

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

City Hall, 333 Civic Center Plaza, Tracy

Web Site: www.cityoftracy.org

CALL TO ORDER – Chairperson Arriola called the meeting to order at 6:04 p.m.

ROLL CALL – Roll call found Chairperson Arriola and Co-Chairperson Bedolla present.

1. CONSENT CALENDAR – Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola to adopt the Consent Calendar. Roll call found all in favor; passed and so ordered.

- 1.A. Approval of August 31, 2023, special meeting minutes. – **Minutes were approved.**

- 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 – There were no items from the audience.

3. REGULAR AGENDA

- 3A. 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

Sara Cowell, Finance Director, turned it over to Anju Pillai, Senior Civil Engineer, who provided the staff report and sought committee feedback.

Co-Chairperson Bedolla recommended that staff work with contractor to keep in mind all the community's concerns and to be as transparent as possible during the process.

Chairperson Arriola asked if this includes all the costs and requested a timeline. Senior Civil Engineer Pillai stated that this price only includes the widening of the intersection and the installation of the traffic signal and that the project should be complete by August of 2024.

There was no public comment.

ACTION: Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola that the Tracy Finance Committee recommend 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. Roll call found all in favor; passed and so ordered.

3B. 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.

Sara Cowell, Finance Director, provided the staff report and sought committee feedback.

Committee comments continued.

Maria Valenzuela with the Tracy Chamber of Commerce stated that they understand that the fees are outdated, and that larger businesses should be paying a larger fee but would like to see it revisited. She requested that the Finance Committee not make any decisions today so that more research can be done and to give more time to communicate with the Finance Department to better understand what the recommendations are for the businesses.

Ken Cefalo, with Main Street Music, asked when the verbiage changed from the word license to tax as he couldn't find it. His tax is four times higher than it was last year. Manteca keeps getting business that we wanted, we are sending the signal that we don't want these businesses.

Robin Lopez, from Taylor Farms, stated that there were analyses done and communications done to the businesses but those were your no voters. Their tax went up 17,000%. She stated that this is not reasonable. The big businesses are picking up the slack so the 75% of businesses could pay less. She asked if the businesses that got the decrease, did they need them? The percentages given do not paint the entire picture. She stated that we need to go back to the drawing board and get more people involved. She also stated that they do want to pay more and they know it is the right thing and should pay more but within reason.

Community member that runs a gas station in the City stated that he is paying three dollars per gallon with taxes and that he is making pennies. He provided a handout of an example of the City of Concord's business license renewal and stated that his tax increased 5000% and that his business is in the wrong

department, he is in retail but that it is not the same as the big retailer Costco. His tax went from \$1,200 to \$61,000. His profit is gone for the year.

An additional community member that owns the Arco gas station on Grant Line Road stated that his taxes went from \$338 to \$22,328. It is too much of an increase. He makes pennies on the gas. He said he is getting double taxation on gas.

Sara Cowell, Finance Director, clarified that gas stations do fall into retail category which was taken into consideration and the businesses that have the smaller amount of profit margin are in the lowest taxed category. There are other options that may be looked at.

Staff answered questions made during public comment.

Committee discussion continued.

Co-Chairperson Bedolla would like to request that nothing be set in stone today.

Chairperson Arriola thanked all for coming out today and that the committee hears their concerns and wants to bring new businesses to Tracy and keep the ones that we have. He understands that these businesses make up the character of this town. He stated that he would like to see modeling and have a back-and-forth discussion. He is proposing that a workshop take place to evaluate options 2-6 with our stakeholders. He would also like staff to reach out to the consultant regarding modeling.

Co-Chairperson Bedolla asked that option one also remain as an option.

Chairperson Arriola proposed that a workshop be held to discuss the potential options and that it be held in December. Co-Chairperson Bedolla supported.

ACTION: Motion was made by Chairperson Arriola and seconded by Co-Chairperson Bedolla to have staff revisit the potential options for future amendments to chapter 6.04 (Business Taxes) of the Tracy Municipal Code and to hold a workshop for further analysis. Motion found all in favor; passed and so ordered.

- 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.

Felicia Galindo, Budget Officer, provided the staff report and sought committee feedback.

Committee discussion continued.

There was no public comment.

Chairperson Arriola requested a list of the grants that the City receives. Co-Chairperson Bedolla supported.

ACTION: Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola 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. Motion found all in favor; passed and so ordered.

4. STAFF ITEMS – Karin Schnaider, Assistant City Manager, discussed the continued efforts happening to reduce the E Commerce dollars. She will be attending a meeting of Assemblies Subcommittee of Revenue and Taxation down in Los Angeles and would like to get and take the publics comments on possible impacts to jurisdictions and others and will be working with the City Manager’s Office to obtain this. She stated that it is moving quite quickly, and she will continue to use this platform to inform the committee and the public.

5. COMMITTEE ITEMS – None

6. ADJOURNMENT – Time: 7:18 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 October 20, 2023. The above are action minutes. A recording is available on the City’s website.

Chairperson

ATTEST:

Executive Assistant