

TRACY FINANCE COMMITTEE

SPECIAL MEETING AGENDA

**Monday, October 23, 2023, 6:00 p.m.**

Tracy City Hall, 333 Civic Center Plaza, Tracy

Web Site: [www.cityoftracy.org](http://www.cityoftracy.org)

**THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND  
REMOTE PARTICIPATION PURSUANT TO GOVERNMENT CODE SECTION  
54953(e)**

**MEMBERS OF THE PUBLIC MAY PARTICIPATE REMOTELY IN THE MEETING VIA  
THE FOLLOWING METHOD:**

*As always, the public may view the Tracy Finance Committee meetings live on the City of Tracy's website at [CityofTracy.org](http://CityofTracy.org) or on Comcast Channel 26/AT&T U-verse Channel 99. To view from the City's website, open the "Government" menu at the top of the City's homepage and select "Finance Committee", then select "[View Finance Committee Meetings on YouTube](#)" under the "Boards and Commissions" section.*

*If you only wish to watch the meeting and do not wish to address the Council, the City requests that you stream the meeting through the City's website or watch on Channel 26.*

**Remote Public Comment:**

*During the upcoming Finance Committee meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:*

- *Comments via:*
  - **Online by visiting <https://cityoftracyevents.webex.com>** and using the following **Event Number: 2555 723 8819** and **Event Password: Finance**
  - ***If you would like to participate in the public comment anonymously***, you may submit your comment in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting [Anonymous@example.com](mailto:Anonymous@example.com) when prompted to provide an email address.
  - ***Join by phone by dialing +1-408-418-9388, enter 2555 723 8819#3462623# Press \*3 to raise the hand icon to speak on an item.***
  
- *Protocols for commenting via WebEx:*
  - *If you wish to comment on the "Consent Calendar", "Items from the Audience/Public Comment" or "Regular Agenda" portions of the agenda:*
    - *Listen for the Chairperson to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
    - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*

- *Comments for the “Consent Calendar” “Items from the Agenda/Public Comment” or “Regular Agenda” portions of the agenda will be accepted until the public comment for that item is closed.*

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy Finance Committee on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

Full copies of the agenda are available on the City’s website: [www.cityoftracy.org](http://www.cityoftracy.org)

CALL TO ORDER

ROLL CALL

1. CONSENT CALENDAR

1.A Adoption of August 31, 2023, Meeting Minutes

1.B. Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council’s FY2023-24 Budget.

2. ITEMS FROM THE AUDIENCE - *In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Finance Committee members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that matter be placed on a future agenda or that staff provide additional information to the Finance Committee.*

3. REGULAR AGENDA

3.A. Staff recommends that the Tracy Finance Committee make a recommendation that the City Council adopt a Resolution (1) awarding a construction contract to Dirt Dynasty, Inc., of Farmington, CA, in the amount of \$ 2,765,226 for the Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection Project, CIP 72095, (2) approving contingency amount of \$276,523 and an overall project not-to-exceed budget of \$3,629,321, and (3) authorizing the appropriation of \$2,615,202 from Master Plan Traffic Impact Fees and \$404,482 from Ellis Traffic Fees to CIP 72095

3.B. Staff recommends that the Tracy Finance Committee receive an update on the City’s new business tax structure and discuss potential options for future amendments to chapter 6.04 (Business Taxes) of the Tracy Municipal Code.

- 3.C. Staff recommends that the Tracy Finance Committee make a recommendation that the City Council adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year ending June 30, 2024, and authorize the Budget Officer to amend the city's position control roster for FY2023-24
4. STAFF ITEMS
5. COMMITTEE ITEMS
6. ADJOURNMENT

**Posting Date: October 20, 2023**

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate, should contact the City Manager's Office at (209) 831-6000 at least 24 hours prior to the meeting.

**August 31, 2023, 7:00 p.m.**

City Hall, 333 Civic Center Plaza, Tracy

Web Site: [www.cityoftracy.org](http://www.cityoftracy.org)

CALL TO ORDER – Chairperson Arriola called the meeting to order at 7:06p.m.

ROLL CALL – Roll call found Chairperson Arriola and Committee Member Bedolla present.

1. CONSENT CALENDAR

1.A. Approval of May 17, 2023, meeting minutes. Roll call found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE – There were no items from the audience.

3. REGULAR AGENDA

3A. STAFF RECOMMENDS THAT THE TRACY FINANCE COMMITTEE RECEIVE AN INFORMATIONAL REPORT AND PROVIDE FEEDBACK ON THE FY 2023-24 TRAVEL BUDGET OF THE CITY COUNCIL BODY

Sara Cowell, Finance Director, provided the staff report on the FY2023-24 proposed city Council travel budget and sought committee feedback.

Council Member Bedolla stated that he could get behind \$25,000 travel budget per council member for a total of \$125,000. Chairperson Arriola suggested \$20,000 per council member and \$25,000 for the mayor but would be happy with keeping it at the \$25,000 per person for now and that it would be at the committee's recommendation.

**ACTION:** Motion was made by Council Member Bedolla that the Tracy Finance Committee recommend that the FY 2023-24 travel budget of the City Council body is set at \$125,000 allocated equally amongst all members and was seconded by Chairperson Arriola. Motion found all in favor; passed and so ordered.

There was no public comment.

- 3B. STAFF RECOMMENDS THAT THE TRACY FINANCE COMMITTEE RECEIVE AN INFORMATIONAL REPORT AND PROVIDE FEEDBACK ON THE FY 2023-24 SUPPLIES BUDGET OF THE CITY COUNCIL BODY

Sara Cowell, Finance Director, provided the staff report on the FY2023-24 supplies budget of the City Council Body and sought committee feedback.

**ACTION:** Motion was made by Chairperson Arriola to approve staff’s recommendation of a \$2400 supply budget with the amendment that it comes back to the Finance Committee under the consent calendar on how that is spent every other sub committee meeting and was seconded by Council Member Bedolla. Motion found all in favor: passed and so ordered.

There was no public comment.

- 4. STAFF ITEMS – There were no staff items.
- 5. COMMITTEE ITEMS – Council Member Bedolla stated that he had four separate business owners reach out to him regarding the Business License Tax. He would like the Finance Committee to provide an opportunity for the community to provide input on the business license tax.

Director Cowell stated that she is bringing this topic to the October Finance Committee meeting and that there will be an opportunity for public comments.

- 6. ADJOURNMENT – Time: 7:35 p.m.

**ACTION:** Motion was made by Chairperson Arriola and seconded by Council Member Bedolla to adjourn. Motion found all in favor; passed and so ordered.

The agenda was posted at City Hall on August 30, 2023. The above are action minutes. A recording is available on the City’s website.

---

Chairperson

ATTEST:

---

Executive Assistant

Agenda Item 1B

RECOMMENDATION

**STAFF RECOMMENDS THAT THE TRACY FINANCE COMMITTEE RECEIVE AN INFORMATIONAL REPORT ON THE STATUS OF THE CITY COUNCIL’S FY2023-24 BUDGET.**

EXECUTIVE SUMMARY

Semimonthly, staff prepares an informational report on the status of the FY2023-24 City Council budget.

BACKGROUND AND LEGISLATIVE HISTORY

The chart below depicts the status of the FY 2023-24 City Council budget, as of October 1, 2023. The City’s fiscal year began July 1, 2023 and ends June 30, 2024. Reporting through the first quarter of the fiscal year, the City Council’s budget is within the available balance for each account line.

ORG	OBJ		ACCOUNT DESCRIPTION	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	% USED
12561101	5101		Salaries	62,940	14,525	0.00	48,415	23.10
12561101	5171		Fica/Medicare	4,538	1,111	0.00	3,427	24.50
12561101	5181		Employee Benefits	38,197	7,958	0.00	30,239	20.80
12561101	5212		Office Services	1,000	411	0.00	589	41.10
12561101	5228	ARRIOLA	Travel, Training & Membership	20,000	225	0.00	19,775	1.10
12561101	5228	EVANS	Travel, Training & Membership	20,000	0.00	0.00	20,000	0.00
12561101	5228	DAVIS	Travel, Training & Membership	20,000	225	0.00	19,775	1.10
12561101	5228	BEDOLLA	Travel, Training & Membership	20,000	0.00	0.00	20,000	0.00
12561101	5228	YOUNG	Travel, Training & Membership	30,000	10,941	0.00	19,059	36.50
12561101	5239		Professional Services	55,000	0.00	40,000	15,000	73.00
12561101	5311		Supplies	2,400	0.00	800	1,600	33.30
12561101	5335		Food	4,000	443	298	3,260	18.50
<b>TOTAL</b>				<b>278,075</b>	<b>35,839</b>	<b>1,098</b>	<b>241,137</b>	

The Office Services line item is for expenditures related to printing and mailing.

Travel expenditures are allocated by Council Member. The annual Cal Cities conference was recently attended by three Council Members, however, the expenditures related to this trip are

pending, as they were paid with a City Cal-card, resulting in a 30-day period of time before the expense is payable and reported in the general ledger.

Professional services are contracted services related to the implementation of the City Council's Strategic Priorities. Included in the adopted FY2023-24 Professional Services line item is a contract with Cleargov for Strategic Priority tracking software.

The Supplies line item is utilized for supplies utilized by the City Council such as, office supplies, nameplates, name tags, plaques, keys to the City and City branded clothing.

The next semimonthly report to the Finance Committee will be December 2023.

#### FISCAL IMPACT

The City Council's budget is funded through the City's General fund. There is no fiscal impact associated with this informational item.

#### STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

#### ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2023-24 budget.

Prepared by: Sara Cowell, Director of Finance

Reviewed by: Bijal Patel, City Attorney  
Karin Schnaider, Assistant City Manager

## Agenda Item 3A

RECOMMENDATION

**Staff recommends that the Tracy Finance Committee make a recommendation that the City Council adopt a Resolution (1) awarding a construction contract to Dirt Dynasty, Inc., of Farmington, CA, in the amount of \$ 2,765,226 for the Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection Project, CIP 72095, (2) approving contingency amount of \$276,523 and an overall project not-to-exceed budget of \$3,629,321, and (3) authorizing the appropriation of \$2,615,202 from Master Plan Traffic Impact Fees and \$404,482 from Ellis Traffic Fees to CIP 72095**

EXECUTIVE SUMMARY

This item is to consider the award of a construction contract with Dirt Dynasty, Inc., of Farmington, CA, for the Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection Project, CIP 72095 (Project) and related actions needed to complete the Project.

BACKGROUND AND LEGISLATIVE HISTORY

This Project is an approved Capital Improvement Project (CIP) and also a mitigation measure (Mitigation Measure 4.13-5a, Intersection #7) required under the Tracy Hills Specific Plan 2016 Final Subsequent Environmental Impact Report (2016 SEIR). Due to funding constraints, the Mitigation Measure is being implemented beyond the requisite deadline that was set forth in the 2016 SEIR.

The Project includes the full roadway widening and traffic signal installation at the intersection of Corral Hollow Road and Valpico Road, along with roadway paving, and installation of wet utilities, curb ramps, signage and striping. The project will add dedicated left-turn pockets for all directions and two through lanes on Corral Hollow Road at the intersection. There will be a dedicated right-turn pocket for eastbound Valpico Road, and the project will merge with the current roadway improvements being performed by the Tracy Lakes Development to the east, to allow for better traffic flow and improved LOS (Level of Service) at the intersection. The Project also includes the relocation of existing PG&E poles as well as other utilities such as AT&T and Comcast to accommodate the full widening of the intersection. This Project will provide the base for the future full widening of the Corral Hollow Corridor between Western Pacific Way and Linne Road, under CIP 73144.

The construction of CIP 72095 was planned to follow the completion of widening of Corral Hollow Road under CIP 73144. The scope of the Corral Hollow Widening Project, CIP 73144, was to widen Corral Hollow Road from Western Pacific Way to Linne Road, complete with all roadway and utility improvements, except for the installation of a traffic signal at the intersection of Corral Hollow Road and Valpico Road. Since CIP 73144 was not fully funded to go into construction and there was a need to improve the Level of Service (LOS) at the Valpico intersection, the original Professional Services Agreement (PSA) with TJKM Transportation Consultants approved by the City Council (Resolution No. 2020-084) was amended on December 21, 2022, to perform additional tasks to expand the original scope to include the



ultimate improvements at the intersection of Valpico Road and Corral Hollow Road, including the roadway widening and installation of wet utilities. The PSA was amended through City Manager Approval by the Urgency Ordinance No.1285 approved by Tracy City Council on March 30, 2020. Extensive franchise relocations that were being handled under CIP 73144 were then modified to include this intersection widening as the first phase of widening improvements along the Corral Hollow Corridor between Western Pacific Way and Linne Road. The City already purchased all the necessary right-of-way for the construction of the widening of the intersection under CIP 73144.

The Project was advertised for competitive bids on August 11, 2023, and August 18, 2023.

Bids were received and publicly opened in City Hall Conference Room 203 and via teleconference at 2:00 pm on Tuesday, September 5, 2023, with the following results:

<b><u>Contractor</u></b>	<b><u>Base Bid</u></b>
Dirt Dynasty, Inc., Farmington, CA	\$2,765,226
Tracy Grading and Paving, Inc., Tracy, CA	\$2,776,100
GradeTech, Inc., Livermore, CA	\$3,177,896
Bay Cities Paving & Grading, Inc., Concord, CA	\$3,523,173

**ANALYSIS**

Staff's bid analysis indicated that Dirt Dynasty, Inc., of Farmington, CA is the lowest bidder.

The bidder has the appropriate contractor's license in active standing with the State of California and has completed similar projects for other public agencies.

The total estimated cost of this project, if awarded to the lowest bidder, is as follows:

Construction Bid	\$ 2,765,226
Construction Management (5%)	\$138,261
Design Support During Construction	\$55,000
Construction Cost Contingency(10%)	\$276,523
PG&E Relocation of Transmission Poles	\$394,311
<b>Total Project Cost</b>	<b>\$3,629,321</b>

Tracy Municipal Code Section 2.20.090(b) authorizes the City Manager, or their designee, to approve change orders up to the contingency amount approved by Council. City staff recommends the contingency amount for this project to be \$276,523, which is 10% of the construction cost.

**FISCAL IMPACT**

The total estimated Project cost is \$3,629,321. Under the 2016 SEIR, Mitigation Measure 4.13-5a/Intersection #7 was to be fully funded from transportation impact fees. CIP 72095 (Traffic Signal at Corral Hollow & Valpico) currently has an approved budget of \$847,604 with \$609,637 available. An additional appropriation is needed in the amount of \$3,019,684 to complete this Project as follows:

<b>Funding Source</b>	<b>Budget</b>	<b>Expenses</b>	<b>Balance</b>
375 - CORE Area Traffic Fees	\$ 847,608	\$ 237,971	\$ 609,637
<b>CURRENT BUDGET</b>	<b>\$ 847,608</b>	<b>\$ 237,971</b>	<b>\$ 609,637</b>

Total Project Cost	\$ 3,629,321
Current Shortfall	\$ (3,019,684)

<b>Funding Source</b>	<b>Budget</b>	<b>Expenses</b>	<b>Balance</b>
331 - Ellis Area Traffic Fees	\$ 404,482	\$ -	\$ 404,482
363 - Tracy Master Plan Traffic Fees	\$ 2,615,202	\$ -	\$ 2,615,202
<b>REQUESTED APPROPRIATIONS</b>	<b>\$ 3,019,684</b>		<b>\$ 3,019,684</b>

<b>Total Budget</b>	<b>\$ 3,629,321</b>
---------------------	---------------------

**PUBLIC OUTREACH/ INTEREST**

This project is listed as Phase 2 of the Corral Hollow Corridor Construction Phases on the website <https://www.chcorridor.com/> which provides the residents with an update on all the current phases of Corral Hollow Road improvements.

**COORDINATION**

The City's Engineering staff and consultants coordinated with several utility agencies including PG&E, Comcast, AT&T, existing Development Projects along Valpico Road, and the City's Utilities Division for this project.

**CEQA DETERMINATION**

As noted above, this Project is a required Mitigation Measure under the 2016 SEIR. The Project is within the scope of the previously adopted CEQA document, and there is not any new information or modifications that warrant a Subsequent or Supplemental CEQA document pursuant to CEQA Guidelines Section 15162. No further environmental review is necessary.

## STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority, and specifically implements the following goal:

Goal 1: Advance green and roadway infrastructure projects that improve connectivity, including bike lanes.

## ACTION REQUESTED OF THE FINANCE COMMITTEE

**Staff recommends that the Tracy Finance Committee make a recommendation that the City Council adopt a Resolution (1) awarding a construction contract to Dirt Dynasty, Inc., of Farmington, CA, in the amount of \$ 2,765,226 for the Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection Project, CIP 72095, (2) approving contingency amount of \$276,523 and an overall project not-to-exceed budget of \$3,629,321, and (3) authorizing the appropriation of \$2,615,202 from Master Plan Traffic Impact Fees and \$404,482 from Ellis Traffic Fees to CIP 72095**

Prepared by: Anju Pillai, PE, Senior Civil Engineer

Reviewed by: Koosun Kim, PE, City Engineer/Assistant Director of Development Services  
Sara Cowell, Finance Director  
Bijal M. Patel, City Attorney  
Karin Schnaider, Assistant City Manager

Approved by: Midori Lichtwardt, Interim City Manager

## ATTACHMENTS

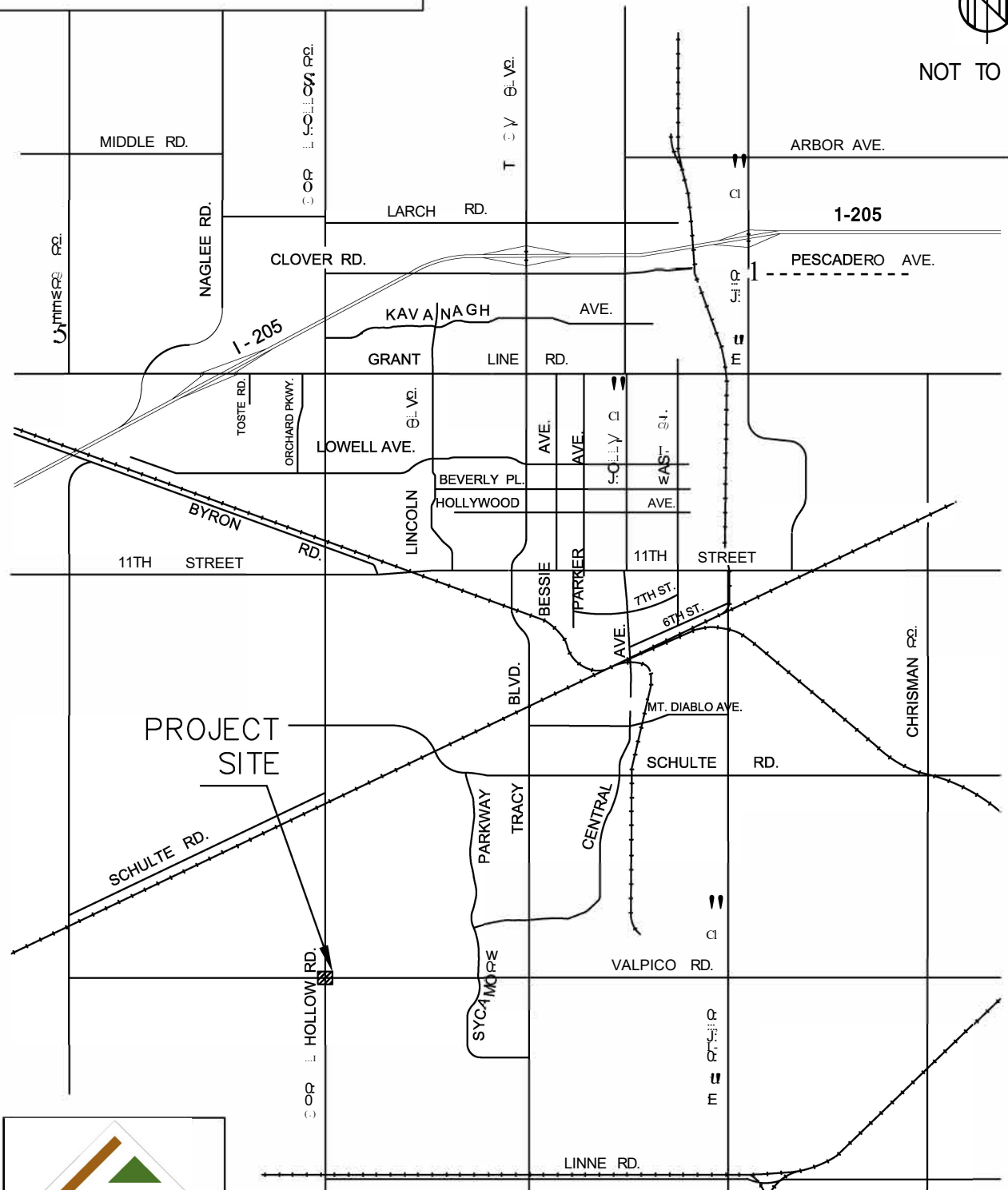
Attachment A – Location Map

Attachment B – Bid Analysis

# CITY OF TRACY



NOT TO SCALE



PROJECT SITE



**TRAFFIC SIGNAL INSTALLATION AND ROADWAY  
WIDENING AT CORRAL HOLLOW ROAD AND  
VALPICO ROAD INTERSECTION**

**CIP 72095**

**LOCATION MAP**

**Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection**

**Attachment B**

**C.I.P. NO 72095**

BID OPENING: SEPTEMBER 5, 2023, 2:00 P.M.

**BID ANALYSIS**

ITEM NO.	ITEM DESCRIPTION	ESTIMATED QUANTITY	UNIT	LOW BIDDER											
				DIRT DYNASTY, INC.		TRACY GRADING & PAVING INC.		GRADETECH INC.		BAY CITIES PAVING & GRADING, INC.		AVERAGE BID		ENGINEER'S ESTIMATE	
				UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE
1	Mobilization	1	LS	\$ 216,000.00	\$ 216,000.00	\$ 236,190.40	\$ 236,190.40	\$ 180,000.00	\$ 180,000.00	\$ 352,000.00	\$ 352,000.00	\$ 246,047.60	\$ 246,047.60	\$ 20,000.00	\$ 20,000.00
2	Traffic Signal at Corral Hollow Road \ Valpico Road Project Work Plan	1	LS	\$ 2,500.00	\$ 2,500.00	\$ 5,000.00	\$ 5,000.00	\$ 10,000.00	\$ 10,000.00	\$ 26,860.00	\$ 26,860.00	\$ 11,090.00	\$ 11,090.00	\$ 30,000.00	\$ 30,000.00
3	Clearing and Grubbing	1	LS	\$ 7,600.00	\$ 7,600.00	\$ 20,000.00	\$ 20,000.00	\$ 25,000.00	\$ 25,000.00	\$ 14,400.00	\$ 14,400.00	\$ 16,750.00	\$ 16,750.00	\$ 5,000.00	\$ 5,000.00
4	Final Cleanup and Demobilization	1	LS	\$ 7,000.00	\$ 7,000.00	\$ 7,500.00	\$ 7,500.00	\$ 10,000.00	\$ 10,000.00	\$ 8,400.00	\$ 8,400.00	\$ 8,225.00	\$ 8,225.00	\$ 10,000.00	\$ 10,000.00
5	Construction Documentation and Record Drawings (As-Builts)	1	LS	\$ 1,100.00	\$ 1,100.00	\$ 1,500.00	\$ 1,500.00	\$ 250.00	\$ 250.00	\$ 39,100.00	\$ 39,100.00	\$ 10,487.50	\$ 10,487.50	\$ 5,000.00	\$ 5,000.00
6	Traffic Control Plan/Traffic Control System	1	LS	\$ 210,000.00	\$ 210,000.00	\$ 111,000.00	\$ 111,000.00	\$ 163,000.00	\$ 163,000.00	\$ 181,000.00	\$ 181,000.00	\$ 166,250.00	\$ 166,250.00	\$ 100,000.00	\$ 100,000.00
7	Water, Storm Drain, and Irrigation Facilities Sheeting, Shoring and Bracing	1	LS	\$ 12,000.00	\$ 12,000.00	\$ 6,000.00	\$ 6,000.00	\$ 20,000.00	\$ 20,000.00	\$ 61,000.00	\$ 61,000.00	\$ 24,750.00	\$ 24,750.00	\$ 20,000.00	\$ 20,000.00
8	Demolition	1	LS	\$ 9,500.00	\$ 9,500.00	\$ 35,000.00	\$ 35,000.00	\$ 20,000.00	\$ 20,000.00	\$ 68,300.00	\$ 68,300.00	\$ 33,200.00	\$ 33,200.00	\$ 10,000.00	\$ 10,000.00
9	Roadway Excavation & Earthwork	1	LS	\$ 230,000.00	\$ 230,000.00	\$ 248,000.00	\$ 248,000.00	\$ 350,000.00	\$ 350,000.00	\$ 327,000.00	\$ 327,000.00	\$ 288,750.00	\$ 288,750.00	\$ 90,000.00	\$ 90,000.00
10	Aggregate Base	1	LS	\$ 337,000.00	\$ 337,000.00	\$ 350,000.00	\$ 350,000.00	\$ 300,000.00	\$ 300,000.00	\$ 325,000.00	\$ 325,000.00	\$ 328,000.00	\$ 328,000.00	\$ 340,000.00	\$ 340,000.00
11	Asphalt Concrete Paving	2,282	Ton	\$ 150.00	\$ 342,300.00	\$ 110.00	\$ 251,020.00	\$ 168.00	\$ 383,376.00	\$ 141.00	\$ 321,762.00	\$ 142.25	\$ 324,614.50	\$ 105.00	\$ 239,610.00
12	Pavement Grind and Overlay	1	LS	\$ 113,000.00	\$ 113,000.00	\$ 150,000.00	\$ 150,000.00	\$ 140,000.00	\$ 140,000.00	\$ 222,000.00	\$ 222,000.00	\$ 156,250.00	\$ 156,250.00	\$ 180,000.00	\$ 180,000.00
13	Slurry Seal	128,661	SF	\$ 0.40	\$ 51,464.40	\$ 0.60	\$ 77,196.60	\$ 0.36	\$ 46,317.96	\$ 0.35	\$ 45,031.35	\$ 0.43	\$ 55,002.58	\$ 2.50	\$ 321,652.50
14	Safety Orders	1	LS	\$ 14,500.00	\$ 14,500.00	\$ 1,500.00	\$ 1,500.00	\$ 2,000.00	\$ 2,000.00	\$ 11,800.00	\$ 11,800.00	\$ 7,450.00	\$ 7,450.00	\$ 10,000.00	\$ 10,000.00
15	Sidewalks	3,229	SF	\$ 14.60	\$ 47,143.40	\$ 12.00	\$ 38,748.00	\$ 24.00	\$ 77,496.00	\$ 21.00	\$ 67,809.00	\$ 17.90	\$ 57,799.10	\$ 10.00	\$ 32,290.00
16	Curb and Gutter	413	LF	\$ 51.50	\$ 21,269.50	\$ 45.00	\$ 18,585.00	\$ 80.00	\$ 33,040.00	\$ 65.00	\$ 26,845.00	\$ 60.38	\$ 24,934.88	\$ 25.00	\$ 10,325.00
17	Curb Ramp – Case A	4	EA	\$ 2,000.00	\$ 8,000.00	\$ 8,500.00	\$ 34,000.00	\$ 1,500.00	\$ 6,000.00	\$ 6,400.00	\$ 25,600.00	\$ 4,600.00	\$ 18,400.00	\$ 2,000.00	\$ 8,000.00
18	Details, Striping, and Thermoplastic Pavement Marking	1	LS	\$ 50,000.00	\$ 50,000.00	\$ 63,000.00	\$ 63,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 53,250.00	\$ 53,250.00	\$ 20,000.00	\$ 20,000.00
19	Remove Traffic Signs & Posts, Remove Pavement Arrows & Legends and Remove Striping	1	LS	\$ 38,000.00	\$ 38,000.00	\$ 10,000.00	\$ 10,000.00	\$ 5,000.00	\$ 5,000.00	\$ 23,000.00	\$ 23,000.00	\$ 19,000.00	\$ 19,000.00	\$ 2,500.00	\$ 2,500.00
20	Traffic Signal and Lighting	1	LS	\$ 591,000.00	\$ 591,000.00	\$ 585,000.00	\$ 585,000.00	\$ 597,000.00	\$ 597,000.00	\$ 587,350.00	\$ 587,350.00	\$ 590,087.50	\$ 590,087.50	\$ 540,000.00	\$ 540,000.00
21	Raise Existing Water Service	4	EA	\$ 1,800.00	\$ 7,200.00	\$ 600.00	\$ 2,400.00	\$ 1,400.00	\$ 5,600.00	\$ 4,000.00	\$ 16,000.00	\$ 1,950.00	\$ 7,800.00	\$ 500.00	\$ 2,000.00
22	Relocate Air Vacuum Release Valve	1	EA	\$ 13,000.00	\$ 13,000.00	\$ 5,500.00	\$ 5,500.00	\$ 8,000.00	\$ 8,000.00	\$ 8,375.00	\$ 8,375.00	\$ 8,718.75	\$ 8,718.75	\$ 3,000.00	\$ 3,000.00
23	Fire Hydrant Laterals and Fire Hydrant Assemblies	2	EA	\$ 21,000.00	\$ 42,000.00	\$ 10,000.00	\$ 20,000.00	\$ 7,000.00	\$ 14,000.00	\$ 15,100.00	\$ 30,200.00	\$ 13,275.00	\$ 26,550.00	\$ 3,000.00	\$ 6,000.00
24	Remove and Dispose of Existing Misc. Pipe, Manholes, etc.	1	LS	\$ 25,000.00	\$ 25,000.00	\$ 45,000.00	\$ 45,000.00	\$ 20,000.00	\$ 20,000.00	\$ 40,000.00	\$ 40,000.00	\$ 32,500.00	\$ 32,500.00	\$ 5,000.00	\$ 5,000.00
25	Drop Inlet	1	EA	\$ 7,000.00	\$ 7,000.00	\$ 5,700.00	\$ 5,700.00	\$ 3,000.00	\$ 3,000.00	\$ 6,800.00	\$ 6,800.00	\$ 5,625.00	\$ 5,625.00	\$ 8,000.00	\$ 8,000.00
26	Area Drain	1	EA	\$ 5,800.00	\$ 5,800.00	\$ 900.00	\$ 900.00	\$ 3,000.00	\$ 3,000.00	\$ 1,500.00	\$ 1,500.00	\$ 2,800.00	\$ 2,800.00	\$ 6,500.00	\$ 6,500.00
27	60" Storm Drain Manhole	3	EA	\$ 11,000.00	\$ 33,000.00	\$ 13,500.00	\$ 40,500.00	\$ 20,000.00	\$ 60,000.00	\$ 19,875.00	\$ 59,625.00	\$ 16,093.75	\$ 48,281.25	\$ 12,000.00	\$ 36,000.00
28	18" Class III RCP	204	LF	\$ 179.00	\$ 36,516.00	\$ 410.00	\$ 83,640.00	\$ 440.00	\$ 89,760.00	\$ 406.00	\$ 82,824.00	\$ 358.75	\$ 73,185.00	\$ 90.00	\$ 18,360.00
29	12" Class III RCP	112	LF	\$ 232.00	\$ 25,984.00	\$ 375.00	\$ 42,000.00	\$ 425.00	\$ 47,600.00	\$ 381.00	\$ 42,672.00	\$ 353.25	\$ 39,564.00	\$ 80.00	\$ 8,960.00
30	30" PVC WSID Non-Potable Pipe (Purple Pipe)	246	LF	\$ 650.00	\$ 159,900.00	\$ 800.00	\$ 196,800.00	\$ 1,500.00	\$ 369,000.00	\$ 1,400.00	\$ 344,400.00	\$ 1,087.50	\$ 267,525.00	\$ 200.00	\$ 49,200.00
31	Construction Fence – Installation of Temporary Fence along TCE	1,074	LF	\$ 5.25	\$ 5,638.50	\$ 8.00	\$ 8,592.00	\$ 4.00	\$ 4,296.00	\$ 10.00	\$ 10,740.00	\$ 6.81	\$ 7,316.63	\$ 3.00	\$ 3,222.00
32	Chain Link Fence – Installation of Temporary Fence along TCE	1,058	LF	\$ 55.00	\$ 58,190.00	\$ 16.00	\$ 16,928.00	\$ 20.00	\$ 21,160.00	\$ 10.00	\$ 10,580.00	\$ 25.25	\$ 26,714.50	\$ 8.00	\$ 8,464.00
33	Survey Monument	1	EA	\$ 4,000.00	\$ 4,000.00	\$ 1,500.00	\$ 1,500.00	\$ 2,000.00	\$ 2,000.00	\$ 4,000.00	\$ 4,000.00	\$ 2,875.00	\$ 2,875.00	\$ 3,000.00	\$ 3,000.00
34	15" PVC Sewer Pipe	140	LF	\$ 233.00	\$ 32,620.00	\$ 410.00	\$ 57,400.00	\$ 800.00	\$ 112,000.00	\$ 580.00	\$ 81,200.00	\$ 505.75	\$ 70,805.00	\$ 115.00	\$ 16,100.00
CALCULATED TOTAL BID				\$	<b>2,765,225.80</b>	\$	<b>2,776,100.00</b>	\$	<b>3,177,895.96</b>	\$	<b>3,523,173.35</b>	\$	<b>3,060,598.78</b>	\$	<b>2,168,183.50</b>
CONTRACTOR'S TOTAL PRICE AS BID				\$	<b>2,765,225.80</b>	\$	<b>2,797,700.00</b>	\$	<b>3,177,895.96</b>	\$	<b>3,523,173.35</b>				

TRACY CITY COUNCIL

RESOLUTION NO. 2023-\_\_\_\_\_

---

**(1) AWARDING A CONSTRUCTION CONTRACT TO DIRT DYNASTY, INC., OF FARMINGTON, CA, IN THE AMOUNT OF \$ 2,765,226 FOR THE TRAFFIC SIGNAL INSTALLATION AND ROADWAY WIDENING AT CORRAL HOLLOW ROAD AND VALPICO ROAD INTERSECTION PROJECT, CIP 72095, (2) APPROVING CONTINGENCY AMOUNT OF \$276,523 AND AN OVERALL PROJECT NOT-TO-EXCEED BUDGET OF \$3,629,321, AND (3) AUTHORIZING THE APPROPRIATION OF \$2,615,202 FROM MASTER PLAN TRAFFIC IMPACT FEES AND \$404,482 FROM ELLIS TRAFFIC FEES TO CIP 72095**

**WHEREAS**, this Project is an approved Capital Improvement Project (CIP) and also a mitigation measure (Mitigation Measure 4.13-5a, Intersection #7) required under the Tracy Hills Specific Plan 2016 Final Subsequent Environmental Impact Report (2016 SEIR); and

**WHEREAS**, the Project includes the full roadway widening and traffic signal installation at the intersection of Corral Hollow Road and Valpico Road, along with roadway paving, and installation of wet utilities, curb ramps, signage and striping; and

**WHEREAS**, the project will add dedicated left-turn pockets for all directions and two through lanes on Corral Hollow Road at the intersection; and

**WHEREAS**, there will be a dedicated right-turn pocket for eastbound Valpico Road, and the project will merge with the current roadway improvements being performed by the Tracy Lakes Development to the east, to allow for better traffic flow and improved LOS (Level of Service) at the intersection; and

**WHEREAS**, the Project also includes the relocation of existing PG&E poles as well as other utilities such as AT&T and Comcast to accommodate the full widening of the intersection; and

**WHEREAS**, the Project was designed by TJKM Transportation Consultants under a professional services agreement (Resolution No. 2020-084); and

**WHEREAS**, the scope of Corral Hollow Widening Project, CIP 73144, was to widen Corral Hollow Road from Western Pacific Way to Linne Road, complete with all roadway and utility improvements, except for the installation of a traffic signal at the intersection of Corral

Hollow Road and Valpico Road, and the scope of CIP 72095 was to design the traffic signal at Corral Hollow Road and Valpico Road intersection, along with lane transitions from the existing two-lanes to the widened Valpico Road at the intersection; and

**WHEREAS**, the construction of CIP 72095 was planned to follow the completion of widening of Corral Hollow Road under CIP 73144; and

**WHEREAS**, since CIP 73144 was not fully funded to go into construction and there was a need to improve the Level of Service (LOS) at the intersection, the PSA with TJKM was amended on December 21, 2022, to perform additional tasks to expand the original scope to include the ultimate improvements at the intersection of Valpico Road and Corral Hollow Road, including the roadway widening and installation of wet utilities; and

**WHEREAS**, the PSA was amended through City Manager Approval by the Urgency Ordinance No.1285 approved by Tracy City Council on March 30, 2020; and

**WHEREAS**, extensive franchise relocations that were being handled under the CIP 73144 was then modified to include this intersection widening as the first phase of widening improvements along the Corral Hollow Corridor between Western Pacific Way and Linne Road and the City already purchased all the necessary right-of-way for the construction of the widening of the intersection under CIP 73144; and.

**WHEREAS**, the Project was advertised for competitive bids on August 11, 2023, and August 18, 2023; and

**WHEREAS**, the bids were received and publicly opened in City Hall Conference Room 203 and via Teleconference at 2:00 p.m. on Tuesday, September 5, 2023; and

**WHEREAS**, staff's bid analysis indicated that Dirt Dynasty, Inc., is the lowest bidder; and

**WHEREAS**, the bidder has the appropriate contractor's license in active standing with the State of California and has completed similar projects for other public agencies; and

**WHEREAS**, Tracy Municipal Code Section 2.20.090(b) authorizes the City Manager to approve change orders up to the contingency amount approved by City Council; and

**WHEREAS**, the City seeks to have a contingency amount for this project is \$276,523; and

**WHEREAS**, Under the 2016 SEIR, Mitigation Measure 4.13-5a/Intersection #7 was to be fully funded from transportation impact fees; and

**WHEREAS**, the Project already has an appropriation of Core Traffic Fees in the amount of \$847,608; and

**WHEREAS**, the Project needs an appropriation of Master Plan Traffic Fees in the amount of \$2,615,202 and Ellis Traffic Fees in the amount of \$404,482 now therefore, be it

**RESOLVED:** That the above recitals are true and correct; and be it

**FURTHER RESOLVED:** That the City Council hereby awards a construction contract to Dirt Dynasty, Inc., of Farmington, California, in the amount of \$2,765,226 for the Traffic Signal Installation and Roadway Widening at Corral Hollow Road and Valpico Road Intersection Project, CIP 72095, in the form approved by the City Attorney; and be it

**FURTHER RESOLVED:** That the City Council approves a contingency amount of \$276,523 and an overall project not-to-exceed budget of \$3,629,321; and be it

**FURTHER RESOLVED:** That the City Council authorizes the appropriation of \$2,615,202 from Master Plan Traffic Impact Fees and \$404,482 Ellis Traffic Fees to CIP 72095 to complete the Project; and be it

**FURTHER RESOLVED:** That the City Council finds that the Project is a required Mitigation Measure under the 2016 SEIR; is within the scope of the previously adopted CEQA document; and that there is not any new information or modifications that warrant a Subsequent or Supplemental CEQA document pursuant to CEQA Guidelines Section 15162.

\*\*\*\*\*

The foregoing Resolution 2023-\_\_\_\_\_ was adopted by the City Council on \_\_\_\_\_, by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTENTION:	COUNCIL MEMBERS:

\_\_\_\_\_  
NANCY D. YOUNG  
Mayor of the City of Tracy, California

ATTEST: \_\_\_\_\_  
ADRIANNE RICHARDSON  
City Clerk and Clerk of the Council of the  
City of Tracy, California



Agenda Item 3B

RECOMMENDATION

**STAFF RECOMMENDS THAT THE TRACY FINANCE COMMITTEE RECEIVE AN UPDATE ON THE CITY'S NEW BUSINESS TAX STRUCTURE AND DISCUSS POTENTIAL OPTIONS FOR FUTURE AMENDMENTS TO CHAPTER 6.04 (BUSINESS TAXES) OF THE TRACY MUNICIPAL CODE.**

EXECUTIVE SUMMARY

In November 2022, voters approved an updated business tax structure. The updated structure moved to a tax based upon gross receipts and took effect July 1, 2023. At the City Council's request, staff is providing an update on the impacts of the new tax structure and potential options to reduce impacts to Tracy businesses.

BACKGROUND AND LEGISLATIVE HISTORY

Business tax is an annual tax charged to businesses operating in the City, for the purpose of contributing revenue to the City's General Fund in support of essential services, such as public safety, streets maintenance, and recreation programs.

In March 2020, the City Council formed the Ad-Hoc Committee for fiscal sustainability (which committee now has become the standing Finance Committee of the City Council). The committee was formed with the intention of providing guidance to develop short- and long-term fiscal sustainability strategies. During this time, the City was facing a budget deficit. One of the recommendations from the committee was to review the structure of the City's business tax. The City's business tax structure was based upon the number of employees, had a cap of \$2,018 and had remained unchanged since 1984.

In March 2022, the City Council directed staff to proceed with placing a tax measure on the November 2022 ballot. Staff worked to develop a tax structure that was more equitable amongst small and large businesses. In the process of determining the proposed tax rates, staff partnered with HDL Companies to analyze the rates of cities similar in size and close in proximity to Tracy. The proposed tax rates were broken into business categories, with the lower tax rates associated with businesses with a smaller margin for profit and the with a higher rate of tax associated for businesses with a larger margin for profit.

The updated business tax structure was aimed to bring equity amongst small and large business and to give Tracy control over local funds, providing resources for community priorities.

In June 2022, the City Council approved the structure to be placed on the November 2022 ballot, as Measure B. The ballot measure, as written below, was approved by voters in November 2022.

**OFFICIAL MEASURE B BALLOT LANGUAGE**

*To ensure large businesses pay a proportionate share and provide funding for City services such as: repairing potholes/streets; keeping public areas healthy/safe/clean; maintaining neighborhood police patrols/9-1-1 emergency response/fire protection; supporting our economy/ general government use, shall the ordinance to update the City of Tracy business taxes be adopted with typical rates between 0.1% and 0.3% of gross receipts as described in the ordinance, providing an additional \$3,200,000 annually, until ended by voters?*

The new tax structure took effect on July 1, 2023. Under the new tax structure, the first \$500,000 of a business’s gross receipts pays a flat \$50. Any gross receipts above \$500,000 pay a percentage of gross receipts. The percentage applied to gross receipts over \$500,000 ranges from \$0.001 to \$0.003, dependent upon the category of business.

Cities have moved to using gross receipts as the method used for calculating business tax, pursuant to Government Code section 37101, which allows for such taxes to be levied. While many cities used employee count as the basis for calculating the tax due, this methodology has been something that most cities have moved away from, as it is often perceived as a tax on jobs. Under Government Code section 37101(b), any city imposing a business tax must “levy the tax so that the measure of tax fairly reflects that proportion of the taxed activity actually carried on within the taxing jurisdiction.” The use of gross receipts best meets this State law requirement and allows for a proportional way to collect tax, adjusting as the economy does.

Business Rate Categories	Minimum Fee	Business Rate Categories
GENERAL BUSINESS	\$50 Flat Rate Annually (First \$500K of GR)	0.001 X Gross Receipts
MANUFACTURING, WAREHOUSING, WHOLESALE		0.0015 X Gross Receipts
CONTRACTOR/SERVICE		0.002 X Gross Receipts
PROFESSIONALS/RENTAL		0.003 X Gross Receipts

The voter approved tax structure has four categories of businesses:

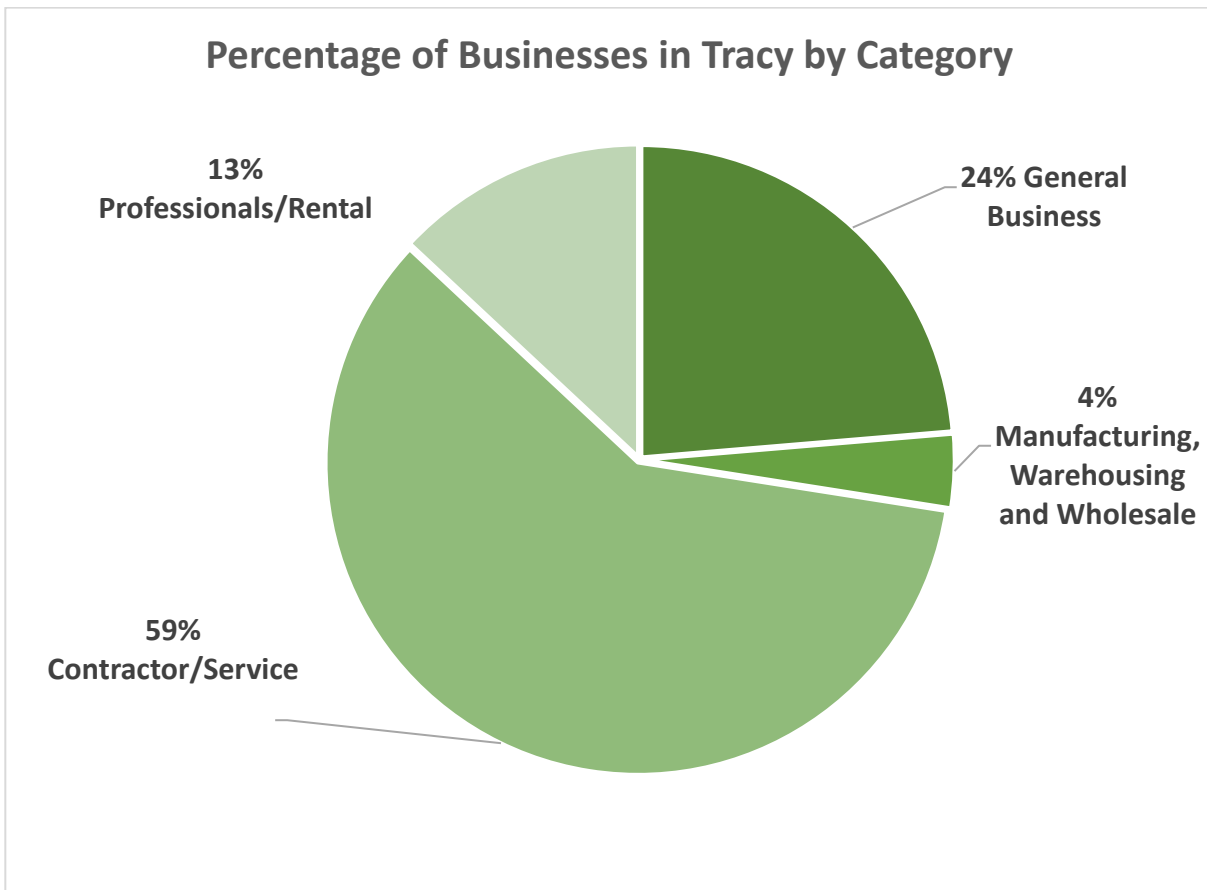
- General Business, which includes retail, gas stations, restaurants, and auto sales.
- Manufacturing, Warehouse, and Wholesale.
- Contractors and Services, which includes construction, auto repair, janitorial services, salons, and other trades.

- Professional and Rentals, which includes medical and dental offices, real estate, and attorneys.

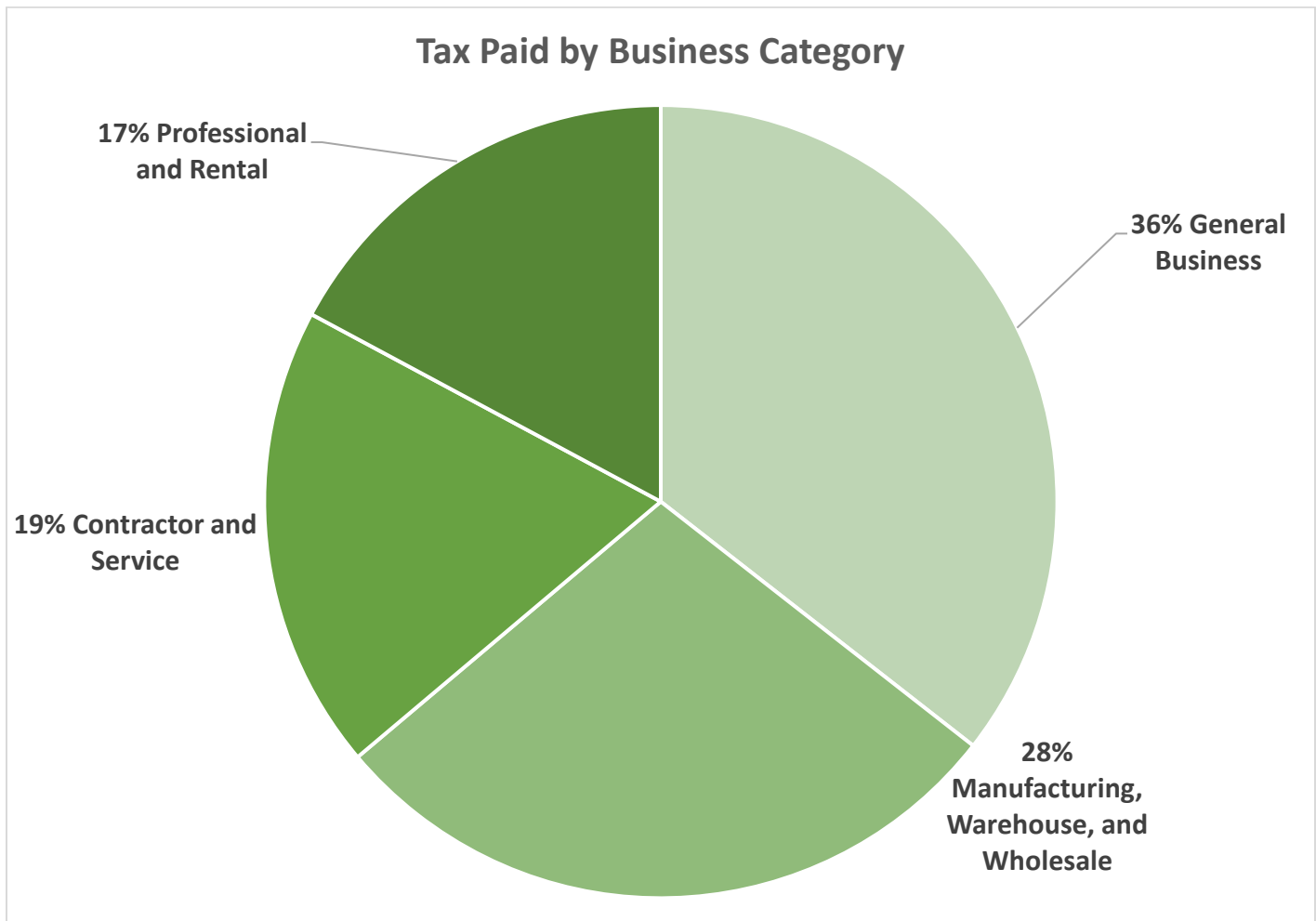
**ANALYSIS**

The City Council has requested that the Finance Committee receive an update on the new business tax structure, its impacts on the Tracy business community, and options the City Council may have for methods of minimizing these impacts.

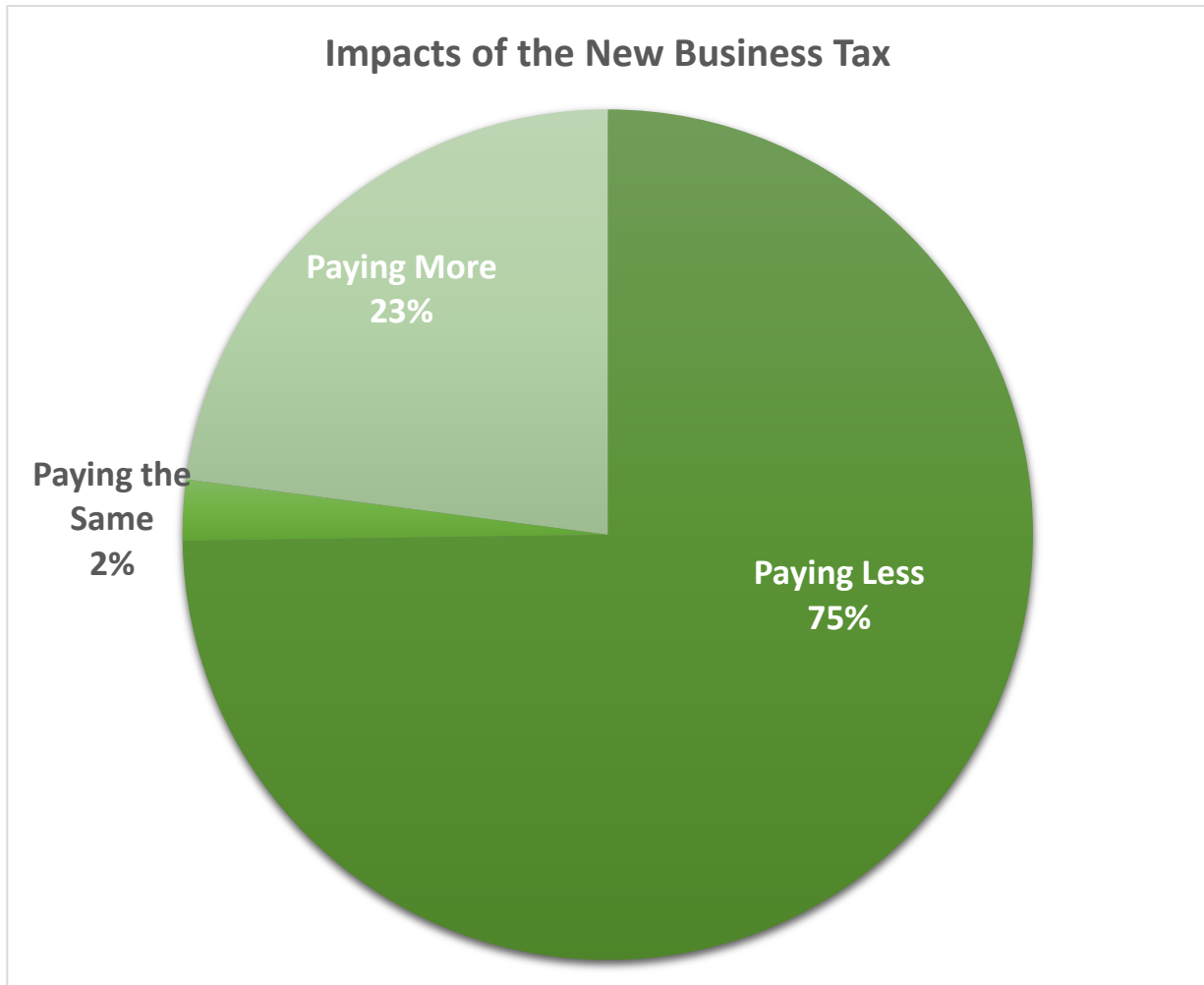
The chart below depicts the makeup of businesses in Tracy by category. The majority of businesses operating in Tracy are in the Contractor and Services category.



In reviewing the amount of tax paid by category, the General Business category contributes the largest amount of tax. While the General Business category pays the lowest tax rate of all four categories, it is likely the largest contributor due to many of the businesses in this category being retail.

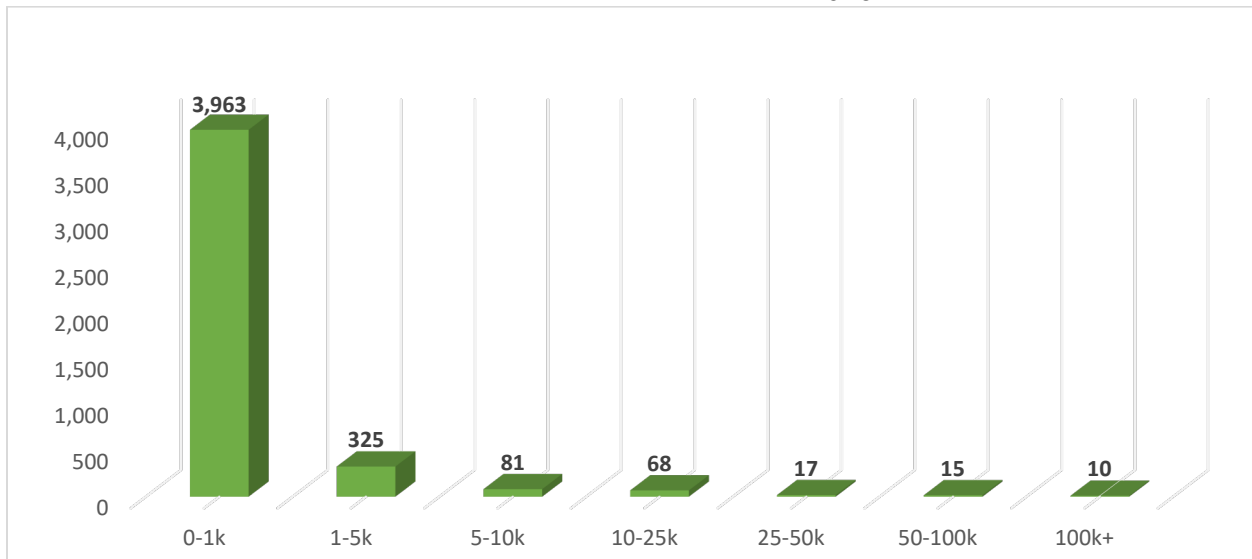


The prior business tax structure had a maximum tax of \$2,018 annually. Initial analysis of the tax measure projected that 80% of businesses would see a reduction in the amount of business tax paid to the City. Upon implementation of the new tax structure, 75% of businesses renewing their license saw the reduction in tax and 2% of businesses saw no change in the amount paid. 23% of the businesses in Tracy saw an increase in the amount of business tax paid. Of the businesses that saw an increase in the amount of tax paid, the average increase was found to be \$7,825.



Further analysis finds that under the new business tax structure, the majority of businesses in Tracy are paying less than \$1,000 annually to renew their business license. Because the structure of the new business tax has no maximum tax, there are 25 businesses in Tracy with a tax bill larger than \$50,000. The tax was aimed to create an equitable, proportional tax amongst Tracy businesses based on gross receipts; as opposed to a capped tax where smaller size business pay a large proportionate share of their income to that of large businesses. The data supports that the new tax structure is allocating the tax proportionally.

Amount of Business Tax Paid in FY 2023-24



In reviewing the business tax structure of the cities closest to Tracy, most Cities have moved to a gross receipts-based structure. Some cities have a maximum tax, but many do not. It is important to note that each city may have other local taxes or industries contributing to its General Fund, such as a stronger tourism base resulting in additional Transit Occupancy Tax (TOT).

City Name	Population	Tax Type	Maximum Tax	Last Ordinance Revision
Tracy	98,601	Gross Receipts	No	2023
Modesto	214,221	Gross Receipts	No	1997
Stockton	307,000	Gross Receipts	No	2005
Livermore	86,493	Gross Receipts	No	2018
Pleasanton	9,800	Gross Receipts	No	2017
Manteca	81,592	Gross Receipts	\$1,250	1990
Lathrop	23,284	Flat	\$661	2002

Depicted below is an example of the tax that would be collected in each of the comparison Cities by a business with \$5 million dollars in gross receipts in each of the business tax categories.

Example - Businesses with \$5,000,000 in Gross Receipts							
Type of Business	Tracy	Modesto	Stockton	Livermore	Pleasanton	Manteca	Lathrop
Retail or General Business	\$4,550	\$5,000	\$4,500	\$4,000	\$1,750	\$1,250	\$661
Manufacturing/Wholesale	\$6,800	\$100	\$1,250	\$4,000	\$1,750	\$1,250	\$661
Contractor/ Service	\$9,050	\$10,000	\$2,500	\$4,000	\$1,750	\$1,250	\$661
Professional / Rentals	\$13,550	\$10,000	\$10,000	\$8,000	\$1,750	\$1,250	\$661

The City Council also requested that the Finance Committee receive an update on the business tax and discuss options that could potentially reduce the impact of the increase from the new tax structure that some businesses have faced. Staff has researched options for a reduction in impact to businesses, and these options will not require a new ballot measure to go back out to voters for approval. Any reduction in tax paid by businesses in Tracy will result in a reduction in overall revenue to the City’s General Fund, which is used to pay for essential services. Staff has estimated the fiscal impact associated with option for tax reduction, however, it is important to note that the actual fiscal impact will vary, as businesses gross receipts vary from year to year and must be applied to all businesses within a business category. For example, all retail would receive the same tax structure which could potentially have large impacts upon the total revenue collection. The estimated fiscal impact stated is based upon the amount of gross receipts reported in the current fiscal year.

Option 1

No changes, maintain current business tax structure.

Option 2

Increase the exemption allowing businesses to pay a flat rate of \$50, from \$500,000 to \$1,000,000. This change would allow more businesses to see a reduction in tax, with the impact reaching 3,965 businesses in Tracy. While some of the businesses are already seeing a reduction in the amount of tax paid from the prior tax structure, this change would equitably allow for more businesses to see a reduction. The estimated annual fiscal impact of this option is \$615,000.

Option 3

Create a cap on the maximum amount of tax to be paid. This change would provide relief to a smaller percentage of businesses, benefitting those with a larger amount of gross receipts. For example, creation of a maximum tax of \$50,000 would provide relief for twenty-five businesses and would reduce the equity of the tax paid per capita between small and larger businesses. The estimated fiscal impact of a \$50,000 maximum tax would be around \$2.5M. This option results in the City’s large businesses paying a lower proportionate share based on gross receipts and would benefit only a small number of City businesses (see chart “Amount of Business Tax Paid in FY 2023-24”)

Option 4

Allow a deduction for raw materials. This change would provide relief to manufacturing, packing and processing businesses, primarily in the warehouse business category. A deduction for the value of raw materials at the time it enters the manufacturing process would allow for the business tax to be calculated only on the value of the manufactured product. There are 66 businesses in Tracy that are classified as manufacturing businesses that could see relief from this option. The fiscal impacts of this option are unknown, as the City does not have information on the value of raw materials that would potentially be deducted from the business's gross receipts. It is important to note that this category was segregated out in Tracy's Business Tax due to the potential threat of losses e-commerce sales tax revenue from the City's warehouses. The Business Tax revenue was modernized to provide an increase revenue to the City and mitigate the potential loss from sales tax.

Option 5

Reduce the tax rate for all categories. A reduction to the tax rate would equitably reduce taxes across all categories. An example of a 25% reduction to the tax rate is depicted below. The estimated fiscal impact associated with reducing the tax rate by 25% would cause the City's business tax revenue to decline by \$1.5M.

Business Category	Minimum Fee	Current Tax Rate	Reduced Tax Rate
General Business	\$50 Flat Rate Annually (First \$500k of Gross Receipts)	0.001	0.00075
Manufacturing, Warehousing, Wholesaling		0.0015	0.00125
Contractor/Service		0.002	0.00150
Professionals/Rental		0.003	0.00225

In the example of a 25% reduction in the tax rate, businesses would see reduction in tax of approximately \$125 per business for every \$1M in gross receipts.

Business Category	Gross Gross Receipts	GR after Exemption	Current Tax	Reduced Tax	Difference
General Business	\$1,000,000	\$500,000	\$550	\$425	\$125
Manufacturing, Warehousing, Wholesaling	\$1,000,000	\$500,000	\$800	\$675	\$125
Contractor/Service	\$1,000,000	\$500,000	\$1,050	\$925	\$125
Professionals/Rental	\$1,000,000	\$500,000	\$1,550	\$1,425	\$125



Option 6

Take a phased approach to the business tax structure. With this option, the business tax would be phased to the current voter approved rate over the next four fiscal years. The phasing would be in 25% increments. While this option provides the largest amount of relief to the Tracy business community, reduction of the rate in year one of this option to 25% of the voter approved rate would reduce the annual business tax revenue to the prior business tax structure amount.

Estimated Annual Fiscal Impact:

FY2024-25 \$6M  
 FY2025-26 \$4.5M  
 FY2026-27 \$1.5M  
 FY2027-28 \$0

Business Category	Minimum Fee	Current Tax Rate	FY2024-25 Tax Rate	FY2025-26 Tax Rate	FY2026-27 Tax Rate	FY2027-28 Tax Rate
General Business	\$50 Flat Rate Annually (First \$500k of Gross Receipts)	0.001	0.00025	0.00050	0.00075	0.0010
Manufacturing, Warehousing, Wholesaling		0.0015	0.000375	0.00075	0.00125	0.0015
Contractor/Service		0.002	0.00050	0.00100	0.00150	0.0020
Professionals/Rental		0.003	0.00075	0.00150	0.00225	0.0030

Impacts of Reduce Tax on General Fund Budget

It is important to note that the adopted FY2023-24 budget, including staffing levels, labor contracts, road and park improvements, was approved with the new Business Tax structure as a General Fund revenue source. Any changes that result in a reduction in the tax during the current fiscal year will require review of the adopted budget as well as potential reductions to balance the budget.

Separately, as has been discussed publicly, the City's sales tax allocation is expected to decrease in the upcoming fiscal year, as changes to the structure of sales tax related to e-commerce are imminent at the State law. The amount of decrease to sales tax remains unknown at this time; however, the reduction could be as much as 50% of the City's sales tax allocation.

The City's costs of operating City functions and providing essential services to Tracy residents continues to increase, and all existing revenue sources have been considered in the current year's budget. Staff recommends that if the City Council were to consider any reduction to the business tax, such a reduction be temporary relief, reevaluated on an annual basis, in consideration of the City's financial position and future outlook. To have a balanced budget, staff recommends that both the revenue reductions and appropriations reduction be proposed to the City Council concurrently for consideration.

### FISCAL IMPACT

Revenue collected from the City's business tax contributes to the City's General Fund. Any changes to the structure of the business tax will impact the City's budget and fiscal sustainability strategies.

### STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

### ACTION REQUESTED OF THE FINANCE COMMITTEE

Staff recommends that the Tracy Finance Committee receive an update on the City's new business tax structure and discuss potential options for future amendments to Chapter 6.04 (Business Taxes) of the Tracy Municipal Code.

Prepared by: Sara Cowell, Director of Finance

Reviewed by: Bijal Patel, City Attorney  
Karin Schnaider, Assistant City Manager  
Midori Lichtwardt, Interim City Manager

### Attachments

Attachment A: Business Tax Update Power Point Presentation



# Business Tax Update

Finance Committee

October 23, 2023

# Background

- 1984 – Business Tax based upon number of employees is established. A maximum tax of \$2,018 is established.
- March 2020 – Council formed the Ad-Hoc Committee for Fiscal Sustainability.
- March 2021 – City’s Guiding Budget Principles were created, one of the strategies was to update the Business Tax structure for a more equitable tax.
- March 2022 – Council directs staff to proceed with placing a tax measure on the November 2022 ballot.



# Background

- July 2022 - Council approves the Business Tax structure that would be on the November 2022 ballot (Measure B). The structure is based upon gross receipts and is aimed to bring equity amongst large and small businesses.

## OFFICIAL MEASURE B BALLOT LANGUAGE

---

*To ensure large businesses pay a proportionate share and provide funding for City services such as: repairing potholes/streets; keeping public areas healthy/safe/clean; maintaining neighborhood police patrols/9-1-1 emergency response/fire protection; supporting our economy/ general government use, shall the ordinance to update the City of Tracy business taxes be adopted with typical rates between 0.1% and 0.3% of gross receipts as described in the ordinance, providing an additional \$3,200,000 annually, until ended by voters?*

---

- November 2022 – Voters approve new Business Tax structure.
- July 2023 – New Business Tax structure becomes effective.





Think Inside the Triangle™

# New Tax Structure Effective July 1, 2023

BUSINESS RATE CATEGORIES	MINIMUM FEE	BUSINESS RATE CATEGORIES
GENERAL BUSINESS	\$50 FLAT RATE ANNUALLY (FIRST \$500K OF GR)	0.001 X GROSS RECEIPTS
MANUFACTURING, WAREHOUSING, WHOLESALE		0.0015 X GROSS RECEIPTS
CONTRACTOR/SERVICE		0.002 X GROSS RECEIPTS
PROFESSIONALS/RENTALS		0.003 X GROSS RECEIPTS

# Background

The updated Business Tax gives residents local control over local funds and provides resources for the City to be used on community priorities, such as:

- Maintaining Streets and Roads
- Public Safety
- Recreation Programs



# Why Gross Receipts?

- Cities have moved away from using employee count as a method of taxation, as that is considered a tax on jobs.
- Proportional way to charge tax, adjusts up or down as the business does.
- Government code section 37101 authorizes the use of gross receipts.

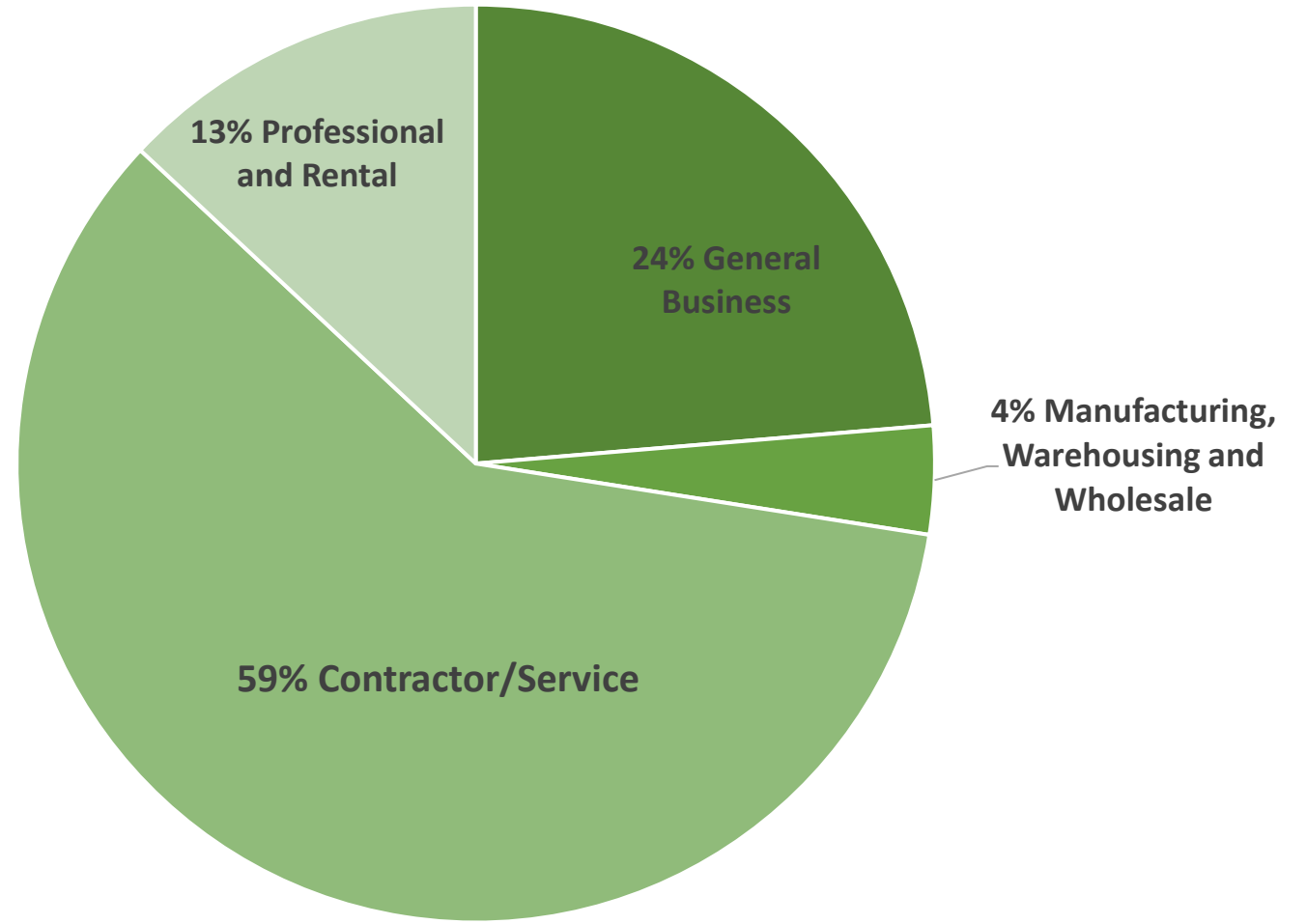






Think Inside the Triangle™

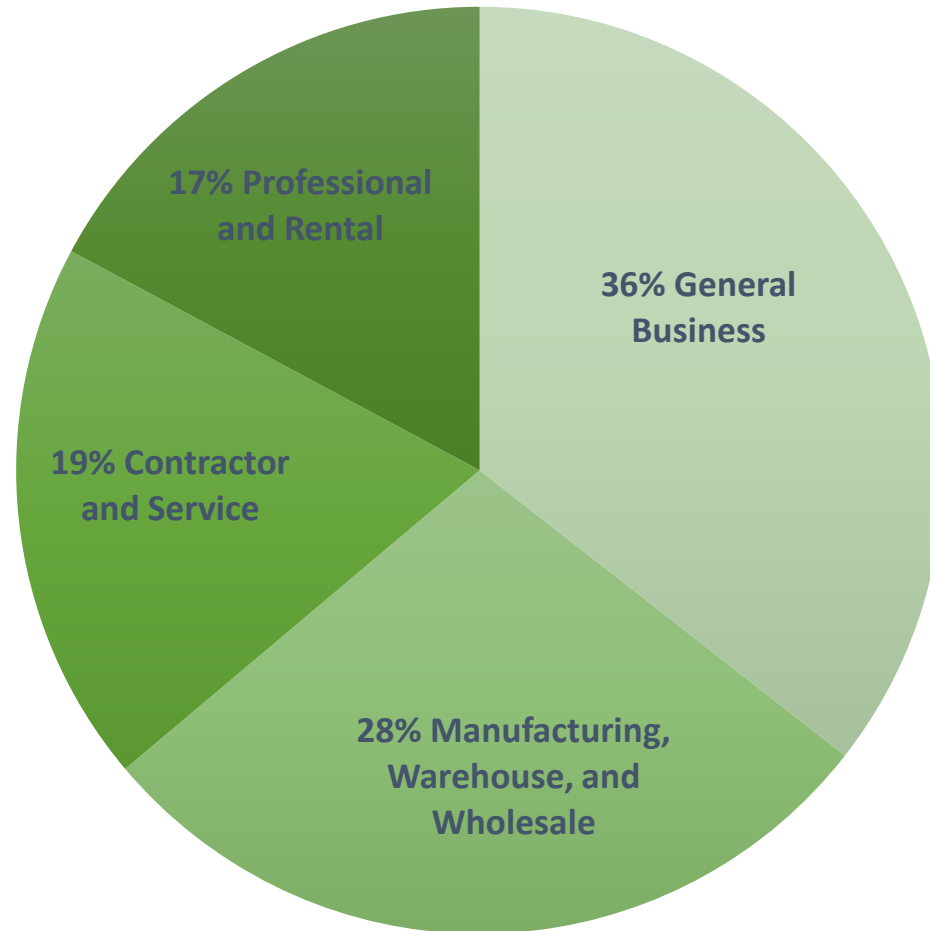
# Makeup of Businesses by Category





Think Inside the Triangle™

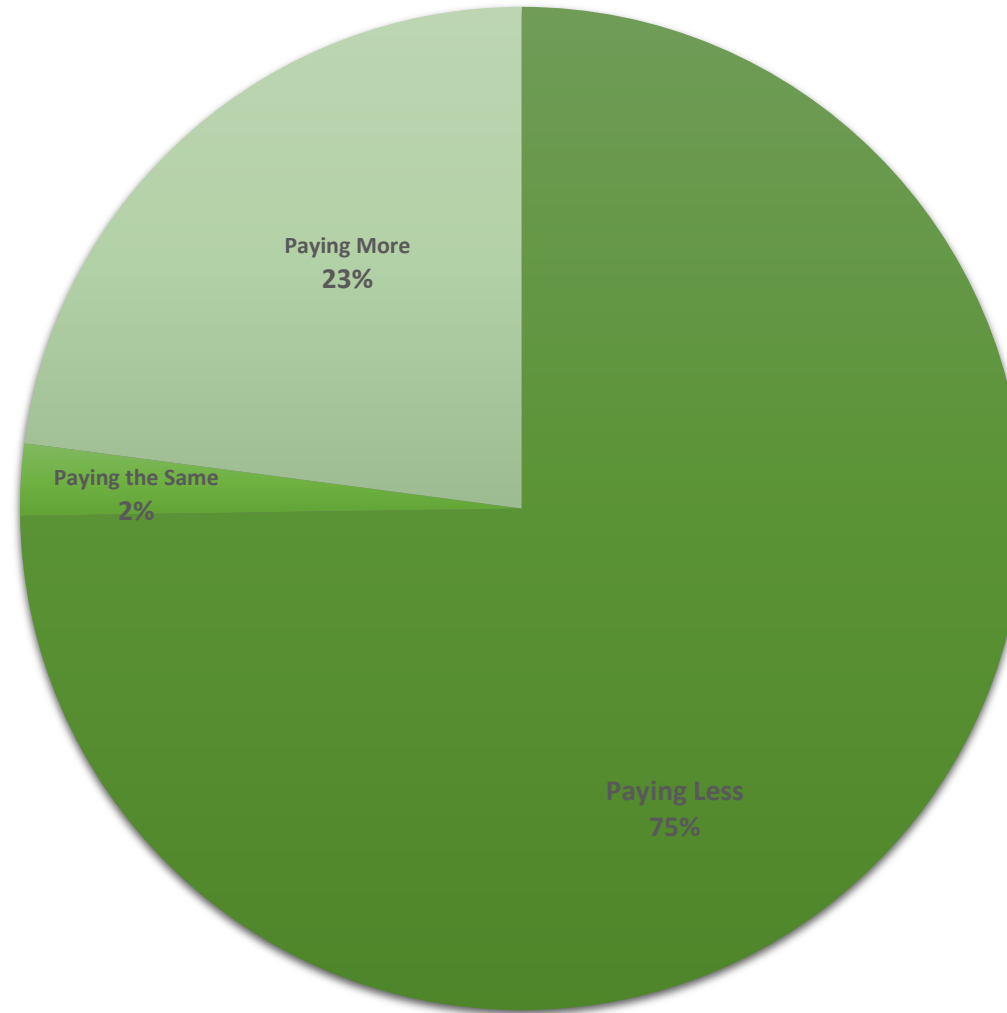
# Tax Paid by Business Category





Think Inside the Triangle™

# Impacts of New Tax Structure

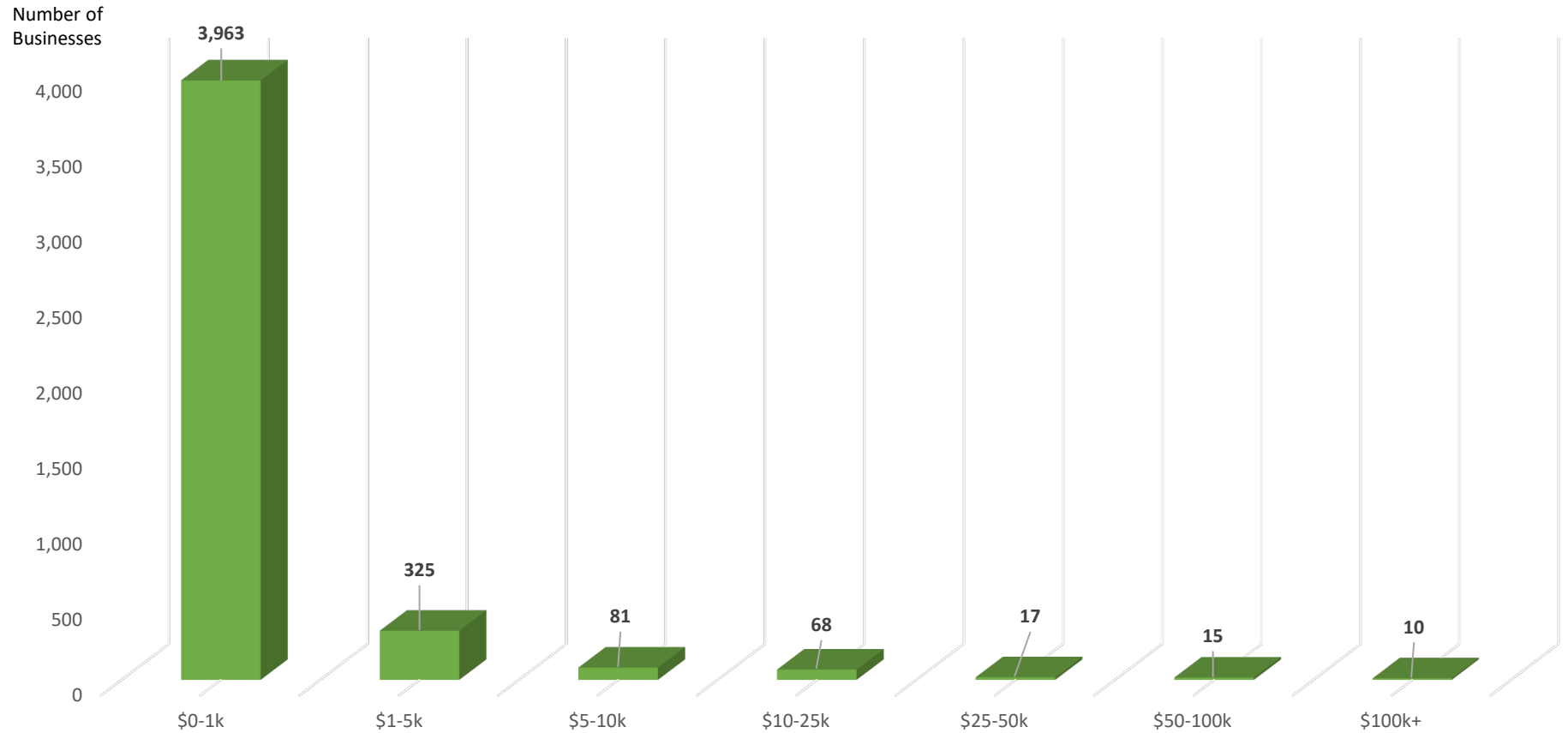


■ Paying Less   ■ Paying the Same   ■ Paying More



Think Inside the Triangle™

# Breakout of Tax Paid



Amount of Business Tax Paid in FY2023-24



# Comparison of other Cities

City Name	Population	Tax Type	Maximum Tax	Last Ordinance Revision
Tracy	98,601	Gross Receipts	No	2023
Modesto	214,221	Gross Receipts	No	1997
Stockton	307,000	Gross Receipts	No	2005
Livermore	86,493	Gross Receipts	No	2018
Pleasanton	9,800	Gross Receipts	No	2017
Manteca	81,592	Gross Receipts	\$1,250	1990
Lathrop	23,284	Flat	\$661	2002



Think Inside the Triangle™



Think Inside the Triangle™

# Comparison of Other Cities

**Example - Business with \$5,000,000 in Gross Receipts**

Type of Business	Tracy	Modesto	Stockton	Livermore	Pleasanton	Manteca	Lathrop
Retail or General Business	\$4,550	\$5,000	\$4,500	\$4,000	\$1,750	\$1,250	\$661
Manufacturing/Wholesale	\$6,800	\$100	\$1,250	\$4,000	\$1,750	\$1,250	\$661
Contractor/ Service	\$9,050	\$10,000	\$2,500	\$4,000	\$1,750	\$1,250	\$661
Professional / Rentals	\$13,550	\$10,000	\$10,000	\$8,000	\$1,750	\$1,250	\$661

# Options for Consideration



# Option 1

- No Changes, maintain current business tax structure

BUSINESS RATE CATEGORIES	MINIMUM FEE	BUSINESS RATE CATEGORIES
GENERAL BUSINESS	\$50 FLAT RATE ANNUALLY (FIRST \$500K OF GR)	0.001 X GROSS RECEIPTS
MANUFACTURING, WAREHOUSING, WHOLESALE		0.0015 X GROSS RECEIPTS
CONTRACTOR/SERVICE		0.002 X GROSS RECEIPTS
PROFESSIONALS/RENTALS		0.003 X GROSS RECEIPTS





# Option 2

- Increase exemption amount from \$500,000 to \$1,000,000

Currently, businesses can pay a flat \$50 for any gross receipts up to \$500,000. Increasing the exemption to \$1,000,000 would allow more businesses to see a reduction in tax.

Estimated Annual Fiscal Impact: \$615,000



# Option 3

- Create a cap on the maximum amount of tax to be paid.
  - \$50,000 maximum tax would provide relief to 25 businesses
  - Benefits businesses with larger amount of gross receipts
  - Provides relief to a smaller percentage of businesses

Estimated Annual Fiscal Impact: \$2.5M



# Option 4

- Allow a deduction for raw materials.
  - Allows for tax to be calculated only on value of manufactured product.
  - Manufacturing businesses would benefit, there are currently 66 businesses classified as manufacturing.

Estimated Annual Fiscal Impact: Unknown

(City does not have information on the value of raw materials that would potentially be deducted)



# Option 5

- Reduce the tax rate for all categories.
  - A reduction to the tax rate would equitably reduce taxes across all categories.

In the example of a 25% reduction in the tax rate, businesses would see a reduction in annual tax paid of \$125 per \$1M in gross receipts.

Business Category	Gross Gross Receipts	GR after Exemption	Current Tax	Reduced Tax	Difference
General Business	\$1,000,000	\$500,000	\$550	\$425	\$125
Manufacturing, Warehousing, Wholesaling	\$1,000,000	\$500,000	\$800	\$675	\$125
Contractor/Service	\$1,000,000	\$500,000	\$1,050	\$925	\$125
Professionals/Rental	\$1,000,000	\$500,000	\$1,550	\$1,425	\$125

# Option 5 (Continued)

Business Category	Minimum Fee	Current Tax Rate	Reduced (by 25%) Tax Rate
General Business	\$50 Flat Rate Annually (First \$500k of Gross Receipts)	0.001	0.00075
Manufacturing, Warehousing, Wholesaling		0.0015	0.00125
Contractor/Service		0.002	0.00150
Professionals/Rental		0.003	0.00225

Example of a 25% reduction to business tax rates

Estimated Annual Fiscal Impact: \$1.5M

# Option 6

- Phased approach to Business Tax, beginning July 1, 2024

Business Category	Minimum Fee	Current Tax Rate	FY2024-25 Tax Rate	FY2025-26 Tax Rate	FY2026-27 Tax Rate	FY2027-28 Tax Rate
General Business	\$50 Flat Rate Annually (First \$500k of Gross Receipts)	0.001	0.00025	0.00050	0.00075	0.0010
Manufacturing, Warehousing, Wholesaling		0.0015	0.000375	0.00075	0.00125	0.0015
Contractor/Service		0.002	0.00050	0.00100	0.00175	0.0020
Professionals/Rental		0.003	0.00075	0.00150	0.00225	0.0030

## Estimated Annual Fiscal Impact:

FY2024-25	\$6M
FY2025-26	\$4.5M
FY2026-27	\$1.5M
FY2027-28	\$0

# Fiscal Impact

- The City's adopted budget factored the current Business Tax rates as a revenue source. Reductions to the tax will impact the adopted budget.
- It is expected that the City's sales tax allocation will decrease in the upcoming fiscal year, due to reallocation of tax related to e-commerce.





# Questions?





Agenda Item 3C

RECOMMENDATION

**Staff recommends that the Tracy Finance Committee make a recommendation that the City Council adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year ending June 30, 2024, and authorize the Budget Officer to amend the city's position control roster for FY2023-24**

EXECUTIVE SUMMARY

On June 06, 2023, Council adopted the Fiscal Year (FY) 2023-24 Operating and Capital Budget. This report provides an update of the City's current financial performance, for First Quarter (Q1), through September 30, 2023. This financial summary identifies Q1 General Fund revenue and expenditure actuals and encumbrances, minor amendments to the FY 2023-24 budget, and approves the appropriations for funds that were planned in the FY 2022-23 budget but will be completed in FY 2023-24.

BACKGROUND

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the amended budget. This report provides an update and summary of the City's current financial performance, for FY 2023-24 First Quarter (Q1) through September 30, 2023, and requests that Council amend revenue and expenditures for the FY 2023-24 budget.

At the beginning of each new fiscal year items that were either underway, postponed or otherwise delayed from the prior fiscal year are re-appropriated into the current year's operating budget.

ANALYSIS

As of September 30, 2023, the General Fund expenditures are approximately 20% of the approved operating budget. General Fund revenues collected in Q1 (as of September 30, 2023), reflect approximately 11% of estimated revenues. City revenues tend to lag a quarter behind, and many revenues will appear low or zero as a result. For example, General Fund revenues in Property Tax, as well as VLF/Property Tax, are distributed in December and April and will appear in the second and fourth quarter reports. The City's Sales Tax are one-quarter in arrears and will appear after the second quarter, and first quarter collections represent advances from the State based on prior year collections, not necessarily actual collection by the State.

The chart below reviews year-to-date revenues and expenditures as compared to the amended budget as of September 30, 2023 (First Quarter-Q1). For comparison, FY 2022-23 Q1 actuals are also provided.

**FY 2023-24 General Fund Budget to Actuals**

<u>REVENUES</u> (In thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<u>% of</u> <u>Budget</u>
Property Tax	\$ -	\$ 32,751	\$ 32,751	\$ -	0%
Sales Tax	5,584	65,951	65,951	5,197	8%
Sales Tax (MEASURE V)	-	12,647	12,647	955	8%
Other Taxes *	547	7,300	7,300	3,073	42%
Other Revenues *	986	19,308	19,634	5,847	30%
<b>Total Revenues</b>	<b>\$ 7,117</b>	<b>\$ 137,957</b>	<b>\$ 138,283</b>	<b>\$ 15,072</b>	<b>11%</b>
<u>EXPENDITURES</u> (In thousands)					<u>% of</u> <u>Budget</u>
Personnel	\$ 11,607	\$ 57,502	\$ 57,502	\$ 12,938	23%
Purchased Services and Supplies	1,745	45,452	46,574	10,779	23%
Utilities	624	2,582	2,607	713	27%
Capital	119	534	947	468	49%
Debt	-	1,023	1,023	-	0%
Net Transfers In/(Out)	-	27,308	27,308	1,653	6%
<b>Total Expenditures</b>	<b>\$ 14,095</b>	<b>\$ 134,401</b>	<b>\$ 135,961</b>	<b>\$ 26,551</b>	<b>20%</b>
<b>Total Change in Net Position</b>	<b>\$ (6,978)</b>	<b>\$ 3,556</b>	<b>\$ 2,322</b>	<b>\$ (11,479)</b>	

The Other Taxes revenue category includes Cannabis, Business License and Transient Occupancy Taxes (TOT). The chart below reviews year-to-date revenues as compared to the amended budget as of September 30, 2023 (First Quarter-Q1). For comparison, FY 2022-23 Q1 actuals are also provided.

<u>Other Taxes</u> (In thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<u>% of</u> <u>Budget</u>
Cannabis	\$ -	\$ -	\$ -	\$ 34	0%
Business License	547	4,500	4,500	2,664	59%
Transient Lodging	-	2,800	2,800	375	13%
<b>Total Other Taxes</b>	<b>\$ 547</b>	<b>\$ 7,300</b>	<b>\$ 7,300</b>	<b>\$ 3,073</b>	<b>42%</b>

The Other Revenues category includes:

- Charges for Services - Recreation & Arts Program Fees, Right of Way Maintenance Fees (Water/Wastewater) and Central Administration Services
- Contributions
- Fines and Forfeitures – Citations, Fines & Penalties
- Licenses and Permits - PD & Animal Services and Franchise Fees
- Other Revenues
- Revenues from Other Agencies – State/County Grants (PD)
- Special Assessments
- Use of Money – Interest Earnings (Quarterly Allocation across funds)

The chart below reviews year-to-date revenues as compared to the amended budget as of September 30, 2023 (First Quarter-Q1). For comparison, FY 2022-23 Q1 actuals are also provided.

<b><u>Other Revenues</u></b>	<b><u>FY 22/23</u></b>	<b><u>FY 23/24</u></b>	<b><u>FY 23/24</u></b>	<b><u>FY 23/24</u></b>	<b><u>% of</u></b>
(In thousands)	<b><u>Q1</u></b>	<b><u>Adopted</u></b>	<b><u>Amended</u></b>	<b><u>Actual Q1</u></b>	<b><u>Budget</u></b>
Charges for Services	\$ 245	\$ 12,025	\$ 12,025	\$ 2,703	0%
Contributions	46	150	150	58	0%
Fines and Forfeitures	32	122	122	12	10%
Licenses and permits	13	4,808	4,808	667	14%
Other Revenues	100	128	128	218	170%
Revenues From Other Agencies	287	601	927	214	23%
Special Assessment	118	475	475	125	26%
Use of Money	(203)	1,000	1,000	1,850	185%
<b>Total Other Revenues</b>	<b>\$ 639</b>	<b>\$ 19,309</b>	<b>\$ 19,635</b>	<b>\$ 5,847</b>	<b>30%</b>

**FY 2023-24 First Quarter (Q1) Operating Budget Augmentations**

The following table is a summary of all recommended Q1 budget augmentations for FY 2023-24. They are listed by department, with General and Non-General fund totals separated, and categorized as one time or on-going expenses.

<b>Department</b>	<b>Description</b>	<b>General Fund</b>	<b>Other Fund</b>	<b>One Time</b>	<b>On Going</b>
Innovation & Technology	Professional Services & Supplies		\$ 55,000		\$ 55,000
Police	Professional Services & Supplies	\$ 180,000		\$ 150,000	\$ 30,000
Mobility & Housing	Professional Services	\$ 36,000		\$ 36,000	
Operations & Utilities	Professional Services, Supplies & Capital	\$ 808,000	\$5,891,100	\$2,065,300	\$4,633,800
<b>Total:</b>		<b>\$1,024,000</b>	<b>\$5,946,100</b>	<b>\$2,251,300</b>	<b>\$4,718,800</b>

\*\*\*CONTINUED TO NEXT PAGE\*\*\*

General Fund Non-Personnel Augmentations

Department	Description	General Fund	One Time	On Going
Police	Professional Services & Supplies	\$ 180,000	\$ 30,000	\$ 150,000
Mobility & Housing	Professional Services & Supplies	\$ 36,000	\$ 36,000	
Operations & Utilities	Professional Services, Supplies & Capital	\$ 808,000	\$ 235,000	\$ 573,000
<b>Total:</b>		<b>\$1,024,000</b>	<b>\$ 301,000</b>	<b>\$ 723,000</b>

Police Department - The Police Department is requesting one-time funding for professional services for security services at various locations throughout the City, and an on-going increase professional services for software maintenance for the Special Investigation Unit.

Mobility & Housing – The Economic Development Division is requesting a one-time increase to for professional Services for additional agreements.

Operations & Utilities – The Operations division is requesting one-time funding to purchase (1) Aerial Truck to support the Electricians and on-going funding for additional asphalt and professional services for Streets and Sidewalks.

Other Funds Non-Personnel Augmentations

Department	Description	Funding Source	One Time	On Going
Innovation & Technology	Professional Services	Internal Services		\$ 55,000
Operations & Utilities	Capital Replacements	Internal Services	\$1,829,000	
Operations & Utilities	Professional Services	Solid Waste		\$4,030,000
Operations & Utilities	Part-Time Hours	Water Operating		\$ 14,000
Operations & Utilities	Part-Time Hours	Wastewater Operating		\$ 40,000
<b>Total:</b>			<b>\$1,829,000</b>	<b>\$4,139,000</b>

*\*Capital Replacements – Annually it is determined what vehicles and equipment are due for replacement, the departments are charged for the costs. This adjustment is providing the Operations Division the budget for the funds that they have received to purchase the replacements.*

Innovation & Technology – The Innovation & Technology department is requesting on-going funding for professional services for additional Cyber Security systems.

Operations & Utilities - The Operations Division is requesting on-going funding for professional services related to their Solid Waste contracts to account for the contracted increase in cost of services associated to the increases in rates. The city manages the administration of the contract, which includes the collection of fees that is paid for the contracted services as a passthrough agency. This was not included in the FY23/24 budget, and this is a correction for the omission. The Utilities Division is requesting on-going funding for part-time hours to support the Lab for the treatment plants.

Non-Budgetary-Personnel Amendments:

Staff is making the following recommendations to amend FY2023-24 Position Control Roster, which are the approved positions that are included in the adopted operating budget; however, the requests do not require a budget augmentation:

- (1) Construction Inspector I/II – The Operations & Utilities Department is requesting to delete (1) Associate Engineer and re-allocate funding to add (1) Construction Inspector I/II to support. This item does not require a budget augmentation.

**FY 2023-24 First Quarter (Q1) Capital Improvement Project (CIP) Augmentations**

Staff is making the following recommendation to add the following CIP:

NEW CIP		
CIP	Budget	Fund
77594 - Transit Station A/V Equipment Replacement	\$ 200,000	573 – Transit Capital

The Tracy Transit Station was completed and open for use in 2010. It has three conference rooms that are available for use by other City Departments as well as for rent by the public. Each room has A/V equipment that is no longer compatible with current technology standards. It is recommended that the entire system be replaced to allow for improved overall functionality and usability.

Staff is making the following recommendation to increase the budget for the following CIP:

CIP AUGMENTATION		
CIP	Budget	Fund
73186 – FY2023 Annual Pavement Rehab Project	\$ 653,468	261 – Grants (RSTP)

FISCAL IMPACT

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the amended budget as of September 30, 2023 (First Quarter Q1). Staff is recommending amendments to the City Operating and Capital Budget for FY 2023-24. The FY 2023-24 proposed budget appropriations of \$1.03 million General Fund and \$5.9 million from other funds. In addition, the FY 2023-24 budget has been amended by \$28.3 for carryover projects that were either underway, postponed, or otherwise delayed into FY 2023-24.

**SUMMARY OF NEW BUDGET AUGMENTATIONS  
 FOR (Q1) FY 2023-24**

Department	Description	General Fund	Other Fund	One Time	On Going
Innovation & Technology	Contract Services & Supplies		\$ 55,000		\$ 55,000
Police	Contract Services & Supplies	\$ 180,000		\$ 150,000	\$ 30,000
Mobility & Housing	Contract Services	\$ 36,000		\$ 36,000	
Operations & Utilities	Contract Services, Supplies & Capital	\$ 808,000	\$5,891,100	\$2,065,300	\$4,633,800

<b>Total:</b>	<b>\$1,024,000</b>	<b>\$5,946,100</b>	<b>\$2,251,300</b>	<b>\$4,718,800</b>
---------------	--------------------	--------------------	--------------------	--------------------

CIP AUGMENTATION		
CIP	Budget	Fund
73186 – FY2023 Annual Pavement Rehab Project	\$ 653,468	261 – Grants (RSTP)
77594 - Transit Station A/V Equipment Replacement	\$ 200,000	573 – Transit Capital

**SUMMARY OF PRIOR CARRYOVERS**

FUND NAME	CARRYOVER AMOUNT
GENERAL FUND	1,234,783
DEVELOPMENT SERVICES	1,201,411
GAS TAX	583,431
SPECIAL REVENUE	1,974,734
GENERAL FUND CAPITAL	6,641,256
CAPITAL	1,427,296
INTERNAL SERVICES	542,213
AIRPORT	13,520
TRANSIT	49,777
DRAINAGE	28,656
SOLID WASTE	177,312
WATER	2,549,250
WASTEWATER	11,892,372
<b>GRAND TOTAL</b>	<b>28,316,011</b>

STRATEGIC PLAN

This agenda item supports the City's Governance Strategic Priority, with Goal 2: Ensure short and long-term fiscal health.

ACTION REQUESTED OF THE FINANCE COMMITTEE

Staff recommends that the Tracy Finance Committee make a recommendation that the City Council, adopt a resolution amending the city's Operating and Capital Improvement Projects (CIP) Budget for Fiscal Year 2023-24 and authorize the Budget Officer to amend the city's position control roster for FY2023-24.

Prepared by: Felicia Galindo, Budget Officer

Reviewed by: Sara Cowell, Director of Finance  
Bijal Patel, City Attorney  
Karin Schnaider, Assistant City Manager

ATTACHMENTS

Attachment A – FY2023-24 Q1 Budget Update Power Point Presentation



# Finance Committee

FY 2023-24 Q1 Budget Update

October 23, 2023





# FY2023-24 Q1 Revenues

<u>REVENUES</u> (in thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<u>% of</u> <u>Budget</u>
Property Tax	\$ -	\$ 32,751	\$ 32,751	\$ -	0%
Sales Tax	5,584	65,951	65,951	5,197	8%
Sales Tax (MEASURE V)	-	12,647	12,647	955	8%
Other Taxes	547	7,300	7,300	3,073	42%
Other Revenues	986	19,308	19,634	5,847	30%
<b>Total Revenues</b>	<b>\$ 7,117</b>	<b>\$ 137,957</b>	<b>\$ 138,283</b>	<b>\$ 15,072</b>	<b>11%</b>



# FY2023-24 Q1 Revenues

<b><u>Other Taxes</u></b> (in thousands)	<b><u>FY 22/23</u></b> <b><u>Q1</u></b>	<b><u>FY 23/24</u></b> <b><u>Adopted</u></b>	<b><u>FY 23/24</u></b> <b><u>Amended</u></b>	<b><u>FY 23/24</u></b> <b><u>Actual Q1</u></b>	<b><u>% of</u></b> <b><u>Budget</u></b>
Cannabis	\$ -	\$ -	\$ -	\$ 34	0%
Business License	547	4,500	4,500	2,664	59%
Transient Lodging	-	2,800	2,800	375	13%
<b>Total Other Taxes</b>	<b>\$ 547</b>	<b>\$ 7,300</b>	<b>\$ 7,300</b>	<b>\$ 3,073</b>	<b>42%</b>

# FY2023-24 Q1 Revenues

<u>Other Revenues</u> (in thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<u>% of</u> <u>Budget</u>
Charges for Services	\$ 245	\$ 12,025	\$ 12,025	\$ 2,703	0%
Contributions	46	150	150	58	0%
Fines and Forfeitures	32	122	122	12	10%
Licenses and Permits	13	4,808	4,808	667	14%
Other Revenues	100	128	128	218	170%
Revenues From Other Agencies	287	601	927	214	23%
Special Assessment	118	475	475	125	26%
Use of Money	(203)	1,000	1,000	1,850	185%
<b>Total Other Revenues</b>	<b>\$ 639</b>	<b>\$ 19,309</b>	<b>\$ 19,635</b>	<b>\$ 5,847</b>	<b>30%</b>



# FY2023-24 Q1 Expenses

<u>EXPENDITURES</u> (in thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<i>% of</i> <i>Budget</i>
Personnel	\$ 11,607	\$ 57,502	\$ 57,502	\$ 12,938	23%
Purchased Services and Supplies	1,745	45,452	46,574	10,779	23%
Utilities	624	2,582	2,607	713	27%
Capital	119	534	947	468	49%
Debt	-	1,023	1,023	-	0%
<b>Total Expenditures</b>	<b>\$ 14,095</b>	<b>\$107,093</b>	<b>\$108,653</b>	<b>\$ 24,898</b>	<b>23%</b>



# FY2023-24 Q1 Augmentations

Department	Description	General Fund	Other Fund	One Time	On Going
Innovation & Technology	Contract Services & Supplies		\$ 55,000		\$ 55,000
Police	Contract Services & Supplies	\$ 180,000		\$ 150,000	\$ 30,000
Mobility & Housing	Contract Services	\$ 36,000		\$ 36,000	
Operations & Utilities	Contract Services, Supplies & Capital	\$ 808,000	\$5,891,100	\$2,065,300	\$4,633,800
	<b>Total:</b>	<b>\$ 1,024,000</b>	<b>\$ 5,946,100</b>	<b>\$ 2,251,300</b>	<b>\$ 4,718,800</b>



# FY2023-24 Q1 Augmentations General Fund

Department	Description	General Fund	One Time	On Going
Police	Contract Services & Supplies	\$ 180,000	\$ 30,000	\$ 150,000
Mobility & Housing	Contract Services & Supplies	\$ 36,000	\$ 36,000	
Operations & Utilities	Contract Services, Supplies & Capital	\$ 808,000	\$ 235,000	\$ 573,000
	<b>Total:</b>	<b>\$1,024,000</b>	<b>\$ 301,000</b>	<b>\$ 723,000</b>

# FY2023-24 Q1 Augmentations Other Funds

Department	Description	Funding Source	One Time	On Going
Innovation & Technology	Contract Services	Internal Services		\$ 55,000
Operations & Utilities	Capital Replacememts	Internal Services	\$ 1,829,000	
Operations & Utilities	Contract Services	Solid Waste		\$4,030,000
Operations & Utilities	Part-Time Hours	Water Operating		\$ 14,000
Operations & Utilities	Part-Time Hours	Wastewater Operating		\$ 40,000
		<b>Total:</b>	<b>\$ 1,829,000</b>	<b>\$ 4,139,000</b>

# FY2023-24 Q1 CIP Augmentations

CIP AUGMENTATION		
CIP	Budget	Fund
73186 – FY2023 Annual Pavement Rehab Project	\$ 653,468	261 – Grants (RSTP)
77594 - Transit Station A/V Equipment Replacement	\$ 200,000	573 – Transit Capital





# Discussion



**TRACY CITY COUNCIL**

**RESOLUTION NO. \_\_\_\_\_**

---

**ADOPT A RESOLUTION AMENDING THE CITY'S OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2024 AND AUTHORIZE THE BUDGET OFFICER TO AMEND THE CITY'S POSITION CONTROL ROSTER FOR FY2023-24.**

**WHEREAS**, The City Council, on June 6, 2023, adopted the FY 2023-24 Operating and Capital Budget for the City of Tracy, and

**WHEREAS**, Based upon a review of revenues and expenditures, the City Manager has prepared and proposed additional amendments to the FY 2023-24 budget, and

**WHEREAS**, The Innovation and Technology Department will be getting a increase to professional services for additional cyber security systems, and

**WHEREAS**, The Mobility and Housing Economic Division will be getting one-time funding for increased professional services, and

**WHEREAS**, The Police Department will be getting a one-time funding for contract services regarding security services for various locations throughout the City and an increase to professional services for software maintenance, and

**WHEREAS**, The Operations and Utilities Department will be getting one-time funding to purchase (1) aerial truck and increases to professional services for solid waste contracts and sidewalk maintenance, supplies for streets maintenance and personnel part-time hours to support the treatment plant lab, and

**WHEREAS**, The Operations and Utilities Department will be getting a one-time adjustment to provide the Operations Division the budget for purchasing the annual vehicle and equipment replacements that have been funded by the cities departments, and

**WHEREAS**, The Budget Officer will be deleting from the Operations and Utilities position control roster (1) Associate Engineer and re-allocate funding to add (1) Construction Inspector I/II, and

**WHEREAS**, Proposed amendments include re-appropriations from FY 2022-23 for items that were either underway, postponed, or otherwise delayed into FY 2023-24, and

**WHEREAS**, The Tracy Finance Committee heard this item on October 23, 2023 and recommends that the City Council adopt this proposed Resolution;

Resolution \_\_\_\_\_

**WHEREAS**, The City Council has considered information related to these matters, as presented at a public meeting of the City Council, including any supporting documents and reports by City staff, and any information provided during that public meeting, and

**WHEREAS**, The City Council has reviewed the level of budgeting control needed by the City Manager to ensure efficiency in managing the operations of the City, including the authorization of budget transfers between funds; now, therefore, be it

**RESOLVED:** That the City Council of the City of Tracy hereby adopts the Amended Operating and Capital Budget for Fiscal Year 2023-24 as evidenced by the attached summaries and authorize the Budget Officer to amend the city’s position control roster for FY2023-24.

\* \* \* \* \*

The foregoing Resolution 2023-\_\_\_\_\_ was adopted by the City Council on \_\_\_\_\_, by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTENTION:	COUNCIL MEMBERS:

---

NANCY D. YOUNG  
Mayor of the City of Tracy, California

ATTEST: \_\_\_\_\_  
ADRIANNE RICHARDSON  
City Clerk and Clerk of the Council of the  
City of Tracy, California

**FY 2023-24 General Fund Budget to Actuals**

<u>REVENUES</u> (In thousands)	<u>FY 22/23</u> <u>Q1</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q1</u>	<u>% of</u> <u>Budget</u>
Property Tax	\$ -	\$ 32,751	\$ 32,751	\$ -	0%
Sales Tax	5,584	65,951	65,951	5,197	8%
Sales Tax (MEASURE V)	-	12,647	12,647	955	8%
Other Taxes *	547	7,300	7,300	3,073	42%
Other Revenues *	986	19,308	19,634	5,847	30%
<b>Total Revenues</b>	<b>\$ 7,117</b>	<b>\$ 137,957</b>	<b>\$ 138,283</b>	<b>\$ 15,072</b>	<b>11%</b>
<u>EXPENDITURES</u> (In thousands)					<u>% of</u> <u>Budget</u>
Personnel	\$ 11,607	\$ 57,502	\$ 57,502	\$ 12,938	23%
Purchased Services and Supplies	1,745	45,452	46,574	10,779	23%
Utilities	624	2,582	2,607	713	27%
Capital	119	534	947	468	49%
Debt	-	1,023	1,023	-	0%
Net Transfers In/(Out)	-	27,308	27,308	1,653	6%
<b>Total Expenditures</b>	<b>\$ 14,095</b>	<b>\$ 134,401</b>	<b>\$ 135,961</b>	<b>\$ 26,551</b>	<b>20%</b>
<b>Total Change in Net Position</b>	<b>\$ (6,978)</b>	<b>\$ 3,556</b>	<b>\$ 2,322</b>	<b>\$ (11,479)</b>	

Department	Description	General Fund	Other Fund	One Time	On Going
Innovation & Technology	Contract Services & Supplies		\$ 55,000		\$ 55,000
Police	Contract Services & Supplies	\$ 180,000		\$ 150,000	\$ 30,000
Mobility & Housing	Contract Services	\$ 36,000		\$ 36,000	
Operations & Utilities	Contract Services, Supplies & Capital	\$ 808,000	\$5,891,100	\$2,065,300	\$4,633,800
<b>Total:</b>		<b>\$1,024,000</b>	<b>\$5,946,100</b>	<b>\$2,251,300</b>	<b>\$4,718,800</b>

<b>CIP AUGMENTATION</b>		
CIP	Budget	Fund
73186 – FY2023 Annual Pavement Rehab Project	\$ 653,468	261 – Grants (RSTP)
77594 - Transit Station A/V Equipment Replacement	\$ 200,000	573 – Transit Capital

Resolution \_\_\_\_\_

**SUMMARY OF PRIOR CARRYOVERS**

<b>FUND NAME</b>	<b>CARRYOVER AMOUNT</b>
GENERAL FUND	1,234,783
DEVELOPMENT SERVICES	1,201,411
GAS TAX	583,431
SPECIAL REVENUE	1,974,734
GENERAL FUND CAPITAL	6,641,256
CAPITAL	1,427,296
INTERNAL SERVICES	542,213
AIRPORT	13,520
TRANSIT	49,777
DRAINAGE	28,656
SOLID WASTE	177,312
WATER	2,549,250
WASTEWATER	11,892,372
<b>GRAND TOTAL</b>	<b>28,316,011</b>