

TRACY FINANCE COMMITTEE SPECIAL MEETING

Tuesday, January 23, 2024, 6 P.M.



Tracy City Hall Chambers, 333 Civic Center Plaza, Tracy

Web Site: 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 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: 2553 510 4754** 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 when prompted to provide an email address.
 - ***Join by phone by dialing +1-408-418-9388, enter 25535104754#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

CALL TO ORDER
ROLL CALL

1. CONSENT CALENDAR

1.A Adoption of December 12, 2023, Meeting Minutes

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 recommend that the City Council adopt a resolution accepting the City of Tracy’s Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023.

3.B. Staff recommends that The Tracy Finance Committee recommend that the City Council adopt a resolution amending the City’s Operating and Capital Budget for the Fiscal Year ending June 30, 2024, and authorizing the Budget Officer to amend the City’s position control roster for FY2023-24.

4. STAFF ITEMS

5. COMMITTEE ITEMS

6. ADJOURNMENT

Posting Date: January 19, 2024

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.

December 12, 2023, 7:00 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 7:00 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 October 23, 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) Authorizing the acceptance of a grant award from San Joaquin County American Rescue Plan Act allocation in the amount of \$7,167,798 million dollars; and 2) Appropriating the total grant funds to the Temporary Emergency Housing project (Capital Improvement Project 71112).

Virginia Carney, Homeless Services Manager, provided the staff report and sought committee feedback.

Committee asked clarifying questions. Co-Chairperson Bedolla said it was a good example of government and private sector through our lobbyist working together and he is very happy to support.

There was no public comment.

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: 1) Authorizing the acceptance of a grant award from San Joaquin County American Rescue Plan Act allocation in the amount of \$7,167,798 million dollars; and 2) Appropriating the total grant funds to the

Temporary Emergency Housing project (Capital Improvement Project 71112). Roll call found all in favor; passed and so ordered.

- 3B. Staff recommends that The Tracy Finance Committee make a recommendation that the City Council adopt a Resolution: 1) Authorizing the acceptance of a grant award from U.S. Department of Housing and Urban Development Economic Development Initiative sponsored by Congressman Josh Harder in the amount of \$3 Million Dollars; and 2) Appropriating the total grant funds towards the construction of Phase II of the Temporary Emergency Housing Facility project (Capital Improvement Project 71112).

Virginia Carney, Homeless Services Manager, provided the staff report and sought committee feedback.

Committee asked clarifying comments.

There was no public comment.

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: 1) Authorizing the acceptance of a grant award from U.S. Department of Housing and Urban Development Economic Development Initiative sponsored by Congressman Josh Harder in the amount of \$3 Million Dollars; and 2) Appropriating the total grant funds towards the construction of Phase II of the Temporary Emergency Housing Facility project (Capital Improvement Project 71112). Roll call found all in favor; passed and so ordered.

Co-Chairperson Bedolla reiterated on what a great example of two standing committees working together, Finance Committee and the Tracy Homeless Advisory Committee, and is looking forward to supporting this today and before Council. Chairperson Arriola thanked Congressman Josh Harder and his staff at HUD for their partnership to utilize funds effectively and that anytime we can use federal dollars here in the City he supports it.

4. STAFF ITEMS – Karin Schnaider, Assistant City Manager, gave an update from the California League of Cities and the City Managers Working group on sales tax. Last month the Mayor, the City Manager and Ms. Schnaider attended a State Assembly Subcommittee on Revenue and Taxation and a discussion occurred on the initiatives for moving sales tax dollars from Bradley Burns to destination based specifically related to Ecommerce, meaning online sales tax dollars. There were several presentations by legislative analysts as well as legal opinion and from members of other Cities. Discussion occurred thereafter and the Mayor and Ms. Schnaider both spoke during the public comment and the link to view this was shared with the City Council. Overall, what they heard from the subcommittee was that they'd like to see the League partner with the City and City Managers Working Group and make a recommendation to revenue and tax based on the recommendation that comes out of the League of Cities. They will keep the Council apprised of any bills that come out of that. The deadline is May 2024, so they are adopting something and bringing it to the board at that time. of The League's

policy did change from one hundred percent destination based to partial or some equity sharing of sales tax dollars. The sub committees will work on how to define that equitable split.

Sara Cowell, Director of Finance, gave an update on the Business Tax and stated that staff is partnering with the Chamber of Commerce to conduct Business Round Table Meetings. The first of which is currently scheduled for February 2024.

5. COMMITTEE ITEMS – None

6. ADJOURNMENT – Time: 7:16 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 December 11, 2023. The above are action minutes. A recording is available on the City's website.

Chairperson

ATTEST:

Clerk

AGENDA ITEM 3A

RECOMMENDATION

Staff recommends that the Tracy Finance Committee recommend that the City Council adopt a resolution accepting the City of Tracy's Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023.

EXECUTIVE SUMMARY

The City of Tracy's (City) auditor, The Pun Group, has completed the review of the City's annual financial statements for the fiscal year ending June 30, 2023. The audited financial statements are incorporated into an Annual Comprehensive Financial Report (ACFR). The auditors have issued an unmodified ("clean") audit opinion. An unmodified opinion indicates that the financial data of the City is fairly presented in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that the City's auditors plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

BACKGROUND AND LEGISLATIVE HISTORY

The City Council, on January 19, 2021, authorized the appointment of The Pun Group as the City's Auditor for fiscal years 2020-2021 through 2022-2023. The City is required to have an independent audit of its financial records conducted on an annual basis. The auditors have completed their review of the June 30, 2023, financial statements and have issued an unmodified opinion stating that the "financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tracy..."

The audited financial statements are incorporated into an Annual Comprehensive Financial Report, which provides additional analytical and statistical information to fully describe the City's financial condition. The ACFR is submitted to the Government Financial Officers Association of the United States and Canada (GFOA) for consideration of Award of the Certificate of Achievement for Excellence in Financial Reporting. The City has received this award for 35 consecutive years.

At June 30, 2023, the City's governmental funds reported combined fund balances of \$386.7 million, which is an increase of \$36.0 million or 10.3%, from \$350.8 million at June 30, 2022. Total revenues decreased by \$10 million or 4.8%, from \$214 million at June 30, 2022, to \$192 million at June 30, 2023. Of this total, \$134 million was in the General Fund. Total expenditures increased by \$34 million or 27.1%, from \$123 million at June 30, 2022, to \$156 million at June 30, 2023. Of this total, \$102 million was in the General Fund. Expenditures increased in relation to capital outlay for capital improvement projects and the addition of City staff. Staffing levels expanded by an average of 4% annually throughout the organization.

	FY 2023		FY 2022		Difference
	(in thousands of dollars)				
Governmental Fund Balance	\$	386,722	\$	350,762	\$ 35,960
Total City Revenues	\$	288,517	\$	301,909	\$ (13,392)
Total City Expenditures	\$	239,636	\$	202,314	\$ 37,322

At June 30, 2023, the General Fund balance of \$40.4 million, was comprised of \$3.6 million restricted funds for medical leave banks, \$16.4 million committed funds for Contingency/Emergency reserve, and \$12.9 million in assigned funds. Included in this amount is \$10.9 million for Economic/Budget stability and \$2.0 million for carryover to balance fiscal year 2023-24. There were \$7.4 million in unassigned funds at June 30, 2023. Fund balances have been classified in accordance with generally accepted accounting principles. While amounts have been categorized as unassigned, they may be informally earmarked by the City Council for specific purposes.

(in thousands)	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund:					
Non-spendable	\$ 5,535	\$ -	\$ 40	\$ 40	\$ 470
Restricted	3,596	3,175	2,348	-	-
Committed	16,489	14,505	16,401	14,479	14,883
Assigned	12,952	11,435	11,277	6,112	15,213
Unassigned	1,857	7,762	3,964	-	-
Total General Fund	\$ 40,429	\$ 36,877	\$ 34,030	\$ 20,631	\$ 30,566

Fiscal Year 2022-2023 was the seventh year of “Measure V” collection; a voter approved additional half cent sales tax approved in the November 2016 elections. The amount of Measure V tax proceeds received and recorded during fiscal year 2022-2023 was \$10,487,942. The City Council has committed Measure V funds toward the development of a new aquatic center and multi-generational community gymnasium center, improvements at Legacy Fields Sports Complex, and a nature park.

Measure V Capital Funded City Amenities

Project	Accumulated Fund Balance as of June 30, 2023
Aquatic Center	\$40.7M
Multi-Gen Rec Center	\$4.0M
Legacy Fields-Phase 1E	Debt Finance
Nature Park	\$1.0M
Ritter Family Ball Park	\$3.0M
Senior Center	\$1.0M
Operations & Maintenance	\$1.6M
Debt Service	\$1.7M

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023 can be found on the City of Tracy's website.

STRATEGIC PLAN

This agenda item addresses Goal 2 of the Governance Strategy to ensure continued fiscal sustainability through financial and budgetary stewardship.

FISCAL IMPACT

There is no fiscal impact associated with this action.

RECOMMENDATION

Staff recommends that the Finance Committee recommend that the City Council adopt a resolution accepting the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023.

Prepared by: Robert Harmon, Accounting Manager

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

Approved by: Midori Lichtwardt, City Manager

APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

TRACY CITY COUNCIL

RESOLUTION NO. _____

ACCEPTING THE ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2023

WHEREAS, The annual financial statements of the City of Tracy (City) for the fiscal year ended June 30, 2023, have been prepared by the City's Finance Department, and

WHEREAS, The annual financial statements were examined by the City's independent auditor, the public accounting firm of The Pun Group, and

WHEREAS, The auditors have issued an unmodified audit opinion; and

WHEREAS, The audited financial statements are incorporated into an Annual Comprehensive Financial Report (ACFR), and the auditor's opinion is included therein, and

WHEREAS, It is the opinion of the auditors that the financial statements present fairly the financial position of the City as of June 30, 2023, and that the statements were prepared in accordance with accounting principles generally accepted in the United States of America;

WHEREAS, the Finance Committee reviewed this item at its meeting on January 17, 2023 and recommended that the City Council accept the ACFR; and now therefore be it

RESOLVED: That the City Council of the City of Tracy does hereby accept the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

* * * * *

The foregoing Resolution 2024-_____ 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

Resolution No. _____

Page 2

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 recommend that the City Council adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year ending June 30, 2024, and authorizing the Budget Officer to amend the City's position control roster for FY2023-24.

EXECUTIVE SUMMARY

The Tracy Finance Committee recommends 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.

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 (Q2), through December 31, 2023. This financial summary identifies Q2 General Fund revenue and expenditure actuals and encumbrances, minor amendments to the FY 2023-24 budget.

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 Second Quarter (Q2) through December 31, 2023, and requests that the City Council amend revenue and expenditures for the FY 2023-24 budget.

ANALYSIS

As of December 31, 2023, the General Fund expenditures are approximately 35% of the approved operating budget. General Fund revenues collected in Q2 (as of December 31, 2023), reflect approximately 43% of estimated revenues. City revenues tend to lag a quarter behind, and many revenues will appear lower 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 December 31, 2023 (Second Quarter-Q2). For comparison, FY 2022-23 Q2 actuals are also provided.

FY 2023-24 General Fund Budget to Actuals

<u>REVENUES</u>	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 23/24</u>	<u>FY 23/24</u>	<u>% of</u>
(in thousands)	<u>Q2</u>	<u>Adopted</u>	<u>Amended</u>	<u>Actual Q2</u>	<u>Budget</u>
Property Tax	\$ 10,728	\$ 32,751	\$ 32,751	\$ 9,943	30%
Sales Tax	21,576	65,951	65,951	23,467	36%
Sales Tax (MEASURE V)	2,438	12,647	12,647	4,995	39%
Other Taxes	1,243	7,300	7,300	8,745	120%
Other Revenues	10,376	18,843	20,587	12,323	60%
Total Revenues	\$ 46,361	\$ 137,492	\$ 139,236	\$ 59,473	43%
<u>EXPENDITURES</u>					<u>% of</u>
(in thousands)					<u>Budget</u>
Personnel	\$ 24,725	\$ 57,502	\$ 57,502	\$ 26,726	46%
Contracted Services	14,839	28,189	29,862	9,581	32%
Operational Supplies & Equipment	908	3,178	3,915	1,202	31%
Utilities	1,228	2,582	2,607	1,273	49%
Internal Service Charges	5,643	12,881	12,904	6,427	50%
Capital	279	534	1,840	818	44%
Other Payments	745	762	812	346	43%
Net Transfers In/(Out)	1,865	28,772	28,772	2,362	8%
Total Expenditures	\$ 50,232	\$ 134,400	\$ 138,214	\$ 48,735	35%

Total Change in Net Position \$ (3,871) \$ 3,092 \$ 1,022 \$ 10,738

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 December 31, 2023 (Second Quarter-Q2). For comparison, FY 2022-23 Q2 actuals are also provided.

<u>Other Taxes</u>	<u>FY 22/23</u>	<u>FY 23/24</u>	<u>FY 23/24</u>	<u>FY 23/24</u>	<u>% of</u>
(in thousands)	<u>Q2</u>	<u>Adopted</u>	<u>Amended</u>	<u>Actual Q2</u>	<u>Budget</u>
Cannabis	\$ -	\$ -	\$ -	\$ 98	0%
Business License	640	4,500	4,500	8,137	181%
Transient Lodging	603	2,800	2,800	510	18%
Total Other Taxes	\$ 1,243	\$ 7,300	\$ 7,300	\$ 8,745	120%

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 December 31, 2023 (Second Quarter-Q2). For comparison, FY 2022-23 Q2 actuals are also provided.

<u>Other Revenues</u> (in thousands)	<u>FY 22/23</u> <u>Q2</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q2</u>	<u>% of</u> <u>Budget</u>
Charges for Services	\$ 6,462	\$ 12,025	\$ 12,025	\$ 5,374	0%
Contributions	93	150	150	98	0%
Fines and Forfeitures	75	122	122	86	70%
Licenses and Permits	1,297	4,808	4,808	1,536	32%
Other Revenues	240	128	128	256	200%
Revenues From Other Agencies	1,969	601	2,345	1,359	58%
Special Assessment	243	475	475	125	26%
Use of Money	239	1,000	1,000	3,614	361%
Total Other Revenues	\$ 10,618	\$ 19,309	\$ 21,053	\$ 12,448	59%

FY 2023-24 First Quarter (Q2) Operating Budget Augmentations

The following table is a summary of all recommended Q2 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.

Department	Description	General Fund	Other Fund	On Going	One Time
City Attorney	Personnel (1)	\$ 100,458		\$ 97,458	\$ 3,000
Development Services	Personnel (1)		\$ 167,542	\$ 117,042	\$ 50,500
Mobility & Housing	Personnel (1) & Contract Services	\$ 182,974		\$ 119,084	\$ 63,890
Non-Departmental	Fire Medical Leave Bank - Retirees	\$ 851,169			\$ 851,169
Operations & Utilities	Personnel (1), Contract Services & Supplies	\$ 150,000	\$1,921,109	\$1,827,509	\$ 243,600
Parks & Recreation	Contract Services & Supplies		\$ 451,184	\$ 451,184	
Total:		\$1,284,601	\$2,539,835	\$2,612,277	\$1,212,159

General Fund Non-Personnel Augmentations

Department	Description	General Fund	On Going	One Time
Mobility & Housing	Personnel (1) & Contract Services	\$ 60,000	\$ -	\$ 60,000
Non-Departmental	Fire Medical Leave Bank - Retirees	\$ 851,169	\$ -	\$ 851,169
Operations & Utilities	Contract Services & Supplies	\$ 150,000	\$ 150,000	\$ -
Total:		\$ 1,061,169	\$ 150,000	\$ 911,169

Mobility & Housing

The Airport Division is requesting a one-time increase to for professional services to repair damage (sinkhole) in the Hangar Taxi Lane.

Non-Departmental

This adjustment is to account for the city's liability of medical leave banks for retirees from South San Joaquin County Fire Authority. (Employees may convert all accrued unused sick leave at time of retirement to medical insurance bank (# of hours x hourly rate of pay)

Operations & Utilities

The Operations division requested on-going funding for additional asphalt for Streets.

General Fund Personnel Augmentations

Department	Description	General Fund	On Going	One Time
City Attorney	Personnel (1)	\$ 100,458	\$ 97,458	\$ 3,000
Mobility & Housing	Personnel (1)	\$ 122,974	\$ 119,084	\$ 3,890
Total:		\$ 223,432	\$ 216,542	\$ 6,890

City Attorney

(1) Paralegal - The City Attorney's office is requesting to fund one Paralegal position to assist with the increased volume of work.

Mobility & Housing

(1) Economic Development Management Analyst I/II - The Economic Development Division is requesting the addition of (1) Economic Development Management Analyst I/II. This addition will assist in the implementation of Economic Development recommendations, goals, and actions outlined in the City's recently adopted 10-Year Economic Development Strategic Plan.

Other Funds Non-Personnel Augmentations

Department	Description	Funding Source	On Going	One Time
Operations & Utilities	Contract Services	Internal Services		\$ 40,000
Operations & Utilities	Contract Services & Supplies	Water Operating	\$ 952,000	\$ 201,000
Operations & Utilities	Contract Services & Supplies	Wastewater Operating	\$ 587,000	
Parks & Recreation	Contract Services & Supplies	Ellis CFD	\$ 374,364	
Parks & Recreation	Contract Services & Supplies	City Wide CFD	\$ 76,820	

Total: \$1,990,184 \$ 241,000

Operations & Utilities

The Operations Division is requesting one time funding for Building Maintenance to repair the cooling tower in the Police Department building.

The Utilities Water Operations Division is requesting on-going funding for Water Contracts related to an increase in water purchases, supplies for chemicals for water treatment, costs related to permits for Groundwater Sustainability Act and one-time funding for a pump replacement.

The Utilities Wastewater Operations Division is requesting on-going funding for supplies for chemicals due to increased costs and usage, and professional services to for specialized work to maintain plant equipment.

Parks & Recreation

The Parks Maintenance Division is requesting on-going funding for contract services and supplies to maintain landscaping and parks in the Ellis CFD and Citywide CFD.

Other Funds Non-Personnel Augmentations

Department	Description	Funding Source	On Going	One Time
Development Services	(1) Construction Inspector	Development Services	\$ 112,342	\$ 2,000
Development Services	Construction Inspector - Truck	Development Services	\$ 4,700	\$ 48,500
Operations & Utilities	(1) Environmental Compliance Technician	Wastewater Operating	\$ 138,509	\$ 2,600
Total:			\$ 255,551	\$ 53,100

Development Services

(1) Construction Inspector I/II – The Engineering Division is requesting the addition of one Construction Inspector I/II to Construction Management. This position will be dedicated to public right-of-way, landscaping, new turn-key parks, and other capital projects that will allow the Parks Planning Division to focus on the highly skilled and technical components.

Operations & Utilities

(1) Environmental Compliance Tech - The Utilities Wastewater Operations Division is requesting the addition of one Environmental Compliance Tech to focus on regulatory compliance needs for Wastewater that are required to provide compliance with water quality mandates and discharge requirements.

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) Economic Development Analyst Management Analyst I/II – Mobility & Housing is requesting to delete (1) Management Analyst I/II and re-allocate funding to add (1) Economic Development Analyst Management Analyst I/II to the Economic Development division. This item does not require a budget augmentation.

FY 2023-24 Second Quarter (Q2) Capital Improvement Project (CIP) Augmentations

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

CIP AUGMENTATION		
CIP	Budget	Fund
73198 - Improvements at I-580/CH Interchange	\$ 200,000	245 - Gas Tax
72104 - Intersection Improvements - Corral Hollow & Linne	\$ 100,000	242 - Measure K
72098 - Adaptive Traffic System	\$ 160,000	245 - Gas Tax
72118 - Upgrade & Main of Traffic Management Center Software	\$ 75,000	245 - Gas Tax
Total:	\$535,000	

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 December 31, 2023 (Second Quarter Q2). Staff is recommending amendments to the City Operating and Capital Budget for FY 2023-24. The FY 2023-24 proposed budget appropriations of \$1.28 million General Fund and \$2.53 million from other funds. In addition, the FY 2023-24 budget has been amended by \$535,000 for Capital Improvement Projects.

**SUMMARY OF NEW BUDGET AUGMENTATIONS
 FOR (Q2) FY 2023-24**

Department	Description	General Fund	Other Fund	On Going	One Time
City Attorney	Personnel (1)	\$ 100,458		\$ 97,458	\$ 3,000
Development Services	Personnel (1)		\$ 167,542	\$ 117,042	\$ 50,500
Mobility & Housing	Personnel (1) & Contract Services	\$ 182,974		\$ 119,084	\$ 63,890
Non-Departmental	Fire Medical Leave Bank - Retirees	\$ 851,169			\$ 851,169
Operations & Utilities	Personnel (1), Contract Services & Supplies	\$ 150,000	\$1,921,109	\$1,827,509	\$ 243,600
Parks & Recreation	Contract Services & Supplies		\$ 451,184	\$ 451,184	
Total:		\$1,284,601	\$2,539,835	\$2,612,277	\$1,212,159

CIP AUGMENTATION		
CIP	Budget	Fund
73198 - Improvements at I-580/CH Interchange	\$ 200,000	245 - Gas Tax
72104 - Intersection Improvements - Corral Hollow & Linne	\$ 100,000	242 - Measure K
72098 - Adaptive Traffic System	\$ 160,000	245 - Gas Tax
72118 - Upgrade & Main of Traffic Management Center Software	\$ 75,000	245 - Gas Tax
Total:	\$ 535,000	

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

Approved by: Midori Lichtwardt, City Manager

ATTACHMENTS:

Attachment A - FY2023-24 Q2 Budget Update Power Point Presentation



Finance Committee

FY 2023-24 Q2 Budget Update

January 23, 2024



FY2023-24 Q2 Revenues

<u>REVENUES</u> (in thousands)	<u>FY 22/23</u> <u>Q2</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q2</u>	<u>% of</u> <u>Budget</u>
Property Tax	\$ 10,728	\$ 32,751	\$ 32,751	\$ 9,943	30%
Sales Tax	21,576	65,951	65,951	23,467	36%
Sales Tax (MEASURE V)	2,438	12,647	12,647	4,995	39%
Other Taxes	1,243	7,300	7,300	8,745	120%
Other Revenues	10,376	18,843	20,587	12,323	60%
Total Revenues	\$ 46,361	\$ 137,492	\$ 139,236	\$ 59,473	43%



FY2023-24 Q2 Revenues

<u>Other Taxes</u> (in thousands)	<u>FY 22/23</u> <u>Q2</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q2</u>	<u>% of</u> <u>Budget</u>
Cannabis	\$ -	\$ -	\$ -	\$ 98	0%
Business License	640	4,500	4,500	8,137	181%
Transient Lodging	603	2,800	2,800	510	18%
Total Other Taxes	\$ 1,243	\$ 7,300	\$ 7,300	\$ 8,745	120%



FY2023-24 Q2 Revenues

<u>Other Revenues</u> (in thousands)	<u>FY 22/23</u> <u>Q2</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q2</u>	<u>% of</u> <u>Budget</u>
Charges for Services	\$ 6,462	\$ 12,025	\$ 12,025	\$ 5,374	0%
Contributions	93	150	150	98	0%
Fines and Forfeitures	75	122	122	86	70%
Licenses and Permits	1,297	4,808	4,808	1,536	32%
Other Revenues	240	128	128	256	200%
Revenues From Other Agencies	1,969	601	2,345	1,359	58%
Special Assessment	243	475	475	125	26%
Use of Money	239	1,000	1,000	3,614	361%
Total Other Revenues	\$ 10,618	\$ 19,309	\$ 21,053	\$ 12,448	59%



FY2023-24 Q2 Expenses

EXPENDITURES

(in thousands)

					<u>% of Budget</u>
Personnel	\$ 24,725	\$ 57,502	\$ 57,502	\$ 26,726	46%
Contracted Services	14,839	28,189	29,862	9,581	32%
Operational Supplies & Equipment	908	3,178	3,915	1,202	31%
Utilities	1,228	2,582	2,607	1,273	49%
Internal Service Charges	5,643	12,881	12,904	6,427	50%
Capital	279	534	1,840	818	44%
Other Payments	745	762	812	346	43%
Net Transfers In/(Out)	1,865	28,772	28,772	2,362	8%
Total Expenditures	\$ 50,232	\$ 134,400	\$ 138,214	\$ 48,735	35%



FY2023-24 Q2 Augmentations

Department	Description	General Fund	Other Fund	On Going	One Time
City Attorney	Personnel (1)	\$ 100,458		\$ 97,458	\$ 3,000
Development Services	Personnel (1)		\$ 167,542	\$ 117,042	\$ 50,500
Mobility & Housing	Personnel (1) & Contract Services	\$ 182,974		\$ 119,084	\$ 63,890
Non-Departmental	Fire Medical Leave Bank - Retirees	\$ 851,169			\$ 851,169
Operations & Utilities	Personnel (1), Contract Services & Supplies	\$ 150,000	\$ 1,921,109	\$ 1,827,509	\$ 243,600
Parks & Recreation	Contract Services & Supplies		\$ 451,184	\$ 451,184	

Total: \$ 1,284,601 \$ 2,539,835 \$ 2,612,277 \$ 1,212,159



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
	Total:	\$ 1,024,000	\$ 301,000	\$ 723,000

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
		Total:	\$ 1,829,000	\$ 4,139,000



FY2023-24 Q2 CIP Augmentations

CIP AUGMENTATION		
CIP	Budget	Fund
73198 - Improvements at I-580/CH Interchange	\$ 200,000	245 - Gas Tax
72104 - Intersection Improvements - Corral Hollow & Linne	\$ 100,000	242 - Measure K
72098 - Adaptive Traffic System	\$ 160,000	245 - Gas Tax
72118 - Upgrade & Main of Traffic Management Center Software	<u>\$ 75,000</u>	245 - Gas Tax
Total:	\$535,000	





Discussion



APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

TRACY CITY COUNCIL

RESOLUTION NO. _____

AMENDING THE CITY'S OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2024 AND AUTHORIZING 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 Mobility and Housing Airport Division will be getting a one-time funding to contract services to repair damage (sinkhole) in the Hangar Taxi Lane, and

WHEREAS, A Non-Departmental adjustment is needed for one-time funding from General Fund to account for the city's liability of medical leave banks for retirees from South San Joaquin County Fire Authority, and

WHEREAS, The Operations and Utilities Department will be getting increases to contract services and supplies for chemicals, water purchases, plant maintenance, one-time funding for pump replacement and repairs to the Police Department building, and

WHEREAS, The Parks and Recreation Department Parks Maintenance Division will be getting increases for contract services and supplies to maintain landscaping and parks in the Ellis CFD and Citywide CFD, and

WHEREAS, The Budget Officer will be adding (1) Paralegal to the City Attorney's position control roster, and

WHEREAS, The Budget Officer will be adding (1) Construction Inspector I/II to the Development Services Department position control roster, and

WHEREAS, The Budget Officer will be deleting (1) Management Analyst I/II and adding (2) Economic Development Management Analyst I/II to the Mobility & Housing position control roster, and

WHEREAS, The Budget Officer will be adding (1) Environmental Compliance Technician to the Operations & Utilities Department position control roster, and

Resolution _____

WHEREAS, The Tracy Finance Committee heard this item on January 17, 2024 and recommends that the City Council adopt this proposed 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 2024-_____ 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>Q2</u>	<u>FY 23/24</u> <u>Adopted</u>	<u>FY 23/24</u> <u>Amended</u>	<u>FY 23/24</u> <u>Actual Q2</u>	<u>% of</u> <u>Budget</u>
Property Tax	\$ 10,728	\$ 32,751	\$ 32,751	\$ 9,943	30%
Sales Tax	21,576	65,951	65,951	23,467	36%
Sales Tax (MEASURE V)	2,438	12,647	12,647	4,995	39%
Other Taxes	1,243	7,300	7,300	8,745	120%
Other Revenues	10,376	18,843	20,587	12,323	60%
Total Revenues	\$ 46,361	\$ 137,492	\$ 139,236	\$ 59,473	43%
<u>EXPENDITURES</u> (in thousands)					<u>% of</u> <u>Budget</u>
Personnel	\$ 24,725	\$ 57,502	\$ 57,502	\$ 26,726	46%
Contracted Services	14,839	28,189	29,862	9,581	32%
Operational Supplies & Equipment	908	3,178	3,915	1,202	31%
Utilities	1,228	2,582	2,607	1,273	49%
Internal Service Charges	5,643	12,881	12,904	6,427	50%
Capital	279	534	1,840	818	44%
Other Payments	745	762	812	346	43%
Net Transfers In/(Out)	1,865	28,772	28,772	2,362	8%
Total Expenditures	\$ 50,232	\$ 134,400	\$ 138,214	\$ 48,735	35%

Total Change in Net Position \$ (3,871) \$ 3,092 \$ 1,022 \$ 10,738

Department	Description	General Fund	Other Fund	On Going	One Time
City Attorney	Personnel (1)	\$ 100,458		\$ 97,458	\$ 3,000
Development Services	Personnel (1)		\$ 167,542	\$ 117,042	\$ 50,500
Mobility & Housing	Personnel (1) & Contract Services	\$ 182,974		\$ 119,084	\$ 63,890
Non-Departmental	Fire Medical Leave Bank - Retirees	\$ 851,169			\$ 851,169
Operations & Utilities	Personnel (1), Contract Services & Supplies	\$ 150,000	\$1,921,109	\$1,827,509	\$ 243,600
Parks & Recreation	Contract Services & Supplies		\$ 451,184	\$ 451,184	

Total: \$1,284,601 \$2,539,835 \$2,612,277 \$1,212,159

Resolution _____

CIP AUGMENTATION		
CIP	Budget	Fund
73198 - Improvements at I-580/CH Interchange	\$ 200,000	245 - Gas Tax
72104 - Intersection Improvements - Corral Hollow & Linne	\$ 100,000	242 - Measure K
72098 - Adaptive Traffic System	\$ 160,000	245 - Gas Tax
72118 - Upgrade & Main of Traffic Management Center Software	\$ 75,000	245 - Gas Tax