide Storm Drainage Master Plan (SDMP)* was released in November 2012. The SDMP provides a plan for stormwater infrastructure development alongside new development as it occurs within the city limits and the SOI.

Major Drainage Features

There are a number of major drainage features within the SDMP study area (study area) or that have an impact on the study area (note: the study area is the SOI plus local and offsite sub-basins that impact the City's SOI). These major drainage features are depicted on **Figure 4-5** and are described below:

- California Aqueduct – The California Aqueduct traverses across the southwestern portion of the study area and perpendicular to the direction of drainage flow dictated by topography. Storm runoff is collected on the upstream side of the aqueduct and is delivered to overchutes that cross over the aqueduct and culverts that pass underneath the aqueduct. The California Aqueduct tends to consolidate runoff to fewer locations and often limits the flow rates discharged to lands below the aqueduct.
- Delta Mendota Canal – The Delta Mendota Canal runs generally parallel to and just downslope from the California Aqueduct in the Tracy area. It further reduces the number of locations where storm runoff is concentrated. Storm runoff passes over or under the canal via overchutes and culverts and further limits the rates discharged to lands below the canal. The Delta Mendota Canal also contains a significant number of locations where local drainage flow that is collected on the upstream side of the canal simply enters the canal directly via drain inlets and is not released to downstream lands.
- Union Pacific Railroad – There are several Union Pacific Railroad lines in the study area. The railroad beds are generally elevated and runoff is often collected on the upstream side of railroad beds and is delivered to a limited number of bridge and culvert crossings of the railroad tracks.
- WSID Upper Main Canal – Similar to the California Aqueduct and the Delta Mendota Canal, though considerably smaller in size and capacity, the WSID Upper Main Canal extends along an alignment that is perpendicular to the direction of drainage flow dictated by topography. Local drainage flows are intercepted by the WSID Upper Main Canal and existing tailwater ponds discharge to the canal at several locations in the southwest and south-central portions of the Study Area.
- Offsite Watersheds – The hills to the southwest of the Study Area drain into the Study Area and are intercepted by the aqueducts, canals, and railroads described above. Some flow paths are well defined as they pass through the Study Area and some lose definition as they continue downstream. Corral Hollow Creek is a local drainage path in the vicinity of the Study Area that has been mapped by FEMA, and there is a FEMA mapped floodplain associated with Old River (see below and Section 1.4.5). Corral Hollow Creek extends east, to the south of the Study Area and does not impact the City’s Sphere of Influence.
- WSID Tailwater Ditches – WSID retains several tailwater ditches that collect irrigation tailwater and urban runoff from designated portions of the City and convey it to their intake area connecting to Old River at Wicklund Road. The main tailwater ditch is the WSID Main Drain and a secondary ditch, the WSID Sub-Main Drain, is a significant tributary to the WSID Main Drain.
- Naglee Burk Irrigation District (NBID) Tailwater Ditches – NBID retains a network of irrigation tailwater ditches that generally extend northwesterly to the north of the WSID Main Drain. Irrigation tailwater is discharged to Old River via a pumping facility located on the south side of Bethany Road west of Reeve Road.
- City Storm Drainage Facilities – The City has completed several major storm drainage facilities that collect, convey, and store storm runoff. The major components of these facilities include the Westside Channel System, the Eastside Channel System, the City Outfall

Channel (that drains to the Eastside Channel), trunk line storm drains, and a number of detention basins, the largest being DET 10/11 near Tracy Mall.

- Old River – Old River is located to the north of the Study Area and is a part of the San Joaquin River system of interconnected waterways that interact with the Delta area. Old River is contained by levees, and in the event of a levee failure there are northern portions of the Study Area, mostly north of I-205, that would be subjected to flooding according to Flood Insurance Rate Maps published by FEMA (see Section 1.4.5). With regard to water quality, Old River is included on the Section 303(d) list of water quality limited segments requiring TMDLs published by the State Water Resources Control Board. The listed “pollutant/stressor” is low dissolved oxygen and the proposed TMDL completion year is 2019.

2. Flooding

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

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

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

Lands within the 100- and 200-year floodplain that are located west of Sugar Cut, with the exception of a small area west of Lammers Road, are within Reclamation District 1007 (RD 1007). RD 1007 manages 8.3 miles of levee. RD 1007 levees do not meet minimum hazard mitigation plan (HMP)

standards; the Reclamation MSR notes that RD 1007 has prioritized improvements to the levees to facilitate meeting HMP standards. The Reclamation MSR indicates that RD 1007 is trying to meet the HMP standard and is not addressing flood protection.

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

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

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

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

Any development of the areas within the 100- and/or 200-year floodplain would be subject to the requirements of FEMA, State law, and local regulations, including General Plan requirements, Municipal Code requirements, and adopted building codes, as described in this section. The majority of residential units that exist outside of the current city limits but within the SOI that are located within a floodplain are anticipated to be replaced with commercial and/or industrial development,

consistent with the General Plan Land Use Map, once annexed into the City.⁹ Furthermore, the City does not allow remodels and/or additions to properties with non-conforming land uses. The City manages the 100-year and 200-year floodplains in a manner that achieves compliance with the City's Floodplain Regulations (Chapter 9.52 of the City's Municipal Code) and the General Plan, which addresses both the Federal Flood Standard of Flood Protection and the Urban Level of Flood Protection requirements for new development.

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

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

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

The City will continue to allow construction within the designated floodplains only when such development meets all of the FEMA regulations and all of the recommendations of the California Department of Water Resources and the Central Valley Flood Protection Board (CVFPB). New construction and substantial improvements to structures within the 100-year floodplain are required to “have the lowest floor (including the basement) elevated at least one foot above the base flood level” or be of flood-proof construction.

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

3. Future Stormwater Drainage Demands and System Improvements

The City will continue to require new development in the SOI to develop storm drains to collect and convey runoff to storm facilities such as outfalls and storm basins. New development will also be required to mitigate all flood issues prior to developing. Expansion of the storm drainage infrastructure would be funded primarily through storm drainage fees collected from development, as provided under the City's Municipal Code Chapter 11.32. Municipal Code Chapter 11.32

⁹ Lombardo, Victoria. City of Tracy Senior Planner. Personal communication August 2018.

establishes storm drainage fees on each and every developed parcel of land with the City of Tracy. This fee is levied necessary to pay for (1) improving the quality of storm and surface water, (2) the operation, maintenance, and replacement of the existing City storm drainage control facilities, and (3) the operation, maintenance, and replacement of future such facilities.

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

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

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

- Stormwater infrastructure shall be maintained in good condition (Goal PF-8, Objective PF-8.1, Policy P1).
- Stormwater infrastructure shall minimize local flooding by attaining capacity that conforms with the Storm Drainage Master Plan and City Design Standards (Goal PF-8, Objective PF-8.1, Policy P2).
- New permanent stormwater infrastructure shall be designed to serve dual purposes to the extent possible. This includes the following:
 - Drainage facilities integrated into recreation corridors with bike paths, sidewalks and landscaping.
 - Drainage channels integrated with transportation and environmental corridors.
 - Storm water detention basins shall incorporate active and passive recreation areas where feasible. These areas shall not count towards parks dedication requirements (Goal PF-8, Objective PF-8.1, Policy P3).
- When temporary retention or detention facilities are no longer needed after an outfall system is constructed, the sites shall be backfilled and disconnected from the storm drainage system (Goal PF-8, Objective PF-8.1, Policy P4).
- The City shall ensure a fair and equitable distribution of costs for stormwater system upgrades, expansion and maintenance (Goal PF-8, Objective PF-8.1, Policy P5).

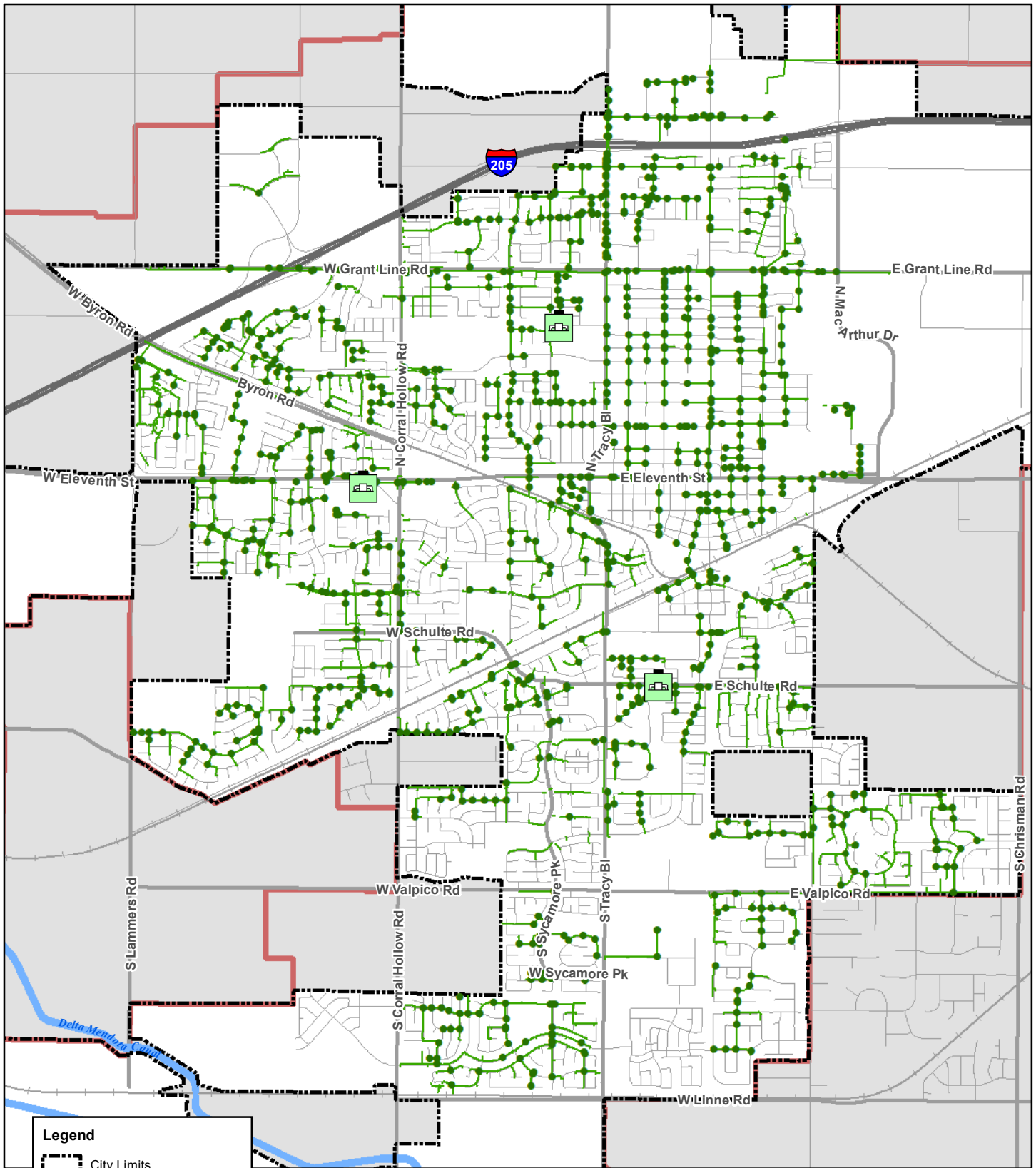
- Design of storm drainage facilities shall be consistent with State and federal requirements, including NPDES requirements (Goal PF-8, Objective PF-8.1, Policy P6).
- Planning for stormwater facilities should consider possible future retrofitting needs associated with changing regulations pertaining to storm water quality, including NPDES requirements (Goal PF-8, Objective PF-8.1, Policy P7).
- To the extent feasible, new development projects shall incorporate methods of reducing storm runoff within the project to reduce the requirements for downstream storm drainage infrastructure and improve stormwater quality (Goal PF-8, Objective PF-8.2, Policy P1).
- New storm drainage facilities shall meet adopted City standards, including the standards and policies contained in the Storm Water Management Plan, the Storm Drainage Master Plan and the Parkways Design Manual (Goal PF-8, Objective PF-8.2, Policy P2).
- New development projects shall only be approved if necessary stormwater infrastructure is planned and is in compliance with environmental regulations (Goal PF-8, Objective PF-8.2, Policy P3).
- If sufficient downstream stormwater infrastructure has not yet been constructed, new development projects shall be required to implement temporary on-site retention facilities in conformance with City standards (Goal PF-8, Objective PF-8.2, Policy P4).

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

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

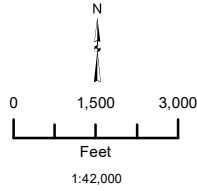
Determination: The City has planned for adequate capacity in its storm drainage facilities to accommodate new development planned in the City and SOI and to serve existing development and

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



Legend

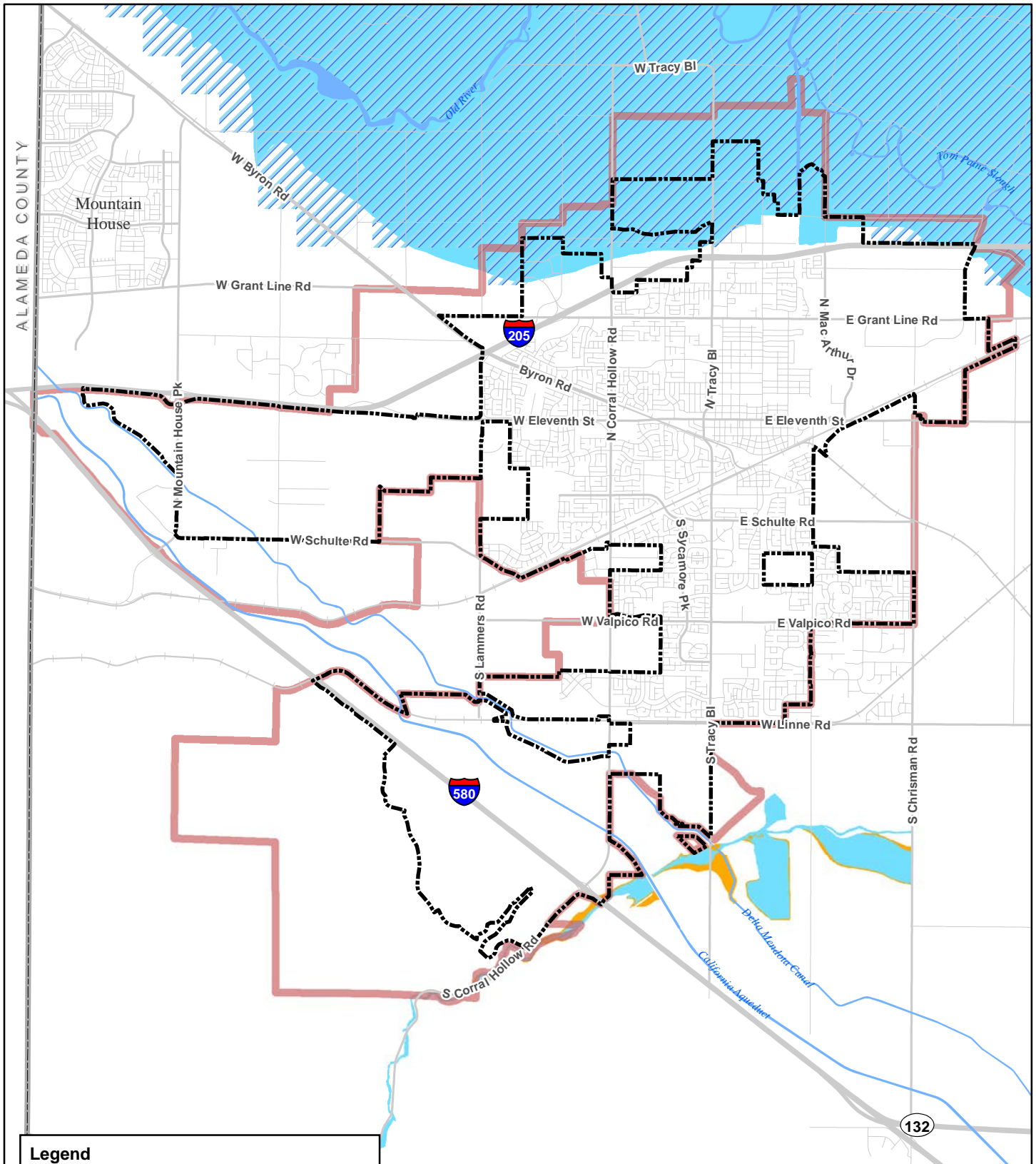
- City Limits
- Sphere of Influence
- Storm Junction
- Drainage Line
- Stormwater Pump Station



TRACY MUNICIPAL SERVICES REVIEW

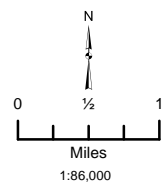
Figure 4-5: Storm Drainage Infrastructure

Sources: San Joaquin County; City of Tracy. Map date: December 27, 2017.



Legend

- City Limits
- Sphere of Influence
- FEMA Designation**
- 1% Annual Chance Flood Hazard (100-yr Flood)
- 0.2% Annual Chance Flood Hazard (500-yr Flood)
- USACE Comprehensive Study**
- 200-yr Flood Plain



TRACY MUNICIPAL SERVICES REVIEW
Figure 4-6: 100- and 200-year Floodplain Map

Sources: San Joaquin County; FEMA; DWR. Map date: September 14, 2018.

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5. FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES

A. INTRODUCTION

Economic Conditions and Outlook

Tracy has evolved from a small agricultural and industrial town in the San Joaquin Valley to become an urbanized city in the San Joaquin Valley which is influenced by the economics of the Bay area. The City's size has increased from approximately 7.0 square miles in 1980 to approximately 29.1 square miles in 2016, and Tracy also experienced an approximate five-fold increase in population during this timeframe. During the 1980s, Tracy experienced a period of major growth influenced by the high cost of housing in the Bay area. Tracy, with more affordable housing than the Bay area region, continues to be an attractive residential location for many Bay area workers.

More recently, on a Statewide level, the national foreclosure and credit crisis that triggered the Great Recession beginning in 2008, combined with the State's budget deficit, had an unprecedented impact on California's economy. The local region was among the hardest hit in the nation during these economically challenging times. The economic recession of 2008 and the subsequent decline in home values had significant effects on property and sales taxes. Recovery has continued steadily. Unemployment rates have continued to decline, consumer spending continues to show increases, and resale home prices are on the rise. Tracy was not spared from the economic difficulties that California faced during the Great Recession.

California's economic recovery has outpaced many parts of the nation as unemployment has dropped and the state's budget outlook has turned positive. While California has experienced some job growth, the 2017 annual unemployment rate of 5.2% remains higher than the national average of 4.8%. San Joaquin County's 2017 annual average unemployment rate of 7.6% is higher than both California and the nation; however, it continues to decline. The City of Tracy 2017 annual average unemployment rate is a little lower than the County at 6.4%.

Property and sales taxes are a significant revenue source for the City. Together, in Fiscal Year (FY) 2015/2016 (FY 2015/16) these taxes represented 72% of the City's total general fund revenues, including Measure E, which fund public safety, recreation and other general governmental services. As of early 2017, housing prices have approached pre-recessionary levels and the outlook is for a slow but continued recovery. Assessed valuations for all property types in Tracy have increased for the second year in a row. However, property tax revenue generally lags behind increases in valuations, so revenue expectations, while improving, remain guarded.

Recent sales tax revenues have exceeded the pre-recession high set in 2007. Sales taxes are significantly more volatile because they are subject to economic fluctuations such as consumer confidence, interest rates, unemployment and other factors that impact household income.

Agriculture also continues to be an important segment of the San Joaquin Valley economies, resulting in higher seasonal unemployment than the national average. That said, Tracy's economy is tied more closely to the Bay area; residents tend to work in the Livermore Valley, East Bay, and San

Jose, where the economy is not significantly influenced by seasonal agriculture production. While the recession negatively impacted the Bay Area, the effects were not nearly as severe (e.g. housing collapse) as those experienced in the San Joaquin Valley.

Longer Term Financial Issues

In response to the economic challenges over the past several years, the City implemented a variety of efficiency and restructuring actions to ensure the City's fiscal stability. These actions will continue to provide additional cost savings in future years. The City also anticipated that new revenue would be necessary to avoid additional reductions that would negatively impact public services. In part for this reason, Tracy voters approved Measure V, a sales tax ballot initiative approved in November 2016, following the sunset of special Measure E tax in March 2016. Like Measure E, Measure V provides a 0.5 cent local sales tax. This tax can be used to fund any municipal governmental purpose, including but not limited to: police, fire protection, emergency services, support services, street repair, park repair, senior and youth services, planning, business retention and attraction, building facilities, and other general services. This tax can be used to help fund fire services within the City, including services provided through the South San Joaquin County Fire Authority (SSJCFA). However, unlike Measure E, Measure V has a sunset period of twenty years, providing the City better capacity to plan for the increased revenue over a longer-term timeframe. The City continues to look for new opportunities to continue its commitment to providing efficient, yet quality services.

The City has a long reputation for excellent fiscal management. It demonstrated the discipline to increase reserves during the boom years instead of using non-sustainable revenues to fund new programs or services. Additionally, the City implemented its long term fiscal strategy years before the economy deteriorated in late FY 2008/09. Measure V affirmed the community's confidence in the fiscal management of the City.

The City does not provide for the payment of health insurance for its retired employees. As such, it does not have a significant liability that many governments have. However, retired employees are allowed to purchase the City's health insurance (including spouse or family coverage) either through direct payment or from the employee's medical insurance bank. The ability of a retired employee to obtain coverage at an active employee rate constitutes a significant economic benefit to the retiree, called an "implicit subsidy" under Government Accounting Standards Board (GASB) Statement #45. The annual required contribution to address this liability is just \$446,268 per year, rather than the much higher amounts of many other cities.

Major Initiatives

The City has invested in several major initiatives as of late, which include implementation of a financial systems modernization plan, a governance strategy, and transparency initiatives. In addition, the City has continued to invest in community infrastructure to enhance the quality of life for the citizens of Tracy. Recent continued investments in the community include Joe Wilson Pool, Legacy Fields and 11th Street Bridge Replacement. These initiatives included funding for ongoing maintenance and operations.

On July 1, 2015, the City completed the first phase of a multi-year project to replace the City's financial, budget, human resource and community development software with an integrated Enterprise Resource Planning (ERP) system. The financial and budget pieces are now in operation with additional phases in progress. The City Council also adopted a governance strategy in 2013 designed to retain and attract talent, enhance fiscal stability, improve the use of technology, and enhance transparency for the betterment of the community of Tracy. Lastly, the City has started implementing a transparency initiative designed to provide timely financial information to the residents of Tracy via the City's website in a user-friendly, easy to navigate format.

B. FINANCIAL SUMMARY

Financial Highlights

- For the fiscal year ending June 30, 2016 (FY 2015/16), the latest date that for which audited financial information is available, the City's assets exceeded its liabilities by \$1,036,543,000 (net position). This compares favorably to the FY 2014/15 (July 1, 2014 through June 30, 2015) net position of \$1,013,235,000.
- The City's total net position at the close of FY 2015/16, was comprised of the following:
 - 1) Cash and investments (\$208,100,000). This is comprised of \$203,200,000 in the City treasury and \$4,900,000 in restricted cash held by fiscal agents.
 - 2) Government receivables were comprised of \$21,000,000 of current receivables and \$32,700,000 of long-term receivables.
 - 3) Capital assets, net of related debt of (\$916,800,000). This includes the City's infrastructure, in addition to all other City assets.
 - 4) Restricted net position of \$145,400,000 represents the portion restricted for capital projects, low-moderate income housing projects, debt services, and other projects as specified by funding source restrictions.
 - 5) Unrestricted net position of \$34,000,000 represents the portion available to maintain the City's obligations to citizens and creditors.
- In the City of Tracy FY 2017/19 (July 1, 2017 through June 30, 2019) budget approved by the City Council:
 - Total revenues (\$170,588,000) are projected to exceed total expenses (\$163,010,000) by \$7,578,000.

Revenues

The FY 2017/18 budget anticipates a total of \$170,588,000 in revenues. The primary FY 2017/18 revenue sources are anticipated to be charges for services, operating grants and contributions, capital grants and contributions, property tax, and sales and uses tax.

In recent years, the City's total governmental activity revenues and business activity revenues have remained relatively consistent, with the exception of wastewater revenue in FY 2016/17 (to fund a one-time expansion of the City WWTP). Revenues are primarily from charges for services, operating grants and contributions, capital grants and contributions, property tax, and sales and uses tax. Changes in revenue have included:

Expenses

Expenses for the City totaled \$155.3 million and \$144.9 million for FY 2015/16 and FY 2014/15, respectively. Governmental activities incurred \$87.8 million of expenses while business-type activities incurred \$67.5 million. Of the Governmental Activities, the largest expenses were in Public Safety (\$37.9 million), Public Works (\$23.1 million), and General Government (\$13.6 million). General Government expenses increased the most between FY 2014/2015 and FY 2015/16 (\$5.7 million). Public Works experienced the second largest increase in expenses in 2015/16 as compared with 2014/15 (\$3.2 million). The FY 2017/18 budget anticipates a total of \$163,010,00 million in expenses.

C. LONG-TERM DEBT

At June 30, 2016 (the close of FY 2015/16), the City had total long-term debt outstanding, with \$22.6 million in debt associated with Governmental Activities and \$37.8 million in debt associated with Business-Type Activities. This resulted in a total debt for FY 2015/16 of \$60.4 million. This compared with a total debt of \$63.3 million for FY 2014/15. The City's outstanding debt as of close of FY 2015/16 is summarized below.

Revenue Bonds

2007 Series A: On October 25, 2007, the City issued \$2,690,000 of 2007 Lease Revenue Bonds Series A to finance the acquisition and construction of Fire Station 97 and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease for Fire Station 91 dated October 1, 2007.

2007 Series B: On October 25, 2007, the City issued \$1,980,000 of 2007 Lease Revenue Bonds Series B to prepay the outstanding 1995 Refunding Certificates of Participation and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The 2007B bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease for Fire Station 91 dated October 1, 2007.

2008: On December 16, 2008, the City, under the Tracy Operating Partnership issued \$19,765,000 of 2008 Lease Revenue Bonds for the acquisition and construction of projects and prepayment the outstanding principal balance (\$9,835,000) of the 1998 Certificates of Participation. The 2008 bonds are secured by revenue pursuant to a site and facility lease for the Police Department Headquarters and the Fire Administration Building.

Other Outstanding Debt

Pacific Gas & Electric On-Bill Loan: On December 28, 2014, the City entered into a loan agreement with Pacific Gas and Electric Company for the provision of energy efficiency/demand response equipment and services. As of June 30, 2016, the outstanding balance of the loan was \$131,831.

2004 Wastewater Certificates of Participation: The City issued Wastewater Certificates of Participation in April 2004 to fund the upgrade of the City's wastewater treatment plan. These are

special obligations of the City and are payable solely from and secured by a pledge of net revenues of the Wastewater Utility System.

State of California Department of Public Health Loan: In 2006, the City entered into a loan agreement with the State of California Department of Public Health in the amount of \$20,000,000 for assistance in the construction of its new Water Treatment Plant. The proceeds from the loan were drawn down by the City as needed for construction. The City is obligated to make semi-annual payments of principal and interest, with a final maturity date of January 1, 2028.

D. GENERAL PLAN POLICIES

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

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

E. FINANCIAL MANAGEMENT

Budgetary Accounting

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

Cash and Investments

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

Total cash and investments as of June 30, 2016 amounted to \$240,952,375, encompassing governmental and business type activities, including restricted cash and investments. During FY 2015/16, investments consisted primarily of investments within the California Local Agency Investment Fund (LAIF) (State Investment Pool) and with bond trustees.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Central San Joaquin Valley Risk Management Authority (Authority), a public entity risk pool currently operating as a common risk management and insurance program for 58 cities, and maintains the Insurance Internal Service Fund to account for and finance its risks of loss. The purpose of Authority is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The Authority is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City.

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

The City's liability for uninsured claims was estimated by management, where the City at the end of FY 2015/16 had reserve deposits which cover claims (including "incurred but not reported" claims), except for \$112,494.

Independent Audit

State statutes require an annual audit of the City's accounts by an independent certified public accountant. For FY 2015/16, the City of Tracy selected the accounting firm of Maze and Associates.

F. FINANCIAL STATEMENTS

Comprehensive Annual Financial Report

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

Government-wide Financial Statements

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

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

Statement of Activities - Presents information reflecting any change in the government's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs (regardless of the timing of related cash flows). Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and compensated time leaves).

Both of the Government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

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

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

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

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

Fund Financial Statements

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

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

- **Governmental Funds** – These funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and are therefore prepared on the modified accrual basis. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.
- **Proprietary Funds** – The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's central services departments, vehicle and equipment replacement, central garage, building maintenance, and self-insurance. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term.

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

- **Fiduciary Funds** – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. The Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

G. FINANCIAL ANALYSIS

This section addresses the City's financial health through analysis of the current FY 2017/18 budget and the most recent audited financial statements (FY 2015/16).

FY 2015/16 Audited Financial Statements

Net Position - Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, combined net position (government and business-type activities) totaled approximately \$1.036 billion at the close of FY 2015/16. This is an increase of \$23 million from FY 2014/2015. The following table reflects the Summary of Net Position for FY 2015/16, with comparative data for FY 2014/15.

TABLE 5-1: NET POSITION (FY 2014/15 AND FY 2015/16)

Summary of Net Position at June 30
(in thousands of dollars)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Cash and Investments	\$ 163,669	\$ 176,382	\$ 44,475	\$ 37,874	\$ 208,144	\$ 214,255
Other Assets	59,817	47,926	6,764	9,045	66,581	56,972
Capital Assets	576,465	549,624	340,374	353,658	916,839	902,922
Total Assets	799,591	773,572	391,613	400,577	1,191,564	1,174,159
Deferred Outflows Related to Pensions	7,223	6,405	754	577	7,977	6,982
Current Liabilities	26,174	23,115	6,004	9,214	32,178	32,330
Non-Current Liabilities	77,201	76,871	42,729	44,475	119,930	121,346
Total Liabilities	103,375	99,986	48,733	53,689	152,108	153,675
Deferred Inflows Related to Pensions	9,848	12,815	1,042	1,406	10,890	14,221
Net Investment in Capital Assets	553,913	526,467	302,887	314,492	856,801	840,959
Restricted	145,380	152,380	347	346	145,728	152,726
Unrestricted	(5,343)	(11,671)	39,357	31,221	34,013	19,550
Total Net Position	\$ 693,950	\$ 667,176	\$ 342,592	\$ 346,059	\$ 1,036,543	\$ 1,013,235

SOURCE: CITY OF TRACY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2016.

The City's Government-wide Net Position at the close of FY 2015/16, comprised of the following:

- Cash and investments comprised of \$203.2 million in the city treasury and \$4.9 million of restricted cash held by fiscal agents. This represents a decrease of \$4.5 million in restricted cash and investments, which is primarily attributable to capital projects activity.
- Governmental receivables were comprised of \$21.2 million of current receivables and \$32.7 million of long-term receivables. Long-term receivables are primarily related to grants and loans provided by the former Community Development Agency.
- Net capital assets of \$916.8 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position, totaling \$145.4 million, is restricted for capital projects (\$ 104.4 million), low-moderate income housing projects (\$16.5 million), debt service (\$10.0 million), and \$14.5 million may be spent on other projects as specified by funding source restrictions.

5 FINANCIAL ABILITY

- Unrestricted Net Position totals \$34.0 million and is designated to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use. The negative unrestricted balance of \$5.3 million in Governmental Activities and the decrease in the restricted balance of Business-type Activities reflects the prior year implementation of GASB Statement #68 and the related Net Pension Liability.

Governmental and Business-Type Activities - The net cost of each of the City's programs associated with Governmental Activities and Business-Type Activities in FY 2015/16 is shown below in **Table 5-2**. Overall, the cost of the City's activities is greater than the charges and fees for services and various grants and contributions. Please note that this table does not include the City's general revenues which are used to offset the cost of these activities.

TABLE 5-2: GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES REVENUES AND EXPENSES – FY 2015/16

ACTIVITY	NET
Governmental	
General Government	\$(10,530)
Public Safety	\$(29,266)
Public Ways and Facilities/Transportation	\$17,770
Culture and Leisure	\$(1,754)
Interest and Fiscal Charges	\$(1,345)
<i>Subtotal</i>	<i>\$(25,125)</i>
Business-Type	
Water	\$(8,858)
Wastewater	\$(2,672)
Airport	\$1,846
Solid Waste	\$4,257
Transit	\$(958)
Drainage	\$(2,776)
<i>Subtotal</i>	<i>\$(5,937)</i>
Total	\$(31,062)¹

SOURCE: CITY OF TRACY ADOPTED FINANCIAL PLAN FY 2017-2019

¹The City's general revenues are used to offset the difference between the net expenses and revenues; this is typical as most revenues associated with governmental and business activities do not fully offset the cost of services and other revenues collected by the City, such as taxes, are used to fund City governmental services.

Governmental activities include general government, public safety, public ways and facilities/transportation, culture and leisure, and interest and fiscal charges. Net cost is defined as total program cost less the revenues generated by those specific activities. For most governmental programs, expenses have been greater than the revenue generated to support them. Interest and

fiscal charges also increased the level of expenses in FY 2015/16. Expenses exceeded revenues for Governmental activities by \$10.53 million in FY 2015/16.

Business-type activities include all of the City's enterprise activities, including water, wastewater, drainage, solid waste, transit, and airport. These services are supported by charges paid by users based on the amount of the service they use. Expenses exceeded revenues for Business-type activities by \$5.94 million in FY 2015/16.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements.

At the close of FY 2015/16, the City's governmental funds reported combined fund balances of \$152.0 million, which is a decrease of \$11.5 million compared with the prior year. This decrease is largely attributable to the \$14.1 million net change in fund balance in the General Projects and Tracy Infrastructure Master Plans Fund. Governmental fund revenues were \$110.4 million during this fiscal year. The General Fund accounted for 55% of this total. Expenditures were \$120.0 million this year. Of this total, \$55.7 million was in the General Fund.

General Fund

At the end of FY 2015/16, the General Fund balance was comprised of \$5.9 million in non-spendable balances, \$0.4 million of assigned balances and \$34.4 million in unassigned balances. Fund balances have been classified in accordance with GASB Statement #54. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes. In October 2014, the City Council adopted a new stabilization policy and created three stabilization reserves. The General Fund balance of \$40.7 million is comprised of \$18.6 million in the General Fund, \$10.1 million in the Contingency/Emergency Reserve, \$5 million in the Budget Stabilization Reserve and \$7 million in the Measure E Mitigation Reserve

Housing Successor Fund

On June 28, 2011 the State of California adopted Abx1 26, amended by AB 1484 on June 27, 2012, which dissolved redevelopment agencies as of January 31, 2012. As of June 30, 2016, the fund balance of the Housing Successor Special Revenue Fund was comprised of \$0.9 million in cash and investments and \$2.8 million in loans to the Successor Agency.

TEA Grant Fund

The TEA Grant Fund had revenues of \$7.9 million and expenses of \$10.3 million, all for capital projects. The fund balance was (\$2.9) million and decreased over prior year balance of (\$0.6) million.

South County Fire Authority Fund¹

The South County Fire Authority Fund had revenues of \$6.5 million and expenses of \$5.9 million. The fund balance of \$1.8 million was an increase of \$0.7 million over the prior year.

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund had revenues of \$6.8 million and expenses of \$9.1 million. The activities in this fund were reported in the General Fund prior to FY 2014/15.

2008 Lease Revenue Bonds Fund

The fund balance of the 2008 Lease Revenue Bond Fund remained essentially unchanged at \$0.7 million over the prior year.

General Projects Fund

The General Projects Fund had revenues of \$3.3 million and expenses of \$14.1 million. The fund balance of \$6.7 million was a decrease of \$8.4 million over the prior year.

Tracy Infrastructure Master Plan Fund

The Tracy Infrastructure Master Plan Fund had revenues of \$0.9 million and expenses of \$7.5 million. The fund balance of \$14.3 million was a decrease of \$5.7 million over the prior year.

Proprietary Funds

The City's Proprietary Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Proprietary Fund net position totaled \$342.6 million at the end of FY 2015/16. Proprietary operating revenues were \$53.0 million and operating expenses were \$66.0 million in FY 2015/16. The information provided below summarizes positions for Proprietary Funds for FY 2015/16.

Water Enterprise Fund: The net position of the Water Fund is \$145.5 million, with operating revenues of \$13.1 million and operating expenses of \$22.7 million. Approximately negative \$0.3 million of the fund's net position was unrestricted with a net investment in capital assets of \$145.8 million. Activities for the year were comprised of \$13.1 million in operating revenues and \$22.5 million in operating expenses. The decrease in revenues from FY 2014/15 to FY 2015/16 is a direct result of mandatory conservation efforts to meet current State mandates. The City's charges for services and water fees are generally adequate to fund the annual operating costs of the Water Enterprise Fund and to fund the debt service.

Wastewater Fund: The net position of the Wastewater Fund is \$117.5 million, with operating revenues of \$13.6 million and operating expenditures of \$16.5 million. Operating expenditures decreased by \$0.5 million or 3.2% from FY 2014/15. A total of \$89.3 million of the fund's net position is invested in capital assets, with \$27.9 million unrestricted. The City's charges for services and water

¹ Financial information regarding the South County Fire Authority is a "Blended-Component Unit" for purposes of the City's financial reports, meaning the JPA's finances are reported as the City's, however, the JPA's finances are comprised of the City's and District's financial contributions and expenditures. The City previously managed the SCFA's finances, however, effective July 1, 2018, the new JPA – South San Joaquin County Fire Authority- is managing its own finances.

fees are generally adequate to fund the annual operating costs of the Wastewater Fund and to fund the debt service.

Solid Waste Fund: Operating revenues totaled \$25.1 million and operating expenses were \$20.9 million, resulting in an unrestricted net position of \$14.7 million.

Drainage Fund: The net position of the Drainage Fund is \$46.2 million, with operating revenues of \$0.6 million and operating expenses of \$3.5 million. A total of \$46.0 million of the fund's net position is invested in capital assets, with \$0.2 million unrestricted.

Airport Fund: Operating revenues for the Airport Fund were \$0.4 million and operating expenses were \$0.8 million, resulting in a net position of \$5.3 million. A total of \$8.7 million of the fund's net position is invested in capital assets, with \$3.5 million unrestricted.

Transit Fund: The operating revenue for this fund totaled \$0.1 million as of June 30, 2016. Operating expenses were \$3.2 million, an increase of \$0.2 million over the prior year. The result was a loss of \$1.0 million before contributions and transfers. A total of \$13.0 million of the fund's net position is invested in capital assets, with \$0.3 million unrestricted.

Tracy Adopted Financial Plan FY 2017-2019

The FY 2017/18 and FY 2018/19 budgets were published on June 20, 2017 as part of the City of Tracy Financial Plan Fiscal Year 2017/18 & 2018/19 (Financial Plan 2017-19). The Financial Plan FY 2017-19 places significant investment in key areas the City underfunded as it weathered the Great Recession. The City's biggest asset, its employees, contributed back to the organization during the recession by forgoing raises and cost-of-living adjustments. During the past several years, the City eliminated or consolidated many services to align the cost of providing the services to the contracting funding resources resulting from lower property tax revenues. Basic municipal service levels, however, remained constant in public works and public safety; and residents benefitted from a more responsive City. The Financial Plan 2017-19 continues the City's prudent approach to utilizing the City's resources to provide a sustainable pathway toward service delivery, as well as making further investment into the City's infrastructure.

Table 5-3 summarizes the City's budgeted revenue and expenses for FYs 2017/18 and 2018/19. The Financial Plan 2017-19 projects a steady increase in net position (total revenues less total expenses) for the plan period, as well as projected out through FY 2020/21.

TABLE 5-3: CITY OF TRACY FY 2017/18 AND 2018/19 BUDGET SUMMARY (THOUSANDS)

	2017/18			2018/19		
	REVENUES	EXPENSES	NET POSITION	REVENUES	EXPENSES	NET POSITION
General Fund	\$68,328	\$62,075	\$6,253	\$69,310	\$62,584	\$6,726
Development Services	\$12,911	\$12,909	\$2	\$12,156	\$12,155	\$1
Gas Tax	\$2,550	\$960	\$1,590	\$3,597	\$960	\$2,637
South County Fire Authority ²	\$6,562	\$6,398	\$164	\$6,562	\$6,399	\$163
Assessment Districts	\$2,736	\$3,882	\$(1,146)	\$2,736	\$3,945	\$(1,209)
Special Revenue	\$3,790	\$2,995	\$795	\$3,790	\$2,997	\$793
Internal Services Funds	\$10,624	\$13,139	\$(2,515)	\$10,645	\$13,151	\$(2,506)
Airport	\$799	\$926	\$(127)	\$799	\$945	\$(146)
Transportation	\$4,915	\$4,803	\$112	\$4,948	\$4,836	\$112
Solid Waste	\$26,077	\$22,423	\$3,654	\$26,077	\$22,423	\$3,654
Storm Drain	\$825	\$771	\$54	\$825	\$771	\$54
Wastewater	\$15,120	\$13,795	\$1,325	\$15,120	\$13,797	\$1,323
Water	\$15,351	\$17,934	\$(2,583)	\$15,351	\$17,938	\$(2,587)
TOTAL	\$170,588	\$163,010	\$7,578	\$171,916	\$162,901	\$9,015

SOURCE: CITY OF TRACY ADOPTED FINANCIAL PLAN FY 2017-2019.

FINANCIAL TRENDS

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

Reserves: The City's General Fund Contingency Reserve (10% of operating revenues) was \$5.96 million at the close of FY 2015/16 and is projected to increase to \$6.26 million in FY 2018/19. The City's General Fund Economic/Budget Stability Reserve was \$11.9 million at the close of FY 2015/16 and is projected to increase to \$12.5 million in FY 2018/19.

Staffing: The Financial Plan 2017-19 places significant investment in key areas the City underfunded as it weathered the economic recession of 2007-2009, the greatest economic downturn since the Great Depression. As mentioned, the City's employees contributed significantly back to the organization during the recession by forgoing raises and cost-of-living adjustments. During the past

² Financial information regarding the South County Fire Authority is a "Blended-Component Unit" for purposes of the City's financial reports, meaning the JPA's finances are reported as the City's, however, the JPA's finances are comprised of the City's and District's financial contributions and expenditures

several years, many services were eliminated or consolidated in an attempt to align the cost of providing the services to contracting funding resources. Over the last two years, Tracy has seen significant economic activity both in diversifying its housing market and in developing relationships with businesses and job growth. These developments have strengthened the City's fiscal health; however, development activity is at a level that has been outpacing available staffing in many departments. The City as structured is well-fit to be lean and responsive as required during a recession; resulting in a dependence on the use of outside resources to assist with workflow, particularly in Development Services.

In order to provide resources and to maintain Citywide service levels, the City has identified staffing priorities to address gaps in services and implement opportunities to enhance services in ways that would minimally impact City funds. In FY 2016/17 32 full time equivalent (FTE) positions were added citywide. In the Financial Plan 2017-19, another 21 (FTE) positions are proposed to be added, of which 4.85 FTE are allocated to the General Fund (fiscal impact approximately \$500,000) and the remaining 16.15 FTE are charged to various other funds. Overall, staffing levels proposed for FY 2017/18 and 2018/19 are 9.5% higher than FY 2015/16. With every request for staffing, the City evaluates the unmet needs against the fiscal sustainability of funding a new position. Fiscal sustainability is defined as the ability of the City to fund current and future year spending with available resources without threatening the government's ability to remain solvent and to meet its obligations. To be fiscally sustainable, the City's on-going revenues must fund the on-going costs of its workforce, including potential cost of living negotiations, increased pension and health care costs, and other long-term liabilities associated with employee salaries and benefits.

Pension Obligations: Developing appropriate staffing levels, as well as building strong recruitment and retention plans for existing staff, will continue to be important to the City, to meet the City Council's goals and priorities. The challenges of maintaining competitive salaries and benefits are hampered by unfunded pension obligations and other escalating costs outside the City's control. Throughout 2018 and 2019, City staff will be evaluating many options to balance the limited resources against the rising costs in personnel so as to continue providing adequate staffing levels to all departments.

A particular issue is the rising cost of employee pensions. Over the last few years, CalPERS has been evaluating their investment and actuarial assumptions. As CalPERS assumptions shift to a more conservative approach, an increase is passed on to the employer contributions. The result in growing increases in CalPERS costs for local agencies. The impacts of the CalPERS' discount rate take effect in FY 2018/19. The Citywide increase in pension costs is expected to grow from \$9.1 million in FY 2017/18 to \$10.4 million in FY 2018/19, a 14.3% increase. The City currently pays all pension obligations on an annual basis based upon the position control roster's funding allocation. The City maintains a ten-year actuarial forecast to prepare for future costs of pension obligations. The City has considered these costs in its long-term fiscal planning.

Facility and Infrastructure Financing: One significant and continuing challenge facing the City is the increasing cost of maintaining its infrastructure. This is due to the following three factors: (1) as Tracy ages, so does its public infrastructure; (2) increased growth results in additional infrastructure maintenance, which further stretches City's resources; and (3) maintenance requirements, which

are regulatory in nature, have increased and add significant costs. Addressing this concern becomes even more challenging given competing priorities for City resources.

One area of concern is the current fund balance reserve in the Building Maintenance Internal Service fund, which has a projected reserve level under \$200,000 for FY 2016/17. For each major repair that has arisen in the last three years, the City has drawn from General Fund reserves, because of inadequate Building Maintenance Fund reserve levels. The fund serves all city buildings, including Civic Center and Police buildings, 6 fire stations, the Library and Community buildings including the Grand Theater, Boyd's Service and Maintenance Yard, and numerous parks and facilities throughout the City. Staff estimates a new master plan would cost between \$350,000-\$450,000 for a comprehensive evaluation of the capital facilities needs throughout the City. The master plan would identify priority areas for capital funds and will allow the City to evaluate the liability risks.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is the City's comprehensive multi-year plan for the development of the City's capital facilities and improvements. The plan identifies all the capital maintenance, facilities, and improvements needed within the following five years. The projects to accomplish or develop usually involve high costs, take a year or more to complete and result in the creation of a capital asset. CIP projects are grouped into the following nine groups: General Government and Public Safety Facilities, Traffic Safety, Streets and Highways, Wastewater Improvements, Water Improvements, Drainage Improvements, Airport and Transit Improvements, Parks and Recreation Improvements, and Miscellaneous Projects. The project costs identified for the first two years of the CIP are used for the adopted Capital Budget for FYs 2017/18 and 2018/19. A full accounting of the City's most recent CIP can be found in Chapter 5 of the City's Adopted Financial Plan FY 2017-2019.

TRACY INFRASTRUCTURE MASTER PLAN

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

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

The City's planning, building, engineering, and other fees are based on the cost of services. The City's TIMP fees and fees for services are reviewed by the City Council annually and revised as needed.

TRACY RURAL FIRE DISTRICT

As discussed in Chapter 4, the Tracy Rural County Fire Protection District (Rural Fire District) provides services within areas of the City, but will no longer provide services to newly annexed areas pursuant to LAFCo policy. At the end of the 2017 fiscal year, the Rural Fire District had \$8.06 million in assets and \$9.16 million in liabilities. The Rural Fire District had a net position of negative \$1.11 million in 2017, which was a \$0.75 million decrease from its 2016 net position of \$1.86 million (**Table 5-4**). However, despite the negative net position, the Rural Fire District has operated with a positive cash flow, with revenues exceeding expenses as shown by the changes in net position in **Table 5-5**. The most significant component of the Rural Fire District's negative net position is a \$4.37 million debt to the City. With the dissolution of the SCFA and the creation of the SSJFA, the City and the Rural Fire District reviewed the District's obligations to the City. The \$4.37 million debt is based on Amendments 4, 5, and 6 to the SCFA JPA agreement which addressed the District's obligations to the City and the Rural Fire District's contribution of costs for Station 92. The Rural Fire District requested the City to review the calculations that resulted in the \$4.37 million debt and to consider the City's receipt of the District's contribution to Station 92 maintenance and operations, the City's receipt of Fire Prevention revenues, and past calculations of debt. As part of the SCFA Dissolution Agreement, the City reviewed these factors and reduced the outstanding loan amount to \$1.025 million, provided for the transfer of ownership of Station 92 to the City, and determined that the Rural Fire District's obligations to the City would be satisfied as of June 30, 2018. Therefore, the \$4.37 million debt has been reduced to \$0.

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

TABLE 5-4: TRACY RURAL FIRE DISTRICT – AUDITED STATEMENT OF NET POSITION: 2016 AND 2017

	2017 GOVERNMENTAL ACTIVITIES	2016 GOVERNMENTAL ACTIVITIES
Assets		
Cash On-hand/In Treasury	\$4,482,352	\$4,493,518
Interest Receivable	\$16,963	\$10,257
Land Note	\$177,107	\$177,107
Capital Assets	\$2,761,242	\$2,849,827
Deferred Outflows	619,287	\$272,039
<i>Subtotal Assets</i>	<i>\$8,056,951</i>	<i>\$7,802,748</i>
Liabilities		
Current Liabilities	\$901,563	\$963,100
Long-term Liabilities		
Note Payable – City of Tracy	\$4,372,897	\$5,122,537
Capital Lease – Westamerica Bank	\$284,861	\$327,892
Compensated Absences	\$602,924	\$702,924
Net Pension Liability	\$3,662,717	\$3,099,059
Less: Current Portion	(\$893,861)	(\$948,085)
Deferred Inflows of Resources	\$233,891	\$393,527

5 FINANCIAL ABILITY

<i>Subtotal Liabilities</i>	\$9,164,992	\$9,660,955
Total Net Position	(\$1,108,041)	(\$1,858,207)

SOURCE: TRACY RURAL COUNTY FIRE PROTECTION DISTRICT FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2017 AND 2016

TABLE 5-5: TRACY RURAL FIRE DISTRICT - STATEMENT OF ACTIVITIES: 2016 AND 2017

	2017 GOVERNMENTAL ACTIVITIES	2016 GOVERNMENTAL ACTIVITIES
Expenditures/Expenses		
Fire Protection – Operations	\$6,335,621	\$5,302,245
Fire Protection – Depreciation	\$164,398	\$212,204
<i>Subtotal Expenditures/Expenses</i>	<i>\$6,500,019</i>	<i>\$5,514,449</i>
Revenues		
Program Revenues (Charges for Services)	\$53,754	\$61,355
Property Taxes	\$6,348,699	\$5,658,525
Investment Earnings	\$52,639	\$60,424
<i>Rental Income</i>	<i>\$32,400</i>	<i>\$0</i>
Miscellaneous Income	\$760,823	\$970,560
Sale of Assets Income	\$1,870	(\$51,169)
<i>Subtotal All Revenues</i>	<i>\$7,250,185</i>	<i>\$6,669,695</i>
Change in Net Position	\$750,166	\$1,155,246
Net Position – Beginning of Year	(\$1,858,207)	\$60,773
Prior Period Adjustment	-	(\$3,074,226) ¹
Net Position – End of Year	(\$1,108,041)	(\$1,858,207)

1

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

It is anticipated that the Rural Fire District will continue to operate with a positive income stream, as shown in **Table 5-5**. The Rural Fire District's budgets for the past three years demonstrate that the District planned expenditures, which ranged from \$6.1 to \$7.0 million per year, as shown in **Table 5-6** are compatible with the District's revenue stream, which ranged from \$6.7 million to \$7.2 million (**Table 5-5**).

TABLE 5-6: TRACY RURAL FIRE DISTRICT BUDGET – FISCAL YEARS 2019/18 THROUGH 2017/16

BUDGET ITEMS	2019/18	2018/17	2017/16
GENERAL FUND			
Attorney fees	\$50,000.00	\$40,000.00	\$50,000.00
Audited Financial Statements	\$5,450.00	\$5,450.00	\$4,950.00
Auditors AP & Tax Admin Charges	\$120,000.00	\$96,000	\$85,900.00
Auditors Direct Assessment	\$12,100.00	\$11,758.51	\$11,100.00

Directors Fees	\$12,000.00	\$12,000.00	\$15,000.00
Election	\$2,500.00	\$2,500.00	\$33,907.00
Insurance – General Liability	\$22,000.00	\$20,000.00	\$22,000.00
Miscellaneous	\$5,000.00	\$3,500.00	\$3,000.00
Miscellaneous Maintenance	\$5,000.00	\$0	\$0
Business Office Services	\$36,162.00	\$34,440.00	\$32,880.00
Entity Report	\$978.04	\$952.27	\$948.74
Benefit Assessment	\$12,000.00	\$2,868.75	\$5,000.00
State Controllers Report	\$750.00	\$800.00	\$750
Retirement (PERS) Unfunded liability	\$413,603.00	\$292,130.00	\$249,630.00
Retirement (PERS)	\$2,360.00	\$3,000.00	\$1,150.00
Safety Plan (PERS)	\$700.00	\$0	\$0
City of Tracy (Dissolution Agreement)	\$233,214.73	\$0	\$0
City of Tracy – JPA Agreement	\$5,367,543.00	\$6,300,000.00	\$5,400,000.00
RESERVE FUNDS			
Engine 92 – Lease/purchase (Operating Transfer to Fund 49591)	\$52,311.90	\$52,311.90	\$52,311.90
Smoothing Agreement (Operating Transfer to Fund 49581)	\$0	\$100,000.00	\$100,000.00
Governance	\$0	\$30,000.00	\$35,000.00
TOTAL	\$6,353,372.67	\$7,007,711.46	\$6,103,527.64

SOURCE: TRACY RURAL COUNTY FIRE PROTECTION DISTRICT BUDGETS, 2019/18, 2018/17, AND 2017/16

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY

The SSJCFA was created in February 2018 to provide for the joint exercise of powers to provide a full range of fire protection services within the Authority's jurisdictional area. The SSJCFA provides a streamlined form of governance that equitably allocates costs to the member agencies. Under the provisions of the Agreement, the City and District jointly share the annual costs of maintenance and operations for Fire Protection Services, Fire Dispatch Services, and Fire Prevention Services. Each member agency is responsible for all such costs within their jurisdictional fire protection boundaries. The annual cost allocation for maintenance and operations is determined by dividing the total number of daily staffed positions within each member agency by the total number of daily staffed positions within the SSJCFA. This formula allows each member agency to pay their pro-rata share of fire protection services without subsidizing other member agencies.

The SCFA preceded the SSJCFA and was in effect from September 1999 through June 2018. For the duration of the SCFA's existence, fire services were funded through property tax and special assessment fees of the District, and general funds revenues of the City. The funds were deposited into a special South County Fire Authority fund to administer and expense services. Over time, the SCFA agreement was amended to reflect changes in cost sharing, special agreements regarding facilities, employee staffing, and employee benefits.

At the time of the formation of the SCFA and the City's employment of former District employees, the City and District agreed that the District would be responsible for the payment of all accrued compensated absences for those twenty-five employees and retirement costs, attributable to their years of service with the District, for those twenty-five employees. This is reflected in the long-term

liabilities in Table 5-4 and addressed in the District's budget which includes the District's payment of unfunded retirement liabilities which are invoiced annually by PERS (**Table 5-6**).

With the formation of the SSJCFA, the City and District entered into an agreement to dissolve the SCFA. The South County Fire Authority Dissolution Agreement between the City of Tracy and the Tracy Rural Fire District (Dissolution Agreement) is effective July 1, 2018. This agreement dissolves the SCFA effective June 30, 2018 and settles outstanding debt balances between the parties as member agencies of the SCFA. Previous debt balances relate to the accumulated leave balances of the District's former personnel and the District's repayment of a loan from the City and the parties' joint cost sharing of maintenance and operations costs during the life of the SCFA. The District's obligations to repay the City in and all amounts owed pursuant to the amendments of the SCFA, including outstanding balances owed to the City will be deemed satisfied June 30, 2018. The Dissolution Agreement further provides that the City will remit the development impact fees to the District that are attributable to mitigating the impact of new development on fire facilities located in District's jurisdictional boundaries; these fees have been developed to address fire stations that are needed to serve the City's residents regardless of whether the station is owned by the District or the City. The District has not adopted a separate fee. Furthermore, the District will own and operate all fire stations located within its jurisdictional boundaries.

Since inception of the SCFA in 1999, the practice of annexation of property into the City without detachment from the District was devised and maintained to secure the financial ability of the SCFA to provide services. LAFCO adopted a policy in April 2019 that requires future annexations to the City of Tracy to detach from the Rural Fire District.

In early 2018, staff conducted a fiscal analysis to evaluate projected fire services revenues, which factor existing and anticipated growth. That analysis, shown in **Table 5-7**, reflects the increase in services that will be provided by the Rural Fire Protection District as two planned engine companies are placed into service in 2021 and 2022. It is anticipated that the City will continue to collect its Citywide Public Safety Master Plan Fees, which will be used to fund the development of fire stations needed to serve new development and that the City's will continue to plan to fund its participation in the SSJCFA through General Fund revenues.

Table 5-7: SSJCFA Annual Expenses and Member Agencies Annual Funding (Revenues) and Expenses

		SSJCFA ANNUAL EXPENSES						
		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
SSJCFA Expenses								
	<i>Fire Suppression</i>	\$17,509,580	\$18,034,867	\$18,575,913	\$19,133,191	\$19,707,187	\$20,298,402	\$20,907,354
	<i>Administration</i>	\$727,133	\$748,947	\$771,415	\$794,558	\$818,395	\$842,946	\$868,234
	<i>Community Risk Reduction (Prevention)</i>	\$1,405,228	\$1,447,385	\$1,490,806	\$1,535,531	\$1,581,596	\$1,629,044	\$1,677,916
	<i>Training</i>	\$408,956	\$421,225	\$433,861	\$446,877	\$460,284	\$474,092	\$488,315
	<i>Replacement Equipment</i>	\$161,900	\$166,757	\$171,760	\$176,913	\$182,220	\$187,686	\$193,317
Subtotal Expenses		\$20,212,797	\$20,819,181	\$21,443,756	\$22,087,069	\$22,749,681	\$23,432,172	\$24,135,137
<i>Community Risk Reduction Offsetting Revenue</i>		(\$1,043,000)	(\$1,074,290)	(\$1,106,519)	(\$1,139,714)	(\$1,173,906)	(\$1,209,123)	(\$1,245,397)
Existing Staffing Net Operating Cost		<u>\$19,169,797</u>	<u>\$21,893,471</u>	<u>\$22,550,275</u>	<u>\$23,226,783</u>	<u>\$23,923,587</u>	<u>\$24,641,294</u>	<u>\$25,380,533</u>
<i>New Staffing/Operating Costs to Serve Growth</i>		\$0	\$0	\$0	\$1,974,920	\$4,068,336	\$4,190,386	\$4,316,098
Total Estimated JPA Operating Costs		\$19,169,797	\$21,893,471	\$22,550,275	\$25,201,704	\$27,991,923	\$28,831,680	\$29,696,631
<i>City Responsibility (% Cost Split)</i>		72%	72%	72%	62.5%	56%	56%	56%
<i>City Of Tracy Cost Allocation</i>		\$13,802,254	\$15,763,299	\$16,236,198	\$15,751,065	\$15,551,068	\$16,017,600	\$16,498,128
<i>TRFD Responsibility (% Cost Split)</i>		28%	28%	28%	37.5%	44%	44%	44%
<i>TRFD JPA Cost Allocation</i>		\$5,367,543	\$6,130,172	\$6,314,077	\$9,450,639	\$12,440,855	\$12,814,080	\$13,198,503
		TRACY RURAL FIRE DISTRICT OPERATING REVENUE AND EXPENDITURES						
		FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
District Revenues								
	<i>Tax Revenue</i>	\$6,951,590	\$7,160,138	\$7,374,942	\$7,596,190	\$7,824,076	\$8,058,798	\$8,300,562
	<i>Investment Earnings</i>	\$0	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	<i>Rental Income</i>	\$33,600	\$34,608	\$35,646	\$36,716	\$37,817	\$38,952	\$40,120
	<i>Miscellaneous Income</i>	\$135,391	\$139,453	\$143,636	\$147,945	\$152,384	\$156,955	\$161,664
	<i>Inter-fund Loans</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Existing Revenue		<u>\$7,120,581</u>	<u>\$7,334,198</u>	<u>\$7,554,224</u>	<u>\$7,780,851</u>	<u>\$8,014,277</u>	<u>\$8,254,705</u>	<u>\$8,502,346</u>
<i>Additional Revenue Projected from Growth</i>		\$404,191	\$1,300,915	\$2,413,766	\$3,564,118	\$4,648,036	\$5,728,738	\$6,639,259

Total Projected District Revenue	\$7,524,772	\$8,635,113	\$9,967,990	\$11,344,969	\$12,662,313	\$13,983,443	\$15,141,605
District Expenses							
<i>JPA Projected Operating Cost Allocation</i>	<i>\$(5,367,543)</i>	<i>\$(6,130,172)</i>	<i>\$(6,314,077)</i>	<i>\$(9,450,639)</i>	<i>\$(12,440,855)</i>	<i>\$(12,814,080)</i>	<i>\$(13,198,503)</i>
<i>Non-JPA TRFD Suppression Expenses Cost Allocation</i>	<i>\$(166,119)</i>	<i>\$(171,102)</i>	<i>\$(176,235)</i>	<i>\$(181,522)</i>	<i>\$(186,968)</i>	<i>\$(192,577)</i>	<i>\$(198,355)</i>
<i>Other TRFD Operating Expenses Cost Allocation</i>	<i>\$(986,129)</i>	<i>\$(750,174)</i>	<i>\$(772,679)</i>	<i>\$(795,859)</i>	<i>\$(819,735)</i>	<i>\$(844,327)</i>	<i>\$(869,657)</i>
Total District Expenses	\$(6,519,791)	\$(7,051,448)	\$(7,262,991)	\$(10,428,021)	\$(13,447,558)	\$(13,850,984)	\$(14,266,514)
<i>District Annual Surplus /(Deficit)</i>	<i>\$1,004,981</i>	<i>\$1,583,665</i>	<i>\$2,704,999</i>	<i>\$916,949</i>	<i>(\$785,245)</i>	<i>\$132,458</i>	<i>\$875,091</i>
<i>District Cumulative Surplus/(Deficit)</i>	<i>\$1,004,981</i>	<i>\$2,588,646</i>	<i>\$5,293,645</i>	<i>\$6,210,594</i>	<i>\$5,425,349</i>	<i>\$5,557,807</i>	<i>\$6,432,898</i>

CITY OF TRACY REVENUE AND EXPENDITURES							
	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
City Revenues/Funds							
General Fund Allocation	\$14,387,821	\$16,366,433	\$16,857,426	\$16,390,930	\$16,210,129	\$16,696,433	\$17,197,326
City Expenses							
JPA Expenses Cost Allocation	\$(13,802,254)	\$(15,763,299)	\$(16,236,198)	\$(15,751,065)	\$(15,551,068)	\$(16,017,600)	\$(16,498,128)
Non-JPA COT Suppression Expenses Cost Allocation	\$(585,567)	\$(603,134)	\$(621,228)	\$(639,865)	\$(659,061)	\$(678,833)	\$(699,198)
<i>City Annual Surplus /(Deficit)</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$0.00</i>

EACH MEMBER AGENCY OF THE SOUTH SAN JOAQUIN FIRE AUTHORITY COLLECTS IMPACT FEES FOR DEVELOPMENT THAT OCCURS WITHIN THEIR JURISDICTION. THESE FEES ALONG WITH RESERVE CAPITAL FUNDS ARE ALLOCATED BY THE MEMBER AGENCIES TO FACILITATE CONSTRUCTION OF NEW STATIONS AND ACQUISITION OF APPARATUS.

SOURCE: CITY OF TRACY, 2018; TRACY RURAL FIRE DISTRICT, 2018; SSIJCA, 2018

Table 5-7 provides a financial forecast for the continued provision of fire services through the SSJCFA. **Table 5-7** shows the SSJCFA costs that would be distributed to the City and the Rural Fire District, as well as the projected revenues available to the City and the Rural Fire District to fund their respective shares of SSJCFA costs as well as other costs for each agency. The intent of this forecast is to assure the sustainability of growth in relation to the impact it has on service demands as well as identify an anticipated time frame when additional services that are needed, as a result of growth, are able to be implemented and fiscally maintained.

Table 5-7 shows the total SSJCFA operating budget for FY 2018/19 of \$19,169,797 after crediting back the anticipated revenue from the Community Risk Reduction Division. The goal of the Community Risk Reduction Program (previously known as Fire Prevention) is to maintain an 80-90% cost recovery through its fee programs. As this is a transitional year for the program, initial revenues are estimated below that anticipated goal.

The inflation factor used for both existing costs and existing revenue was a modest 3%. The forecast of revenue from new development was calculated in collaboration with City of Tracy Development Services to determine commitments already made as well as known and anticipated future projects and their scopes. That data was then monetized with conservative assumptions to accurately forecast revenues and expenditures in relation to both residential and commercial growth.

Table 5-7 identifies the fiscal impact of adding two additional three-person engine companies to service the planned growth. The in-service dates for those companies is expected to be July 1st, 2021 (E99) and July 1st, 2022 (E95). **Table 5-7** anticipates that the City's share of SSJCFA costs will begin decreasing in 2020/21 when engine company E99 is added and will further decrease when the engine company E95 is added in 2022.

In the longer term, there would be additional fiscal impacts, such as future annexations that would not contribute to Rural Fire District revenues and would increase the City's share of the JPA operating costs as new stations and engine companies are added in the City's service area.

Each member agency of the SSJCFA receives impact fees for development that occurs within their jurisdiction. These fees along with reserve capital funds allocated by the member agencies will be utilized to facilitate construction of new stations and acquisition of additional or replacement apparatus. **Table 5-7** is representative of operating budgets and does not include other funds utilized by the SSJFA member agencies. As shown in **Table 5-7**, the City and Rural Fire District are anticipated to be able to fully fund their commitments.

Table 5-8 below identifies the cost to construct and equip the two fire stations planned for relocation and the two new fire stations planned to be constructed. As shown in **Table 5-8**, the majority of the projected costs of the four stations (\$23.6 million) would be funded through the \$15.6 million in revenues currently available to fund stations. An additional \$8 million is projected to receive from future developer fees. The City has provided a \$7 million advance for the construction and equipment and an additional \$1 million will be funded through local contributions.

5 FINANCIAL ABILITY

This ensures that the stations are constructed in a timely manner from new growth and the advances will be repaid as developer impact fees are collected from planned growth.

Table 5-8: Funding for Fire Station Construction (New and Relocated Stations)

STATION	COST OF STATIONS			REVENUES CURRENTLY AVAILABLE TO FUND STATIONS			FUTURE DEVELOPER FEES FROM PLANNED GROWTH
	CONSTRUCT	EQUIPMENT	TOTAL	DEVELOPER ADVANCES	OTHER FEES COLLECTED	TOTAL	
Station 94	\$5,000,000	-	\$5,000,000	\$4,250,000	-	\$4,250,000	\$750,000
Station 95	\$5,600,000	\$1,000,000	\$6,600,000	\$5,500,000	-	\$5,500,000	\$1,100,000
Station 97	\$5,500,000	-	\$5,500,000	-	\$4,500,000	\$4,500,000	\$1,000,000
Station 99	\$5,500,000	\$1,000,000	\$6,500,000	\$1,100,000	\$250,000	\$1,350,000	\$5,150,000
TOTAL	\$21,600,000	\$2,000,000	\$23,600,000	\$10,850,000	\$4,750,000	\$15,600,000	\$8,000,000
General Fund Advance							\$5,000,000
Equipment Advance							\$2,000,000
Local Contribution							\$1,000,000

SOURCE: CITY OF TRACY STAFF REPORT – AGENDA ITEM 8, OCTOBER 16, 2018

As shown in **Table 5-7**, the City would have the financial ability to provide services in the SOI with implementation of the LAFCO policy requiring detachment. This assumption anticipates that the Rural Fire District revenue, which is negatively impacted with detachment, will continue to grow as development in a number of growth areas within the Rural Fire District boundary, including Tracy Hills, Ellis, Cordes Ranch, and Tracy Gateway, will continue to develop and provide revenues toward the prorated share that the Rural Fire District would be required to contribute to the SSJCFA. Tracy Rural revenue is negatively impacted with detachment; therefore negatively impacting their ability to pay their contribution for fire services. While **Table 5-7** identifies a revenue surplus, this revenue could be used to further enhance fire services and improve response times and this revenue surplus may decrease over the long-term as newly annex areas detach from the Rural Fire District and there is an overall reduction in City and Rural Fire District revenues.

In 2016/17, total costs for the SCFA were \$16,044,840. The SCFA's total expenditure during this period was also \$16,044,840. The most recently approved SCFA budget (for FY 2017/18) provides for expenditures of \$17,399,842. This includes \$602,233 for fire administration, \$601,518 for fire prevention & education, \$50,060 for fire support, \$12,240,182 for fire operations, \$410,456 for fire training & safety, \$240,000 for fire mutual aid, and \$235,000 for equipment (with the remainder split between other direct and indirect costs).

Under the new JPA, SSJCFA, the City and Rural Fire District have agreed to a cost-sharing formula in which each agency pays for the operation, including staffing and maintenance, of fire facilities in their respective fire jurisdictions as set forth in the Section 5.4 of the SSJCFA JPA. As shown in this section, both agencies are operated in a fiscally sound manner and each agency will be able to fund its fair-share of SSJCFA costs as well as other costs associated with fire services as shown in **Table 5-7** and the agencies have planned for adequate funding to construct needed fire stations as shown

in **Table 5-8**. The City and District’s continued collaboration and membership in the SSJCFA leverages their resources to provide financially sustainable and responsive fire service that is consistent with best practices.

H. DETERMINATION

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

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

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

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

The City’s continued practice of providing fires services through a JPA model with the Rural District maximizes efficiencies through the use of shared facilities and resources between two public agencies. The Rural Fire District has the financial capacity to continue to serve areas within its service boundary under this model, including paying its fair-share costs of fire services provided through the SSJCFA.

The City has budgeted for current and future expenses, debts, and revenues. The City’s financial statements show that it is fiscally sound. The City will continue to manage and report its financial condition on an annual basis, which will include adjustments to address any projected cost increases or deficiencies as necessary.

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6. STATUS OF AND OPPORTUNITIES FOR SHARED FACILITIES

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

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

A. BACKGROUND

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

1. Fire Protection

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

Through the SSJCFA, the City employs fire services staff and shares costs with the Rural Fire District. Additionally, Station 94 is shared with Cal Fire's Santa Clara Ranger Unit (Station 26).

On February 20, 2018, the member agencies of the SCFA moved to dissolve the existing SCFA and enter into a new Joint Powers Agreement known as the SSJCFA. The SSJCFA was formed to provide a full range of fire services to the entire jurisdictional area of both the corporate city limits of Tracy and the surrounding rural community. The SCFA and SSJCFA will run concurrently to allow the existing SCFA to dissolve effective June 30, 2018, and the new SSJCFA to be implemented effective July 1, 2018. The new SSJCFA has a simplified cost sharing formula that ensures fairness in how costs to provide service are allocated to member agencies.

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

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

2. Police Protection

The Tracy Police Department provides mutual aid to the San Joaquin County Sheriff's office, and vice versa, when a situation exceeds the capabilities of either department. Mutual aid is coordinated through the San Joaquin County Sheriff.

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

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

3. Water Supply and Distribution

The City of Tracy has agreements with SSJID, the United States Bureau of Reclamation, and Westside Irrigation District for purchasing water. All of these agreements involve shared facilities for the delivery of water from the providing agency to the City. The City of Tracy has a Municipal and Industrial contract with the USBR for delivery of Central Valley Project water conveyed via the Delta-Mendota Canal. The City has acquired additional assignments of Delta-Mendota Canal/Central Valley Project agricultural reliability water through agreements with the local irrigation districts¹. The City of Tracy purchases Stanislaus River water from SSJID, as provided by the South County Water Supply Project.

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

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

4. Wastewater Collection and Treatment

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

5. Stormwater Drainage

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

6. City of Tracy Facilities

The City provides for use of its facilities, including the Council Chambers, Tracy Community Center, Tracy Transit Station, and parks and recreation facilities, by outside agencies and private entities through facility sharing agreements. The City also has an agreement in place for joint use of the City-owned Tracy Branch Library with the Stockton-San Joaquin Public Library District.

B. DETERMINATION

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

The City of Tracy has multiple planning processes in place to assess whether levels of service provided are adequate to accommodate new growth, including the City of Tracy General Plan, the City's annual budgeting process, master planning processes for water supply and distribution, wastewater and sewer systems, as well as fire protection and law enforcement services. It is through these processes that the City will continue to monitor and assess whether future opportunities for shared facilities will improve levels of service in a cost-effective manner.

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

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

A. BACKGROUND

Residents ultimately have oversight for the provision of public services in Tracy since the City is run by an elected City Council that answers to the public through the ballot process. City Council members are elected to four-year terms during General Elections. When the City annexes property in the SOI, the City will provide a wide range of public services. In some cases, such as municipal water, sewer, and storm water drainage, annexation will result in availability of services which may not currently be available in the SOI. Individual property owners in the SOI, but outside the city limits, have to provide these services themselves, so there will be an increase in available services with annexation; however, there will also be a corresponding increase in service fees as well.

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

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

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

The City submitted a Fire Governance Implementation Plan to LAFCo in July 2013. The plan was discussed by LAFCo, at length during its July 19 and August 16, 2013 meetings. LAFCo continued consideration until its October 18, 2013 meeting and subsequently to the December 13, 2013, meeting. During its meetings, LAFCo expressed concerns regarding the fiscal impact on the County of the current non- detachment policy when territory is annexed into the City.

To address the concerns expressed by LAFCo, the City retained Management Partners to address the fiscal and governance issues. Management Partners completed the Alternative Fire Governance Structures Report. The Alternative Fire Governance Report addressed three scenarios: annexation without detachment, annexation with detachment, and City annexation into Tracy Rural Fire District.

The Alternative Fire Governance Structures Report was distributed to interested stakeholders in July 2014 for their review and comment. These included the Rural Fire District Board of Directors, the Fire Service Steering Committee, San Joaquin County, San Joaquin LAFCo, and representatives of labor and management within the Fire Department.

On September 2, 2014, the City Council and Rural Fire District Board of Directors discussed the Alternative Fire Governance Structures Report and agreed that it addressed the LAFCo concerns and had consensus to submit it to LAFCo. The City submitted the report to LAFCo for consideration. LAFCo concluded that the City's governance plan did not appear to be complete as it is unclear as to which policy (e.g. annexation without detachment, annexation with detachment, and City annexation into Tracy Rural Fire District) the City is working toward.

The City and Rural Fire District have demonstrated a continued intent for annexations into the City to occur without detachment from the Rural Fire District. This is exhibited by each agencies plans to provide joint services through the SSJCFA and their plans to develop fire stations, including Rural Fire District stations that will serve future development in the City.

In 2017, the City participated in the preparation of a Standards of Cover study by Citygate Associates (to review the adequacy of fire department systems, including current and planned fire station locations, to address development within the boundaries of the City and the Rural Fire District. This study did not make recommendations regarding detachment of areas from the Rural Fire District, but rather evaluated the combined ability of the two departments to offer adequate services. The study recommended relocation and addition of fire stations, as described in Chapter 4, and recommended best practices to improve response times. The study provided appropriate guidance for the City to ensure adequate services to its existing and future residents through continuing to work with the Rural Fire District as joint service providers in the City and SOI.

The primary governance implication of continuing the current method annexing lands into the City without detachment from the Rural Fire District is that property owners would have two governmental entities with separately-elected bodies accountable for the delivery of fire services to the annexed area. These property owners would be able to vote in elections for both the City Council and the Rural Fire District Board. It is anticipated that this will not place an undue hardship on property owners as it is not atypical to have multiple bodies serving an area, such as one or more school districts, reclamation districts, fire districts, etc. While these property owners would pay

benefit assessment fees to the Rural Fire District and City development impact fees would be collected at the time their properties were initially developed, the City's public safety development impact fees have been calculated to consider the needs of the Rural Fire District and a portion of these fees are passed to the Rural Fire District ensuring that the property owner benefits from the fees paid.

Were annexation to the City to occur with detachment from the Rural Fire District, meaning that the City would provide services to the SOI, there would be a simplified governance structure as property owners would be served by a single entity for fire services. In April 2019, LAFCo adopted a policy requiring future annexations to detach from the Rural Fire District. As demonstrated in Chapter 5, the City can fund needed fire stations and provide efficient, effective services.

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

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

B. DETERMINATION

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

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

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

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

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GIS DATA

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PHONE AND EMAIL CORRESPONDENCE

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Phone call with James Nelson (Stormwater Consulting), Bill Dean, Victoria Lombardo, and Robert Amrjo (City of Tracy) at 11:00 am on 10/23/18.

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