

TRACY CITY COUNCIL AND THE SUCCESSOR
AGENCY TO THE CITY OF TRACY COMMUNITY
DEVELOPMENT AGENCY

REGULAR MEETING AGENDA

Tuesday, January 21, 2020, 7:00 P.M.

City Council Chambers, 333 Civic Center Plaza, Tracy

Web Site: www.cityoftracy.org

Americans With Disabilities Act - The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in Council meetings. Persons requiring assistance or auxiliary aids should call City Hall (209/831-6105) 24 hours prior to the meeting.

Addressing the Council on Items on the Agenda - The Brown Act provides that every regular Council meeting shall provide an opportunity for the public to address the Council on any item within its jurisdiction before or during the Council's consideration of the item, provided no action shall be taken on any item not on the agenda. To facilitate the orderly process of public comment and to assist the Council to conduct its business as efficiently as possible, members of the public wishing to address the Council are requested to, but not required to, hand a speaker card, which includes the speaker's name or other identifying designation and address to the City Clerk prior to the agenda item being called. Generally, once the City Council begins its consideration of an item, no more speaker cards will be accepted. An individual's failure to present a speaker card or state their name shall not preclude the individual from addressing the Council. Each citizen will be allowed a maximum of five minutes for input or testimony. In the event there are 15 or more individuals wishing to speak regarding any agenda item including the "Items from the Audience/Public Comment" portion of the agenda and regular items, the maximum amount of time allowed per speaker will be three minutes. When speaking under a specific agenda item, each speaker should avoid repetition of the remarks of the prior speakers. To promote time efficiency and an orderly meeting, the Presiding Officer may request that a spokesperson be designated to represent similar views. A designated spokesperson shall have 10 minutes to speak. At the Presiding Officer's discretion, additional time may be granted. The City Clerk shall be the timekeeper.

Consent Calendar - All items listed on the Consent Calendar are considered routine and/or consistent with previous City Council direction. One motion, a second, and a roll call vote may enact the items listed on the Consent Calendar. No separate discussion of Consent Calendar items shall take place unless a member of the City Council, City staff or the public request discussion on a specific item.

Addressing the Council on Items not on the Agenda – The Brown Act prohibits discussion or action on items not on the posted agenda. The City Council's Meeting Protocols and Rules of Procedure provide that in the interest of allowing Council to have adequate time to address the agenda items of business, "Items from the Audience/Public Comment" following the Consent Calendar will be limited to 15-minutes maximum period. "Items from the Audience/Public Comment" listed near the end of the agenda will not have a maximum time limit. 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, Council 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 the matter be placed on a future agenda or that staff provide additional information to Council. When members of the public address the Council, they should be as specific as possible about their concerns. If several members of the public comment on the same issue an effort should be made to avoid repetition of views already expressed.

Notice - A 90 day limit is set by law for filing challenges in the Superior Court to certain City administrative decisions and orders when those decisions or orders require: (1) a hearing by law, (2) the receipt of evidence, and (3) the exercise of discretion. The 90 day limit begins on the date the decision is final (Code of Civil Procedure Section 1094.6). Further, if you challenge a City Council action in court, you may be limited, by California law, including but not limited to Government Code Section 65009, to raising only those issues you or someone else raised during the public hearing, or raised in written correspondence delivered to the City Council prior to or at the public hearing.

CALL TO ORDER
PLEDGE OF ALLEGIANCE
INVOCATION
ROLL CALL
PRESENTATIONS

1. Employee of the Month – January 2020
2. 2019 Employee of the Year
3. Proclamation – National Slavery and Human Trafficking Prevention Month
4. Certificates of Recognition – Tracy Arts Commission

1. CONSENT CALENDAR

- 1.A. APPROVAL OF DECEMBER 17, 2019 CLOSED SESSION AND REGULAR MEETING MINUTES
- 1.B. DECLARE CERTAIN VEHICLES AND EQUIPMENT AS SURPLUS AND APPROVE THEIR SALE
- 1.C. WAIVE SECOND READING AND ADOPT ORDINANCE 1281, AN ORDINANCE OF THE CITY OF TRACY AMENDING THE I-205 CORRIDOR SPECIFIC PLAN, APPENDIX A, TABLE A-2, PERMITTED AND CONDITIONALLY PERMITTED COMMERCIAL AND INDUSTRIAL USES, TO ALLOW BREWERIES, WINERIES, AND DISTILLERIES, APPLICATION NUMBER SPA19-0005
- 1.D. WAIVE SECOND READING AND ADOPT ORDINANCE 1282, AN ORDINANCE OF THE CITY OF TRACY AMENDING ARTICLE 18, CENTRAL BUSINESS DISTRICT (CBD) ZONE, OF CHAPTER 10.08 OF THE TRACY MUNICIPAL CODE TO PERMIT HIGH DENSITY RESIDENTIAL USES, INCLUDING SINGLE-FAMILY DWELLINGS, TWO-FAMILY DWELLINGS, AND MULTI-FAMILY DWELLINGS, APPLICATION NUMBER ZA17-0003
- 1.E. WAIVE SECOND READING AND ADOPT ORDINANCE 1283, AN ORDINANCE OF THE CITY OF TRACY AMENDING CHAPTER 2.04 (CITY COUNCIL ORGANIZATION AND PROCEDURE) OF TITLE 2 (ADMINISTRATION) OF THE TRACY MUNICIPAL CODE TO ADD SECTION 2.04.060 "COUNCIL MEMBER AND ELECTED MAYOR COMPENSATION"
- 1.F. THAT THE CITY COUNCIL OF THE CITY OF TRACY, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY, APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 20-21
- 1.G. ADOPT A RESOLUTION ACCEPTING THE CITY OF TRACY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2019

- 1.H. APPROVE PROFESSIONAL SERVICES AGREEMENTS WITH KIMLEY-HORN, FIRST CARBON SOLUTIONS, DE NOVO PLANNING GROUP, LAND LOGISTICS, AND PLACEWORKS FOR ON-CALL ENVIRONMENTAL ANALYSIS (CEQA) SERVICES AND PLANNING ASSISTANCE FOR VARIOUS PROJECTS BEGINNING IN JANUARY 2020 THROUGH JUNE 2024, WITH A NOT-TO-EXCEED AMOUNT OF \$500,000 PER CONTRACT PER FISCAL YEAR
- 1.I. APPROVE A NEW CAPITAL IMPROVEMENT PROJECT (CIP 74161) FOR THE REPLACEMENT OF SANITARY SEWER LATERALS ALONG HIGHLAND AVENUE BETWEEN EL PORTAL STREET AND HOLLY DRIVE, AND EL PORTAL STREET FROM ELEVENTH STREET TO THE END, AND AUTHORIZE AN APPROPRIATION OF \$180,000 FROM THE WASTEWATER CAPITAL FUND (F523) TO THE NEW PROJECT
- 1.J. ADOPT CITY COUNCIL STRATEGIC PRIORITIES, GOALS AND OBJECTIVES THROUGH CALENDAR YEAR 2020, WHICH INCLUDE QUALITY OF LIFE, ECONOMIC DEVELOPMENT, PUBLIC SAFETY, AND GOVERNANCE
- 1.K. AUTHORIZE THE PURCHASE OF TWO NEW FIRE ENGINES FROM PIERCE MANUFACTURING, INC. PURSUANT TO SECTION 2.20.220 OF THE TRACY MUNICIPAL CODE; (2) APPROPRIATE \$1,391,574 FROM VEHICLE REPLACEMENT FUND 606 AND \$252,064 FROM THE EQUIPMENT REPLACEMENT FUND 605 FOR THE PURCHASES; (3) APPROVE THE BUDGET APPROPRIATIONS FROM FUND BALANCE FOR THE PURCHASES
- 1.L. APPROVE MASTER PROFESSIONAL SERVICES AGREEMENTS (MPSA) WITH BSK ASSOCIATES, OF LIVERMORE, CALIFORNIA AND RIVER CITY GEOPROFESSIONALS, INC. DBA WALLACE KUHL & ASSOCIATES OF STOCKTON, CALIFORNIA, WITH AN ANNUAL NOT TO EXCEED AMOUNT OF \$200,000 TO PROVIDE MATERIALS TESTING SERVICES FOR 2020-2023 WITH THE OPTION TO EXTEND THE AGREEMENTS AN ADDITIONAL TWO YEARS AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE EXTENSIONS IF NEEDED
- 1.M. RECEIVE UPDATE REGARDING THE ACTIVITIES OF THE TRACY HOMELESSNESS COUNCIL AD HOC COMMITTEE AND DEVELOPMENT OF THE HOMELESS STRATEGIC PLAN
- 1.N. AMEND COUNCIL POLICY REGARDING SELECTION PROCESS FOR COUNCIL APPOINTEE BODIES SUCH AS BOARDS AND COMMISSIONS
2. ITEMS FROM THE AUDIENCE
3. REGULAR AGENDA
 - 3.A. REVIEW AND DISCUSS DRAFT CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES AND PROVIDE DIRECTION TO STAFF
 - 3.B. PROVIDE DIRECTION TO STAFF REGARDING CO-SPONSORING OF HEALTH AND WELLNESS EVENTS WITH TRACY CHAMBER OF COMMERCE
 - 3.C. REVIEW AND DETERMINE APPOINTMENTS TO COUNCIL COMMITTEES AND OTHER COMMITTEES, BOARDS AND COMMISSIONS

- 3.D. APPOINT THREE APPLICANTS TO SERVE ON THE PARKS AND COMMUNITY SERVICES COMMISSION
- 3.E. APPOINTMENT OF CITY COUNCIL SUBCOMMITTEE TO INTERVIEW APPLICANTS TO FILL THREE TERM EXPIRATIONS ON THE MEASURE V RESIDENTS' OVERSIGHT COMMITTEE
- 4. ITEMS FROM THE AUDIENCE
- 5. STAFF ITEMS
- 6. COUNCIL ITEMS
- 7. ADJOURNMENT

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

December 17, 2019, 6:45 p.m.

Council Chambers, 333 Civic Center Plaza, Tracy

1. CALL TO ORDER – Mayor Rickman called the meeting to order at 6:45 p.m. for the purpose of a closed session to discuss the items outlined below.
2. ROLL CALL – Roll call found Council Members Vargas, Ransom, Mayor Pro Tem Young, and Mayor Rickman present. Council Member Arriola absent.
3. ITEMS FROM THE AUDIENCE – None
4. CLOSED SESSION
 1. Conference with Legal Counsel – Anticipated Litigation (GOV. Code § 54956.9)
Significant exposure to litigation pursuant to § 54956.9(d)(2). (One case).
5. RECESS TO CLOSED SESSION - Motion was made by Mayor Pro Tem Young and seconded by Council Member Ransom to recess the meeting to closed session at 6:46 p.m. Roll call vote found Council Members Vargas, Ransom, Mayor Pro Tem Young and Mayor Rickman in favor; passed and so ordered. Council Member Arriola absent.

Council Member Arriola arrived at 6:50 p.m.
6. RECONVENE TO OPEN SESSION – The meeting reconvened to open session at 7:00 p.m.
7. REPORT OF FINAL ACTION – There was no report of final action.
8. ADJOURNMENT – Motion was made by Council Member Vargas and seconded by Council Member Arriola to adjourn. Roll call vote found all in favor; passed and so ordered. Time: 7:00 p.m.

The agenda was posted at City Hall on December 12, 2019. The above are action minutes.

Mayor

ATTEST:

City Clerk

December 17, 2019, 7:00 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

Mayor Rickman called the meeting to order at 7:00 p.m.

Mayor Rickman led the Pledge of Allegiance.

Roll call found Council Members Arriola, Ransom, Vargas, Mayor Pro Tem Young and Mayor Rickman present.

1. CONSENT CALENDAR – Following the removal of agenda item 1.J by Mayor Rickman motion was made by Council Member Vargas and seconded by Council Member Ransom to adopt the Consent Calendar. Roll call vote found all in favor; passed and so ordered.
 - 1.A APPROVAL OF MINUTES OCTOBER 15, 2019, REGULAR MEETING MINUTES, NOVEMBER 19, 2019 SPECIAL AND REGULAR MEETING MINUTES, AND DECEMBER 3, 2019, REGULAR MEETING MINUTES -
Minutes were approved.
 - 1.B APPROVE AMENDMENT 1 TO THE LICENSE AGREEMENT WITH JAMES McDERMOTT POST NO. 172, THE AMERICAN LEGION, DEPARTMENT OF CALIFORNIA – Resolution 2019-241 approved Amendment 1 to the License Agreement with James McDermott Post No. 172, the American Legion.
 - 1.C APPROVE A THIRD EXTENSION TO 1998-1 AMENDMENT TO THE WASTEWATER TREATMENT DISCHARGE AGREEMENT WITH LEPRINO FOODS - Resolution 2019-242 approved a third extension to 1998-1 amendment to the Discharge Agreement with Leprino Foods.
 - 1.D APPROVE A SECOND EXTENSION TO THE AGREEMENT FOR PROPERTY TAX ALLOCATION UPON ANNEXATION BETWEEN THE COUNTY OF SAN JOAQUIN AND THE CITY OF TRACY - Resolution 2019-243 approved a second extension to the Property Tax Allocation Upon Annexation Agreement with the San Joaquin County.
 - 1.E CONFIRMATION OF MATTERS RELATED TO ANNEXATION OF PROPERTY (ELLIS PHASE 3 TOWN AND COUNTRY NEIGHBORHOOD) INTO IMPROVEMENT AREA NO. 3 OF THE CITY OF TRACY COMMUNITY FACILITIES DISTRICT NO. 2016-2 (ECFD) – Resolution 2019-244 confirmed matters related to annexation of property into Improvement Area No. 3 of Tracy CFD No. 2016-2.
 - 1.F ADOPT A RESOLUTION APPROVING THE 2019 ANNUAL REPORT ON DEVELOPMENT IMPACT FEE REVENUES, EXPENDITURES AND FINDINGS REGARDING UNEXPENDED FUNDS IN ACCORDANCE WITH THE MITIGATION FEE ACT – Resolution 2019-245 approved the 2019 Annual

Report on Development Impact Fee Revenues, Expenditures and Findings regarding unexpended funds.

- 1.G APPROVE THE INSTALLATION OF A NO LEFT-TURN (R3-2) SIGN, WITH SUPPLEMENTAL 'SCHOOL DAYS 7:30-8:30 AM 1:30-3:30 PM' SIGN, IN FRONT OF CENTRAL ELEMENTARY SCHOOL – **Resolution 2019-246** approved installation of a no left-turn sign.
- 1.H APPROVE AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICE AGREEMENT WITH PENNINO MANAGEMENT GROUP FOR ADDITIONAL GRANT, RESEARCH, AND FUNDING PROGRAM SERVICES TOTALING \$39,019 – **Resolution 2019-247** approved amendment No. 2 to the agreement with Pennino Management.
- 1.I WAIVE SECOND READING AND ADOPT ORDINANCE 1280, AN ORDINANCE OF THE CITY OF TRACY AMENDING CHAPTER 11.12 OF THE TRACY MUNICIPAL CODE RELATING TO UNIFORM BILLING, COLLECTION AND DELINQUENCY PROCEDURES OF CITY SERVICES – **Ordinance 1280 was adopted.**
- 1.K APPROVE THE FINAL SUBDIVISION MAP AND SUBDIVISION IMPROVEMENT AGREEMENT FOR TRACT 3856 SANTOSHA (BERG ROAD PROPERTIES), AND AUTHORIZE THE CITY CLERK TO FILE THE SUBDIVISION IMPROVEMENT AGREEMENT WITH THE SAN JOAQUIN COUNTY RECORDER – **Resolution 2019-248** approved the Final Subdivision Map and Subdivision Improvement Agreement.
- 1.L APPROVE THE INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES BUREAU OF RECLAMATION AND THE CITY FOR PROVIDING CENTRAL VALLEY PROJECT WATER SERVICE EFFECTIVE MARCH 1, 2020, THROUGH FEBRUARY 28, 2022, AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE CONTRACT AND OTHER AGREEMENTS WITH THE BUREAU OF RECLAMATION FOR VARIOUS OPERATIONAL FUNCTIONS RELATED TO THE CENTRAL VALLEY PROJECT – **Resolution 2019-249** approved the Interim Renewal Contract with the United States Bureau of Reclamation.
- 1.M ADOPT REVISED CITY COUNCIL POLICY ON FILLING CITY COUNCIL VACANCIES TO APPOINT NEXT HIGHEST VOTE-GETTER TO FILL COUNCIL VACANCY CREATED WITHIN FIRST YEAR OF THE POSITION'S TERM AND UTILIZE CURRENT APPOINTMENT SELECTION PROCESS FOR OTHER VACANCIES – **Resolution 2019-250** adopted the revised City Council policy on filling City Council vacancies.
- 1.N APPROVE AMENDMENT NO. 2 TO PROFESSIONAL SERVICES AGREEMENT WITH WEST YOST ASSOCIATES IN THE AMOUNT OF \$13,518 FOR DESIGN SUPPORT FOR EXTENSION OF RECYCLED WATER PIPELINE AND AMENDMENT NO. 3 TO PROFESSIONAL SERVICES AGREEMENT WITH CH2M HILL IN THE AMOUNT OF \$150,000 FOR THE RECYCLED WATER PROJECT, CIP 74091 AND STATE AGREEMENT NO. 4600011424 – **Resolution 2019-251** approved Amendment No. 2 to the Professional Services Agreement with West Yost Associates.

1.J ADOPT A RESOLUTION FORMALLY ESTABLISHING THE TRACY HOMELESSNESS STRATEGIC PLAN DEVELOPMENT AD HOC COMMITTEE THROUGH JUNE 30, 2020

Mayor Rickman pulled the item for clarification on the roles of the Homeless Task Force and the Homelessness Ad Hoc Committee, and Council Member Ransom's intern.

Jenny Haruyama, City Manager provided the staff report.

No one from the audience wished to speak.

City Council discussion ensued.

ACTION: Motion was made by Council Member Ransom and seconded by Mayor Pro Tem Young to adopt **Resolution 2019-252** establishing the Tracy Homelessness Strategic Plan Development Ad Hoc Committee through June 30, 2020. Roll call found Council Members Arriola, Ransom, Vargas, and Mayor Pro Tem Young in favor; passed and so ordered. Mayor Rickman opposed.

ACTION: Motion was made by Council Member Vargas and seconded by Council Member Arriola to bring quarterly updates to Council including details from previous meetings and those updates to be brought back after the January 14, 2020, meeting in order to have compiled information of all public comments. Roll call found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE – Melissa Johnson asked about the public joining the Homeless Task Force and Ad Hoc Committee, when are the next public meetings, status on emergency shelter discussions, and what is being done regarding the homeless tents next to North Elementary School.

Robert Tanner spoke about Council not allowing e-cigarettes, vapors and cartridges to be sold in the City limits of Tracy.

Alice English referred to comments made during the October 15, 2019, consent item and spoke about Rhodesia Ransom, Sow A Seed applying and receiving the Mayor's fund during 2017-2018, 2016-2017, Council Member Young as advisory committee member not recusing herself from voting for funding for Sow A Seed. Ms. English submitted a document into the record.

Mayor Pro Tem Young reminded Ms. English that her correct title is Mayor Pro Tem and she is on the advisory committee, not the board.

Council Member Ransom responded to Ms. English's comments regarding award of funding to Sow A Seed, Mayor Pro Tem Young as an advisory member, funds awarded through a competitive process, and withdrawal of an application for 2017-2018.

Council Member Arriola asked that any personal identifying information that has been requested to be included in the record be redacted for personal information including addresses.

Felix Montes shared his negative experience with Fire Department staff stating he would not have received an injury while changing his flat tire, after having to revisit the Fire Department to obtain a permit.

3. REGULAR AGENDA

3.A 1) CITY COUNCIL ADOPTION OF A RESOLUTION APPROVING DOCUMENTS AND ACTIONS RELATING TO THE REFINANCING OF OUTSTANDING LEASE REVENUE BONDS AND RELATED LEASE PAYMENT OBLIGATIONS OF THE CITY
2) TRACY OPERATING PARTNERSHIP JOINT POWERS AUTHORITY BOARD OF DIRECTORS APPROVAL OF A RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LEASE REVENUE BONDS TO REFINANCE OUTSTANDING LEASE REVENUE BONDS, AND APPROVING RELATED DOCUMENTS AND OFFICIAL ACTIONS

Karin Schnaider, Finance Director provided the staff report.

Mayor Rickman opened the public hearing.

No one from the public wished to speak.

Mayor Rickman closed the public hearing.

There were no comments from City Council.

ACTION: Motion was made by Mayor Pro Tem Young and seconded by Council Member Arriola to adopt **Resolution 2019-253** approving documents and actions relating to the refinancing of outstanding lease revenue bonds and related payment obligations of the City. Roll call found Council Members Arriola, Ransom, Mayor Pro Tem Young and Mayor Rickman in favor; passed and so ordered. Council Member Vargas absent from voting on the item.

ACTION: Motion was made by Director Young and seconded by Director Ransom to adopt **Resolution 2019-001** of the Tracy Operating Partnership Joint Powers Authority authorizing the issuance and sale of Lease Revenue Bonds to refinance outstanding Lease Revenue Bonds, ratifying and approving Debt Management Policy, and approving related documents and official actions. Roll call found Directors Arriola, Ransom, Young and Chair Rickman in favor; passed and so ordered. Director Vargas absent from voting on the item.

3.B PUBLIC HEARING TO INTRODUCE AN ORDINANCE AMENDING THE I-205 CORRIDOR SPECIFIC PLAN, APPENDIX A, TABLE A-2, PERMITTED AND CONDITIONALLY PERMITTED COMMERCIAL AND INDUSTRIAL USES, TO ALLOW BREWERIES, WINERIES, AND DISTILLERIES

Scott Claar, Senior Planner provided the staff report.

Mayor Rickman opened the public hearing.

There was no one from the audience who wished to speak.

Mayor Rickman closed the public hearing.

Mayor Rickman requested the City Clerk read the title of the proposed ordinance.

Adrienne Richardson, City Clerk read the title of the proposed ordinance.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Pro Tem Young to waive the reading of the full text and introduce **Ordinance 1281** an ordinance of the City of Tracy amending the I-205 Corridor Specific Plan, appendix A, table A-2, permitted and conditionally permitted commercial and industrial uses, to allow breweries, wineries, and distilleries, Application Number SPA19-0005. Roll call found Council Members Arriola, Ransom, Mayor Pro Tem Young and Mayor Rickman in favor; passed and so ordered. Council Member Vargas absent from voting on the item.

3.C PUBLIC HEARING TO INTRODUCE AN ORDINANCE AMENDING THE CENTRAL BUSINESS DISTRICT ZONE TO PERMIT HIGH DENSITY RESIDENTIAL USES, INCLUDING SINGLE-FAMILY DWELLINGS, TWO-FAMILY DWELLINGS, AND MULTI-FAMILY DWELLINGS, AND APPROVAL OF A DEVELOPMENT REVIEW PERMIT TO CONSTRUCT A FIVE-UNIT RESIDENTIAL PROJECT, CONSISTING OF TWO SINGLE-FAMILY DWELLINGS AND A TRIPLEX LOCATED AT 21, 25, AND 29 E. EIGHTH STREET

Scott Claar, Senior Planner provided the staff report.

Mayor Rickman opened the public hearing.

There was no one from the audience who wished to speak.

Mayor Rickman closed the public hearing.

Mayor Rickman requested the City Clerk read the title of the proposed ordinance.

Adrienne Richardson, City Clerk read the title of the proposed ordinance.

ACTION: Motion was made by Council Member Vargas and seconded by Council Member Arriola to waive the reading of the full text and introduce **Ordinance 1282** an ordinance of the City of Tracy amending Article 18, Central Business District (CBD) Zone of Chapter 10.08 of the Tracy Municipal Code to permit high density residential uses, including single-family dwellings, two-family dwellings, and multi-family dwellings, Application Number ZA17-0003. Roll call found all in favor; passed and so ordered.

ACTION: Motion was made by Council Member Vargas and seconded by Council Member Arriola to adopt **Resolution 2019-254** approving a development review permit to construct a five-unit residential project consisting of two single-family dwellings and a triplex on an approximately 9,885 square-foot site located at 21, 25, and 29 E. Eighth Street. Roll call found all in favor; passed and so ordered

3.D PROVIDE DIRECTION ON FY 2019/20 STRATEGIC PRIORITIES AND APPROVE COUNCIL WORKSHOP REPORT AS OCTOBER 2, 2019 SPECIAL MEETING MINUTES

Jenny Haruyama, City Manager provided the staff report.

No one from the public wished to speak.

City Council provided input regarding suggested changes and additions to the Strategic Priorities.

Ms. Haruyama summarized City Council's changes and additions to the Strategic Priorities:

- Public Safety - include emergency preparedness and crime prevention
- Economic Development – add incentives to target jobs
- Quality of Life – Stronger language in respect to infrastructure – swapping out word *facilitate* and replace with *advance*
- Under Homelessness piece – Incorporate affordable housing
- Want these goals through December of 2020
- To memorialize in protocols (come back to Council as separate item)
- Make affordable housing goal under quality of life
- Homelessness to remain under public safety and quality of life

ACTION: Motion was made by Council Member Vargas and seconded by Council Member Arriola to adopt the workshop report as the October 2, 2019 special meeting minutes. Roll call found all in favor; passed and so ordered

3.E RECEIVE AN UPDATE ON CITY'S WATER SYSTEM MASTER PLAN AND WATER RELIABILITY

Andrew Malik introduced Elizabeth Drayer, West Yost Associates, Project Manager for the City of Tracy Master Plan update who provided the presentation and answered questions from City Council.

Mike Sandhu stated the City has the likelihood of success of receiving credit back for recycled water similar to what has already occurred in Modesto and Turlock, and suggested the City go out to bid for selling water.

City Council questions and comments followed.

City Council accepted the update on the City's Water System Master Plan.

3.F PROVIDE DIRECTION TO STAFF REGARDING NEGOTIATING AN EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (ENRA) WITH PRIVATE PUBLIC INFRASTRUCTURE GROUP LLC (PPIG) REGARDING THE COMPLETION OF A FEASIBILITY STUDY TO DETERMINE THE POTENTIAL MONETIZATION OF THE CITY'S FUTURE RECYCLED WATER SUPPLY

Andrew Malik, Assistant City Manager provided the staff report.

Robert Tanner suggested since one of the managers from PPIG previously worked for the City of Tracy, that the City obtain a formal advice letter from the Fair Political Practices Commission before contracting with PPIG after the expiration of the ENRA.

Mike Sandhu asked what is special about PPIG for the City to enter into an agreement, and stated he would pay for the study and would not ask for anything back. Mr. Sandhu added the extra water should be sold to the highest bidder.

Jim Miller, General Manager of PPIG stated they are not looking to purchase any recycled water from the City, but are trying to see that the water that is not going to be used can be monetized to create a new revenue stream for the City.

City Council questions and comments followed.

In response to a question from Council, John Palmer stated if PPIG agrees to complete a feasibility study and develop a project, they are willing to walk away from the project if that is the best thing for the community, but getting compensated for developing that project on the City's behalf could be addressed in the Exclusive Negotiating Rights Agreement.

City Council questions and comments continued.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Pro Tem Young to direct staff to negotiate an Exclusive Negotiating Rights Agreement (ENRA) with Private Public Infrastructure Group (PPIG) for the completion of a feasibility study regarding the potential monetization of the City's future recycled water supply. The scope would include a legal analysis, and the City cost recovery with a cost recovery agreement. In the event the feasibility of the ENRA, that does not involve PPIG, there will be reimbursement. Roll call found all in favor; passed and so ordered.

3.G APPOINT FOUR APPLICANTS TO SERVE ON THE TRACY ARTS COMMISSION

Mayor Rickman and Council Member Ransom provided the staff report.

No one from the public wished to speak.

There were no comments from City Council.

ACTION: Motion was made by Council Member Ransom and seconded by Mayor Rickman to reappoint Maxine Lees and Jill Taylor, and appoint Margarita Anderson, and Cynthia Reis to the Tracy Arts Commission to serve four year terms beginning January 1, 2020, and ending December 31, 2023. Roll call found all in favor; passed and so ordered

3.H APPOINTMENT OF CITY COUNCIL SUBCOMMITTEE TO INTERVIEW APPLICANTS TO FILL THREE TERM EXPIRATIONS ON THE PARKS AND COMMUNITY SERVICES COMMISSION

Adrienne Richardson, City Clerk provided the staff report.

No one from the public wished to speak.

City Council comments and questions followed.

ACTION: Motion was made by Mayor Pro Tem Young and seconded by Council Member Ransom to appoint Council Member Vargas and Council Member Arriola to interview the applicants to fill three term expirations on the Parks and Community Services Commission. Roll call found all in favor; passed and so ordered.

3.I DISCUSS AMENDING THE TRACY MUNICIPAL CODE SECTION 2.08.080 TO REQUIRE A SUPERMAJORITY VOTE OF FOUR (4) MEMBERS OF THE CITY COUNCIL TO REMOVE THE CITY MANAGER OR CITY ATTORNEY AND PROVIDE DIRECTION TO STAFF

Kimberly Murdaugh, Human Resources Director provided the staff report.

City Council questions and comments followed.

Robert Tanner stated this is long overdue and will bring stability in the City Manager and City Attorney's office.

City Council questions and comments followed.

ACTION: Motion was made by Council Member Arriola and seconded by Mayor Pro Tem Young to direct staff to amend the Tracy Municipal Code Section 2.08.080 to require a supermajority vote of four (4) members of City Council to remove the City Manager or City Attorney. Roll call found all in favor; passed and so ordered.

3.J CONSIDER AN ORDINANCE AMENDING THE COMPENSATION FOR THE COUNCIL AND MAYOR IN ACCORDANCE WITH STATE LAW

Leticia Ramirez, City Attorney provided the staff report.

Robert Tanner did not support amending the compensation for City Council by 5% times 12 years, and suggested taking the average of the percentage that was given to staff over that time period.

Alice English echoed Mr. Tanner's comments and stated some Council Members don't deserve a raise, or do their homework and suggested reviewing in 2022.

City Council questions and comments followed.

Mayor Rickman requested the City Clerk read the title of the proposed ordinance.

Adrienne Richardson, City Clerk read the title of the proposed ordinance.

ACTION: Motion was made by Mayor Pro Tem Young and seconded by Council Member Arriola to waive the reading of the full text and introduce **Ordinance 1283** an ordinance of the City of Tracy amending Chapter 2.04 (City Council Organization and Procedure) of Title 2 (Administration) of the Tracy Municipal Code to add Section 2.04.060 "Council Member and Elected Mayor Compensation". Roll call found Council Members Arriola, Ransom, Mayor Pro Tem Young in favor; passed and so ordered. Council Member Vargas and Mayor Rickman opposed.

3.K ADOPT A RESOLUTION ESTABLISHING A 2020 CALENDAR OF REGULAR CITY COUNCIL MEETINGS AND WORKSHOPS

Adrienne Richardson, City Clerk provided the staff report.

Henry Cole urged Council to cancel the November 3, 2020 meeting for the general election.

City Council questions and comments followed.

ACTION: Motion was made by Council Member Arriola and seconded by Council Member Ransom to adopt **Resolution 2019-255** establishing a 2020 calendar of regular City Council meetings and workshops with the amendment to include the cancellation of the November 3, 2020, meeting, and removal of the 4th Tuesday workshop dates. Roll call found all in favor; passed and so ordered.

4. ITEMS FROM THE AUDIENCE – Alice English spoke in regards to her earlier comments and Council behavior and shared her opinions.

Yolanda Magana spoke about various code enforcement and public safety concerns and requested review of policies regarding storing non ops, RV's, trailers, and more personnel.

5. STAFF ITEMS – None

6. COUNCIL ITEMS

Council Member Vargas reported on the California League of Cities Annual Leadership Workshop in Napa, and wished everyone a Merry Christmas and a Happy New Year.

Council Member Arriola spoke about his town hall neighborhood safety meeting, bringing policy proposals soon, and wished everyone a Merry Christmas and Happy New Year.

Mayor Pro Tem Young wished everyone a Merry Christmas and reported on the December 6, 2019, Ace Board meeting.

Council Member Ransom reported on her attendance at the San Joaquin Partnership meeting, Council Member Arriola's town hall meeting, Supreme Court's decision regarding challenges to the Martin versus Boise case, and requested the City Attorney provide an update on Project Labor Agreements.

Leticia Ramirez, City Attorney provided an update on the status of the Project Labor Agreement.

Council Member Ransom shared her concerns regarding comments made by Ms. English. Council Member Ransom wished everyone a Merry Christmas.

Mayor Rickman spoke about the Wreaths Across America event, thanked Gold Star moms, and his daughter Grace who spoke at the event. Mayor Rickman wished everyone a Merry Christmas, and Happy Birthday to his wife Karen.

Mayor Rickman asked the City Attorney about any liability if Council is sending text messages or posting on Facebook from the dais. Ms. Ramirez responded there is no provision in the Code of Conduct that addresses social media or texting during a Council meeting directly, but if the content has to do with the public's and City business, they could be subject to a public records request.

Mayor Rickman referred to a social media post that occurred tonight by a Council member, and stated that he would send the City Attorney an item tomorrow and that it be put into the record of this meeting for the public.

Council Member Ransom explained the social media post Mayor Rickman was referring to.

Mayor Rickman read a social media post made by Council Member Ransom during the Council meeting into the record and shared his concerns regarding Council attacking other Council Members, and the public's right to submit public record requests.

Council Member Ransom clarified her request was not to deny the right to submit a public record request, but add the requests to the City's website, which is now being done.

7. ADJOURNMENT – Time: 12:16 a.m., Wednesday, December 18, 2019

ACTION: Motion was made by Council Member Arriola and seconded by Council Member Vargas to adjourn. Roll call vote found all in favor; passed and so ordered.

The above agenda was posted at the Tracy City Hall on December 12, 2019. The above are action minutes. A recording is available at the office of the City Clerk.

Mayor

ATTEST:

City Clerk

AGENDA ITEM 1.B

REQUEST

DECLARE CERTAIN VEHICLES AND EQUIPMENT AS SURPLUS AND APPROVE THEIR SALE

EXECUTIVE SUMMARY

The City periodically declares equipment and commodities that have been used beyond their economical and/or useful life as surplus for sale at public auction. This request seeks authorization to declare and approve the list of surplus equipment and commodities and authorize the sale of these items at public auction to the highest bidder.

DISCUSSION

The Public Works Department is responsible for managing most of the City's vehicle and equipment fleet. This includes the responsibility of determining items that have been used beyond their economical and/or useful life and are no longer needed by the City. These items are removed from service and are declared as surplus property.

The disposal of surplus equipment and commodities or other property no longer needed by any department of the City is governed by Section 2.20.310 of the Tracy Municipal Code (TMC) which identifies the method of disposition of surplus property. Per the TMC, surplus items are sold at public auction to the highest bidder. Items which are not sold at public auction will be reviewed for value, and if appropriate, sold for scrap value.

STRATEGIC PLAN

This agenda item is a routine operational item and does not relate to the Council's strategic plans.

FISCAL IMPACT

The proceeds from the sale of surplus property will be deposited in the appropriate City fund from which the property was originally purchased. The estimated value of this surplus property is \$25,000.

RECOMMENDATION

That the City Council, by resolution, declare and approve the list of surplus equipment and commodities, and authorize the sale of said items at public auction to the highest bidder.

Prepared by: Frank Desousa, Fleet Supervisor

Reviewed by: Robert Gravelle, Public Works Superintendent
Don Scholl, Public Works Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENT A: Surplus Vehicles and Equipment List

ATTACHMENT "A"

SURPLUS VEHICLES AND EQUIPMENT 01/21/20

<u>ASSET ID</u>	<u>REPLACED BY ASSET</u>	<u>EQ DESCRIPTION</u>	<u>VIN/SERIAL NUMBER</u>
2047	2603	2001 BIG TEX TRAILER	16VFX182811H41078
2077	OOS/ON ORDER	2002 FORD F-250 SUPER DUTY	1FTNF20L82EC58735
2103	2597	2003 JOHN DEERE TRACTOR 5420	LV420T345151
2113	2585	2003 FORD F-250 SUPER DUTY	1FDNF20S33EC36128
2120	2509	2004 FORD F-150	1FTRW12W94KC35536
2160	2590	2005 WANCO ARROW BOARD	5F115101651001070
2205	2587	2006 HONDA ODYSSEY	5FNRL38636B096502
2206	2591	2007 SOLAR MESSAGE BOARD	2S9US21156S132295
2217C	2601	2006 ROTARY CUTTER	766741
2248	2600	2007 SMITHCO INFIELD DRAG	5494
2301	2561	2009 CHEVY MALIBU	1G1ZF57589F123777
2325	2595	2009 JOHN DEERE MOWER	TC1445D100129
8804	2604	1988 NORCAL TRAILER	1N9E121T3H1015056
9027	2593	1989 MILLER WELDER	178FG3049KA000600
9719	2602	1997 CHAMPION TRAILER	1C9F01821VC628378
9724	2592	1997 INGERSOLL-RAND P185BWJD	284724UL1222

RESOLUTION _____

DECLARING CERTAIN VEHICLES AND EQUIPMENT AS SURPLUS AND APPROVING THEIR SALE

WHEREAS, The City periodically declares equipment and commodities that have been used beyond their economical and/or useful life as surplus property, and

WHEREAS, The disposal of surplus equipment and commodities or other property no longer needed by a department in the City is governed by Section 2.20.310 of the Tracy Municipal Code which identifies the method of disposition of surplus property, and

WHEREAS, The listed surplus items will be sold at public auction to the highest bidder. Items which are not sold at public auction will be reviewed for value, and if appropriate, sold for scrap value, and

WHEREAS, The proceeds from the sale of the surplus property will be deposited in the appropriate City fund from which the property was originally purchased;

NOW, THEREFORE, BE IT RESOLVED, That the City Council declares and approves the list of vehicles and equipment attached to the staff report accompanying this resolution as surplus, and authorizes the sale of said items at public auction to the highest bidder and the remaining items to be sold for scrap value, if appropriate.

The foregoing Resolution _____ was passed and adopted by the Tracy City Council on the 21st day of January 2020, by the following vote:

- AYES: COUNCIL MEMBERS
- NOES: COUNCIL MEMBERS
- ABSENT: COUNCIL MEMBERS
- ABSTAIN: COUNCIL MEMBERS

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.C

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1281, AN ORDINANCE OF THE CITY OF TRACY AMENDING THE I-205 CORRIDOR SPECIFIC PLAN, APPENDIX A, TABLE A-2, PERMITTED AND CONDITIONALLY PERMITTED COMMERCIAL AND INDUSTRIAL USES, TO ALLOW BREWERIES, WINERIES, AND DISTILLERIES, APPLICATION NUMBER SPA19-0005

EXECUTIVE SUMMARY

Ordinance 1281 was introduced at the regular Council meeting held on December 17, 2019. Ordinance 1281 is before Council for adoption.

DISCUSSION

The proposed ordinance amends the I-205 Corridor Specific Plan to add a new use category to Table A-2 related to breweries, wineries, and distilleries. Table A-2 of the I-205 Corridor Specific Plan identifies the permitted and conditionally permitted commercial and industrial uses for each land use designation within the I-205 Corridor Specific Plan Area. Breweries, wineries, and distilleries fit within the classification of “Manufacturing & Processing”, which is principally permitted in areas designated Light Industrial (LI) and conditionally permitted in areas designated Service Commercial (SC). The new use category is shown as “Breweries, wineries, and/or distilleries – with a taproom, tasting room, and/or restaurant comprising a minimum of 30% of the tenant space.”

The proposed amendment would permit this new use category in all of the commercially designated areas of the I-205 Corridor Specific Plan, including Commercial Center (CC), General Commercial (GC), Service Commercial (SC), Freeway Commercial (FC), and General Commercial 2 (GC2), which are the same areas permitted for restaurants and bars.

The proposed amendment to the I-205 Corridor Specific Plan is consistent with the General Plan. The proposed amendment is not a project within the meaning of the California Environmental Quality Act because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines, 14 California Code of Regulations § 15061(b)).

Ordinance 1281 is now before City Council for adoption.

STRATEGIC PLAN

This agenda Item is not related to the City Council’s Strategic Plans

FISCAL IMPACT

The applicant paid the City Council adopted application processing fees, which is a component of the Development Services operating budget.

RECOMMENDATION

That City Council adopt Ordinance 1281.

Prepared by: Adrienne Richardson, City Clerk
Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

Attachment A – Ordinance 1281

ORDINANCE 1281

AN ORDINANCE OF THE CITY OF TRACY AMENDING THE I-205 CORRIDOR SPECIFIC PLAN, APPENDIX A, TABLE A-2, PERMITTED AND CONDITIONALLY PERMITTED COMMERCIAL AND INDUSTRIAL USES, TO ALLOW BREWERIES, WINERIES, AND DISTILLERIES, APPLICATION NUMBER SPA19-0005

WHEREAS, Table A-2 of the I-205 Corridor Specific Plan identifies the permitted and conditionally permitted commercial and industrial uses for each land use designation within the I-205 Corridor Specific Plan Area, and

WHEREAS, Breweries, wineries, and distilleries fit within the classification of “Manufacturing & Processing”, which is principally permitted in areas designated Light Industrial (LI) and conditionally permitted in areas designated Service Commercial (SC), and

WHEREAS, The City has received an application to amend the I-205 Corridor Specific Plan to add a new use category to Table A-2 related to breweries, wineries, and distilleries, and

WHEREAS, The new use category is shown as “Breweries, wineries, and/or distilleries – with a taproom, tasting room, and/or restaurant comprising a minimum of 30% of the tenant space”, and

WHEREAS, The proposed amendment would permit this new use category in all of the commercially designated areas of the I-205 Corridor Specific Plan, including Commercial Center (CC), General Commercial (GC), Service Commercial (SC), Freeway Commercial (FC), and General Commercial 2 (GC2), which are the same areas permitted for restaurants and bars, and

WHEREAS, The proposed amendment to the I-205 Corridor Specific Plan is consistent with the General Plan, and

WHEREAS, The proposed amendment is not a project within the meaning of the California Environmental Quality Act because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines, 14 California Code of Regulations, §15061(b).), and

WHEREAS, The Planning Commission considered this matter at a duly noticed public hearing held on November 6, 2019, and recommended that the City Council introduce and adopt an ordinance amending the I-205 Corridor Specific Plan, Appendix A, Table A-2, Permitted and Conditionally Permitted Commercial and Industrial Uses, related to breweries, wineries, and/or distilleries, and

WHEREAS, The City Council held a duly noticed public hearing to consider the ordinance on December 17, 2019;

The Tracy City Council does ordain as follows:

SECTION 1: Table A-2, Permitted and Conditionally Permitted Commercial and Industrial Uses, of Appendix A, of the I-205 Corridor Specific Plan is hereby amended to

establish a new use category related to breweries, wineries, and distilleries, as shown in Exhibit 1, attached.

SECTION 2: This Ordinance shall take effect 30 days after its final passage and adoption.

SECTION 3: This Ordinance shall either (1) be published once in a newspaper of general circulation, within 15 days after its final adoption, or (2) be published in summary form and posted in the City Clerk's office at least five days before the Ordinance is adopted and within 15 days after adoption, with the names of the Council Members voting for and against the Ordinance. (Gov't. Code §36933.)

* * * * *

The foregoing Ordinance 1281 was introduced at a regular meeting of the Tracy City Council held on the 17th day of December 2019, and finally adopted on the 21st day of January 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

TABLE A-2

PERMITTED AND CONDITIONALLY PERMITTED COMMERCIAL AND INDUSTRIAL USES¹

	CC	GC	SC	FC	LI	GC2
Business Services e.g., reproduction, delivery, repair services			P		C	P
Breweries, Wineries, and/or Distilleries – with a taproom, tasting room, and/or restaurant comprising a minimum of 30% of the tenant space	P	P	P	P		P
Day Care Centers e.g., community care facilities	P	P	P		C	P
Eating and/or drinking establishments (with or without entertainment ²), without serving alcohol and providing entertainment ² after 11:00 p.m.	P	P	P	P		P
Eating and/or drinking establishments that serve alcohol and provide entertainment ² after 11:00 p.m.	C	C	C	C		C
Equipment Rental and Sales			P		C	
Gas & Service Stations	C	C	C	P	C	C
Hydrocarbon Resource Extraction	C	C	C	C	C	C
Lodging e.g., hotels, motels	C	P		P		P
Manufacturing & Processing			C		P	
Mini Storage			P		P	
Offices e.g., Medical, dental, business, professional, banks, financial services	P	P	P	C	C	P
Outdoor Sales or Display of Merchandise e.g., lumber yards, nurseries, etc.		C	C		C	C
Park & Ride or Off-site Parking Facilities	C	C	C	C	C	C
Personal Services e.g., nail, hair, tanning salons	P	P				P
Places of Assembly e.g., places of worship, private clubs and related uses	C	C	C		C	P
Public Street & Utilities	P	P	P	P	P	P
Recreational Uses e.g., miniature golf, bowling alley, instructional or educational performing arts, gymnastics, etc.	P	C	P			P
Residential Uses	See Table A-1					
Retail and Consumer Services e.g., building materials and hardware stores, garden center, clothing and shoe stores, department stores, drug stores and grocery stores	P	P	P			P
Schools e.g., public, private, trade, vocational, etc.	C	P	C		C	P
Temporary Uses as Permitted in TMC Sec. 10.08.4240	TUP	TUP	TUP	TUP	TUP	TUP
Vehicle Sales, Service, & Rental		C	C			C
Warehouse & Distribution			C		P	

Notes:

1. Accessory uses shall be allowed as provided in the Tracy Municipal Code.
2. "Entertainment" means such uses as live music, disc jockeys, dancing, karaoke, comedy shows, modeling, or live performances.

AGENDA ITEM 1.D

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1282, AN ORDINANCE OF THE CITY OF TRACY AMENDING ARTICLE 18, CENTRAL BUSINESS DISTRICT (CBD) ZONE, OF CHAPTER 10.08 OF THE TRACY MUNICIPAL CODE TO PERMIT HIGH DENSITY RESIDENTIAL USES, INCLUDING SINGLE-FAMILY DWELLINGS, TWO-FAMILY DWELLINGS, AND MULTI-FAMILY DWELLINGS, APPLICATION NUMBER ZA17-0003

EXECUTIVE SUMMARY

Ordinance 1282 was introduced at the regular Council meeting held on December 17, 2019. Ordinance 1282 is before Council for adoption.

DISCUSSION

The proposed ordinance amends Article 18, Central Business District (CBD) Zone, commonly referred to as the Downtown area, of Chapter 10.08 of the Tracy Municipal Code to permit high density residential uses, including single-family dwellings, two-family dwellings, and multi-family dwellings. Article 18, CBD Zone, of Chapter 10.08 of the Tracy Municipal Code establishes the permitted uses, conditionally permitted uses, and development standards of the CBD Zone. In the CBD Zone, multi-family dwellings are conditionally permitted in the CBD Zone. Single-family dwellings and two-family dwellings are not permitted in the CBD Zone.

The General Plan states that residential development is strongly encouraged in the Downtown area and allowed at a density of 15 to 50 units per gross acre. The proposed amendment to the CBD Zone is consistent with the General Plan.

The proposed amendment is not a project within the meaning of the California Environmental Quality Act because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines, 14 California Code of Regulations §15061(b).).

Ordinance 1282 is now before City Council for adoption.

STRATEGIC PLAN

This agenda Item is not related to the City Council's Strategic Plans

FISCAL IMPACT

The applicant paid the City Council adopted application processing fees, which is a component of the Development Services operating budget.

RECOMMENDATION

That City Council adopt Ordinance 1282.

Agenda Item 1.D
January 21, 2020
Page 2

Prepared by: Adrienne Richardson, City Clerk
Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

Attachment A – Ordinance 1282

ORDINANCE 1282

AN ORDINANCE OF THE CITY OF TRACY AMENDING ARTICLE 18, CENTRAL BUSINESS DISTRICT (CBD) ZONE, OF CHAPTER 10.08 OF THE TRACY MUNICIPAL CODE TO PERMIT HIGH DENSITY RESIDENTIAL USES, INCLUDING SINGLE-FAMILY DWELLINGS, TWO-FAMILY DWELLINGS, AND MULTI-FAMILY DWELLINGS, APPLICATION NUMBER ZA17-0003

WHEREAS, Article 18, Central Business District (CBD) Zone, of Chapter 10.08 of the Tracy Municipal Code establishes the permitted uses, conditionally permitted uses, and development standards of the CBD Zone, and

WHEREAS, Multi-family dwellings are conditionally permitted in the CBD Zone, and

WHEREAS, Single-family dwellings and two-family dwellings are not permitted in the CBD Zone, and

WHEREAS, The General Plan states that residential development is strongly encouraged in the Downtown and allowed at a density of 15 to 50 units per gross acre (Downtown, page 2-26 of the General Plan Land Use Element), and

WHEREAS, The City has received an application to amend the CBD Zone to permit high density residential uses, including single-family dwellings, two-family dwellings, and multi-family dwellings, and

WHEREAS, The proposed amendment to the CBD Zone is consistent with the General Plan, and

WHEREAS, The proposed amendment is not a project within the meaning of the California Environmental Quality Act because it does not have the potential for causing a significant effect on the environment (CEQA Guidelines, 14 California Code of Regulations, §15061(b).), and

WHEREAS, The Planning Commission considered this matter at a duly noticed public hearing held on November 6, 2019, and recommended that the City Council introduce and adopt an ordinance amending Article 18, Central Business District (CBD) Zone, of Chapter 10.08 of the Tracy Municipal Code to permit high density residential uses, including single-family dwellings, two-family dwellings, and multi-family dwellings, and

WHEREAS, The City Council held a duly noticed public hearing to consider the ordinance on December 17, 2019;

The Tracy City Council does ordains as follows:

SECTION 1: Article 18, Central Business District (CBD) Zone, of Chapter 10.08 of the Tracy Municipal Code is hereby amended to permit high density residential uses, including single-family dwellings, two-family dwellings, and multi-family dwellings, as shown in Exhibit 1, attached.

SECTION 2: This Ordinance shall take effect 30 days after its final passage and adoption.

SECTION 3: This Ordinance shall either (1) be published once in a newspaper of general circulation, within 15 days after its final adoption, or (2) be published in summary form and posted in the City Clerk's office at least five days before the Ordinance is adopted and within 15 days after adoption, with the names of the Council Members voting for and against the Ordinance. (Gov't. Code §36933.)

* * * * *

The foregoing Ordinance 1282 was introduced at a regular meeting of the Tracy City Council held on the 17th day of December, 2019, and finally adopted on the 21st day of January, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

Article 18. - Central Business District Zone (CBD)

10.08.2360 - Purpose (CBD).

The Central Business District (CBD) Zone is to provide areas in which the forces of cumulative attraction or the need for comparison shopping may take place.

(Prior code § 10-2.1800)

10.08.2370 - Descriptive regulations (CBD).

In the CBD Zone, the following specified regulations shall govern, unless otherwise provided in this chapter:

- (a) The CBD Zone is to provide an area in which pedestrian-oriented establishments may locate and the forces of cumulative attraction or the need for comparison shopping may take place.
- (b) The CBD Zone is to provide commercial business, service, and office facilities for the convenience of residents of the entire City.
- (c) The CBD Zone is to provide the retail core and cultural focus for the City.
- (d) The CBD Zone is to provide high density residential in close proximity to Downtown businesses and public gathering spaces.

(Prior code § 10-2.1801)

10.08.2380 - Permitted uses (CBD).

- (a) In the CBD Zone, only general business, commercial, wholesale, high density residential, and governmental activities, which are included in the following use groups, shall be permitted without conditional approval:

Group 1	Minor public service uses;
Group 4	Temporary buildings and uses;
Groups 21, 22, 23, 24	<p>Single-family dwellings, two-family dwellings, and multi-family dwellings, except that there shall be no residential uses on the ground floor of buildings with elevations that face the following:</p> <p style="text-align: center;">(1) Central Avenue between 11th Street and 6th Street,</p> <p style="text-align: center;">(2) 10th Street between Central Avenue and A Street, or</p> <p style="text-align: center;">(3) Front Street Plaza at 6th Street, excluding the eastern 110 feet of the block which faces a parking island within the 6th Street public right-of-way;</p>

Group 29	Accessory uses, including signs;
Group 40	Travelers' living accommodations, except for uses listed as (c-2), Eating and/or drinking establishment that serves alcohol and provides entertainment after 11:00 p.m.;
Group 41	Business offices and professional offices and laboratories;
Group 42	Retail trade establishments; except veterinary clinics;
Group 43	Consumer service and retail trade establishments, except for uses listed as (c-2), Eating and/or drinking establishment that serves alcohol and provides entertainment after 11:00 p.m.; and
Group 54	Small recycling collection facilities.

- (b) In the CBD Zone, general business, commercial, wholesale, and governmental activities which are included in the following use groups shall be permitted only with conditional approval:

Group 2	Local public service and utility installations;
Group 10	Crop and tree farming;
Group 29	Accessory uses;
Group 30	Places of public assembly such as educational, cultural, institutional, religious, and recreational uses serving local residential areas, excluding uses that are classified within Use Group No. 48;

Group 31	Educational, cultural, institutional, and recreational uses;
Group 32	Educational, cultural, institutional, and recreational uses with special site or locational requirements;
Group 40	Traveler's living accommodations, except trailer parks and uses listed as (c-2), Eating and/or drinking establishment that serves alcohol and provides entertainment after 11:00 p.m.;
Group 43	Consumer service and retail trade, subsection (c-2), Eating and/or drinking establishment that serves alcohol and provides entertainment after 11:00 p.m.;
Group 44	Consumer service and retail trade establishments; and
Group 45	General consumer and business services, miscellaneous repairs, and catering services only.

(Ord. 1050 § 6, 2003; Ord. 1004 § 3, 1999; prior code § 10-2.1802)

(Ord. No. 1177, § 10, 1-15-2013)

10.08.2390 - Building site area (CBD).

There shall be no building site area requirements in the CBD Zone.

(Prior code § 10-2.1803)

10.08.2400 - Lot area (CBD).

There shall be no lot requirements in the CBD Zone.

(Prior code § 10-2.1804)

10.08.2405 - Density (CBD).

There shall be at least 700 square feet of net lot area and no more than 2,500 square feet of net lot area for each dwelling unit in the CBD Zone.

10.08.2410 - Yard areas (CBD).

There shall be no yard area requirements in the CBD Zone, except adjacent to residential zones, in which case a fifteen-foot front yard shall be provided.

(Prior code § 10-2.1805) 10.08.2410

10.08.2420 - Height (CBD).

There shall be no height requirements in the CBD Zone.

(Prior code § 10-2.1806)

10.08.2430 - Permissible lot coverage (CBD).

There shall be no lot coverage requirements in the CBD Zone.

(Prior code § 10-2.1807)

10.08.2440 - Floor area (CBD).

There shall be no floor area requirements in the CBD Zone, except that the minimum floor area for a single-family dwelling shall be 500 square feet.

(Prior code § 10-2.1808)

10.08.2450 - Off-street parking (CBD).

See Article 26 of this chapter. A twenty (20%) percent reduction in the required parking area, as required by the provisions of Article 26 of this chapter, will be permitted if seventy (70%) percent of this area is used for pedestrian-oriented open space (mall). Developers interested in receiving such reduction shall submit plans for pedestrian-oriented open space to the Commission for approval prior to review by the Community Development Director. A five (5%) percent reduction in required parking area will be permitted if one or more property owners provide public rest areas and direct telephone communication for public transit riders.

(Prior code § 10-2.1809)

10.08.2460 - Usable open space (CBD).

(See Section 10.08.2450 of this article.)

(Prior code § 10-2.1810)

10.08.2470 - Loading and unloading space (CBD).

Loading and unloading areas in the CBD Zone shall be indicated and provided for at the rear of the buildings or upon adjoining alleys.

(Prior code § 10-2.1811)

10.08.2480 - Development review (CBD).

All uses requiring a building permit shall obtain development review compliance, except as provided for in Article 30 of this chapter and the CEQA Guidelines adopted by the City, prior to being established in the CBD Zone. Additionally, any new residential development in the CBD Zone shall be subject to development review, including any new single-family dwellings, two-family dwellings, or multi-family dwellings, regardless of the number of units.

(Prior code § 10-2.1812)

AGENDA ITEM 1.E

REQUEST

WAIVE SECOND READING AND ADOPT ORDINANCE 1283, AN ORDINANCE OF THE CITY OF TRACY AMENDING CHAPTER 2.04 (CITY COUNCIL ORGANIZATION AND PROCEDURE) OF TITLE 2 (ADMINISTRATION) OF THE TRACY MUNICIPAL CODE TO ADD SECTION 2.04.060 "COUNCIL MEMBER AND ELECTED MAYOR COMPENSATION"

EXECUTIVE SUMMARY

Ordinance 1283 was introduced at the regular Council meeting held on December 17, 2019. Ordinance 1283 is before Council for adoption.

DISCUSSION

Government Code section 36516 provides that the salaries of city council members in a general law city may be enacted by ordinance. Section 36516 also establishes maximum monthly salary amounts for council members depending on population (\$600 per month for cities with a population between 75,001 and 150,000) and restricts annual increases to salaries to five percent (5%) per calendar year for each calendar year (simple, non-compounded basis) from when the last salary adjustment was enacted. Section 36516.5 further provides that council salary increases shall not take effect until one of the council members commences a new term (i.e. the next municipal election). Section 36516.1 authorizes additional compensation for a directly elected mayor in recognition of their mayoral duties. The Attorney General's Office has opined that adjustments to the additional compensation received by a mayor can take effect immediately. (See 89 Ops. Cal. Atty. Gen. 159). State law does not allow automatic future increases in salary (Section 36516(a)(4)). Section 6.1.2 of the Council's recently adopted Code of Conduct states that the salaries of the Mayor and Council shall be reviewed every two years.

Currently the monthly salaries of Tracy Council members are \$585. The Mayor receives an additional \$100 per month. These salary amounts were established pursuant to Ordinance 1094 adopted on April 18, 2006.

Pursuant to state law, the monthly salaries of Council members may be increased up to \$936, which is a sixty percent (60%) increase over the current amount of \$585. This would result in a monthly salary of \$936.

At the December 17, 2019, Council meeting, it was Council consensus to introduce Ordinance 1283, to add as Section 2.04.060 to Chapter 2.04 of Title 2 of the Tracy Municipal Code:

"Section 2.04.060 "Council Member and elected Mayor Compensation"

- (a) The salary of each member of the City Council of the City of Tracy shall be set at Nine Hundred Thirty Six Dollars (\$936.00) per month.
- (b) The Mayor shall receive an additional \$100 per month in compensation."

Ordinance 1283 is now before City Council for adoption.

STRATEGIC PLAN

This agenda item is a routine operational item that does not relate to the Council's Strategic Plans.

FISCAL IMPACT

Staff will make appropriate adjustment to the FY 2020/21 base budget as the salary increase would go into effect upon the commencement of newly elected City Council members' terms in December 2020.

RECOMMENDATION

That City Council adopt Ordinance 1283.

Prepared by: Adrienne Richardson, City Clerk
Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

Attachment A – Ordinance 1283

ORDINANCE 1283

AN ORDINANCE OF THE CITY OF TRACY AMENDING CHAPTER 2.04 (CITY COUNCIL ORGANIZATION AND PROCEDURE) OF TITLE 2 (ADMINISTRATION) OF THE TRACY MUNICIPAL CODE TO ADD SECTION 2.04.060 "COUNCIL MEMBER AND ELECTED MAYOR COMPENSATION"

WHEREAS, On April 4, 2006, pursuant to Government Code section 36516, the City Council of the City of Tracy adopted Ordinance No. 1094 setting the salary of Tracy City Council members at Five Hundred Eighty Five Dollars (585.00) per month; and

WHEREAS, Pursuant to Government Code section 36516.1 which permits an elected Mayor to receive additional compensation, the salary for the Mayor was set as an additional One Hundred Dollars (\$100) per month; and

WHEREAS, Pursuant to Government Code section 36516(a)(4) the City Council may set salaries for Council members up to Six Hundred Dollars (\$600.00) per month based on a population between 75,001 and 150,000; and

WHEREAS, The California Department of Finance determined the total population of the City of Tracy is 92,800 as of May 2019; and

WHEREAS, Pursuant to Government Code section 36516(c) any adjustment to Council member salaries may not exceed an amount equal to five percent (5%) for each calendar year from the operative date of the last adjustment; and

WHEREAS, The last adjustment to the salaries of Tracy City Council members was operative on January 1, 2007, thus the maximum salary increase allowed under state law is a 60% percent increase of the current \$585 per month salaries for Council Members.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TRACY DOES ORDAIN AS FOLLOWS:

SECTION 1: The following shall be added as Section 2.04.060 to Chapter 2.04 of Title 2 of the Tracy Municipal Code:

"Section 2.04.060 Council Member and Elected Mayor Compensation:

- (a) The salary of each member of the City Council of the City of Tracy shall be set at Nine Hundred Thirty Six Dollars (\$936.00) per month.
- (b) The Mayor shall receive an additional \$100 per month in compensation."

SECTION 2: This ordinance shall take effect thirty (30) days after the final passage and adoption, however, pursuant to Government Code section 36516.5, this change in compensation shall be effective January 1, 2021, following certification of the results of the November 2020 City Council election.

SECTION 3. This Ordinance shall either (1) be published once in a newspaper of general circulation, within 15 days after its final adoption, or (2) be published in summary form and posted in the City Clerk's office at least five days before the ordinance is adopted and within 15 days after adoption, with the names of the Council Members voting for and against the ordinance. (Gov't. Code §36933.)

* * * * *

The foregoing Ordinance 1283 was introduced at a regular meeting of the Tracy City Council on the 17th day of December 2019, and finally adopted on the 21st day of January, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.F

REQUEST

THAT THE CITY COUNCIL OF THE CITY OF TRACY, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF TRACY, APPROVE THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 20-21

EXECUTIVE SUMMARY

The City of Tracy has elected to act as the Successor Agency to the former City of Tracy Community Development Agency following the dissolution of redevelopment agencies by the California State Legislature in February 2012. The attached Recognized Obligation Payment Schedule (ROPS) lists the Enforceable Obligations proposed for payment by the Successor Agency for the period July 1, 2020, through June 30, 2021, as required by law.

DISCUSSION

Effective February 1, 2012, the State of California dissolved redevelopment agencies through the passage of Assembly Bill X1 26 and replaced them with successor agencies responsible for the wind-down of the former redevelopment agencies. The City of Tracy City Council elected to have the City of Tracy serve as the Successor Agency to the former City of Tracy Community Development Agency (CDA). The City Council acts as the Governing Board of the Successor Agency. ABX1 26 also redirected the tax increment funding previously received by the CDA to a Redevelopment Property Tax Trust Fund (RPTTF) held by the County.

The Successor Agency previously approved an Enforceable Obligation Payment Schedule (EOPS) which listed various financial obligations of the City's former CDA, including such items as required payments on existing bonds, bond trustee costs and other obligations. This EOPS, once recognized by the State, became the basis for the Recognized Obligation Payment Schedule (ROPS). Beginning in 2016, the law requires that successor agencies adopt an annual ROPS that lists all enforceable obligations proposed for payment in the subsequent fiscal year. Funds once received by the CDA, now held in the RPTTF, are used to fund the ROPS. Any excess funds remaining in the RPTTF are then disbursed to the other taxing agencies (e.g. schools, special districts, city & county) that would have otherwise received the property taxes had the CDA not existed. Funds are disbursed on a pro-rata basis with the City of Tracy receiving approximately 17% of the remaining RPTTF. Attached is ROPS 20-21 for the period July 1, 2020 through June 30, 2021.

The table below summarizes the obligations and amounts of RPTTF requested for the ROPS period. The maximum administrative cost allowance (ACA) and associated expense is \$250,000 annually; however only actual administrative costs and expenses are reimbursable. The ACA request has been lowered to reflect the conclusion of legal proceedings and the wind-down of activities. Furthermore, all funding is subject to the availability of RPTTF funds during the ROPS period.

This ROPS also requests RPTTF funding for the third and final installment of the repayment of the Supplemental Education Revenue Augmentation Fund (SERAF) loan between the Successor Agency and the City of Tracy Housing Successor.

Description	Maturity	20-21A	20-21B	Total
2016 Tax Allocation Bonds – Principal	2033	1,580,000		1,580,000
2016 Tax Allocation Bonds – Interest	2033	1,274,800		1,274,800
2008 Lease Revenue Bonds	2038	400,000		400,000
Debt Service Fees		2,000		2,000
SERAF Loan Repayment		693,690		693,690
Administrative Costs		37,500	37,500	75,000
Total RPTTF Request		3,987,990	37,500	4,025,490

STRATEGIC PLAN

This item does not apply to the City Council’s Strategic Plans.

FISCAL IMPACT

This resolution approves the funding of obligations from the former Community Development Agency for the repayment of a debt to the City’s Low-Moderate Income Housing Fund. The funds received are restricted to Low-Moderate Housing projects within the City of Tracy. The payment obligation will be collected and transferred to the LMIHF fund over three years ending in FY20-21.

The remaining recognized obligations have no fiscal impact to the City’s General Fund. Recognized obligations are paid from property tax revenue that previously was allocated to the Tracy Community Development Agency and now held by the County in the RPTTF.

RECOMMENDATION

It is recommended that the City Council, acting in its capacity as the Governing Board of the Successor Agency to the former City of Tracy Community Development Agency, approve, by resolution, the Recognized Obligation Payment Schedule of the former Tracy Community Development Agency for the period July 1, 2020, through June 30, 2021.

Prepared by: Sara Cowell, Accountant

Reviewed by: Robert Harmon, Interim Budget Officer
 Karin Schnaider, Finance Director

Approved by: Jenny Haruyama, Executive Director

ATTACHMENTS

Attachment A – ROPS 20-21

Attachment A

Recognized Obligation Payment Schedule (ROPS 20-21) - Summary
Filed for the July 1, 2020 through June 30, 2021 Period

Successor Agency: Tracy

County: San Joaquin

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	20-21A Total (July - December)	20-21B Total (January - June)	ROPS 20-21 Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 3,987,990	\$ 37,500	\$ 4,025,490
F RPTTF	3,950,490	-	3,950,490
G Administrative RPTTF	37,500	37,500	75,000
H Current Period Enforceable Obligations (A+E)	\$ 3,987,990	\$ 37,500	\$ 4,025,490

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

 Name Title

/s/ _____
 Signature Date

Attachment A

Tracy
 Recognized Obligation Payment Schedule (ROPS 20-21) - ROPS Detail
 July 1, 2020 through June 30, 2021

A Item #	B Project Name	C Obligation Type	D Agreement Execution Date	E Agreement Termination Date	F Payee	G Description	H Project Area	I Total Outstanding Obligation	J Retired	K ROPS 20-21 Total	L ROPS 20-21A (Jul - Dec)					Q 20-21A Total	R ROPS 20-21B (Jan - Jun)					W 20-21B Total	
											M Fund Sources						S Fund Sources						
											N Bond Proceeds	O Reserve Balance	P Other Funds	R RPTTF	T Admin RPTTF		U Bond Proceeds	V Reserve Balance	X Other Funds	Y RPTTF	Z Admin RPTTF		
								\$44,842,690		\$4,025,490	\$-	\$-	\$-	\$3,950,490	\$37,500	\$3,987,990	\$-	\$-	\$-	\$-	\$37,500	\$37,500	
5	2008 Lease Revenue Bonds	Bonds Issued On or Before 12/31/10	12/16/2008	12/01/2038	City of Tracy	Agency Share of City debt thru 2038	1	7,200,000	N	\$400,000	-	-	-	400,000	-	\$400,000	-	-	-	-	-	-	\$-
7	Successor Agency Admin Costs	Admin Costs	01/01/2013	06/30/2014	City of Tracy	Successor Agency Administration	1	75,000	N	\$75,000	-	-	-	-	37,500	\$37,500	-	-	-	-	-	37,500	\$37,500
9	SERAF	SERAF/ ERAF	01/31/2012	12/31/2012	City of Tracy Housing	SERAF		693,690	N	\$693,690	-	-	-	693,690	-	\$693,690	-	-	-	-	-	-	\$-
10	2016 TAB Refunding Bonds	Refunding Bonds Issued After 6/27/12	01/21/2016	08/01/2033	BNY Mellon	Debt Principle Thru 2033		27,650,000	N	\$1,580,000	-	-	-	1,580,000	-	\$1,580,000	-	-	-	-	-	-	\$-
11	2016 TAB Refunding Bonds	Refunding Bonds Issued After 6/27/12	01/21/2016	08/01/2033	BNY Mellon	Debt Interest Thru 2033		9,222,000	N	\$1,274,800	-	-	-	1,274,800	-	\$1,274,800	-	-	-	-	-	-	\$-
12	2016 TAB Refunding Bonds	Fees	01/21/2016	08/01/2013	BNY Mellon	Payee and trustee expenses		2,000	N	\$2,000	-	-	-	2,000	-	\$2,000	-	-	-	-	-	-	\$-

RESOLUTION _____

THE CITY COUNCIL OF THE CITY OF TRACY ACTING AS THE GOVERNING BOARD
OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY
OF THE CITY OF TRACY APPROVING THE RECOGNIZED
OBLIGATION PAYMENT SCHEDULE

WHEREAS, The California state legislature enacted Assembly Bill X1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, On January 19, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Tracy (the "City Council") declared that the City of Tracy, a municipal corporation (the "City"), would act as successor agency (the "Successor Agency") for the dissolved Community Development Agency of the City of Tracy (the "Former CDA") effective February 1, 2012, and

WHEREAS, On February 1, 2012, the Former CDA was dissolved pursuant to Health and Safety Code Section 34172, and

WHEREAS, The Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181, and

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare a draft Recognized Obligation Payment Schedule (the "ROPS") and make associated notifications and distributions;

NOW, THEREFORE, BE IT RESOLVED, That the City Council, acting as the Governing Board of the Successor Agency, hereby approves the ROPS 20-21 which contains the Successor Agency Administrative Cost Estimates.

BE IT FURTHER RESOLVED, That the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager or the City Manager's designee, acting on behalf of the Successor Agency, to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with approval of the ROPS, and other actions taken pursuant to this Resolution.

BE IT FURTHER RESOLVED, That this Resolution shall take immediate effect upon adoption.

* * * * *

Resolution _____
Page 2

The foregoing Resolution _____ was passed and adopted by the Tracy City Council, acting in its capacity as the Successor Agency of the Community Development Agency of the City of Tracy, on the 21st day of January, 2020, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Chair

ATTEST:

Successor Agency Secretary

APPROVED AS TO FORM:

Successor Agency Counsel

AGENDA ITEM 1.G

REQUEST

ADOPT A RESOLUTION ACCEPTING THE CITY OF TRACY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2019

EXECUTIVE SUMMARY

The City's auditor, Maze & Associates, has completed the review of the annual financial statements for the fiscal year ending June 30, 2019. The audited financial statements are incorporated into a Comprehensive Annual Financial Report (CAFR). 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 Audit Standards, issued by the Comptroller General of the United States. These standards require that they plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

DISCUSSION

The City Council, on July 21, 2015, authorized the appointment of Maze & Associates as the City's Auditor for fiscal years 2014-15 through 2016-17 including allowing the City to extend the Agreement for three additional City fiscal years. On April 3, 2019, the City extended the Agreement with Maze & Associates through fiscal year 2019-20. 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, 2019 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 a Comprehensive Annual Financial Report, which provides additional analytical and statistical information to fully describe the City's financial condition. The CAFR 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 31 consecutive years.

Fiscal Year 2018-19 was the third 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 2018-19 was \$10,853,130. The City Council has committed Measure V funds toward the development of a new aquatic center and multi-generational community gymnasium center, and improvements at Legacy Fields Sports Complex.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$197.8 million, which is an increase of \$8.2 million or 4.3%, from \$189.6 million at June 30, 2018. The General Fund accounted for \$80 million of this total. Governmental fund revenues, decreased by \$13.8 million or 8.9%, from \$155 million at June 30, 2018 to \$141.2 million at June 30, 2019. This revenue decrease is attributable to one-time decreased capital grants and contributions. Expenditures increased by \$11.3 million or 10.7%, from \$105.1 million at June 30, 2018 to \$116.4 million at June 30, 2019. Of this total, \$71.5 million were General Fund expenditures. Beginning July 1, 2018, the City entered into three-year labor contracts that provided an annual salary increase of 4%; or 12% over three years. In addition, staffing levels expanded by an average of 3% annually throughout the organization.

At June 30, 2019, the General Fund balance of \$30.6 million, was comprised of \$.5 million in non-spendable balances, \$14.9 million committed funds for contingency/emergency reserve, and \$15.2 million in assigned funds. Fund balances have been classified in accordance with generally accepted accounting principles.

The table below shows the detailed classifications of the City's Fund Balances as of June 30, 2019:

Fund Balance Classifications	General Fund	Special Revenue	Debt Services	Capital Projects	Other Governmental	Total
Nonspendable:						
Advances	-					-
Loans Receivable	469,979					469,979
Total Nonspendable	469,979	-	-	-	-	469,979
Restricted for:						
Housing		4,553,346				4,553,346
Special Area Projects				43,789,547	89,540,909	133,330,456
Public Safety					636,726	636,726
Debt Service			620,869		355,592	976,461
Community Development					206,907	206,907
Asset Forfeiture					1,117,563	1,117,563
Streets and Roads		-			8,464,594	8,464,594
Landscaping District					5,940,591	5,940,591
Fire Authority						-
Cable TV					632,783	632,783
Drainage					7,197,683	7,197,683
Tracy Grow					1,000,000	1,000,000
Total Restricted	-	4,553,346	620,869	43,789,547	115,093,348	164,057,110
Committed to:						
Contingency/Emergency	14,882,561					14,882,561
Total Committed	14,882,561	-	-	-	-	14,882,561
Assigned to:						
Animal Control Trust	22,192					22,192
Measure V	5,644,905					5,644,905
Economic/Budget Stability	7,441,280					7,441,280
Prior Year Reappropriation:	2,104,626					2,104,626
Capital Projects				12,191,839		12,191,839
Total Assigned	15,213,003	-	-	12,191,839	-	27,404,842
Unassigned:						
Unassigned	-	(6,593,541)			(2,397,200)	(8,990,741)
Total Unassigned	-	(6,593,541)	-	-	(2,397,200)	(8,990,741)
Total Fund Balances	30,565,543	(2,040,195)	620,869	55,981,386	112,696,148	197,823,751

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

It is recommended that City Council adopt a resolution accepting the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019.

Prepared by: Martha Garcia, Finance Manager

Reviewed by: Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019
(Oversized: Available at the City Clerk's Office in City Hall and on the City of Tracy website:
https://www.ci.tracy.ca.us/documents/Comprehensive_Annual_Financial_Report_Year_Ended_June_30_2019.pdf)



CITY OF TRACY

California

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2019



THIS PAGE INTENTIONALLY LEFT BLANK

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

of the
CITY OF TRACY, CALIFORNIA

For the fiscal year ended
June 30, 2019

Prepared by the
Finance Department

KARIN SCHNAIDER
Finance Director

MARTHA GARCIA
Finance Manager

ROBERT HARMON, CPA (Inactive)
Interim Budget Officer

FELICIA GALINDO
Senior Accountant

GUADALUPE PENA
Accountant

SARA COWELL
Accountant

THIS PAGE INTENTIONALLY LEFT BLANK

Introductory Section



THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF TRACY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

INTRODUCTORY SECTION:

Table of Contents..... i

Organization Chart..... v

List of Elected Officials..... vi

List of Other Officials..... vii

GFOA Certificate of Achievement..... viii

Letter of Transmittal..... ix

FINANCIAL SECTION:

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis..... 5

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position..... 21

Statement of Activities..... 22

Fund Financial Statements:

Governmental Funds:

Balance Sheet..... 26

Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position..... 28

Statement of Revenues, Expenditures, and Changes in Fund Balances..... 30

Reconciliation of the Net Change in Fund Balances Governmental
Funds with the Change in Net Position Governmental Activities..... 32

CITY OF TRACY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

FINANCIAL SECTION (Continued):

Proprietary Funds:

Statement of Net Position.....	34
Statement of Revenues, Expenses and Changes in Fund Net Position.....	36
Statement of Cash Flows.....	38

Fiduciary Funds:

Statements of Fiduciary Net Position.....	42
Statement of Changes in Fiduciary Net Position	43

Notes to Basic Financial Statements	45
--	-----------

Required Supplementary Information:

Modified Approach to Reporting Street Pavement Costs.....	99
Schedule of Changes in Net Pension Liability and Related Ratios – Miscellaneous Plan.....	101
Schedule of Contributions – Miscellaneous Plan	102
Schedule of Changes in Net Pension Liability and Related Ratios – Safety Plan.....	103
Schedule of Contributions – Safety Plan	104
Postemployment Benefit Plan Other Than Pensions (OPEB) Schedule of Changes in Total OPEB Liability and Related Ratios	105
Postemployment Benefit Plans Other Than Pensions (OPEB) - Schedule of Contributions.....	106
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund.....	107
Housing Successor Fund	108
TEA Grant Fund.....	109
South County Fire Authority Fund	110
Community Development Fees Fund	111
Notes to Required Supplementary Information	113

CITY OF TRACY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

FINANCIAL SECTION (Continued):

Supplemental Information:

Major Governmental Funds, Other Than the General Fund and Special Revenue Funds:

2008 Lease Revenue Bonds Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	117
---	-----

Non-major Governmental Funds:

Combining Balance Sheet	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	128
Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual	134

Internal Service Funds:

Combining Statement of Net Position	140
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	141
Combining Statement of Cash Flows	142

Fiduciary Funds:

Combining Statement of Changes in Assets and Liabilities – Agency Funds	145
---	-----

STATISTICAL SECTION:

Financial Trends:

Net Position by Component – Last Ten Fiscal Years	157
Changes in Net Position – Last Ten Fiscal Years	158
Program Revenues by Function/Program – Last Ten Fiscal Years	160
Fund Balance of Governmental Funds – Last Ten Fiscal Years	161
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	162
General Revenue Taxes – Unrestricted – Last Ten Fiscal Years	163

CITY OF TRACY
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

STATISTICAL SECTION (Continued)

Revenue Capacity:

Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years.....	164
Direct and Overlapping Property Tax Rates- Last Ten Fiscal Years.....	165
Principal Property Taxpayers – Current Fiscal Year and Nine Years Ago	166
Property Tax Levies and Collections – Last Ten Fiscal Years.....	167
Sales Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	168
Taxable Sales by Category – Last Ten Calendar Years.....	169
Principal Sales Tax Producers – Current Fiscal Year and Ten Years Ago.....	170
Water and Wastewater Rates – Last Ten Fiscal Years	171

Debt Capacity:

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	172
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	173
Direct and Overlapping Governmental Activities Debt.....	174
Legal Debt Margin Information – Last Ten Fiscal Years.....	175
Pledged Revenue Coverage – Last Ten Fiscal Years	176

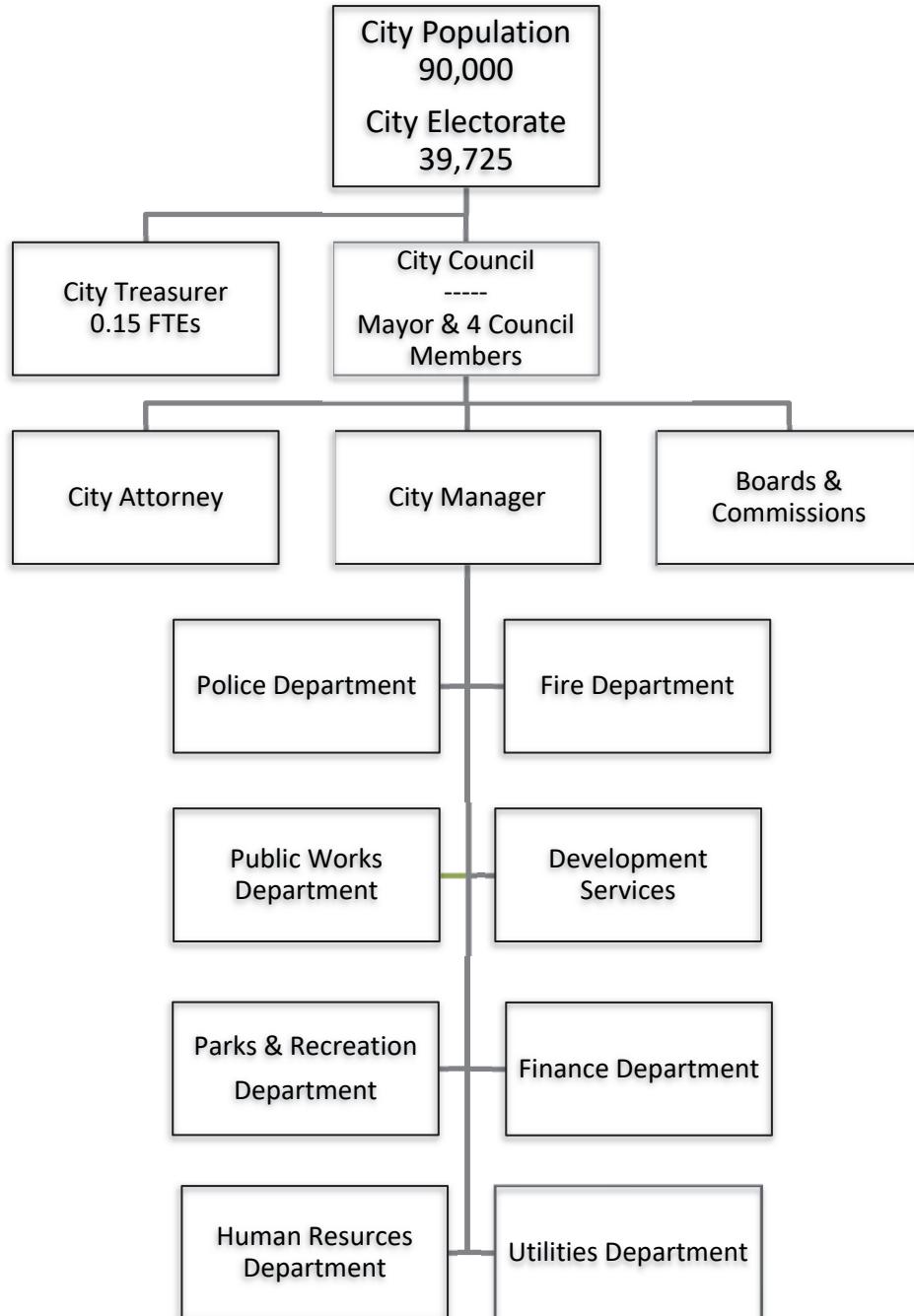
Demographic and Economic Information:

Demographic and Economic Statistics – Last Ten Years.....	177
Principal Employers – Current Fiscal Year and Thirteen Years Ago.....	178

Operating Information:

Full-Time and Part-Time City Employees by Function – Last Ten Fiscal Years.....	179
Operating Indicators by Function – Last Ten Fiscal Years	180
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	181

CITY OF TRACY ORGANIZATIONAL CHART



CITY OF TRACY, CALIFORNIA

COUNCIL – MANAGER FORM OF GOVERNMENT

June 30, 2019

CITY COUNCIL

ROBERT RICKMAN

Mayor

NANCY YOUNG

Mayor Pro Tem

DAN ARRIOLA

Council Member

RHODESIA RANSOM

Council Member

VERONICA VARGAS

Council Member

OTHER ELECTED OFFICIALS

RAYMOND McCRAY

City Treasurer

CITY OF TRACY, CALIFORNIA

OTHER CITY OFFICIALS

Jenny Haruyama

City Manager

Midori Lichtwardt

Assistant City Manager

Andrew Malik

Assistant City Manager

Leticia Ramirez

City Attorney

Karin Schnaider

Finance Director

Alex Neicu

Interim Police Chief

Randall Bradley

Fire Chief

Don Scholl

Public Works Director

Kul Sharma

Utilities Director

Brian MacDonald

Parks & Recreation Director

Kimberly Murdaugh

Human Resources Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Tracy
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Executive Director/CEO



City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

CITY MANAGER'S OFFICE

MAIN 209.831.6000
FAX 209.830.6120
www.cityoftracy.org

December 19, 2019

Honorable Mayor and City Council Members
Citizens of the City of Tracy:

We are pleased to present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report fulfills that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The data in this report is presented in a manner that is designed to fairly set forth the financial position and results of operations of the City of Tracy (the City). It contains the disclosures necessary to promote in-depth understanding of the City's financial affairs and evaluate its financial condition. The City annually publishes a complete set of financial statements, presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by an independent, certified public accounting firm.

The City's financial statements have been audited by Maze & Associates Accountancy Corporation located in Pleasant Hill, California. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year (FY) ended June 30, 2019 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is the first item presented in the financial section of this report.

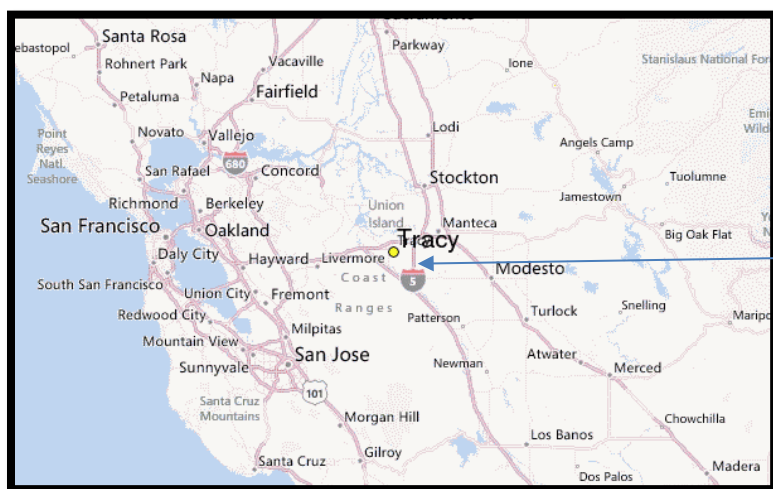
In addition to the financial audit, each year the City is required to undergo an audit of federal grant expenditures. That report is commonly referred to as a Single Audit report and is issued as a separate document and is not included herein. The Single Audit report includes the Schedule of Expenditures of Federal Awards, Findings and Recommendations, and an auditor's report on the internal control structure and compliance with applicable laws and regulations.

Generally Accepted Accounting Principles and Management require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements entitled, "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the Government: Tracy is located on the western edge of the Central Valley in San Joaquin County. The City is 60 miles east of San Francisco and 70 miles south of Sacramento. The City is situated within a triangle formed by three interstate freeways: I-5, I-205 and I-580.

Tracy was founded in 1878 as a railroad center and was incorporated as a city in 1910. For many decades, it served both as a railroad center and farm market town. After World War II, the US Army opened and continues to operate a defense supply center; which shifted transportation of goods and people from railway to highways as the interstate system was developed. By 1960, the City's employment base included a few food-processing plants and small-related manufacturing operations. Over the decades, the City saw growth that has reflected the growth of suburban areas in the Bay Area; with large growth in the 1980's, 2000's and now again as the housing markets are beginning to rebound after the Great Recession. The City's economy has diversified into local and international manufacturing, commercial and distribution centers.

The City's proximity to three major highway systems has promoted the City's motto of "Think Inside the Triangle" where Interstate 5, 580, and 205 create a triangle of transportation around the city's sphere of influence.



Situated as the first major city east of the Altamont Pass, Tracy is considered an outer suburb of the Bay Area. It is the second largest City in San Joaquin County, and although the Stockton-Lodi Metropolitan Statistical Area (MSA) does not directly border San Francisco, it has now been added to the San Jose – San Francisco – Oakland Combine Statistical Area (CSA) due to being economically connected to the other nine counties in the region. The population and size of Tracy has increased from 18,428 and 7.0 square miles in 1980 to over 92,000 and 29.1 square miles in 2019. The San Joaquin Council of Governments (SJCOG) forecasts that Tracy's population is anticipated to grow to nearly 130,000 by 2040. The SJCOG population projections are based on the growth projections developed by the Eberhardt School of Business at University of the Pacific (UOP) in collaboration with SJCOG.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a four member Council. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the

government's departments. The Council is elected on a non-partisan basis. Council members are elected to four-year staggered terms, with two Council members elected every two years. The Mayor is elected every two years.

Economic Conditions and Outlook: Tracy's financial condition continues to improve as the economy remains in the midst of a steady upward growth. Since the Great Recession, the City has executed various business recruitment and retention strategies that have diversified the City's growing tax base. Working with our local and regional partners, we actively promote the City as an ideal place for residential and commercial investment. The City's economic development efforts continued to bear fruit with the expansion of several businesses and construction of new e-commerce distribution facilities. In addition, the City's housing stock is growing as multiple housing developments are currently under construction. Historically, Tracy has been an agricultural-based community. However, the continuing vibrant outward growth of the San Francisco Bay Area has pushed industrial, warehousing, and logistics growth into the Northern San Joaquin Valley. This is benefiting Tracy due to its strategic location at the gateway to the Tri Valley Area of the East Bay.

The strengthening of the regional economy in the past few years, paired with the growth of the housing market, and a declining unemployment rate has led to the increase in consumer confidence and spending. As consumer confidence grows, consumer spending continues to grow, resulting in sales tax revenue exceeding peaks last seen prior to the Great Recession. Housing prices continued to appreciate at a steady pace with median home prices in Tracy slightly lower than their western neighbors in the Bay Area, but higher than median housing prices in San Joaquin County and eastern neighbors of the Central Valley. This trend cultivates a perpetual buyers' market from the Bay Area to more affordable housing in Tracy.

The pace of commercial development, which has been slower to respond to the strengthening economy in the past year, accelerated as more previously vacant commercial space in Tracy has become occupied. The City's sales tax revenues endured the recession and, over the past several years, have continued to experience annual increases. The City's sales tax revenues are expected to show modest annual increases as population and consumer activity continue to rise and businesses continue to view Tracy as a "smart money" investment. In Fiscal Year 2019-2020, the City is poised to bring in additional retail, restaurants, and hotels that will potentially boost the sales tax and transient occupancy tax by an additional 2-3%.

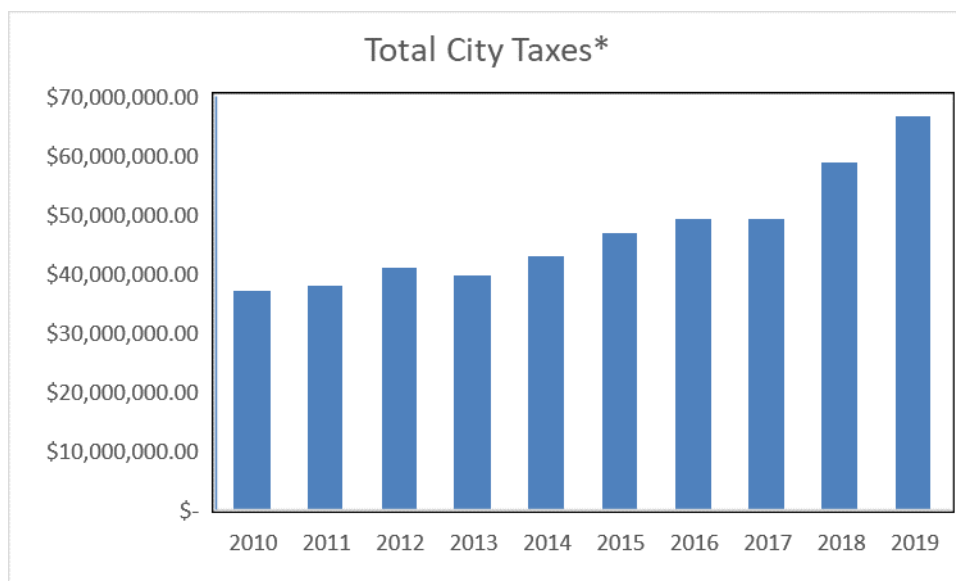
In addition, the City is growing exponentially in the commercial-industrial markets. Major industrial developers such as Majestic Realty, Industrial Property Trust, Seefried Properties, Scannell Properties and Prologis are investing millions of dollars into infrastructure and building construction for new companies locating in Tracy. Highlights of business locations for FY 2018-2019 include: Fischer Scientific occupying 225,000 square feet, Lindt-Ghirardelli occupying more than 708,000 square feet, System Services of America occupying 154,500 square feet, Clutter occupying 460,000 square feet, Federal Emergency Management Agency occupying 210,270 square feet, and Zinus occupying more than 664,000 square feet. Katerra, an advanced manufacturer of pre-fabricated residential and commercial office space, is currently constructing a new 577,000 square foot facility for its west coast manufacturing plant. Combined, these facilities represent significant investments in infrastructure, will provide approximately 2,000 new jobs to our workforce, and enhance property taxes within the industrial areas of the City.

New housing units being added to the assessor's roll, coupled with commercial developments in the community and higher property values, have led to a steady increase in local property tax

revenues. Developments in the community, combined with increased consumer confidence and a strong labor market, have all contributed to the strengthening of the General Fund. The City estimates property tax will grow 5% annually over the next 3-5 years.

In addition to the growth in commercial and residential, the City Council and voters passed in November 2016 an additional ½ cent local sales tax (known as Measure V). This measure replaced a prior ½ cent sales tax measure that expired earlier in the calendar year. The City implemented the half-cent Measure V sales tax in April of 2017 for a term of 20 years. The revenue is expected to generate approximately \$9-10 million annually for the City of Tracy’s General Fund. The City Council has dedicated the Measure V resources toward future amenities including a new aquatic center, multi-generational facility, and improvements at Tracy’s Legacy Fields Sports Park.

The Council has been committed to having development pay its own way. The City continues to review and update the developer impact fees throughout the City to ensure adequate infrastructure is in place to meet the demands of an ever-growing city. The Council also adopted a Citywide Services Community Facilities District, CFD 2018-1, in January of 2018. Any new subdivision of 5 or more units is expected to join or mitigate the costs associated with the Police and Public Works services demands connected to new development. The CFD taxes are set at \$68 per parcel per year and has an inflation rate set to the Consumer Price Index; and will offset costs associated with adding personnel to meet future population growth in the developing communities of Tracy.



*See **Statistical Section** for more data on the City’s economic influences

Budgetary Controls: The Tracy Municipal Code requires that the City Council adopt a budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City’s financial planning and control. The budget is prepared by fund (i.e. General Fund, Enterprise Fund, etc), by department (e.g. Police, Fire, etc), and by program (i.e. Patrol Services, Traffic Enforcement, Fire Support, etc). Department heads may transfer resources within a department as they see fit with the approval of the City Manager. Transfers between departments; however, need special approval from the City Council

Strategic Priorities and Long-term Fiscal Planning: The Council remains committed to maintaining fiscal sustainability while providing high quality public safety, public works, and community development to meet its existing and future needs. In 2017, the Council identified desired outcomes related to the City's social, economic, organizational and environmental landscape. The Council adopted a governance strategy designed to retain and attract talent, enhance fiscal stability, improve the use of technology, and enhance transparency for the betterment of the community. The plan includes 12 specific goals that address Public Safety, Quality of Life, Governance and Economic Development.

In response, a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council. The City prepares a ten-year fiscal plan annually as a tool for the Council to meet these strategic priorities. The City's fiscal strategy includes the creation of a financial forecast to evaluate current and future fiscal conditions and is to guide policy and programmatic decisions. As part of building the multi-year forecast, the City uses information based on past, current, and projected financial conditions. As part of the strategic planning and long-term forecasts, the City has developed and maintains several tools to provide analytic measurements of future fiscal impacts. First, the ten-year forecast includes two separate actuarial studies to analyze the impacts of employee retirement benefits on the City's finances over time. One is focused on the fiscal impacts of pension and one on retiree medical costs. Secondly, the City has three separate studies on revenue forecasts based on economic trends surrounding short and long-term retail and housing markets. The City overlays each of these studies into the planning documents to create a multi-faceted approach to fiscal analysis and planning.

This has helped identify future revenue and expenditure trends that may have an immediate or long-term influence on government policies, strategic goals, funding obligations, or community services. The City uses the five-year financial forecast as a management tool to best anticipate inflows and outflows of City resources in the short-term, then projects out these trends into the longer ten-year model to ensure budget sustainability. Modeling of long-term strategies also allows marginal shifts to occur over time to maintain healthy reserves while still actively improving services to the public. The forecast has become an integral part of the annual and mid-budget process.

Given continued growth in development and population, the demand for City services has increased. The Council recognizes the dedication and professionalism of the City staff and the importance of attracting and retaining a highly skilled workforce to serve the public. Beginning July 1, 2018, the City entered into three-year labor contracts that provided an annual salary increase of 4%; or 12% over three years. In addition, staffing levels expanded by an average of 3% annually throughout the organization. Many of these staffing changes included a shift from temporary contract services to permanent staff as staffing levels begin to return to pre-recession levels, such as in Parks, Public Works, and Development Services. Other areas like public safety have adjusted to respond to increased service level demands due to growth. The City has strategically leveraged its financial resources to accommodate the short-term and long-term service demands. By doing so, the City is expected to maintain reserves within the Council's 30% reserve policy.

The economy is recovering in both housing prices that bolster property tax and diversification in commercial and retail that grows and strengthens our sales tax revenues. However, the economy has natural growth and contraction ebbs and flows that are outside of the City's control. While financial planning and long-term forecasting cannot predict all future outcomes,

the City's healthy resources and strong fiscal policies will ensure it can manage its fiduciary responsibilities appropriately.

Major Initiatives in 2018-2019:

The Council continues to invest in community infrastructure to enhance the quality of life for the citizens of Tracy:

- Widening of Corral Hollow Road between Parkside Drive and Linne Road: Corral Hollow Road between Parkside Drive and Linne Road is a heavily travelled major north south arterial street in the City. The project will provide widening of the existing two lane street to four lanes with median, curb, gutter, street lighting, sidewalk, and landscaping. The project design and acquisition of most of the right of ways for widening of this street has been completed. Once the remaining right of ways are acquired, the project will be ready for construction in mid-2020. The project is funded from Measure K sales Tax and development impact fees (TIMP).
- Recycled Water Project: Construction of the City's Recycled Water Project continued and the last phase of construction will be completed in early 2020. The project involves construction of a pump station at the City's Wastewater Treatment Plant and recycled water pipeline from the Wastewater Treatment Plant to Lammers Road south of Kimball High School via Larch Road, Grant Line Road and Byron Road. The completion of this project will allow the City to use recycled water for irrigation purposes in Legacy Fields, Tracy Sports Complex and Placentia Fields. The project is funded from a grant from Department of Water Resources and development impact fees (TIMP).
- Wastewater Effluent Pipeline Project: After completion of the design and acquisition of Right of Ways, competitive construction bids were invited from the Contractors to install a new wastewater effluent pipeline from the City's Wastewater treatment Plant to the Old River. The condition of the existing asbestos cement outfall pipeline has deteriorated due to age and needed to be replaced. The construction of the project is scheduled to start during last quarter of 2019 and is expected to be completed in three years. The project is partly funded from the existing rate payers and the new development in proportion to their use and impact.
- Airport Improvements: Began reconstruction of T-hangar taxi-lanes and installation of new rotating beacon. Received state matching grant from State of California Division of Aeronautics for \$50,000 towards the project. Construction is in progress; began upgrading three Precision Approach Path Indicators (PAPI's) and installing one new PAPI. Construction is in progress; and replaced existing Automated Weather Observation System (AWOS) III. Project was completed in September 2018.
- Park Planning and Development: Began construction of Legacy Fields Phase 1D. Construction is in progress; Completed construction of the Lolly Hansen Senior Center Expansion, the recirculation system for the splash pad at McDonald Park, the Dr. Powers Park sidewalk project, and site improvements to the Joe Wilson Pool including new shade umbrellas, site furnishings and storage boxes.
- Citywide Improvements: The Public Works Department repaired, replaced or made improvements on various city assets including: replacing or repairing 75 fire hydrants, replaced 1,200 Flex-Net meters, applied 194 tons of asphalt to repair potholes, utilized 207 cubic yards of concrete to repair sidewalks, planted 300 trees at legacy fields, commenced the re-landscaping of entryway medians and streetscapes in various locations – including the renovation of the landscaping in and around storm basin at 11th St. and Lammers Road, and completed multiple site improvements at the Tracy Sports

Complex including: metal fence and sports field netting repairs, repainting of all buildings, and the planting of 19 trees in a previously vacant portion of the site.

GASB 54: The City is required to produce its financial statements in conformity with GASB 54. This GASB requirement concerns mainly the designation of fund balance into use categories. In addition, Statement 54 clarifies how rainy-day amounts are reported by treating stabilization arrangements as a specified purpose. Consequently, amounts constrained to stabilization must be reported committed or assigned fund balance in the General Fund if they meet the other criteria for those classifications. In October 2014, the City Council adopted a stabilization policy and created three stabilization reserves and revised the policy in June 2017. Please refer to Note # 9 for more information.

Summary of the General Fund Reserves as of June 30, 2019

Non-spendable	Loans Receivable	\$ 469,979
Committed	20% reserve	14,882,561
Assigned	10% reserve (Economic Stability)	7,441,280
	Measure V	5,644,905
	Prior Year Re-Appropriations	2,104,626
	Animal Control	22,192
		<hr/>
		\$ 30,565,543

GASB 68 & 71: These accounting standards deal with reporting of pension liabilities. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. These standards were designed to improve and provide transparency to the accounting and financial reporting for state and local government defined benefit pension plans and to bring governmental employer accounting and reporting standards closer in line with private sector requirements. The City implemented GASB Statement No. 68 and GASB Statement No. 71 in FY 14/15.

In prior years, information on the pension liabilities was disclosed in the note disclosure and required supplementary information sections of the CAFR. With the implementation of GASB 68, the net pension liability is reported on the face of the Statement of Net Position, effectively reducing an entity’s overall net position. Thus, GASB 68 changed the accounting and financial reporting requirements of pension obligations by reporting pension obligations not only on the note disclosure and required supplementary information sections but also on the face of the basic financial statements. GASB 68 affected the reporting and accounting “presentation” of the City’s pension liability; however, it is not a new liability and the City has been disclosing and is profoundly aware of this liability.

GASB 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions: The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaced the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, established new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB are also addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity.

The City has implemented GASB 75 in FY 2017-2018.

GASB 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements: The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of the statement are effective for reporting periods beginning after June 15, 2018. The City implemented GASB Statement No. 88 for disclosures in the FY 2018/19 financial statements.

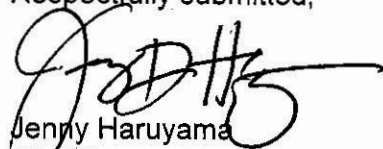
Gann Limit vs. Appropriations Subject to Limit: Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2018-19 amounted to \$65,081,990 and \$46,473,050 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

Awards and Acknowledgements: The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tracy for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 31st consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Department staff. Each member of the Department has my appreciation for the contributions made in the preparation of this report. We would also like to recognize the Mayor and City Council for their guidance and support in the City's pursuit of excellence in financial reporting.

Respectfully submitted,



Jenny Haruyama
City Manager



Karin Schnaider
Finance Director

THIS PAGE INTENTIONALLY LEFT BLANK

Financial Section



THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Tracy, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tracy, California, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above 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 as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9E, the City made prior period adjustments to the beginning fund balance of the Community Development Fees Special Revenue Fund and the Capital Projects Deposit Capital Projects Fund and the beginning net position of the Wastewater Utility Enterprise Fund in the amounts of \$458,644, \$2,410,207 and \$4,500 respectively.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the other Required Supplementary Information listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maye & Associates

Pleasant Hill, California
December 19, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the City of Tracy's financial performance for the fiscal year ended June 30, 2019. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes thereto.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows of resources exceeds its liabilities and deferred inflows of resources at the close of the 2018-19 fiscal year by \$1,223 million Net Position. Of this amount, \$26.6 million Unrestricted Net Position, is designated to be used to meet ongoing obligations to citizens and creditors.
- The City's total net position increased by \$35 million, with \$23 million attributable to governmental activities and \$12 million attributable business-type activities.
- As of June 30, 2019, the City's combined governmental funds reported fund balance of \$197.8 million, of which \$197.3 million is available to meet the City's current and future needs.
- As of June 30, 2019 the fund balance for the General Fund was \$30.6 million of which \$.5 million is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Committed fund balance was \$14.9 million, designated for Contingency/Emergency. Assigned fund balance was \$15.2 million, designated for items such as prior reappropriation and fiscal sustainability. There were zero unassigned funds as of June 30, 2019.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of the following sections:

- 1) Introductory Section, which includes the Transmittal Letter and general information,
- 2) Management's Discussion and Analysis,
- 3) The Basic Financial Statements, which include the Government-wide and the Fund Financial Statements, along with the Notes to these financial statements,
- 4) Required Supplemental Information,
- 5) Combining Statements for Non-major Governmental Funds and Internal Service Funds,
- 6) Statistical Information

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements. These two sets of financial statements provide two different views of the City's financial activities and financial position.

Government-wide Financial Statements

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

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

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

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

- Governmental activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public ways and facilities/transportation, public works, and culture and leisure. These services are supported by general city revenues such as taxes, and by specific program revenues such as developer fees.
- The City's governmental activities include not only the City of Tracy (known as the primary government), but also the activities of the Tracy Operating Partnership Joint Powers Authority, South San Joaquin County Fire Authority (SSJCFA), Tracy Public Financing Authority, and the Tracy Industrial Development Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority, the Tracy Public Financing Authority, and the Tracy Industrial Development Authority; and the City is financially accountable for those entities, as well as, the personnel for SSJCFA. The financial activities of all three entities have been aggregated and merged, termed "blended", with those of the City in the accompanying financial statements.

Pursuant to ABX I 26 ("AB 26"), approved by Governor Brown on June 28, 2011 and upheld by the California State Supreme Court on December 29, 2011, the Tracy Community Development Agency ("Agency") was dissolved on January 31, 2012. The former Agency is now administered under the name of Successor Agency to the Community Development Agency of the City of Tracy. The activities of the Successor Agency can be found in the Fiduciary Fund Section of the Financial Statements.

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

Fund Financial Statements

The Fund Financial Statements report the City's operations in more detail than the Government-wide Statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The Governmental Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis and include all their assets, deferred outflows of resources, liabilities and deferred inflows of resources, both current and long-term. Each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

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

- Governmental Funds – These funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources and are therefore prepared on the modified accrual basis. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

The City of Tracy has 36 governmental funds of which 8 are considered major funds for presentation purposes. Each major fund is presented separately in the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances. The financial information for the remaining non-major governmental funds is combined into a single, aggregated presentation.

- Proprietary Funds – The City maintains two different types of proprietary funds; Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report the same functions presented as "business-type activities" in the Government-wide Financial Statements. Internal Service Funds account for the financial activity of the City's central services departments, vehicle and equipment replacement, central garage, building maintenance, and self-insurance. Financial statements for proprietary funds are prepared on the full accrual basis and include all their assets and liabilities, current and long-term.

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

- Fiduciary Funds – These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the Government-wide Financial Statements because the resources of those funds are not available to support the City's own programs. The accounting used for Fiduciary Funds is similar to that used for Proprietary Funds. With the dissolution of the Community Development Agency per ABX 126 and AB 1484, the activities of the Successor Agency to the Tracy Community Development Agency are reported as a Private Purpose Trust Fund in the Fiduciary Fund section.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

Combining Statements

This section of the report includes additional detailed information about non-major governmental, internal service and agency funds.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budgetary comparison schedules for the General Fund and other major funds that are Special Revenue Funds, along with schedules related to the City's net pension liabilities, total OPEB liability and contributions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position – The net position for the City as a whole increased by \$33 million or 2.8%, from \$1,190 million at June 30, 2018 to \$1,223 million at June 30, 2019. In addition, during fiscal year 2019, the City adopted revised accounting policies and made other corrections that resulted in restatements (see Note 9) to beginning net position. Including these restatements, net position increased by \$35 million. The increase is summarized by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position. Restricted net position accounted for \$199.2 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position decreased by \$11 million, from \$38 million in at June 30, 2018 to \$26.6 million at June 30, 2019 and is designated to be used to meet ongoing obligations to citizens and creditors. The Unrestricted Net Position reflects the inclusion of a Net Pension Liability of \$79.5 million in accordance with Generally Accepted Accounting Principles.

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2019 with comparative data for the fiscal year ended June 30, 2018.

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018*	2019	2018*	2019	2018*
Cash and Investments	\$ 224,116	\$ 208,992	\$ 46,999	\$ 49,815	\$ 271,115	\$ 258,808
Other Assets	45,193	51,566	18,906	12,541	64,099	64,108
Capital Assets	647,535	630,800	403,414	393,568	1,050,949	1,024,366
Total Assets	916,844	891,358	469,319	455,924	1,386,163	1,347,282
Deferred Outflows						
Related to Pensions	19,803	24,453	2,420	2,786	22,223	27,239
Current Liabilities	28,873	26,651	11,063	8,278	39,936	34,929
Non-Current Liabilities	99,869	100,827	40,451	42,298	140,320	143,125
Total Liabilities	128,742	127,478	51,514	50,576	180,256	178,054
Deferred Inflows						
Related to Pensions	4,947	6,236	277	305	5,224	6,541
Net Investment in Capital						
Assets	626,220	609,080	370,880	359,213	997,100	968,293
Restricted	199,212	183,594	1	-	199,213	183,594
Unrestricted	(22,474)	(10,576)	49,067	48,616	26,593	38,040
Total Net Position	\$ 802,958	\$ 782,098	\$ 419,948	\$ 407,829	\$ 1,222,906	\$ 1,189,927

*Note: Not restated for the effect of changes discussed in Note 9E.

The City's Government-wide Net Position as of June 30, 2019, comprised of the following:

- Cash and investments combined increased by \$12.3 million or 4.8%, from \$259 million at June 30, 2018 to \$271.1 million at June 30, 2019. The \$271.1 million of cash and investments is in the city treasury and investments. Cash and Investments with Fiscal Agents is \$1,199 at June 30, 2019. The increase is primarily attributable to capital projects activity.
- Receivables increased by \$1.1 million or 1.8%, from \$59.7 million at June 30, 2018 to \$60.8 million at June 30, 2019. Receivables were comprised of \$38.1 million of current receivables and \$22.7 million of long-term receivables. Current receivables are primarily related to sales tax and grants; and long-term receivables are related to housing loans provided by the former Community Development Agency. The grants and loans have varying repayment terms and interest rates.
- Capital assets increased by \$26.6 million or 2.6%, from \$1,024 million at June 30, 2018 to \$1,051 million at June 30, 2019. Net capital assets of \$1,050 million include the City's infrastructure in addition to all other City assets.
- Restricted Net Position increased \$15.6 million or 8.5%, from \$183.6 million at June 30, 2018 to \$199.2 million at June 30, 2019. Restricted Net Position is restricted for capital projects \$146.7 million; low-moderate income housing projects \$16.9 million; debt service \$9 million; and \$26.6 million may be spent on other projects as specified by funding source restrictions.

- Unrestricted Net Position decreased by \$11.4 million or 30.1%, from \$38 million at June 30, 2018 to \$26.6 million at June 30, 2019. The unrestricted net position is available to be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions. While these assets are technically unrestricted, most of these assets are committed or assigned for a specific use.

The Change in Net Position expressed as the change in revenues and expenses through June 30, 2019 is further reflected in the Statement of Changes in Net Position.

Statement of Changes in Net Position
Fiscal Year Ended June 30
(in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018*	2019	2018*	2019	2018*
Revenues						
Program Revenues:						
Charges for Services	\$ 20,792	\$ 19,520	\$ 53,676	\$ 53,656	\$ 74,468	\$ 73,176
Operating Contributions and Grants	15,142	14,191	3,733	6,397	18,875	20,588
Capital Grants and Contributions	36,408	68,535	20,936	9,181	57,344	77,716
Total Program Revenues	72,342	102,246	78,345	69,234	150,687	171,480
General Revenues:						
Property Taxes	22,723	20,857			22,723	20,857
Other Taxes	44,331	38,075			44,331	38,075
Other General Revenues	1,846	(6,173)	1,642	9,307	3,488	3,134
Total General Revenues	68,900	52,759	1,642	9,307	70,542	62,066
Total Revenues	141,242	155,005	79,987	78,541	221,229	233,546
Expenses						
General Government	14,455	13,479			14,455	13,479
Police	31,808	29,141			31,808	29,141
Fire	22,267	23,644			22,267	23,644
Development & Engineering	11,511	13,833			11,511	13,833
Public Works	31,182	20,351			31,182	20,351
Parks & Community Services	3,920	3,395			3,920	3,395
Interest on Long-term Debt	1,271	1,288			1,271	1,288
Water			19,941	19,087	19,941	19,087
Wastewater			18,961	18,601	18,961	18,601
Solid Waste			1,123	20,958	1,123	20,958
Storm Drainage			22,289	2,791	22,289	2,791
Airport			5,017	1,475	5,017	1,475
Transit			2,558	5,571	2,558	5,571
Total Expenses	116,414	105,131	69,889	68,483	186,303	173,614
Changes in net position before transfers and Special Items	24,828	49,874	10,098	10,058	34,926	59,932
Transfers	(2,016)		2,016			
Special Item	-	(3,347)			-	(3,347)
Change in Net Position	22,812	46,527	12,114	10,058	34,926	56,585
Net Position, Beginning**	780,146	735,571	407,834	397,771	1,187,980	1,133,342
Net Position, Ending	\$ 802,958	\$ 782,098	\$ 419,948	\$ 407,829	\$ 1,222,906	\$ 1,189,927

*Note: Not restated for the effect of changes discussed in Note 9E.

**Note: Net Position as of July 1, 2018 as restated for the changes discussed in Note 9E.

Revenues

Total revenues decreased by \$12.3 million or 5.3%, from \$233.5 million at June 30, 2018 to \$221.2 million at June 30, 2019. Total governmental activity revenues decreased by \$13 million. This decrease is attributable to one-time decreased capital grants and contributions. Total governmental general revenues increased by \$16.1 million related to property tax and general sales tax.

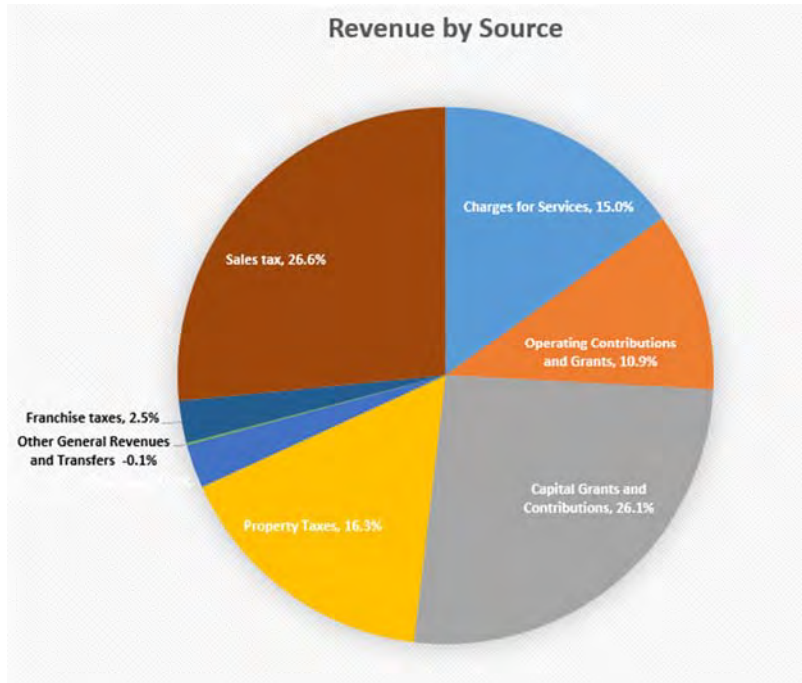
Expenses

Total expenses for the City increased by \$12.7 million or 7.3%, from \$173.6 million at June 30, 2018 to \$186.3 million at June 30, 2019. Beginning July 1, 2018, the City entered into three-year labor contracts that provided an annual salary increase of 4%; or 12% over three years. In addition, staffing levels expanded by an average of 3% annually throughout the organization. Governmental activities incurred \$116.4 million of expenses while business-type activities incurred \$69.9 million. Of the Governmental Activities, the largest expenses were in Public Safety \$54.1 million; Public Works \$31.1 million; and General Government \$14.5 million.

Governmental Activities

Total resources available during the year to finance governmental operations were \$921.3 million consisting of net position at June 30, 2018 of \$782.1 million, program revenues of \$72.3 million and general revenues and transfers of \$66.9 million. Government Activities revenue is graphed below by the source of funding, followed by the expenses by program.

Revenue by Source - Governmental Activities
Fiscal Year Ended June 30
(in thousands of dollars)



**Cost of Services by Program - Governmental Activities
Fiscal Year Ended June 30**



The change in net position of Government Activities decreased by \$23.7 million or 51.0%, from \$46.5 million at June 30, 2018 to \$22.8 million at June 30, 2019, largely due to decreased revenues from Capital Grants and Contributions of \$36.4 million and increased personnel costs citywide.

Business-Type Activities

**Changes in Business-Type Activities by Program
Fiscal Year Ended June 30
(in thousands of dollars)**

	Business-type Activities	
	2019	2018
Net Revenue (Expense) from Business-type Activities		
Water	\$366	\$2,310
Wastewater	10,375	(1,991)
Airport	602	1,430
Solid Waste	(736)	15
Transit	(1,103)	970
Drainage	(1,049)	(1,983)
Total Business-type Activities	\$8,455	\$751

Program revenues of Business-type Activities increased \$9.1 million or 13.2%, from a total of \$69.2 million at June 30, 2018 to a total of \$78.3 million at June 30, 2019. This was a result of increased revenues related to Capital Grants and Contributions.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the City's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spending resources. Such information is useful in assessing the City's financing requirements. The classification of spendable fund balances to committed, assigned, and unassigned, is intended to be helpful in measuring the resources available for spending at the end of the fiscal year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported combined fund balances of \$197.8 million, which is an increase of \$10.6 million or 5.7%, from \$187.2 million at June 30, 2018. Total revenues decreased by \$17.4 million or 11.1%, from \$156.4 million at June 30, 2018 to \$138.9 million at June 30, 2019. Of this total, \$80.1 million was in the General Fund. Total expenditures decreased by \$4.7 million or 3.6%, from \$129.7 million at June 30, 2018 to \$125 million at June 30, 2019. Of this total, \$71.5 million was in the General Fund. Expenditures increased in relation to capital outlay for capital improvement projects and the addition of City staff.

General Fund

At June 30, 2019, the General Fund balance of \$30.6 million, was comprised of \$.5 million in non-spendable balances, \$14.9 million committed funds for contingency/emergency reserve, and \$15.2 million in assigned funds. Included in this amount is \$5.6 million reserved from Measure V to fund future amenities and \$2.1 million for reappropriation to balance FY2020. There were zero unassigned funds at June 30, 2019. 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.

Housing Successor Special Revenue Fund

On June 28, 2011 the State of California adopted ABx1 26, amended by AB 1484 on June 27, 2012, which dissolved redevelopment agencies as of January 31, 2012. All assets of the former Redevelopment Agency were transferred as prescribed by law to either the Housing Successor or to the Successor Agency.

The City of Tracy elected to become the Housing Successor and established the Housing Successor Special Revenue Fund to account for the housing assets and activities previously provided by the Tracy Community Development Agency. As of June 30, 2019, the fund balance of the Housing Successor Special Revenue Fund was comprised of \$2.8 million in cash and investments and \$1.7 million in loans to the Successor Agency.

TEA Grant Fund Special Revenue Fund

The TEA Grant Fund had revenues of \$9.1 million and expenditures of \$1.6 million, all for capital projects. The fund balance increased from to (\$6.6) million at June 30, 2018 to (\$.1) million at June 30, 2019, as a result of fiscal year ending June 30, 2018 outstanding grant receivables received in fiscal year ending June 30, 2019.

South San Joaquin County Fire Authority Special Revenue Fund

The SSJCFA had revenues of \$.9 million, \$5.5 million in unavailable revenues and expenditures of \$6.4 million. Recorded receivable at June 30, 2019 was \$7.9 million. The ending fund balance decreased from \$.1 million at June 30, 2018 to (\$5.4) million at June 30, 2019. The South San Joaquin County Fire Authority has sufficient funds in the Authority to pay their obligations to the City.

Community Development Fees Special Revenue Fund

The Community Development Fees Special Revenue Fund had revenues of \$10 million and expenditures of \$10.1 million. The ending fund balance decreased from (\$1) million at June 30, 2018 to (\$1.1) million at June 30, 2019.

2008 Lease revenue Bonds Debt Fund

The fund balance of the 2008 Lease Revenue Bond Fund decreased by \$31 thousand over the prior year. Fund balance was \$.652 million at June 30, 2018 comparable to \$.621 million at June 30, 2019.

General Projects Capital Fund

The General Projects Fund had revenues of \$.8 million, transfers in of \$16.2 million, and expenditures of \$11.4 million. The fund balance increased \$5.5 million from \$6.7 million at June 30, 2018 to \$12.2 million at June 30, 2019. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields Phase 1C (CIP 78153), 11th Street Beautification (CIP 73162), Boyd Service Center Phase 2 (CIP 71091), and McDonald Splash Pad (CIP 78162). Future projects include the Aquatic Center and Multi-Generational Gymnasium.

Tracy Infrastructure Master Plan Capital Fund

The Tracy Infrastructure Master Plan (TIMP) Fund had revenues of \$10.2 million and expenditures of \$3.4 million. The fund balance increased \$4 million from \$39.8 million at June 30, 2018 to \$43.8 million at June 30, 2019. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included, Widening of Corral Hollow Rd (CIP 73102), New Wastewater Lines at Corral Hollow Rd (CIP 74118) and Booster Pump Station at the Water Treatment Plant (CIP 75121). Future projects include fire stations, recycled water, and Waste Water treatment expansion.

Enterprise Funds

The City's Enterprise Funds provide the same type of information found in the Government-wide Financial Statements, but in more detail. The City's Enterprise Funds are comprised of the Water Utility Fund, the Wastewater Utility Fund, Drainage Fund, Solid Waste Fund, Municipal Airport and Municipal Transit Funds. Enterprise Fund net position totaled \$420 million at June 30, 2019. Enterprise operating revenues were \$53.7 million and operating expenses were \$68.5 million in fiscal year 2019. Operating expenses includes \$12.7 million in depreciation recognition. Future projects include recycled water and Waste Water treatment expansion.

Water Fund

The net position of the Water Fund at June 30, 2019 was \$182.4 million, an increase of \$0.6 million over the prior fiscal year. The net position of the Water fund at June 30, 2018 was \$181.8. Approximately \$(.8) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$183.1 million. Activities for the year were comprised of \$16.5 million in operating revenues for the current year and \$19.7 million in operating expenses including \$4.5 million in depreciation expenses.

Wastewater Fund

The net position of the Wastewater Fund at June 30, 2019 was \$149.7 million, an increase of \$13.2 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2018 was \$136.5 million. Approximately \$32.7 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$117 million. Activities for the year were comprised of \$14.2 million in operating revenues for the current year and \$17.9 million in operating expenses including \$5.3 million in depreciation expenses

Solid Waste Fund

The net position of the Solid Waste Fund at June 30, 2019 was \$17.5 million, a decrease of \$0.3 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2018 was \$17.8 million. Approximately \$17.5 million of the Fund's net position was unrestricted at the fiscal year end. Activities for the year were comprised of \$21.5 million in operating revenues for the current year and \$22 million in operating expenses.

Drainage Fund

The net position of the Drainage Fund at June 30, 2019 was \$42.8 million, a decrease of \$1.0 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2018 was \$43.8 million. Approximately \$(0.5) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$43.3 million. Activities for the year were comprised of \$.7 million in operating revenues for the current year and \$2.6 million in operating expenses including \$1.7 million in depreciation expenses.

Airport Fund

The net position of the Airport Fund at June 30, 2019 was \$13.7 million, an increase of \$0.8 million over the prior fiscal year. The net position of the Airport fund at June 30, 2018 was \$12.9 million. Approximately \$(0.1) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$13.8 million. Activities for the year were comprised of \$0.7 million in operating revenues, grants and transfers-in for the current year and \$1.1 million in operating expenses including \$0.3 million in depreciation expenses. Refer to Note 4 for a discussion of the transfers.

Transit Fund

The net position of the Transit Fund at June 30, 2019 was \$13.9 million, a decrease of \$1.0 million over the prior fiscal year. The net position of the Transit fund at June 30, 2018 was \$14.9 million. Approximately \$0.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$13.7 million. Activities for the year were comprised of \$0.1 million in operating revenues and grants for the current year and \$5 million in operating expenses including \$0.9 million in depreciation expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$68.6 million. The difference in appropriations between the original budget and the final amended budget was \$3.5 million, largely due to increases in revenue primarily from property taxes, sales taxes, and grants. The City also funded \$16 million in capital projects. At the end of the fiscal year, the total actual expenses of the General Fund were \$71.5 million; the General Fund's assigned fund balance reappropriations of \$2.1 million in items that began in 2019 but remained in progress in 2020.

CAPITAL ASSETS

At the end of fiscal 2019 the City had \$1 billion, net of depreciation, invested in a broad range of capital assets used in governmental and business type activities, as shown below. During fiscal year 2017, the City completed a full physical inventory of its capital assets that included determining the historical cost or acquisition value and accumulated depreciation. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated acquisition value on the date of contribution.

Capital Assets Fiscal Year Ended June 30 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Non-depreciable assets						
Land	\$ 177,266	\$ 174,200	\$ 10,007	\$ 11,841	\$ 187,273	\$ 186,041
Streets and Roads	303,950	249,137	-		303,950	249,137
Construction in-Progress	34,439	77,141	41,415	29,662	75,854	106,803
Total	515,655	500,478	51,422	41,503	567,077	541,981
Depreciable assets						
Buildings and Improvements	127,027	120,705	166,821	166,821	293,848	287,526
Improvements	46,556	46,556	3,571	3,571	50,127	50,127
Grading, Curbs & Gutters						
Sidewalks & Driveway Approaches	31,762	31,353			31,762	31,353
Traffic Signals	22,420	22,096			22,420	22,096
Equipment	33,333	33,662	45,222	44,937	78,555	78,599
Infrastructure	12,219	10,666	330,053	317,947	342,272	328,613
Intangible Assets	610	610	72,883	72,883	73,493	73,493
Less: accumulated depreciation	(142,048)	(135,326)	(266,558)	(254,094)	(408,606)	(389,420)
Net depreciable assets	131,879	130,322	351,992	352,065	483,871	482,387
Total Capital Assets	\$ 647,534	\$ 630,800	\$ 403,414	\$ 393,568	\$ 1,050,948	\$ 1,024,368

The City depreciates all its capital assets over their estimated useful lives, except for roads, which are reported using the Modified Approach. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note 6 to the financial statements. The Modified Approach requires the City to employ an asset management system that maintains a current inventory of these assets, estimates annual costs to maintain them, and assesses the condition of the assets in a replicable way.

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69, instead of providing depreciation. During the fiscal year 2019, the City expended \$2,825,868 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$10,810,600 in fiscal year 2020 to maintain its roads at a condition level of 69.

DEBT SERVICE ADMINISTRATION

Each of the City's debt issues is discussed in detail in Note 7 in the Notes to the Basic Financial Statements. The City long-term debt outstanding decreased by \$.4 million or 2%, from \$21.7 million at June 30, 2018 to \$21.3 million at June 30, 2019, in debt associated with Governmental Activities. The City long debt outstanding decreased by \$1.9 million or 6%, from \$34.4 million at June 30, 2018 to \$32.5 million at June 30, 2019, in debt associated with Business-Type Activities.

Outstanding Debt Fiscal Year Ended June 30 (in thousands of dollars)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
2008 Lease Revenue Bonds	\$ 17,895	\$ 18,180	\$ -	\$ -	\$ 17,895	\$ 18,180
2007 Lease Revenue Bonds-A	2,690	2,690			2,690	2,690
2007 Lease Revenue Bonds-B	730	850			730	850
PG&E LED Street Light Program					-	-
2004 Wastewater Revenue Bonds			22,890	23,695	22,890	23,695
State of California-Department of Health Services Loan			9,645	10,660	9,645	10,660
Total Long Term Liabilities	\$ 21,315	\$ 21,720	\$ 32,535	\$ 34,355	\$ 53,850	\$ 56,075

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

As reflected in this fiscal report, the City is experiencing the positive effects in an improved economic climate. The City has executed various business recruitment and retention strategies. Economic development efforts allow for the continued expansion of several businesses and construction of new distribution facilities. Consumer spending has continually increased over the past few years, paired with a growing housing market, the City has seen an increase in sales tax revenue exceeding peaks last seen prior to the Great Recession. The City's sales tax revenues are expected to show moderate annual increases as population and consumer activity continue to rise and businesses continue to invest. Property tax revenues have steadily increased as a result of new residential and commercial development, restoration of Proposition 8 and higher property values. However, the City must continue its path of fiscal prudence as it prepares for future increases to CalPERS pension costs. More detail about the City's economic outlook is discussed in the accompanying transmittal letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 333 Civic Center Plaza, Tracy, CA 95376.

CITY OF TRACY

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

The Statement of Net Position and the Statement of Activities summarize the entire City's financial activities and financial position.

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position summarizes the financial position of all of the City's Governmental Activities in a single column, and the financial position of all of the City's Business-type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, deferred outflows/inflows of resources, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, followed by the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Position is computed and reconciled with the Statement of Net Position.

Both of these Statements include the financial activities of the City, Tracy Operating Partnership Joint Powers Authority, South San Joaquin County Fire Authority, Tracy Public Financing Authority and the Tracy Industrial Development Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF TRACY
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 3)	\$224,115,401	\$46,998,291	\$271,113,692
Cash and investments with fiscal agents (Note 3)	658	541	1,199
Accounts receivable	19,398,693	16,854,950	36,253,643
Inventory (Note 1H)		570,994	570,994
Interest receivable	1,464,432	302,695	1,767,127
Prepaid items (Note 1H)		40,902	40,902
Internal balances (Note 4)	(1,136,633)	1,136,633	
Deposits (Note 5I)	1,000,000		1,000,000
Loans receivable (Note 5)	22,717,391		22,717,391
Advances to CDA successor agency (Note 5)	1,748,605		1,748,605
Capital assets, not being depreciated (Note 6)	515,655,920	51,421,952	567,077,872
Capital assets, being depreciated, net of accumulated depreciation (Note 6)	131,879,074	351,992,330	483,871,404
Total Assets	<u>916,843,541</u>	<u>469,319,288</u>	<u>1,386,162,829</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 10)	19,419,078	2,360,176	21,779,254
Related to OPEB (Note 11)	383,682	59,972	443,654
Total Deferred Outflows	<u>19,802,760</u>	<u>2,420,148</u>	<u>22,222,908</u>
LIABILITIES			
Accounts payable	11,341,855	6,280,076	17,621,931
Salaries and benefits payable	1,190,461	280,945	1,471,406
Accrued interest payable	300,952	89,111	390,063
Deposits payable	14,245,450	1,715,882	15,961,332
Unearned revenue	228,653	608,830	837,483
Compensated absences (Note 1G):			
Due within one year	1,125,428	209,665	1,335,093
Due in more than one year	2,628,257	498,120	3,126,377
Long-term debt (Note 7):			
Due within one year	440,000	1,878,261	2,318,261
Due in more than one year	20,875,000	30,656,933	51,531,933
Net pension liability - due in more than one year (Note 10)	70,968,395	8,542,788	79,511,183
Total OPEB liability - due in more than one year (Note 11)	5,397,452	753,432	6,150,884
Total Liabilities	<u>128,741,903</u>	<u>51,514,043</u>	<u>180,255,946</u>
DEFERRED INFLOWS OF RESOURCES			
Related to pensions (Note 10)	4,405,806	193,881	4,599,687
Related to OPEB (Note 11)	540,751	83,062	623,813
Total Deferred Inflows	<u>4,946,557</u>	<u>276,943</u>	<u>5,223,500</u>
NET POSITION (Note 9)			
Net investment in capital assets	626,219,994	370,879,629	997,099,623
Restricted for:			
Debt service	8,976,461	541	8,977,002
Public safety	1,841,894		1,841,894
Streets and roads	9,120,436		9,120,436
Community development	1,839,690		1,839,690
Special districts	13,833,743		13,833,743
Projects	146,743,863		146,743,863
Housing	16,855,594		16,855,594
Total Restricted Net Position	<u>199,211,681</u>	<u>541</u>	<u>199,212,222</u>
Unrestricted	(22,473,834)	49,068,280	26,594,446
Total Net Position	<u>\$802,957,841</u>	<u>\$419,948,450</u>	<u>\$1,222,906,291</u>

See accompanying notes to basic financial statements

CITY OF TRACY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government				
Economic development	\$994,287	\$231	\$228,097	\$2,412,699
General government	7,953,073	5,598,302		192,909
Finance	5,049,410			
Non-departmental	457,792	408,394		147,221
Public safety				
Police	31,808,172	284,244	1,265,920	726,373
Fire	22,266,816	935,801	5,509,299	
Public ways and facilities/transportation				
Development and engineering	11,510,968	10,068,098	53,682	7
Public works	31,182,055	2,831,345	8,085,062	32,593,522
Culture and leisure				
Parks and community services	3,920,248	665,492		334,906
Interest and fiscal charges	1,270,993			
Total Governmental Activities	116,413,814	20,791,907	15,142,060	36,407,637
Business-type Activities:				
Water	19,941,298	16,496,834		3,810,467
Wastewater	18,961,236	14,168,206		15,168,470
Airport	1,122,752	658,243		1,066,719
Solid waste	22,288,652	21,549,394		3,755
Transit	5,016,694	116,784	3,733,345	63,398
Drainage	2,558,368	686,178		823,379
Total Business-type Activities	69,889,000	53,675,639	3,733,345	20,936,188
Total	\$186,302,814	\$74,467,546	\$18,875,405	\$57,343,825
General revenues:				
Taxes:				
Property taxes				
Franchise taxes				
Sales and use taxes				
Transient occupancy tax				
Business license tax				
Transfer tax				
Motor vehicle in lieu, unrestricted				
Gain from sale of property				
Other revenue				
Interest income				
Transfers (Note 4)				
Total general revenues and transfers				
Change in Net Position				
Net Position-Beginning, As Restated (Note 9E)				
Net Position-Ending				

See accompanying notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$1,646,740		\$1,646,740
(2,161,862)		(2,161,862)
(5,049,410)		(5,049,410)
97,823		97,823
(29,531,635)		(29,531,635)
(15,821,716)		(15,821,716)
(1,389,181)		(1,389,181)
12,327,874		12,327,874
(2,919,850)		(2,919,850)
(1,270,993)		(1,270,993)
<u>(44,072,210)</u>		<u>(44,072,210)</u>
	\$366,003	366,003
	10,375,440	10,375,440
	602,210	602,210
	(735,503)	(735,503)
	(1,103,167)	(1,103,167)
	<u>(1,048,811)</u>	<u>(1,048,811)</u>
	8,456,172	8,456,172
<u>(44,072,210)</u>	<u>8,456,172</u>	<u>(35,616,038)</u>
22,722,833		22,722,833
3,545,578		3,545,578
37,082,569		37,082,569
1,638,102		1,638,102
934,792		934,792
1,130,147		1,130,147
44,426		44,426
7,874		7,874
398,945	65,765	464,710
1,395,238	1,576,144	2,971,382
(2,016,400)	2,016,400	
<u>66,884,104</u>	<u>3,658,309</u>	<u>70,542,413</u>
22,811,894	12,114,481	34,926,375
<u>780,145,947</u>	<u>407,833,969</u>	<u>1,187,979,916</u>
<u>\$802,957,841</u>	<u>\$419,948,450</u>	<u>\$1,222,906,291</u>

THIS PAGE INTENTIONALLY LEFT BLANK

FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2019. Individual non-major funds may be found in the Supplemental Section.

GENERAL FUND

The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

HOUSING SUCCESSOR

This fund was established to account for housing activities assumed by the City from the former Tracy Community Development Agency and revenues and expenditures related to the low and moderate income housing program.

TEA GRANT

Established to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY

This fund was established to account for revenues and liabilities of the Authority, which is a Joint Powers Agreement between the City and the Tracy Rural Fire District. The Authority is responsible for fire prevention and suppression in parts of the City and in surrounding unincorporated areas.

COMMUNITY DEVELOPMENT FEES

This fund was established to account for revenues and expenditures of the Building, Engineering and Planning Divisions. These funds were added in fiscal year 15-16 to better account for these specific activities and restricted revenue sources. Prior to fiscal year 15-16, these activities were in the General Fund.

2008 LEASE REVENUE BONDS FUND

Established to accumulate funds for the payment of debt service on the 2008 lease revenue bonds that were originally issued to reflect prior certifications of participation and finance construction of certain City facility.

GENERAL PROJECTS

Established to account for capital projects financed through transfers from the General Fund.

TRACY INFRASTRUCTURE MASTER PLANS

The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in 6 functional categories.

CITY OF TRACY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
ASSETS					
Cash and investments (Note 3)	\$17,927,009	\$2,788,142	\$1,364		\$3,129,076
Cash and investments with fiscal agents (Note 3)					
Accounts receivable	8,415,783		1,213,860	\$7,913,662	
Interest receivable	231,123	16,599	1,966		27,649
Due from other funds (Note 4)	8,193,988				
Deposits					
Loans receivable (Note 5)	495,249	12,300,984			
Advances to CDA successor agency (Note 5)		1,748,605			
Total Assets	<u>\$35,263,152</u>	<u>\$16,854,330</u>	<u>\$1,217,190</u>	<u>\$7,913,662</u>	<u>\$3,156,725</u>
LIABILITIES					
Accounts payable	\$1,840,494		\$500,557	\$17,411	\$867,529
Salaries and benefits payable	520,144			394,353	149,368
Due to other funds (Note 4)	1,833,600		60,791	7,392,156	
Deposits payable	401,907			24,994	3,199,538
Unearned revenue	76,194				
Total Liabilities	<u>4,672,339</u>		<u>561,348</u>	<u>7,828,914</u>	<u>4,216,435</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - accounts receivable			765,122	5,509,299	
Unavailable revenue - loans	25,270	\$12,300,984			
Total Deferred Inflows of Resources	<u>25,270</u>	<u>12,300,984</u>	<u>765,122</u>	<u>5,509,299</u>	
FUND BALANCES					
Fund balance (Note 9):					
Nonspendable					
Loans receivable	469,979				
Restricted					
Committed	14,882,561	4,553,346			
Assigned	15,213,003				
Unassigned					
			(109,280)	(5,424,551)	(1,059,710)
Total Fund Balances	<u>30,565,543</u>	<u>4,553,346</u>	<u>(109,280)</u>	<u>(5,424,551)</u>	<u>(1,059,710)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$35,263,152</u>	<u>\$16,854,330</u>	<u>\$1,217,190</u>	<u>\$7,913,662</u>	<u>\$3,156,725</u>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
\$616,742	\$16,703,578	\$47,098,814	\$119,619,535	\$207,884,260
455			203	658
			1,828,362	19,371,667
3,672	99,054	280,353	709,119	1,369,535
			2,347,667	10,541,655
			1,000,000	1,000,000
8,000,000			1,921,158	22,717,391
				1,748,605
<u>\$8,620,869</u>	<u>\$16,802,632</u>	<u>\$47,379,167</u>	<u>\$127,426,044</u>	<u>\$264,633,771</u>
	\$3,319,442	\$2,736,373	\$1,744,215	\$11,026,021
	4,535	1,247	46,886	1,116,533
			2,391,741	11,678,288
	1,286,816	852,000	8,473,437	14,238,692
			152,459	228,653
	<u>4,610,793</u>	<u>3,589,620</u>	<u>12,808,738</u>	<u>38,288,187</u>
				6,274,421
<u>\$8,000,000</u>			<u>1,921,158</u>	<u>22,247,412</u>
<u>8,000,000</u>			<u>1,921,158</u>	<u>28,521,833</u>
				469,979
620,869		43,789,547	115,093,348	164,057,110
				14,882,561
	12,191,839			27,404,842
			(2,397,200)	(8,990,741)
<u>620,869</u>	<u>12,191,839</u>	<u>43,789,547</u>	<u>112,696,148</u>	<u>197,823,751</u>
<u>\$8,620,869</u>	<u>\$16,802,632</u>	<u>\$47,379,167</u>	<u>\$127,426,044</u>	<u>\$264,633,771</u>

CITY OF TRACY
Reconciliation of the
GOVERNMENTAL FUNDS-- BALANCE SHEET
to the
STATEMENT OF NET POSITION
JUNE 30, 2019

Fund balances of Governmental Funds \$197,823,751

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds Balance Sheet. 636,659,468

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Position.

Cash and investments	16,231,141
Accounts receivable	27,026
Interest receivable	94,897
Capital assets (net of accumulated depreciation)	10,875,526
Accounts payable	(315,834)
Salaries and benefits payable	(73,928)
Deposits payable	(6,758)
Compensated absences	(281,235)
Net pension liability and pension-related deferred outflows/inflows of resources	(1,754,807)
Net OPEB liability and pension-related deferred outflows/inflows of resources	(212,653)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently are taken into revenue in the Statement of Activities. 28,521,833

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(21,315,000)
Interest payable	(300,952)
Compensated absences	(3,472,450)
Net pension liability and pension-related deferred outflows/inflows of resources	(54,200,316)
Total OPEB liability and OPEB-related deferred outflows/inflows of resources	<u>(5,341,868)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$802,957,841

See accompanying notes to basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF TRACY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
REVENUES					
Taxes	\$62,924,050				
Licenses, permits and fees	3,588,115				\$4,408,884
Fines and penalties	209,256				
Use of money and property	1,299,415	\$351,703	\$3,330		139,783
Intergovernmental	1,475,809		9,132,935		
Charges for current services	9,824,853			\$937,999	5,517,199
Special assessments	463,527				
Contributions	147,221				
Other revenue	125,463				7,508
Total Revenues	80,057,709	351,703	9,136,265	937,999	10,073,374
EXPENDITURES					
Current:					
General government					
Economic development	618,371				
General government	7,171,344				
Finance	5,052,345				
Non-departmental	433,091				413,596
Public safety					
Police	29,868,676				
Fire	14,978,488			6,425,522	
Public ways and facilities/transportation					
Development and engineering	1,217,572				9,683,249
Public works	6,886,803				
Culture and leisure					
Parks and community services	3,245,383				
Capital outlay	2,018,668		1,649,329		38,931
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	71,490,741		1,649,329	6,425,522	10,135,776
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,566,968	351,703	7,486,936	(5,487,523)	(62,402)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of property	2,034				
Transfers in (Note 4)	1,250,000		162,395		
Transfers (Note 4)	(17,578,348)		(1,196,931)		
Total Other Financing Sources (Uses)	(16,326,314)		(1,034,536)		
NET CHANGE IN FUND BALANCES	(7,759,346)	351,703	6,452,400	(5,487,523)	(62,402)
FUND BALANCES, JULY 1, 2018 (AS RESTATED) (Note 9E)	38,324,889	4,201,643	(6,561,680)	62,972	(997,308)
FUND BALANCES, JUNE 30, 2019	\$30,565,543	\$4,553,346	(\$109,280)	(\$5,424,551)	(\$1,059,710)

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
			\$3,007,451	\$65,931,501
			163,806	8,160,805
			670,519	879,775
\$9,861	\$256,417	\$1,124,878	2,817,581	6,002,968
400,000	239,728		5,484,221	16,732,693
		9,061,357	9,410,938	34,752,346
	242,627		4,182,202	4,645,729
	13,500		1,307,608	1,697,456
			88	146,559
<u>409,861</u>	<u>752,272</u>	<u>10,186,235</u>	<u>27,044,414</u>	<u>138,949,832</u>
			375,916	994,287
				7,171,344
				5,052,345
			479,418	1,326,105
			705,824	30,574,500
				21,404,010
			426,464	11,327,285
			6,504,253	13,391,056
				3,245,383
	11,437,170	3,446,119	10,211,890	28,802,107
285,000			120,000	405,000
1,114,550			160,805	1,275,355
<u>1,399,550</u>	<u>11,437,170</u>	<u>3,446,119</u>	<u>18,984,570</u>	<u>124,968,777</u>
<u>(989,689)</u>	<u>(10,684,898)</u>	<u>6,740,116</u>	<u>8,059,844</u>	<u>13,981,055</u>
	5,840			7,874
958,674	16,195,569	1,840,665	15,746,351	36,153,654
	(3,859)	(4,597,775)	(16,626,741)	(40,003,654)
<u>958,674</u>	<u>16,197,550</u>	<u>(2,757,110)</u>	<u>(880,390)</u>	<u>(3,842,126)</u>
(31,015)	5,512,652	3,983,006	7,179,454	10,138,929
651,884	6,679,187	39,806,541	105,516,694	187,684,822
<u>\$620,869</u>	<u>\$12,191,839</u>	<u>\$43,789,547</u>	<u>\$112,696,148</u>	<u>\$197,823,751</u>

CITY OF TRACY
Reconciliation of the
NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
with the
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

The schedule below reconciles the Net Change in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$10,138,929

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capitalized expenditures are therefore added back to fund balance.	17,483,266
Developer dedicated infrastructure is added to fund balance	4,469,755
Transfer of land from enterprise funds is added to fund balance	1,833,600
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,510,908 which has already been allocated to serviced funds).	(7,621,906)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balance	405,000
---	---------

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide (or require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Postretirement benefit accrual	(224,142)
Interest payable	4,362
Accrued interest receivable on loans	(2,064,868)
Unavailable revenue	(2,308,901)
Compensated absences	(376,216)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Position - All Internal Service Funds	1,073,015
---	-----------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$22,811,894
---	--------------

See accompanying notes to basic financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges. The City has determined all of its enterprise funds to be major funds in fiscal 2019, as identified below.

WATER UTILITY FUND

This fund accounts for the provision of water services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including administrative, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

WASTEWATER UTILITY FUND

This fund accounts for the activities associated with operating and maintaining the City's sewer and surface drainage system. All activities necessary to provide such services are accounted for in this fund including administration, operations, capital improvements, maintenance, financing, and related debt service, and billing and collection.

MUNICIPAL AIRPORT FUND

This fund accounts for the activities associated with the operations and maintenance of the City's airport.

SOLID WASTE FUND

This fund accounts for the provision of refuse collection services to residents of the City, accomplished through a franchised operator. This fund is also used to account for the activities of the City's recycling program.

MUNICIPAL TRANSIT FUND

This fund accounts for the activities associated with the operations and maintenance of the City's public transit activities, and has particular emphasis on serving the elderly and handicapped.

DRAINAGE FUND

Activities of the City's storm drainage operations are accounted for in this fund.

CITY OF TRACY
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
ASSETS					
Current assets					
Cash and investments (Note 3)	\$3,586,675	\$26,217,279	\$47,317	\$16,699,412	\$82,168
Cash and investments with fiscal agents (Note 3)		541			
Accounts receivable	2,798,858	9,436,098	111,109	2,624,324	1,828,358
Inventory	570,994				
Interest receivable	19,956	179,761	120	98,762	4,096
Due from other funds (Note 4)		1,833,600			
Prepaid expenses					
Total current assets	6,976,483	37,667,279	158,546	19,422,498	1,914,622
Non-current assets					
Advances to other funds (Note 4)		2,051,400			
Capital assets, not being depreciated (Note 6)	6,908,715	30,903,123	5,933,271		1,427,226
Capital assets, being depreciated (Note 6)	185,871,910	108,938,033	7,853,168		12,272,691
Total non-current assets	192,780,625	141,892,556	13,786,439		13,699,917
Total Assets	199,757,108	179,559,835	13,944,985	19,422,498	15,614,539
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 10)	1,171,468	896,681	43,023	60,632	85,693
Related to OPEB (Note 11)	23,205	25,843	1,372	4,669	1,906
Total deferred outflows of resources	1,194,673	922,524	44,395	65,301	87,599
LIABILITIES					
Current liabilities					
Accounts payable	658,123	3,815,190	29,631	1,529,928	241,261
Salaries and benefits payable	109,425	119,462	6,462	28,250	10,105
Accrued interest payable		89,111			
Deposit payable	975,466		53,661		
Due to other funds (Note 4)			54,624		642,343
Unearned revenue				64,222	544,608
Current portion- compensated absences (Note 1G)	83,027	89,597	2,820	17,123	7,740
Current portion- long-term debt (Note 7)	1,038,261	840,000			
Total current liabilities	2,864,302	4,953,360	147,198	1,639,523	1,446,057
Noncurrent liabilities					
Advances from other funds (Note 4)	2,051,400				
Notes payable (Note 7)	8,606,933				
Compensated absences (Note 1G)	199,691	215,494	13,952	41,183	5,293
Certificates of participation payable (Note 7)		22,050,000			
Net pension liability (Note 10)	4,351,571	3,219,383	149,406	222,221	314,905
Net OPEB liability (Note 11)	282,322	331,948	14,431	54,171	26,449
Total noncurrent liabilities	15,491,917	25,816,825	177,789	317,575	346,647
Total Liabilities	18,356,219	30,770,185	324,987	1,957,098	1,792,704
DEFERRED INFLOWS OF RESOURCES					
Related to pensions (Note 10)	188,412				5,469
Related to OPEB (Note 11)	31,988	35,912	1,853	6,393	2,682
Total deferred inflows of resources	220,400	35,912	1,853	6,393	8,151
NET POSITION (Note 9)					
Net investment in capital assets	183,135,431	116,951,697	13,786,439		13,699,917
Restricted for debt service		541			
Unrestricted	(760,269)	32,724,024	(123,899)	17,524,308	201,366
Total Net Position	\$182,375,162	\$149,676,262	\$13,662,540	\$17,524,308	\$13,901,283

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$365,440	\$46,998,291	\$16,231,141
56,203	541	
	16,854,950	27,026
	570,994	
	302,695	94,897
	1,833,600	
40,902	40,902	
<u>462,545</u>	<u>66,601,973</u>	<u>16,353,064</u>
	2,051,400	
6,249,617	51,421,952	
<u>37,056,528</u>	<u>351,992,330</u>	<u>10,875,526</u>
<u>43,306,145</u>	<u>405,465,682</u>	<u>10,875,526</u>
<u>43,768,690</u>	<u>472,067,655</u>	<u>27,228,590</u>
102,679	2,360,176	653,953
2,977	59,972	14,246
<u>105,656</u>	<u>2,420,148</u>	<u>668,199</u>
5,943	6,280,076	315,834
7,241	280,945	73,928
	89,111	
686,755	1,715,882	6,758
	696,967	
	608,830	
9,358	209,665	67,199
	1,878,261	
<u>709,297</u>	<u>11,759,737</u>	<u>463,719</u>
	2,051,400	
	8,606,933	
22,507	498,120	214,036
	22,050,000	
285,302	8,542,788	2,369,042
44,111	753,432	206,714
<u>351,920</u>	<u>42,502,673</u>	<u>2,789,792</u>
<u>1,061,217</u>	<u>54,262,410</u>	<u>3,253,511</u>
	193,881	39,718
4,234	83,062	20,185
<u>4,234</u>	<u>276,943</u>	<u>59,903</u>
43,306,145	370,879,629	10,875,526
	541	
<u>(497,250)</u>	<u>49,068,280</u>	<u>13,707,849</u>
<u>\$42,808,895</u>	<u>\$419,948,450</u>	<u>\$24,583,375</u>

CITY OF TRACY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
OPERATING REVENUES					
Sales and charges for services	\$16,496,834	\$14,168,206	\$658,243	\$21,549,394	\$116,784
Other operating revenue	37,813	3,750	24,152	50	
Total Operating Revenues	<u>16,534,647</u>	<u>14,171,956</u>	<u>682,395</u>	<u>21,549,444</u>	<u>116,784</u>
OPERATING EXPENSES					
Purchase of water	3,954,498				
Maintenance and operation	9,535,339	10,246,512	665,113	21,359,404	3,847,650
Administration	1,635,887	2,392,662	149,047	929,248	246,957
Insurance costs and claims					
Depreciation	4,534,771	5,250,218	310,946		922,087
Total Operating Expenses	<u>19,660,495</u>	<u>17,889,392</u>	<u>1,125,106</u>	<u>22,288,652</u>	<u>5,016,694</u>
Operating Income (Loss)	<u>(3,125,848)</u>	<u>(3,717,436)</u>	<u>(442,711)</u>	<u>(739,208)</u>	<u>(4,899,910)</u>
NONOPERATING REVENUES (EXPENSES)					
Operating grants					3,733,345
Interest income	117,596	953,201	203	414,992	77,705
Interest (expense)	(294,935)	(1,087,333)			
Gain/loss on disposal of capital assets	14,132	15,489	2,354		
Net Nonoperating Revenues (Expenses)	<u>(163,207)</u>	<u>(118,643)</u>	<u>2,557</u>	<u>414,992</u>	<u>3,811,050</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(3,289,055)</u>	<u>(3,836,079)</u>	<u>(440,154)</u>	<u>(324,216)</u>	<u>(1,088,860)</u>
Capital contributions and grants	3,810,467	13,334,870	1,066,719	3,755	63,398
Transfers in (Note 4)	61,805	3,700,000	150,000		
Transfers out (Note 4)		(61,805)			
Net Contributions and Transfers	<u>3,872,272</u>	<u>16,973,065</u>	<u>1,216,719</u>	<u>3,755</u>	<u>63,398</u>
Change in net position	583,217	13,136,986	776,565	(320,461)	(1,025,462)
NET POSITION, JULY 1, 2018 (AS RESTATED) (Note 9E)	<u>181,791,945</u>	<u>136,539,276</u>	<u>12,885,975</u>	<u>17,844,769</u>	<u>14,926,745</u>
NET POSITION, JUNE 30, 2019	<u>\$182,375,162</u>	<u>\$149,676,262</u>	<u>\$13,662,540</u>	<u>\$17,524,308</u>	<u>\$13,901,283</u>

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$686,178	\$53,675,639	\$12,386,292
	65,765	402,552
<u>686,178</u>	<u>53,741,404</u>	<u>12,788,844</u>
	3,954,498	
854,389	46,508,407	6,566,851
45,226	5,399,027	486,674
		4,302,351
<u>1,658,753</u>	<u>12,676,775</u>	<u>1,510,908</u>
<u>2,558,368</u>	<u>68,538,707</u>	<u>12,866,784</u>
<u>(1,872,190)</u>	<u>(14,797,303)</u>	<u>(77,940)</u>
	3,733,345	
12,447	1,576,144	316,971
	(1,382,268)	
	31,975	134,393
<u>12,447</u>	<u>3,959,196</u>	<u>451,364</u>
<u>(1,859,743)</u>	<u>(10,838,107)</u>	<u>373,424</u>
823,379	19,102,588	699,591
	3,911,805	
	(61,805)	
<u>823,379</u>	<u>22,952,588</u>	<u>699,591</u>
(1,036,364)	12,114,481	1,073,015
<u>43,845,259</u>	<u>407,833,969</u>	<u>23,510,360</u>
<u>\$42,808,895</u>	<u>\$419,948,450</u>	<u>\$24,583,375</u>

CITY OF TRACY
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$17,302,637	\$14,800,313	\$638,802	\$22,102,177	\$3,685,561
Receipt from interfund charges					
Payments to suppliers	(13,571,651)	(7,116,476)	(672,281)	(21,261,102)	(3,879,704)
Payments to employees	(1,362,040)	(2,119,952)	(141,517)	(863,063)	(223,456)
Net cash provided (used) by Operating Activities	<u>2,368,946</u>	<u>5,563,885</u>	<u>(174,996)</u>	<u>(21,988)</u>	<u>(417,599)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Receipts from grantors					3,287,306
Transfers in	61,805	3,700,000	150,000		
Transfers out		(61,805)			
Due to/due from other funds			(1,851,464)		(2,958,989)
Advances to/from other funds	15,400	(15,400)			
Net cash provided (used) by Noncapital Financing Activities	<u>77,205</u>	<u>3,622,795</u>	<u>(1,701,464)</u>		<u>328,317</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments- long-term debt	(1,014,385)	(805,000)			
Interest paid	(294,935)	(1,090,149)			
Capital contributions and grants received	83,958	5,859,260	2,958,245	3,755	94,513
Acquisition of capital assets	(2,631,144)	(15,679,010)	(1,036,906)		
Proceeds from sale of capital assets	14,132	15,489	2,354		
Net cash provided (used) by Capital and Related Financing Activities	<u>(3,842,374)</u>	<u>(11,699,410)</u>	<u>1,923,693</u>	<u>3,755</u>	<u>94,513</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	123,799	908,199	83	395,771	76,937
Net cash provided (used) by Investing Activities	<u>123,799</u>	<u>908,199</u>	<u>83</u>	<u>395,771</u>	<u>76,937</u>
Net increase (decrease) in cash and cash equivalents	(1,272,424)	(1,604,531)	47,316	377,538	82,168
Cash and cash equivalents, July 1, 2018	4,859,099	27,822,351	1	16,321,874	
Cash and cash equivalents, June 30, 2019	<u>\$3,586,675</u>	<u>\$26,217,820</u>	<u>\$47,317</u>	<u>\$16,699,412</u>	<u>\$82,168</u>
Reconciliation of cash and cash equivalents to statement of net position					
Cash and investments	\$3,586,675	\$26,217,279	\$47,317	\$16,699,412	\$82,168
Cash and investments with fiscal agents		541			
Total cash and investments	<u>\$3,586,675</u>	<u>\$26,217,820</u>	<u>\$47,317</u>	<u>\$16,699,412</u>	<u>\$82,168</u>
Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities					
Operating income (loss)	(\$3,125,848)	(\$3,717,436)	(\$442,711)	(\$739,208)	(\$4,899,910)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	4,534,771	5,250,218	310,946		922,087
Change in assets and liabilities:					
Accounts receivable	720,322	628,357	(45,826)	510,975	3,568,777
Prepaid items					
Accounts payable	(81,814)	3,130,036	(7,168)	98,302	(32,054)
Salaries and benefits payable	109,425	119,462	6,462	28,250	10,105
Compensated absences	47,275	26,829	(6,275)	13,735	4,420
Deposits payable	47,668		2,233		
Unearned revenue				41,758	
Claims payable					
Net pension liability and deferred outflows/inflows	101,742	109,790	6,366	21,021	7,807
Total OPEB liability and deferred outflows/inflows	15,405	16,629	977	3,179	1,169
Net cash provided (used) by Operating Activities	<u>\$2,368,946</u>	<u>\$5,563,885</u>	<u>(\$174,996)</u>	<u>(\$21,988)</u>	<u>(\$417,599)</u>
NONCASH TRANSACTIONS:					
Contributions of capital assets	<u>\$3,726,509</u>	<u>\$459,672</u>			
Retirement of capital assets					
Transfer of capital assets to governmental activities		<u>(\$1,833,600)</u>			

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$459,168	\$58,988,658	\$12,768,576
(887,730)	(47,388,944)	(10,859,908)
<u>(32,974)</u>	<u>(4,743,002)</u>	<u>(302,076)</u>
<u>(461,536)</u>	<u>6,856,712</u>	<u>1,606,592</u>
	3,287,306	
	3,911,805	
	(61,805)	
	<u>(4,810,453)</u>	
	<u>2,326,853</u>	
	(1,819,385)	
	(1,385,084)	
132,275	9,132,006	
<u>(132,275)</u>	<u>(19,479,335)</u>	<u>(1,469,326)</u>
	31,975	222,187
	<u>(13,519,823)</u>	<u>(1,247,139)</u>
15,668	1,520,457	222,074
<u>15,668</u>	<u>1,520,457</u>	<u>222,074</u>
(445,868)	(2,815,801)	581,527
<u>811,308</u>	<u>49,814,633</u>	<u>15,649,614</u>
<u>\$365,440</u>	<u>\$46,998,832</u>	<u>\$16,231,141</u>
\$365,440	\$46,998,291	\$16,231,141
	541	
<u>\$365,440</u>	<u>\$46,998,832</u>	<u>\$16,231,141</u>
(\$1,872,190)	(\$14,797,303)	(\$77,940)
1,658,753	12,676,775	1,510,908
17,990	5,400,595	(27,026)
27,273	27,273	
(60,614)	3,046,688	9,294
7,241	280,945	73,928
(8,140)	77,844	46,243
(245,000)	(195,099)	6,758
	41,758	
11,411	258,137	55,975
<u>1,740</u>	<u>39,099</u>	<u>8,452</u>
<u>(\$461,536)</u>	<u>\$6,856,712</u>	<u>\$1,606,592</u>
<u>\$691,104</u>	<u>\$4,877,285</u>	<u>\$699,591</u>
		<u>(\$87,794)</u>
	<u>(\$1,833,600)</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

FIDUCIARY FUNDS

FIDUCIARY FUNDS

These funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the City-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

TRUST FUNDS are used to account for assets held by the City as a trustee agent for individuals, private organizations, or other governments.

AGENCY FUNDS are used to account for assets held by the City as an agent for individuals, private organizations, and other governments.

CITY OF TRACY
 FIDUCIARY FUNDS
 STATEMENTS OF FIDUCIARY NET POSITION
 JUNE 30, 2019

	Successor Agency Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and investments (Note 3)	\$7,139,902	\$21,916,944
Cash and investments with fiscal agents (Note 3)	47	41,883,613
Accounts receivable		686,439
Interest receivable	42,504	46,790
Employee loans receivable (Note 5E)		79,917
	7,182,453	\$64,613,703
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized loss on debt refunding	2,179,640	
Total Deferred Outflows of Resources	2,179,640	
LIABILITIES		
Accounts payable	525	\$764,510
Salaries and benefits payable	48	2,444,402
Accrued interest payable	592,729	
Deposits payable		11,637,784
Due to assessment district bondholders		49,767,007
Noncurrent liabilities (Note 16B):		
Due within one year	2,899,915	
Due in more than one year	42,023,974	
Total Liabilities	45,517,191	\$64,613,703
NET POSITION (DEFICIT) (Note 9)		
Unrestricted	(36,155,098)	
Total Net Position	(\$36,155,098)	

See accompanying notes to basic financial statements

CITY OF TRACY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Successor Agency Private-Purpose Trust Fund</u>
ADDITIONS	
Taxes and assessments	\$4,650,424
Interest income	151,806
	4,802,230
DEDUCTIONS	
Administration	11,376
Debt Service:	
Interest and fees	1,272,941
	1,284,317
CHANGE IN NET POSITION	3,517,913
Net Position July 1, 2018	(39,673,011)
Net Position June 30, 2019	(\$36,155,098)

See accompanying notes to basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Tracy was incorporated as a general law city on July 10, 1910. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning, general administration services, and redevelopment.

A. Reporting Entity

The accompanying basic financial statements of the City of Tracy include the financial activities of the City as well as the Tracy Operating Partnership Joint Powers Authority, South County Fire Authority and Tracy Public Financing Authority, which are controlled by and dependent on the City. While they are separate legal entities, City Council serves in separate sessions as the governing body of the Tracy Operating Partnership Joint Powers Authority and the Tracy Public Financing Authority and their financial activities are integral to those of the City. The financial activities of all three entities have been aggregated and merged (termed “blended”) with those of the City in the accompanying financial statements. Further details about each entity follow:

The **Tracy Operating Partnership Joint Powers Authority (TOP)**, established in October 1995, is a separate governmental entity whose purpose is to assist in the financing and refinancing of certain redevelopment activities of the former Community Development Agency and certain programs and projects of the City. The TOP is administered by a Governing Board whose members are the City Council of the City of Tracy, and the City also performs all accounting and administrative functions for the TOP. The TOP does not issue separate financial statements

The **South San Joaquin County Fire Authority (SSJCFA)** was created in March 2018 by a Joint Exercise of Powers Agreement between the City and the Tracy Rural Fire Protection District to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the SSJCFA. The jurisdictional area as of June 30, 2019 includes the City of Tracy and the Tracy Rural Fire Protection District. The SSJCFA is governed by a Board comprised of two members each from the City and the District. The City and District lease all facilities to be used in providing fire protection services to the SSJCFA and the City performs certain accounting and administrative functions for the SSJCFA. The activity of the SSJCFA is included in the General Fund and the South San Joaquin County Fire Authority Special Revenue Fund. The SSJCFA issues separate financial statements that are available from the SSJCFA, 835 N. Central Avenue, Tracy, CA 95376. Further information regarding the SSJCFA is discussed in Note 15.

The **Tracy Public Financing Authority (TPFA)**, established in May 2013, is a separate government entity whose purpose is to assist the City and the former South County Fire Authority (SCFA) with the financing or refinancing of certain public capital facilities within the City. The SCFA was dissolved on June 30, 2018 and was replaced as a member of the TPFA by the Tracy Industrial Development Authority. The TPFA has the power to purchase bonds issued by any local agency at public, or negotiated sale, and may sell such bonds to public or private purchasers at public, or negotiated sale. The TPFA is controlled by the City and has the same governing body as the City, which also performs all accounting and administrative functions for the TPFA. The TPFA does not issue separate financial statements.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The **Tracy Industrial Development Authority (TIDA)**, established in August 2018, is a separate governmental entity whose purpose is to implement the provisions of the California Industrial Development Financing Act. The TIDA is administered by a Governing Board whose members are the City Council of the City, and the City also performs all accounting and administrative functions for the TIDA. The TIDA does not issue separate financial statements.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its blended component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating revenues*, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. *Operating expenses* are those expenses that are essential to the primary operations of the fund. All other expenses are reported as *non-operating expenses*.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

GENERAL FUND – The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

HOUSING SUCCESSOR SPECIAL REVENUE FUND – This fund was established to account for housing activities assumed by the City from the former Tracy Community Redevelopment Agency and revenues and expenditures related to the low and moderate income housing program.

TEA GRANT SPECIAL REVENUE FUND – This fund was established to account for the revenues from State and Federal transportation efficiency act grants that are restricted for specific projects.

SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY SPECIAL REVENUE FUND – This fund was established to account for revenues and liabilities of the Authority, which is a Joint Powers Agreement between the City and the Tracy Rural Fire District. The Authority is responsible for fire prevention and suppression in parts of the City and in surrounding unincorporated areas.

COMMUNITY DEVELOPMENT FEES SPECIAL REVENUE FUND – This fund was established to account for revenues and expenditures of the Building, Engineering and Planning Divisions. These funds were added in fiscal year 15-16 to better account for these specific activities and restricted revenue sources. Prior to fiscal year 15-16, these activities were in the General Fund.

2008 LEASE REVENUE BONDS DEBT SERVICE FUND – Established to accumulate funds for the payment of debt service on the 2008 lease revenue bonds that were originally issued to reflect prior certifications of participation and finance construction of certain City facility.

GENERAL PROJECTS CAPITAL PROJECTS FUND – This fund was established to account for capital projects financed through transfers from the General Fund.

TRACY INFRASTRUCTURE MASTER PLANS CAPITAL PROJECTS FUND – The Tracy Infrastructure Master Plans were approved in 2012 and 2013 and cover all subsequent new development in areas of the City not covered by their own financing plan. Capital development fees are levied on developments in these areas and expenditures for various capital facilities to support the developments are accounted for in 6 functional categories.

The City reported all its enterprise funds as major funds in the accompanying financial statements:

WATER UTILITY – This fund accounts for the activities of the City's water supply system.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

WASTEWATER UTILITY – This fund accounts for the activities of the City’s surface drainage, sewage collection, and treatment system.

MUNICIPAL AIRPORT – This fund accounts for the activities associated with the operations and maintenance of the City’s airport.

SOLID WASTE – This fund accounts for the City’s refuse collection activities.

MUNICIPAL TRANSIT – This fund accounts for the activities associated with the operations and maintenance of the City’s public transit activities and has particular emphasis on serving the elderly and the handicapped.

DRAINAGE – This fund accounts for the City’s storm drainage activities.

The City also reports the following fund types:

Internal Service Funds. The funds account for central garage, central services, insurance, maintenance and equipment acquisition, all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary Funds. Fiduciary Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The City collects assessments and pays property enhancement and rehabilitation costs and debt service for various assessment districts within the City that are reported in various Agency Funds. The City also maintains a Private Purpose Trust Fund for the activities of the successor to the former community development agency. The financial activities of the funds are excluded from the Government-wide financial statements, but are presented in the separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. In addition, contributions from state and federal agencies, developers and others are recorded as revenue.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

Those revenues susceptible to accrual are use of money and property revenue, charges for services, other taxes and intergovernmental revenues.

Expenditures are also generally recognized under the modified accrual basis of accounting. An exception to this rule is principal and interest on long-term debt, which is not recognized by debt service funds until it is due. Financial resources usually are appropriated in funds responsible for repaying debt for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. Thus, the liability is recognized by the fund responsible for paying the debt, not the debt service fund.

E. Revenue Recognition for Utility Funds

Revenues are recognized based on cycle billings rendered to customers. Utility service accounts receivable are reported net of allowance for doubtful collections and include unbilled receivables using actual amounts billed in July for June services.

F. Property Tax

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of San Joaquin for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax Levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payments.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County of San Joaquin levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year of levy, due to the adoption of the “alternate method of property tax distribution”, known as the Teeter Plan, by the City and the County of San Joaquin. The Teeter Plan authorizes the Auditor/Controller of the County of San Joaquin to allocate 100 percent of the secured property taxes billed, but not yet paid. The County of San Joaquin remits tax monies to the City in three installments as follows:

- 50 percent remitted in December
- 45 percent remitted in April
- 5 percent remitted in June

Tax Levy Apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees - The State of California fiscal year 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

G. Compensated Absences

The liability for compensated absences includes the vested portion of vacation. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Position. Proprietary funds’ liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Changes in compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$3,331,226	\$629,941	\$3,961,167
Additions	4,127,859	742,972	4,870,831
Payments	(3,705,400)	(665,128)	(4,370,528)
Ending Balance	<u>\$3,753,685</u>	<u>\$707,785</u>	<u>\$4,461,470</u>
Current Portion	<u>\$1,125,428</u>	<u>\$209,665</u>	<u>\$1,335,093</u>

Compensated absences are liquidated by the fund that has recorded the liability only when matured. The long-term portion of the governmental activities compensated absences is liquidated primarily by the General Fund.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *Prepaid Items and Inventories*

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. Prepaid items in governmental funds are equally offset by nonspendable fund balance which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

Inventories are valued at cost, using the weighted-average method. Inventories of the Enterprise Funds consist primarily of water storage held for future use.

I. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. *Fair Value Measurements*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

K. *Long-Term Developer Receivable*

The City entered into an agreement with a developer under which the developer will provide community benefit payments totaling \$5 million over 4 years, beginning in fiscal year 2016. The first installment was received in fiscal year 2016 and the second installment was received in fiscal year 2017. In fiscal year 2019, both the fourth and the final payments were received.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *Estimates and Assumptions*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. *New and Renamed Funds*

The following funds were established during the fiscal year ended June 30, 2019:

The Community Facilities District Services No. 2016-2 Special Revenue Fund was established account for transactions related to maintenance responsibility of the City for the Ellis CFD.

The Community Facilities District Services No. 2018-1 Special Revenue Fund was established to account for transactions related to the City-wide maintenance responsibility of the City for the CFD.

The North East Industrial Plan Area Storm Drain Special Revenue Fund was established during the fiscal year to account for capital projects to separate development for Storm Drain in the North East Industrial Area of the City.

The 2016-01 Tracy Hills Community Facilities District Agency Fund was established to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

The South County Fire Authority Special Revenue Fund was renamed to the South San Joaquin County Fire Authority Special Revenue Fund to reflect the change in the governing structure discussed in Note 15.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

Annual budgets are adopted for all governmental fund types, except capital projects funds, on a basis consistent with accounting principles generally accepted in the United States of America. The City's budget ordinance requires that in June of each fiscal year the City Manager submit a preliminary budget that includes projected expenditures and the means of financing them, to the City Council for the fiscal year commencing the following July 1. As modified during public study sessions, the preliminary budget becomes the proposed budget. Following public hearings on the proposed budget, the final annual budget is adopted by the City Council. After adoption of the final budget, transfers of appropriations within a general fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decreases to a fund's overall budget; transfers between general fund departments; or transfers that affect capital projects, must be approved by the City Council. Numerous properly authorized amendments are made during the fiscal year.

The City does not adopt budgets for the Proposition 1B, Residential and Commercial Rehabilitation Loan Grow Tracy, CFD Services 2016-2, CFD Services 2018-1 and the North East Industrial Plan Area Storm Drain Special Revenue Funds. Budgets for Capital Projects Funds are adopted on a project-length basis.

Budgetary control is enhanced by integrating the budget into the general ledger accounts. Encumbrance accounting (e.g., purchase orders) is employed by the City.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Encumbrances

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as a restriction, commitment or assignment of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

C. Expenditures in Excess of Appropriations

The following funds had departmental expenditures in excess of appropriations as follows:

Fund/ Department	Excess of Expenditures Over Appropriations
General Fund	
Finance	\$100,572
Police	918,506
Fire	746,986
Development and Engineering	72,099
Public Works	405,562
Parks and Community Services	56,907
Capital Outlay	1,931,498
Community Development Fees Fund	
Capital Outlay	38,931
2008 Lease Revenue Bonds Debt Service Fund	
Debt Service - Principal	35,000
Non-Major Funds:	
Special Revenue Funds	
Asset Forfeiture	
Police	18,509
Transportation Development	
Development and Engineering	2,020
Capital Outlay	559,165
Proposition K Transportation Tax	
Capital Outlay	900,139
State Gas Tax Street	
Public Works	83,805
Capital Outlay	1,042,609
Community Development Block Grant	
Economic Development	35,013
Capital Outlay	634,484
Landscaping District	
Public Works	634,556
Capital Outlay	120,100
Community Access CTV	
Capital Outlay	43,495
2007 Lease Revenue Bonds	
Debt Service - Principal	5,000

Sufficient resources were available within the funds to finance these excesses.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. It is the City's intent to hold investments to maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Investments are carried at fair value. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

A. Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

B. Classification

Cash and investments as of June 30, 2019 are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments available for City operations	\$271,113,692
Cash and investments with fiscal agents	1,199
Total City cash and investments of primary government	<u>271,114,891</u>
Cash and investments in Fiduciary Funds	<u>70,940,506</u>
Total cash and investments	<u><u>\$342,055,397</u></u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$8,403
Deposits with financial institutions	14,608,297
Investments	<u>327,438,697</u>
Total cash and investments	<u><u>\$342,055,397</u></u>

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash investments of the proprietary fund types are pooled with the City's pooled cash and investments.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills, Bonds, Notes	5 years	None	100%	No Limit
Federal Agency Obligations or U.S. Government-Sponsored Enterprise Obligations (GSE)	5 years	None	100%	25%
Municipal Securities	5 years	A	30%	5%
Bankers' Acceptances	180 days	A/A-1 or higher	40%	5%
Commercial Paper	270 days	A/A-1 or higher	25%	5%
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (A)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (B)	No Limit
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (B)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (A)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$65 million	\$65 million
Local Government Investment Pools	N/A	None	100%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	5%
Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years	A/AA or higher	20%	5% (C)
Mutual Funds	N/A	Highest Category	20%	10%
Money Market Mutual Funds	N/A	Highest Category	20%	20%
Supranational Securities	5 years	AA	30%	10%

(A) Combined limit for NCD and CDARS

(B) Combined limit for Federally Insured and Collateralized Non-Negotiable Certificates of Deposit

(C) No issuer limitation on any mortgage security where the issuer is the U.S. Treasury or a Federal Agency/GSE

D. Investments Authorized by Debt Agreements

The City and Successor Agency must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City or Successor Agency fails to meet the obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types and their minimum credit ratings that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment-type.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
United States Treasury Bill, Bonds, Notes	5 years	N/A
United States Government Agency Obligations or Government-Sponsored Enterprise Obligations	5 years	AAA
Certificates of Deposit	5 years	Three Highest Categories
Investment Agreements, Short Term	None	Two Highest Categories
Investment Agreements, Long Term	None	Three Highest Categories
Repurchase Agreements	1 year	A-
Money Market Mutual Funds	N/A	Highest Category
Local Agency Investment Fund	N/A	Not rated
California Asset Management Program	N/A	Not rated
Banker's Acceptances	180 days	A-1 or A-1+
Commercial Paper	270 days	A-1 or A-1+
State Obligations	None	Highest Category

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 to 24 Months	25 to 36 Months	37 to 60 Months	Total
Held by City:					
U.S. Treasury Notes	\$3,479,411	\$13,082,047	\$9,679,451	\$10,292,241	\$36,533,150
Federal Agency Obligations	27,345,100	21,244,435	11,832,301	5,675,946	66,097,782
Commercial Paper	5,443,007				5,443,007
Negotiable Certificates of Deposit	6,273,649				6,273,649
California Local Agency Investment Fund	64,776,040				64,776,040
Medium Term Corporate Notes	46,765,256	27,664,361	9,448,464	4,297,474	88,175,555
Money Market Funds	5,445,210				5,445,210
Asset-Backed Securities		1,387,515	5,813,380	5,742,977	12,943,872
Held by Trustees:					
Money Market Funds	41,750,432				41,750,432
Total Investments	\$201,278,105	\$63,378,358	\$36,773,596	\$26,008,638	\$327,438,697

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019, these investments have an average maturity of 173 days.

Money market funds are available for withdrawal on demand and at June 30, 2019 have an average maturity of 26 to 43 days.

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2019 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/ AA/AA-	A+/A/A-	AAA/AAAm	A-1+/A-1/A-2	Total
<i>Held by City:</i>					
Federal Agency Obligations	\$66,097,782				\$66,097,782
Commercial Paper				\$5,443,007	5,443,007
Medium Term Corporate Notes	15,323,474	\$55,767,184	\$1,548,155	13,437,415	86,076,228
Money Market Funds			5,445,210		5,445,210
Asset-Backed Securities			8,444,380		8,444,380
Negotiable Certificates of Deposit				4,025,646	4,025,646
<i>Held by Trustee:</i>					
Money Market Funds			41,750,432		41,750,432
Total Rated Investments	\$81,421,256	\$55,767,184	\$57,188,177	\$22,906,068	217,282,685
<i>Not rated:</i>					
Negotiable Certificates of Deposit					2,248,003
California Local Agency Investment Fund					64,776,040
Medium Term Corporate Notes					2,099,327
Asset-Backed Securities					4,499,492
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					36,533,150
Total Investments					\$327,438,697

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2019:

<u>Investment Type</u>	<u>Level 2</u>	<u>Total</u>
Investments by Fair Value:		
Held by City:		
U.S. Treasury Notes	\$36,533,150	\$36,533,150
Federal Agency Obligations	66,097,782	66,097,782
Asset-Backed Securities	12,943,872	12,943,872
Commercial Paper	5,443,007	5,443,007
Negotiable Certificates of Deposit	6,273,649	6,273,649
Medium Term Corporate Notes	<u>88,175,555</u>	<u>88,175,555</u>
Subtotal	<u>\$215,467,015</u>	215,467,015
Investments Measured at Amortized Cost:		
Held by City:		
Money Market Funds		5,445,210
Held by Trustee:		
Money Market Funds		41,750,432
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		<u>64,776,040</u>
Total Investments		<u>\$327,438,697</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. All investments classified in Level 2 of the fair value hierarchy are valued using various pricing techniques maintained by Interactive Data Pricing, including benchmark curves, sector groupings and matrix pricing. These prices are obtained by our investment manager. Fair value is defined as the quoted market value on the last trading day of the period.

H. Concentration Risk

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, Local Agency Investment Fund and money market funds, are set forth below:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Entity Wide:	Federal Home Loan Bank	Federal Agency Obligations	\$29,546,916

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Less often, a transfer may be made to open or close a fund. During the fiscal year ended June 30, 2019, the transfers were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
Major Funds:		
General Fund	General Projects Capital Projects Fund	\$16,189,948 (A)
General Fund	Municipal Airport Enterprise Fund	150,000 (A)
General Fund	2007 Lease Revenue Bonds Debt Service Fund	280,100 (B)
General Fund	2008 Lease Revenue Bond Debt Service Fund	958,300 (B)
TEA Grant Fund Special Revenue Fund	General Projects Capital Projects Fund	5,621 (C)
TEA Grant Fund Special Revenue Fund	Infill Projects Capital Projects Fund	62,777 (C)
TEA Grant Fund Special Revenue Fund	State Gas Tax Street Special Revenue Fund	1,128,533 (C)
General Projects Capital Projects Fund	TEA Grant Fund Special Revenue Fund	3,859 (C)
Tracy Infrastructure Master Plans Capital Projects Fund	Industrial Specific Plan South Capital Projects Fund	1,597,775 (D)
Tracy Infrastructure Master Plans Capital Projects Fund	Wastewater Utility Enterprise Fund	3,000,000 (C)
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	61,805 (D)
Non-Major Funds:		
Proposition K Transportation Tax Special Revenue Fund	TEA Grant Fund Special Revenue Fund	133,707 (C)
State Gas Tax Street Special Revenue Fund	TEA Grant Fund Special Revenue Fund	24,829 (C)
2007 Lease Revenue Bonds Debt Service Fund	2008 Lease Revenue Bond Debt Service Fund	374 (B)
North East Industrial Plan Area #2 Capital Projects Fund	North East Industrial Plan Area Storm Drain Special Revenue Fund	6,142,612 (E)
North East Industrial Plan Area #2 Capital Projects Fund	North East Industrial Plan Area #1 Capital Projects Fund	2,748,714 (E)
Urban Management Plan Facilities Capital Projects Fund	Ellis Area Capital Projects Fund	339,473 (E)
Capital Projects Deposits Capital Projects Fund	General Fund	1,250,000 (F)
Capital Projects Deposits Capital Projects Fund	Industrial Specific Plan South Capital Projects Fund	26,944 (C)
Capital Projects Deposits Capital Projects Fund	Plan C Capital Projects Fund	392,800 (D)
Capital Projects Deposits Capital Projects Fund	Tracy Infrastructure Master Plans Capital Projects Fund	1,840,665 (D)
Capital Projects Deposits Capital Projects Fund	Tracy Gateway Area Capital Projects Fund	1,712,087 (C)
Capital Projects Deposits Capital Projects Fund	Urban Management Plan Facilities Capital Projects Fund	1,314,536 (C)
Ellis Area Capital Projects Fund	Wastewater Utility Enterprise Fund	700,000 (C)
		<u>\$40,065,459</u>

- (A) To use unrestricted revenues collected in the General Fund to help finance operations or capital projects.
- (B) To move cash to debt service funds for the funds responsible for payment as debt service payments become due
- (C) To move restricted revenues collected to jointly financed projects
- (D) To move revenue received in prior years to correct fund
- (E) To move restricted revenues collected to new fund
- (F) To transfer developer community benefit funds

In addition to the transfers above, Business-Type Activities transferred land in the amount of \$1,833,600 to Governmental Activities.

B. Current Interfund Balances

Current interfund balances arise mainly due to the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances are expected to be repaid shortly after the end of the fiscal year. Current amounts due from one fund to another at June 30, 2019 were as follows:

Due From Funds	Due To Funds	Amount
General Fund	TEA Grant Special Revenue Fund	\$60,791
	South County Fire Authority Special Revenue Fund	7,392,156
	Municipal Airport Enterprise Fund	54,624
	Municipal Transit Enterprise Fund	642,343
	State Gas Tax Street Special Revenue Fund	28,521
	Community Development Block Grant Special Revenue Fund	15,553
	General Fund	1,833,600
	North East Industrial Plan Area #1 Capital Projects Fund	2,347,667
		<u>\$12,375,255</u>
		Total Current Interfund Balances

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

C. Long-Term Interfund Advances

At June 30, 2019 the funds below had made advances that are not expected to be repaid within the next year. These long-term interfund advances are expected to be repaid when sufficient cash is available in the borrowing funds.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	\$2,051,400

Water Utility advance from the Wastewater Utility Enterprise Fund in November 2016 to fund operating expenses, capital costs for maintenance and replacement of existing water infrastructure, debt payments and to maintain an adequate reserve for any emergency to continue providing uninterrupted service. The advance bears the interest at the Local Agency Investment Fund (LAIF) rate and was to be repaid in two years. The advance was amended in October 2017 to extend the repayment two additional years to fiscal year 2021.

Tracy Gateway Business Park Project advance in December 2017 from the General Fund to the Tracy Gateway Infrastructure Fund, in the amount of \$1,042,000 with interest at the Local Agency Investment Fund (LAIF) rate to be repaid by future development impact fees collected on properties within the gateway project area. The advance was repaid during the fiscal year ended June 30, 2019.

D. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE

A. *Summary of Loans Receivable and Unavailable Revenue*

The former Community Development Agency engaged in programs designed to encourage construction of or improvement to low-to-moderate income housing. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to expend these funds in accordance with the Agency's terms. With the dissolution of the Redevelopment Agency as discussed in Note 16, the City agreed to become the successor to the Community Development Agency's housing activities and as a result the Housing Successor Fund assumed the loans receivable of the Community Development Agency's Low and Moderate Income Housing Fund. In addition, other funds of the City have made loans to third parties.

At June 30, 2019, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$165,631
Mountain View Townhomes	1,001,805
Eden Housing Inc.	2,547,612
Habitat for Humanity	55,755
Down Payment Assistance Program	995,406
Tracy Place Associates	4,876,290
DHI Tracy Garden Associates, LP	2,658,485
Development Loan	65,270
Housing Loan	429,979
Successor Agency Reimbursement Agreement	8,000,000
Tracy Mall Partners, LP	1,921,158
Total Loans Receivable	<u>\$22,717,391</u>
CDA Successor Agency SERAF Loan	<u>\$1,748,605</u>
Employee Loans Receivable	<u>\$79,917</u>

B. *Housing Successor Former Community Development Agency Loans*

As of February 1, 2012, the following Community Development Agency Loans were transferred to the City of Tracy Housing Successor Fund.

The City administers a residential and commercial rehabilitation program using Housing and Urban Development funds. Federal funds received by the City are deposited with a commercial bank. Upon approval of the loans, the funds are disbursed and collected by an outside collection agency. The programs are designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The balance of the loans receivable arising from these programs was \$165,631 at June 30, 2019.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)

In 1994, the Agency loaned \$609,000 in Low and Moderate Income Housing funds to Mountain View Townhomes Association, a partnership of non-profit corporations, to assist in the construction of thirty-seven residential rental units, thirty-six of which are available to low income families. As of December 1, 2015, the loan was assigned to Sutter Ville SJC Holding Company, LLC. The loan is secured by a third deed of trust on the property, is payable over twenty-eight years beginning in 2026 and accrues interest at 3%. The loan was amended December 2015 and is now repayable from residual receipts as defined in the amendment. Commencing no later than 120 days following the end of the 2017 calendar year and for each calendar year thereafter until the maturity date, the Association shall make repayments on the loan for the prior calendar year based on the available amount of residual receipts as defined in the amendment. As of June 30, 2019, principal and accrued interest totaled \$1,001,805.

In 1996, the Agency agreed to loan Eden Housing Inc., up to \$2,208,691 to assist in the development and construction of seventy-two low income housing units at Stone Pine Meadows. The loan is payable over seven years beginning forty years after the project was complete, which was January 11, 2000, and is secured by a subordinated deed of trust on the property. The loan does not bear interest for the first three years, then accrues interest at 1% per year for the next forty years and 3% for the last seven years. As of June 30, 2019, principal and accrued interest totaled \$2,547,612.

In 2000, the Agency agreed to loan Habitat for Humanity up to \$100,000 to construct/reconstruct from five to seven properties to ownership housing for very low-income families. The funds are to be used to pay all City fees necessary to develop and build affordable housing under the sponsorship of Habitat for Humanity. The loan proceeds were available for draw down through December 31, 2005 and Habitat for Humanity drew down only \$40,093 of the loan proceeds through that date. The loan is secured by a deed of trust on the property and may be forgiven if the property remains occupied by a low-income family for a period of thirty years. The balance of the outstanding loan, including accrued interest, as of June 30, 2019 is \$55,755.

The City loaned 37 individuals from the Low and Moderate Income Housing Fund of the Redevelopment Agency. The loans have been authorized for each of the recipients as part of the housing down payment assistance program. The City is the beneficiary of the promissory notes issued, recorded, and secured by real property. The loans are due when the underlying property is sold. As of June 30, 2019, principal and accrued interest totaled \$995,406.

In November 2005, the Agency entered into a loan agreement with Tracy Place Associates for an amount not to exceed \$4,350,000 to be used as construction and permanent financing costs for the development of a 49 unit affordable senior housing complex, Tracy Place Senior Apartments. The loan is secured by a deed of trust on the property and bears simple interest of 1%. The loan is repayable from residual receipts as defined in the loan agreement starting in April 2008, and is due 55 years from the issuance of the certificate of occupancy, which was December 29, 2008, or if a transfer occurs that is not approved by the City. As of June 30, 2019, the developer owes \$4,876,290, including accrued interest.

In November 2007, the Community Development Agency of the City of Tracy (Agency) entered into an Owner Participation and Loan Agreement with DHI Tracy Garden Associates, LP (DHI). DHI was to develop and rehabilitate an 88 unit Senior Housing Complex for low income senior households. The maximum amount of loan from the Agency was \$1,975,000. Simple interest accrues annually at 3%. Upon default, the rate will increase to the lesser of 10% or the maximum allowed by law. The loan is secured by a trust deed on the underlying property. This trust deed is subordinated to all other loans that DHI has for the project. Maturity of the loan is November 1, 2064. Payment on the loan is deferred until maturity unless the property is conveyed (other than that approved by the City) or there is a default. Total amount owed as of June 30, 2019 is \$2,658,485.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)

C. *Development Loan*

In September 2006, the City loaned a property owner \$40,000 to assist in the demolition of a structure in order for the property owner to construct new housing units on the site. The loan is secured by a deed of trust on the property, bears interest of 5% and is due and payable when the property is sold. The balance as of June 30, 2019, including principal and accrued interest, is \$65,270.

D. *Housing Loan (Related Party)*

The City loaned \$595,000 to its previous City Manager (Related Party) in May 2005 to assist in the purchase of a home within the City. The loan is a 30 year fully amortized loan starting September 1, 2011, with monthly payments of \$2,446 including principal and interest at 4%. The loan is secured by a deed of trust on the property and is due if the home is sold. The balance of the loan as of June 30, 2019 is \$429,979.

E. *Employee Loans Receivable (Related Party)*

The City made \$111,405 in short term loans in April 2019 to City employees, to assist employees in the transition of the payroll system from semi-monthly to a bi-weekly payroll system. The loans are interest free, payable over six months starting in April 2019. The employee can borrow twice in the first six months from April 1, 2019 to November 30, 2019. Then, the employee can borrow once in the second five months, from December 1, 2019 to April 30, 2020. The balance of the loans for seventy-eight employees as of June 30, 2019 is \$79,917.

F. *Successor Agency Reimbursement Agreement*

On December 1, 2008, the City entered into a Reimbursement Agreement with the former Community Development Agency of the City of Tracy to reimburse the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds discussed in Note 7D. The terms of the Reimbursement Agreement indicate that the Agency is required to make the annual payments of \$400,000, regardless of whether the City's annual lease payments are abated. Therefore, the City has accounted for the Reimbursement Agreement as a note receivable. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038. The balance of the loan as of June 30, 2019 is \$8,000,000.

G. *Tracy Mall Partners, L.P. Loan*

The West Valley Mall Revitalization Program provides a financial incentive to the owners of the West Valley Mall (Mall Owner) or a prospective tenant to be used for tenant improvements.

During fiscal year 2011, the City and the Tracy Mall Partners, L.P. entered into an agreement where the City provided a financial contribution of \$2,750,000 to the Mall Owner. In exchange, the Mall Owner guarantees that Macy's will lease the anchor tenant location for a minimum of 10 years. Over the 20 year term, the Mall Owner is obligated to repay the City for the financial incentive at the rate of \$151,250 a year or \$3,025,000 for the 20 year term. The annual repayment will be forgiven to the extent that increased sales tax revenue to the City exceeds \$151,250 per year from Macy's or new tenants of the Macy's space. The Mall Owner gets credit for 100% of the Macy's sales tax collected in any one year, and any amount under or over that threshold can be used toward a prior shortage.

The sales tax revenue collected from Macy's in fiscal year 2019 did not exceed the threshold, therefore only \$110,619 of the annual repayment was forgiven as of June 30, 2019. The cumulative shortage of sales tax collections was \$204,792 as of June 30, 2019 and the balance of the loan is \$1,921,158 at that date.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)

H. *Advance to CDA Successor Agency*

As of February 1, 2012, the Redevelopment Agency ceased operations as a component unit of the City and all assets and liabilities were transferred to a Successor Agency, except for the housing assets which were transferred to the City as Housing Successor. The \$2,803,520 was an advance payment from the Community Development Housing Fund to the Community Development Agency Debt Service to provide sufficient cash to pay the debt service payments due in September 2011. Due to the State SERAF payment requirement during fiscal year 2010 and 2011, the Community Development Agency had insufficient cash to make the payment. Borrowing from the Housing Fund was authorized by State SERAF legislation. The Department of Finance has approved the payment schedule and the Successor Agency began making payments to the Housing Successor Fund in fiscal year 2019, as discussed in Note 16B(4).

I. *Grow Tracy Fund Deposit Receivable*

The City and the Grow America Fund, Inc. (GAF) established and capitalized the Grow Tracy Fund as an economic development tool designed to assist eligible small businesses within the City to obtain the financing required to grow their businesses. The City contributed \$1 million as its share of the capitalization of the program. Loans made under the program are underwritten by the GAF and guaranteed by the Small Business Administration (SBA) under GAF's Small Business Lending Company License. Therefore, each loan must comply with SBA guidelines and procedures. In order to qualify for these loans, a business must be a for-profit operating entity; it must be financially healthy and in need of expansion capital. The Grow Tracy Fund can make loans ranging from \$100,000 to \$2 million as permitted by the SBA at or below market rates, for terms up to 25 years, depending on the proposed use of funds.

As of June 30, 2019, there were seven loans outstanding in the amount of \$2,705,343, under the program. The City has not recorded these loans and instead has recorded the capitalization contribution that GAF uses to fund the share of the loans that the SBA does not guarantee. The City has recorded its capitalization contribution to the program as a deposit receivable, and the portion of the loans funded with that contribution as of June 30, 2019 was \$692,717 and the unused balance of the capitalization contribution was \$307,283.

J. *Location Agreements*

In December 2015, the City entered into a Location Agreement with a manufacturer and distributor of healthcare products and services to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning January 1, 2017 and ending on December 31, 2036, unless otherwise extended in accordance with the agreement. The City paid \$2,726,296 to the Corporation during the year ended June 30, 2019.

In August 2017, the City entered into a Location Agreement with a distributor of precision laboratory equipment to make payments to the Corporation in return for the Corporation establishing, locating and operating a sales office in the City. Under the terms of the agreement, the City has agreed to pay the Corporation fifty per cent (50%) of the quarterly local sales tax revenues attributable to the Corporation's taxable sales for each fiscal quarter, excluding penalty assessments, commencing with the quarter beginning October 2018 and ending on October 2038, unless otherwise extended in accordance with the agreement. The City paid \$1,035,439 to the Corporation during the year ended June 30, 2019.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are valued at their estimated acquisition value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. Alternatively, the “modified approach” is used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives and capitalization thresholds listed below to capital assets:

	Useful Lives	Capitalization Threshold
Land	n/a	\$0
Land Improvements	n/a	\$50,000
Buildings	10-30 years	\$50,000
Building Improvements	5-50 years	\$50,000
Equipment and vehicles	5-30 years	\$5,000
Grading, curbs, gutters, sidewalks, driveway approaches	40 years	\$50,000
Traffic signals	20 years	\$50,000
Street drainage	40 years	\$50,000
Infrastructure	5-40 years	\$50,000
Intangibles	5 years	\$5,000
Capital Lease Property	Term of contract	\$5,000
Leasehold Improvements	Term of contract	\$50,000
Works of Art / Historical Treasures	n/a	\$0
Construction in Progress for Year End Reporting	n/a	Projects to exceed \$50,000 at completion

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets activities for the year ended June 30, 2019 were as follows:

Governmental Activities

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$174,199,783	\$1,232,658		\$1,833,600	\$177,266,041
Roads accounted for using the modified approach	249,136,631	2,503,667		52,310,089	303,950,387
Construction in progress	77,141,175	17,483,266		(60,184,949)	34,439,492
Total capital assets not being depreciated	<u>500,477,589</u>	<u>21,219,591</u>		<u>(6,041,260)</u>	<u>515,655,920</u>
Capital assets being depreciated:					
Buildings and improvements	120,704,643			6,321,926	127,026,569
Improvements	46,556,349				46,556,349
Grading, curb & gutter, sidewalk and driveway approaches	31,353,495	408,710			31,762,205
Traffic signals and street lights	22,095,827	324,720			22,420,547
Equipment	33,662,455	2,168,917	(\$2,498,412)		33,332,960
Infrastructure and drainage	10,665,597			1,552,934	12,218,531
Intangibles	609,656				609,656
Total capital assets being depreciated	<u>265,648,022</u>	<u>2,902,347</u>	<u>(2,498,412)</u>	<u>7,874,860</u>	<u>273,926,817</u>
Less accumulated depreciation for:					
Buildings and improvements	(48,091,492)	(4,136,370)			(52,227,862)
Improvements	(34,785,152)	(1,375,506)			(36,160,658)
Grading, curb & gutter, sidewalk and driveway approaches	(14,406,600)	(642,038)			(15,048,638)
Traffic signals and street lights	(14,281,082)	(689,790)			(14,970,872)
Equipment	(19,285,106)	(1,943,638)	2,410,618		(18,818,126)
Infrastructure and drainage	(4,007,896)	(244,371)			(4,252,267)
Intangibles	(468,219)	(101,101)			(569,320)
Total accumulated depreciation	<u>(135,325,547)</u>	<u>(9,132,814)</u>	<u>2,410,618</u>		<u>(142,047,743)</u>
Net capital assets being depreciated	<u>130,322,475</u>	<u>(6,230,467)</u>	<u>(87,794)</u>	<u>7,874,860</u>	<u>131,879,074</u>
Governmental activities capital assets, net	<u>\$630,800,064</u>	<u>\$14,989,124</u>	<u>(\$87,794)</u>	<u>\$1,833,600</u>	<u>\$647,534,994</u>

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$11,841,043			(\$1,833,600)	\$10,007,443
Construction in progress	29,662,262	\$18,981,185		(7,228,938)	41,414,509
Total capital assets not being depreciated	<u>41,503,305</u>	<u>18,981,185</u>		<u>(9,062,538)</u>	<u>51,421,952</u>
Capital assets being depreciated:					
Infrastructure	317,947,219	4,877,285		7,228,938	330,053,442
Buildings	166,820,813				166,820,813
Improvements	3,570,581				3,570,581
Equipment	44,937,212	498,150	(\$213,057)		45,222,305
Intangibles	72,882,813				72,882,813
Total capital assets being depreciated	<u>606,158,638</u>	<u>5,375,435</u>	<u>(213,057)</u>	<u>7,228,938</u>	<u>618,549,954</u>
Less accumulated depreciation for:					
Infrastructure	(146,205,611)	(6,228,758)			(152,434,369)
Buildings	(86,771,894)	(4,591,238)			(91,363,132)
Improvements	(1,795,370)	(219,017)			(2,014,387)
Equipment	(19,294,909)	(1,634,035)	213,057		(20,715,887)
Intangibles	(26,122)	(3,727)			(29,849)
Total accumulated depreciation	<u>(254,093,906)</u>	<u>(12,676,775)</u>	<u>213,057</u>		<u>(266,557,624)</u>
Net capital assets being depreciated	<u>352,064,732</u>	<u>(7,301,340)</u>		<u>7,228,938</u>	<u>351,992,330</u>
Total Business-type activities capital assets, net	<u>\$393,568,037</u>	<u>\$11,679,845</u>		<u>(\$1,833,600)</u>	<u>\$403,414,282</u>

B. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 - CAPITAL ASSETS (Continued)

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program was as follows:

Governmental Activities	
General government	\$237,035
Police	229,546
Fire	149,704
Development and engineering	6,947
Public works	6,322,002
Parks and community services	676,672
Internal service funds	1,510,908
Total Governmental Activities	\$9,132,814
Business-Type Activities	
Water utility	\$4,534,771
Wastewater utility	5,250,218
Municipal airport	310,946
Municipal transit	922,087
Drainage	1,658,753
Total Business-Type Activities	\$12,676,775

D. Roads Covered by the Modified Approach

The City has elected to use the modified approach discussed above with respect to its roads, most of which are relatively new. The City's policy is to maintain these roads at an overall condition index level averaging 69%, instead of providing depreciation. During the fiscal year 2019, the City expended \$2,220,870 to preserve its roads. The City estimates that it will be required to expend approximately \$10,810,600 million in the fiscal year 2020 to maintain its roads at this condition level. Please see Modified Approach to Reporting Street Pavement Costs section of the Required Supplementary Information section following the Notes to the Basic Financial Statements for more detailed information.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 - LONG -TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions are summarized below and discussed in detail thereafter.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
Governmental Activity Debt:					
Lease Revenue Bonds					
2007 Lease Revenue Bonds - Series A, 4.375% - 4.5%	\$2,690,000	\$2,690,000		\$2,690,000	
2007 Lease Revenue Bonds - Series B, 4% - 4.25%	1,980,000	850,000	\$120,000	730,000	\$125,000
2008 Lease Revenue Bonds, 3% - 6.375%	19,765,000	18,180,000	285,000	17,895,000	315,000
Total Governmental Activity Debt		<u>\$21,720,000</u>	<u>\$405,000</u>	<u>\$21,315,000</u>	<u>\$440,000</u>
Business-type Activity Debt:					
Certificates of Participation					
2004 Wastewater Certificates of Participation, 2% - 4.75%	\$30,955,000	\$23,695,000	\$805,000	\$22,890,000	\$840,000
Loans Payable (Direct Borrowing)					
State of California Department of Public Health, 2.34%	\$20,000,000	10,659,579	1,014,385	9,645,194	1,038,261
Total Business-type Activity Debt		<u>\$34,354,579</u>	<u>\$1,819,385</u>	<u>\$32,535,194</u>	<u>\$1,878,261</u>

B. 2007 Lease Revenue Bonds – Series A

On October 25, 2007, the City issued \$2,690,000 of 2007 Lease Revenue Bonds Series A. The proceeds of the bonds were used to finance the acquisition and construction of Fire Station 97 and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease for Fire Station 91 dated October 1, 2007. The bonds bear interest ranging from 4.375% to 4.5%. Principal is payable annually beginning March 1, 2025. Interest is payable semi-annually every March 1 and September 1. Final maturity of the bonds is March 1, 2037. The 2007 Series A Bonds maturing on or after March 1, 2018 are subject to optional redemption prior to maturity on or after March 1, 2017 at a redemption price equal to the principal amount of 2007 Series A Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

C. 2007 Lease Revenue Bonds – Series B

On October 25, 2007, the City issued \$1,980,000 of 2007 Lease Revenue Bonds Series B. The proceeds of the bonds were used to prepay the outstanding 1995 Refunding Certificates of Participation and to pay costs of issuance including an insurance premium to acquire a reserve fund surety bond. The proceeds from the bonds along with a reserve fund from the 1995 Certificates were used to immediately call the 1995 bonds. The 2007B bonds are secured by a lien on the revenues consisting mainly of rental payments made by the City under a property lease for Fire Station 91 dated October 1, 2007. The bonds bear interest rate ranging from 4% to 4.25%. Interest is payable semi-annually on March 1 and September 1. Principal is payable annually beginning on March 1, 2008. Final maturity of the bonds is March 1, 2025. The 2007 Series B Bonds maturing on or after March 1, 2018 are subject to optional redemption prior to maturity on or after March 1, 2017 at a redemption price equal to the principal amount of 2007 Series B Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 - LONG -TERM DEBT (Continued)

D. 2008 Lease Revenue Bonds

On December 16, 2008, the City, under the Tracy Operating Partnership (TOP) issued \$19,765,000 of 2008 Lease Revenue Bonds. The proceeds of the bonds were used for acquisition and construction of projects, prepay the outstanding principal balance (\$9,835,000) of the 1998 Certificates of Participation, and pay costs of issuance. Interest payments on the bonds are due semi—annually each April 1 and October 1 at rates varying between 3% and 6.375%. Principal is due annually each October 1 through 2038. The Bonds maturing on or before October 1, 2018 are not subject to optional redemption prior to maturity. The Bonds maturing on or after October 1, 2019 are subject to optional redemption prior to maturity on or after October 1, 2018 at the option of the TOP, as a whole or in part on any date at a redemption price equal to the principal amount of Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. The TOP has pledged revenue pursuant to a site and facility lease between the City and the JPA for the Police Department Headquarters and the Fire Administration Building. The lease rental payments are due semi-annually and are in an amount sufficient to make payments on the bonds. Upon issuance of the bonds, \$10,135,356 (which includes \$865,475 cash available from the 1998 Certificates) was deposited to prepay in full the 1998 Certificates on December 16, 2008, which included a call premium in the amount of \$196,700. The net proceeds of \$9,300,548 were deposited in the City (\$7,174,242) and the former Community Development Agency (\$2,126,306).

E. 2004 Wastewater Certificates of Participation

The City issued Wastewater Certificates of Participation (COPs) in April 2004 to fund the upgrade of the City's wastewater treatment plant. The Wastewater COPs are special obligations of the City and are payable solely from and secured by a pledge of net revenues of the Wastewater Utility System. Principal payments commence on December 1, 2007, and are payable annually on December 1 through 2036. Interest payments commence on December 1, 2004, and are payable semi-annually on December 1 and June 1, thereafter. The COP's maturing on or after December 1, 2014 may be prepaid in advance of maturity on any date on or after December 1, 2013 plus accrued but unpaid interest to the prepayment date, without premium.

For fiscal year 2019 net revenues amounted to \$2,485,983 which represented coverage of 131% over the \$1,891,235 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$36,001,913 which is scheduled to occur in 2037.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 - LONG -TERM DEBT (Continued)

F. State of California Department of Public Health Loan Direct Borrowing

In 2006, the City entered into a loan agreement with the State of California Department of Public Health in the amount of \$20,000,000 for assistance in the construction of its new Water Treatment Plant. The proceeds from the loan were drawn down by the City as needed for construction. The loan is a fully amortized loan over 20 years at an annual interest rate of 2.34%. The City is obligated to make semi-annual payments of principal and interest in the amount of \$628,960 beginning July 1, 2008 with a final maturity date of January 1, 2028.

G. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June	Business-type Activities					
	Governmental Activities		2004 Certificates of Participation		Loan Payable From Direct Borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$440,000	\$1,245,955	\$840,000	\$1,051,480	\$1,038,261	\$219,659
2021	485,000	1,223,761	875,000	1,014,818	1,062,698	195,222
2022	530,000	1,198,120	915,000	975,418	1,087,710	170,209
2023	575,000	1,169,625	955,000	932,865	1,113,312	144,607
2024	630,000	1,137,912	1,000,000	887,900	1,139,516	118,404
2025-2029	4,120,000	5,065,817	1,050,000	4,107,150	4,203,697	199,021
2030-2034	6,140,000	3,596,684	6,025,000	2,808,717		
2035-2039	8,395,000	1,362,448	11,230,000	1,333,565		
Total	<u>\$21,315,000</u>	<u>\$16,000,322</u>	<u>\$22,890,000</u>	<u>\$13,111,913</u>	<u>\$9,645,194</u>	<u>\$1,047,122</u>

H. Bond Issuance Costs, Original Issue Discounts and Premiums and Deferred Charge on Refunding

For governmental activities and proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any differences between governmental activities or proprietary refunded debt and the debt issued to refund it, called a deferred charge on refunding, is amortized over the remaining life of either the refunded debt or the refunding debt, whichever is shorter. The deferred charge on refunding is reported as a deferred inflow or outflow of resources, as applicable. Bond issuance costs, other than prepaid insurance, are expensed in the year incurred.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 8 - SPECIAL ASSESSMENT DISTRICT DEBT WITH NO CITY COMMITMENTS

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City. The outstanding balance of each of these issues as of June 30, 2019, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2019
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$660,000
2002 Special Tax Bonds (93-1 Community Facilities District - 1-205 Parcel GL-17)	2003	2033		1,665,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		540,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		39,760,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		1,535,000
2005C TOP JPA Revenue Bonds	2006	2036		10,715,000
2006 Special Tax Bonds (2006-1 Community Facilities District - NE Industrial Phase II)	2007	2037		9,740,000
2011A TOP JPA Revenue Bonds:				
98-4 Morrison Homes and 2000-02 Heartland Three	2011	2026	\$1,120,000	
2011-1 Reassessment Bonds	2011	2027	215,000	
99-2 South MacArthur Plan Area (2000 and 2002)	2011	2028	7,350,000	
Total 2011A TOP JPA Revenue Bonds				8,685,000
2014A Tracy Public Financing Authority Revenue Bonds:				
89-1 Community Facilities District	2014	2021	1,870,000	
99-1 Community Facilities District - Northeast Industrial Area	2014	2025	3,355,000	
2014-1 Reassessment Bonds	2014	2023	2,320,000	
Total 2014A Tracy Public Financing Authority Revenue Bonds				7,545,000
2018 Series Tracy Hills Special Tax Bonds				
Community Facilities District No. 2016-1	2019	2048		32,625,000
Total				<u>\$113,470,000</u>

NOTE 9 - NET POSITION AND FUND BALANCES

A. Net Position

Net Position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three captions on the Statement of Net Position. These captions apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, redevelopment funds restricted to low-and-moderate-income purposes, and gas tax funds for street construction.

Unrestricted describes the portion of Net Position which is not restricted to use.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

B. Fund Balance

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned, unless City Council has provided otherwise in its commitment or assignment actions. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. The highest level of formal action of the City Council is an Ordinance. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee, the Finance Director, and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual General Fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2019, are below:

Fund Balance Classifications	General Fund	Special Revenue			
		Housing Successor Fund	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
Nonspendable:					
Items not in spendable form:					
Loans receivable	\$469,979				
Total Nonspendable Fund Balances	<u>469,979</u>				
Restricted for:					
Housing		\$4,553,346			
Special area projects					
Public safety					
Debt service					
Community development					
Asset forfeiture					
Streets and roads					
Landscaping district					
Fire authority					
Cable TV					
Drainage					
Tracy GROW					
Total Restricted Fund Balances		<u>4,553,346</u>			
Committed to:					
Contingency/Emergency	14,882,561				
Total Committed Fund Balances	<u>14,882,561</u>				
Assigned to:					
Animal Control Trust	22,192				
Measure V	5,644,905				
Economic/Budget Stability	7,441,280				
Prior year reappropriations	2,104,626				
Capital Projects					
Total Assigned Fund Balances	<u>15,213,003</u>				
Unassigned:					
Unassigned					
Other Residual Deficit Fund Balances			(\$109,280)	(\$5,424,551)	(\$1,059,710)
Total Unassigned Fund Balances			<u>(109,280)</u>	<u>(5,424,551)</u>	<u>(1,059,710)</u>
Total Fund Balances	<u>\$30,565,543</u>	<u>\$4,553,346</u>	<u>(\$109,280)</u>	<u>(\$5,424,551)</u>	<u>(\$1,059,710)</u>

(Continued)

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

Fund Balance Classifications	Debt Service	Capital Projects			Total
	2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	
Nonspendable:					
Items not in spendable form:					
Loans receivable					\$469,979
Total Nonspendable					469,979
Fund Balances					469,979
Restricted for:					
Housing					4,553,346
Special area projects			\$43,789,547	\$89,540,909	133,330,456
Public safety				636,726	636,726
Debt service	\$620,869			355,592	976,461
Community development				206,907	206,907
Asset forfeiture				1,117,563	1,117,563
Streets and roads				8,464,594	8,464,594
Landscaping district				5,940,591	5,940,591
Fire authority					
Cable TV				632,783	632,783
Drainage				7,197,683	7,197,683
Tracy GROW				1,000,000	1,000,000
Total Restricted Fund Balances	620,869		43,789,547	115,093,348	164,057,110
Committed to:					
Contingency/Emergency					14,882,561
Total Committed Fund Balances					14,882,561
Assigned to:					
Animal Control Trust					22,192
Measure V					5,644,905
Economic/Budget Stability					7,441,280
Prior year reappropriations					2,104,626
Capital Projects		\$12,191,839			12,191,839
Total Assigned Fund Balances		12,191,839			27,404,842
Unassigned:					
Unassigned					
Other Residual Deficit Fund Balances				(2,397,200)	(8,990,741)
Total Unassigned Fund Balances				(2,397,200)	(8,990,741)
Total Fund Balances	\$620,869	\$12,191,839	\$43,789,547	\$112,696,148	\$197,823,751

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

C. General Fund Reserve Policies

The City Council adopted a revised General Fund Reserve (Unassigned Fund Balance) Policy in June 2018 with Resolution 2018-118 that established a minimum fund balance policy for the General Fund in order to mitigate the effect of unanticipated situations such as natural disasters and severe unforeseen events. Reserves also provide the City with stability in times of economic fluctuations and help provide for a smooth transition to changes in service levels caused by changes in the City's financial situation. The Policy established the following reserves:

Contingency/Emergency Reserve – The Contingency/Emergency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency/Emergency Reserve also serves as back-up liquidity to self-insured losses if this need were to arise. The Contingency/Emergency Reserve is established with a target goal of 20% of the General Fund's adopted annual budget for expenditures and recurring transfers out. The City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Contingency/Emergency Reserve or the possible need to access funds from the Contingency/Emergency Reserve. This action is done as part of the annual budget adoption; however, these actions can be completed at any time the City Manager deems necessary.

The balance of the Contingency/Emergency Reserve was \$14,882,561 at June 30, 2019, which is a component of committed fund balance of the General Fund.

Economic/Budget Stability Reserve – The Economic/Budget Stability Reserve is intended to offset quantifiable revenue/expenditure uncertainty in the multi-year forecast thereby helping to stabilize service levels through economic cycles. The long-term use of this reserve is determined by estimating the level of financial risk associated and may be authorized and expended only when certain specific circumstances exist within the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause deficits. Transitional funding may be necessary to respond to reductions in major revenues due to local, regional, and national economic downturns. This may be due to a loss in housing values, a loss of a major employer, a loss of a major retailer, a sudden spike in unemployment or inflation, and/or other major economic factors. This may also be due to state and/or voter initiatives; including changes in legislation, revenue sources that sunset or expire, or other political impacts to revenues that are outside of the control of the City Council.
 - a. Projected General Fund revenue totals in aggregate are anticipated to decrease by 5% (or more) over the prior year or decrease 10% (or more) cumulative over three years; excluding one-time revenue sources.
 - b. Projected General Fund revenues from a single revenue source are anticipated to decrease by 10% (or more) over the prior year or decrease by 15% over three years; excluding one-time revenue sources.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

2. Expenditure risks: The City may require a source of supplemental funding for uncontrollable costs or contractually obligated costs. Such costs may include maintaining service levels.
 - a. Projected General Fund expenditure totals (in aggregate) increase by 10% (or more) over the prior year or increase 15% (or more) over three years; excluding one-time expenditure requests.
 - b. Projected General Fund expenditures from a single source are anticipated to increase by 10% (or more) over the prior year or increase by 15% over three years.
3. Structural deficit risk: Economic factors may create a structural deficit when revenue growth does not keep pace with expenditure growth. The City may elect to use the Economic/Budget Stability Reserve for up to 24 months while a plan is developed to correct the deficit.
 - a. Projected General Fund expenditure totals (in aggregate) exceed incoming revenues by 5% (or more) over the prior year or exceed by 10% over three years; excluding one-time expenditure requests.
 - b. Need funding for an unanticipated major repair, purchase or other maintenance charge creating a deficit of 5% of incoming revenues.

The nature of these reserves is intended to stabilize the General Fund budget in the short-term to address non-routine or unanticipated changes in economic position. A regular 5-year forecast should be used to identify foreseeable changes in revenues and/or expenditures. However, not all changes in economic and fiscal position are known. In those cases, the City Manager will first evaluate the City's financial condition and make a recommendation to City Council as to the need to make contributions to the Economic/Budget Stability Reserve or the possible need to access funds from the Economic/Budget Stability Reserve. This action is done as part of the annual budget adoption; however these actions can be completed at any time the City Manager deems necessary.

The balance of the Economic/Budget Stability Reserve was \$7,441,280 at June 30, 2019, which is a component of assigned fund balance of the General Fund.

The City Manager must present a report to the City Council to justify the use of the Contingency Reserve and Economic/Budget Stability Reserve and the circumstances of the catastrophic and/or fiscal emergency. All uses of the Contingency Reserve and Economic/Budget Stability Reserve must be approved by Resolution of the City Council with a four-fifths vote. Any such uses are to be repaid to the respective reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years.

Year-end excess and/or one-time revenue under the proposed reserves structure would remain in the General Fund's committed or assigned fund balance, as applicable. As part of the annual budget adoption process, or at any time the City Manager deems necessary, the City Manager would recommend whether the excess funds could be allocated to other reserves, or used as one-time funding with consideration given to economic development and/or capital projects.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 - NET POSITION AND FUND BALANCES (Continued)

D. Deficit Fund Balances and Accumulated Deficits

At June 30, 2019, the TEA Grant, South San Joaquin County Fire Authority, Community Development Fees and Community Development Block Grant Special Revenue Funds and North East Industrial Plan Area #2 Capital Projects Fund had deficit fund balances of \$109,280, \$5,424,551, \$1,059,710, \$15,599 and \$2,381,601, respectively, which are expected to be eliminated by future grant revenues, intergovernmental and charges for services. The Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund had a deficit net position of \$36,155,098, which will be eliminated by future revenues.

E. Restatement of Fund Balance and Net Position

The City made prior period adjustments to the beginning fund balance or net position related to the balances of deposits payable in the Community Development Fees Special Revenue Fund, the Capital Projects Deposit Capital Projects Fund and the Wastewater Utility Enterprise Fund that resulted in the restatement and increase fund balance in the amount of \$458,644, restate and decrease fund balance in the amount of \$2,410,207 and restate and increase net position in the amount of \$4,500, respectively.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
	Prior to October 9, 2011	After October 9, 2011	On or after January 1, 2013
Hire date			
Benefit formula	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0-2.5%	1.426%-2.418%	1.0% - 2.5%
Required employee contribution rates	8%	7%	6.25%
Required employer contribution rates	9.207%	9.207%	9.207%
Required UAL contribution		\$2,479,417	
	Safety - Police		
	<u>Classic Tier I</u>	<u>Classic Tier II</u>	<u>PEPRA</u>
	Prior to April 8, 2012	After April 8, 2012	On or after January 1, 2013
Hire date			
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.4% - 3.0%	2.0% - 2.7%
Required employee contribution rates	9%	9%	12%
Required employer contribution rates	20.618%	20.618%	20.618%
Required UAL contribution (Police and Fire)		\$2,313,800	
	Safety - Fire		
	<u>Classic Tier I</u>	<u>PEPRA</u>	
	Prior to January 1, 2013	On or after January 1, 2013	
Hire date			
Benefit formula	3% @ 55	2.7% @ 57	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 55	50 - 57	
Monthly benefits, as a % of eligible compensation	2.4% - 3.0%	2.0% - 2.7%	
Required employee contribution rates	9%	12%	
Required employer contribution rates	20.618%	20.618%	
Required UAL contribution (Police and Fire)		Included in Safety-Police total above	

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Plans as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded accrued liability (UAL). The dollar amounts are billed on an annual basis. The City's required contributions for the unfunded liability for Miscellaneous and Safety Plans were \$2,479,417 and \$2,313,800 respectively, in fiscal year 2019, as shown in the tables above.

Employees Covered – At the June 30, 2017 valuation date, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	288	152
Inactive employees entitled to but not yet receiving benefits	252	54
Active employees	<u>287</u>	<u>150</u>
Total	<u><u>827</u></u>	<u><u>356</u></u>

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The City's contributions to the Miscellaneous and Safety Plans were \$4,749,293 and \$5,643,974, respectively, for the year ended June 30, 2019.

B. Net Pension Liability

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The net pension liabilities are liquidated by the fund that has recorded the liability only when matured. The long-term portion of the governmental activities net pension liabilities is liquidated primarily by the General Fund.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2018, the total pension liabilities were determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2018 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (1)
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase-Miscellaneous	3.2% - 12.2% (2)
Projected Salary Increase-Safety	3.4% - 20.0% (2)
Investment Rate of Return	7.15% (3)
Mortality	Derived using CalPers Membership Data for all Funds (4) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter
Post Retirement Benefit Increase	thereafter

- (1) Actuarial assumptions are the same for all benefit tiers (Classic Tier I, Classic Tier II, and PEPRA)
- (2) Depending on age, service and type of employment
- (3) Net of pension plan investment and administrative expenses, including inflation
- (4) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of Scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report available on CalPERS website

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions - For the measurement date of June 30, 2018, the inflation rate reduced 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$146,805,282	\$108,697,591	\$38,107,691
Changes in the year:			
Service cost	3,700,689		3,700,689
Interest on the total pension liability	10,406,741		10,406,741
Differences between actual and expected experience	1,406,163		1,406,163
Changes in assumptions	(1,198,922)		(1,198,922)
Changes in benefit terms			
Net Plan to Plan Resource Movement		31,823	(31,823)
Contribution - employer		4,065,966	(4,065,966)
Contribution - employee		1,720,800	(1,720,800)
Net investment income		9,323,836	(9,323,836)
Administrative expenses		(169,381)	169,381
Other Miscellaneous Income/(Expense)		(321,657)	321,657
Benefit payments, including refunds of employee contributions	(6,628,099)	(6,628,099)	
Net changes	<u>7,686,572</u>	<u>8,023,288</u>	<u>(336,716)</u>
Balance at June 30, 2018	<u>\$154,491,854</u>	<u>\$116,720,879</u>	<u>\$37,770,975</u>

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$171,716,288	\$129,044,838	\$42,671,450
Changes in the year:			
Service cost	5,100,415		5,100,415
Interest on the total pension liability	12,156,431		12,156,431
Differences between actual and expected experience	(9,610)		(9,610)
Changes in assumptions	(761,909)		(761,909)
Net Plan to Plan Resource Movement		(32,418)	32,418
Changes in benefit terms			
Contribution - employer		5,132,782	(5,132,782)
Contribution - employee		1,985,924	(1,985,924)
Net investment income		10,913,236	(10,913,236)
Administrative expenses		(201,087)	201,087
Other Miscellaneous Income/ (Expense)		(381,868)	381,868
Benefit payments, including refunds of employee contributions	(6,949,949)	(6,949,949)	
Net changes	<u>9,535,378</u>	<u>10,466,620</u>	<u>(931,242)</u>
Balance at June 30, 2018	<u>\$181,251,666</u>	<u>\$139,511,458</u>	<u>\$41,740,208</u>
Total Balance at June 30, 2018 (Miscellaneous and Safety Plans)	<u>\$335,743,520</u>	<u>\$256,232,337</u>	<u>\$79,511,183</u>

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	6.15%	6.15%	6.15%
Net Pension Liability	\$58,852,153	\$69,344,738	\$128,196,891
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$37,770,975	\$41,740,208	\$79,511,183
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$20,330,416	\$19,326,737	\$39,657,153

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$5,950,491 and \$6,821,755 for the miscellaneous and safety plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$4,749,293	
Differences between actual and expected experience	1,032,134	(\$273,989)
Changes in assumptions	3,294,342	(856,373)
Net differences between projected and actual earnings on plan investments	129,767	
Total	<u>\$9,205,536</u>	<u>(\$1,130,362)</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$5,643,974	
Differences between actual and expected experience	256,721	(\$2,097,219)
Changes in assumptions	6,306,181	(1,372,106)
Net differences between projected and actual earnings on plan investments	366,842	
Total	<u>\$12,573,718</u>	<u>(\$3,469,325)</u>
Total Miscellaneous and Safety Plans	<u>\$21,779,254</u>	<u>(\$4,599,687)</u>

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 10 - PENSION PLANS (Continued)

\$10,393,267 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization		
	Miscellaneous	Safety	Total
2020	\$3,643,856	\$2,045,899	\$5,689,755
2021	1,094,887	1,396,154	2,491,041
2022	(1,092,601)	502,614	(589,987)
2023	(320,261)	(484,248)	(804,509)
2024	0	0	0
Thereafter	0	0	0
Total	\$3,325,881	\$3,460,419	\$6,786,300

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

The City administers a single employer defined benefit (implicit subsidy) healthcare plan. No assets have been accumulated in a trust for the payment of benefits that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

The City offers medical, dental, vision and life insurance benefits to its employees, retirees, and their dependents. However, the City does not explicitly pay for the cost of retiree health premiums. The medical plans consist of a Kaiser HMO, a Kaiser POS, and a Kaiser PPO, all fully insured. Medical premiums for retirees under age 65 are the same as those charged for active employees.

Employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to a medical insurance bank that can be used for medical, dental and vision premiums. Miscellaneous employees except members of the Teamsters Bargaining Unit can bank their unused sick leave upon retirement. Members of the Teamsters can also bank their unused sick leave only if they have at least ten (10) years of employment with the City. Safety employees: Police employees can bank their unused sick leave if they have at least ten (10) years of employment. Fire employees have a choice to bank their unused sick leave. Fire employees also need at least ten (10) years of employment to receive this benefit. The value of the medical insurance bank is determined by multiplying the number of accrued sick leave hours by the employees' hourly rate of pay at the time of retirement.

The retired employee and his/her dependents are entitled to continued group health insurance coverage currently in effect with premiums for such coverage being deducted from the medical leave bank until that bank is exhausted.

The cost of retiree health care benefits is recognized as an expenditure as health care premiums are paid. For the fiscal year ending June 30, 2019, those costs for 78 retirees totaled \$598,941 and the total liability amount in the medical leave bank is \$3,346,163.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

After the account is exhausted, the retiree has option either to terminate coverage or elect to continue paying the medical (but not dental or vision) premiums from personal funds. Spouses and eligible dependent children of retirees may also be covered at the retiree's expense. While the City does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an "implicit subsidy" under generally accepted accounting principles. The inclusion of the retirees increases the City's overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy.

The ability to participate in the City's health plan by self-paying the premiums extends for the lifetime of the retiree; however, upon attaining the age of Medicare eligibility (65), the retiree may enter a plan coordinated with Medicare. Standard actuarial practice assumes that Medicare supplement plans do not generally give rise to an implicit subsidy, and while we have included Medicare eligible retirees in this valuation, both their liability and their annual implicit subsidy are both \$0.

The Plan does not issue a separate financial report.

Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active plan members	304
Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet receiving benefit payments	34
Total	359

B. Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements.

C. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

The June 30, 2018 total OPEB liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.98%
Inflation	2.75%
Projected Salary Increase	3.25%
Healthcare Trend	7.00% in 2020, declining to 5.0% for 2024 and beyond
Mortality	Macleod Watts Scale 2018 applied generationally from 2015

- (1) Demographic actuarial assumptions used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were those published by CalPERS, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future.

Change in Assumptions – The discount rate decreased from 3.13% at June 30, 2017 to 2.98% at June 30, 2018.

D. Discount Rate

The discount rate used to measure the total OPEB liability was 2.98%. The City’s funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. The City is currently financing its OPEB liability on a pay-as-you-go basis, the discount rate used in the June 30, 2018 valuation is based on the S&P Municipal Bond 20 Year High Grade Index.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

E. Changes in Total OPEB Liability

The changes in the Total OPEB Liability is as follows:

	Increase (Decrease)
	Total OPEB Liability
Balance at June 30, 2017 (Valuation Date)	\$5,931,522
Changes Recognized for the Measurement Period:	
Service Cost	318,114
Interest on the total OPEB liability	192,889
Changes in benefit terms	
Difference between expected and actual experience	273,705
Changes of assumptions	(391,232)
Contributions from the employer	
Net investment income	
Administrative expenses	
Benefit payments and refunds	(174,114)
Net Changes during July 1, 2017 to June 30, 2018	219,362
Balance at June 30, 2018 (Measurement Date)	\$6,150,884

F. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower and 1-percentage point higher than the current rate:

Plan's Total OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(1.98%)	Rate (2.98%)	(3.98%)
\$6,676,795	\$6,150,884	\$5,664,966

G. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the City, calculated using the healthcare cost trend rates, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower and 1-percentage point higher than the current rates:

Plan's Total OPEB Liability/(Asset)		
Current		
Healthcare Cost	Healthcare Cost	Healthcare Cost
Trend Rates -1%	Trend Rates	Trend Rates +1%
\$5,626,008	\$6,150,884	\$6,823,851

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

H. Deferred Outflows and Inflows of Resources

The components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$195,363	
Differences between Expected and Actual Experience	248,291	
Changes of assumptions		(\$623,813)
Total	\$443,654	(\$623,813)

\$195,363 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	(\$43,947)
2021	(43,947)
2022	(43,947)
2023	(43,947)
2024	(43,947)
Thereafter	(155,787)

NOTE 12 - DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under this plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 - RISK MANAGEMENT (Continued)

A. Coverage

The City participates in the Central San Joaquin Valley Risk Management Authority (CSJVRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54 cities. The purpose of CSJVRMA is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expense. The CSJVRMA is governed by a Board of Directors elected by the member agencies; it is not a component unit of the City. Audited financial statements are available from the Central San Joaquin Risk Management Authority at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City participates in the following pooled coverages through CSJVRMA:

Type of Coverage (Deductible)	Coverage Limits
Liability (\$100,000)	\$29,000,000
Property (\$5,000 to \$10,000)	1,000,000,000
Worker's Compensation (\$200,000)	Statutory Limit
Boiler and Machinery (\$1,000 to \$10,000)	100,000,000
Automobile - for vehicles with values more than \$25,000 (\$500)	1,000,000,000

The CSJVRMA maintains separate records for each member for each year of participation. The records track cash paid to the CSJVRMA through deposit premium assessments, the City's self-insured retention portion of claims paid, and the City's allocation of shared risks. Three years after the close of the workers' compensation coverage year and five years after the close of the general liability coverage year, the CSJVRMA assesses the status of all members for the year, then either makes a refund to a member if it has positive balance (i.e. payout and reserve experience is less than premiums paid) or collects any deficit.

During the fiscal year ended June 30, 2019, the City contributed \$4,250,049 for current year coverage.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

B. Liability for Uninsured Claims

The City provides for the uninsured portion of claims and judgments, including provisions for claims incurred but not reported, in the Insurance Internal Service Fund. Claims and judgments are recorded when a loss is deemed probable of asserting and the amount of the loss is reasonably determinable. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims. The City has estimated that claims will become due and payable in more than one year.

The City's liability for uninsured claims was estimated by management based on prior year claims experience and CSJVRMA where the City as of June 30, 2019 has reserve deposits which cover claims and IBNRs.

For the Year Ended June 30,	Claims Payable July 1	Fiscal Year Claims and Changes in Estimates	Claims Payments	Claims Payable June 30
2017	\$112,494	\$0	\$0	\$112,494
2018	112,494	(112,494)	0	0
2019	0	0	0	0

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES

A. *Litigation*

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

B. *Federal and State Grant Programs*

The City participates in Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

C. *Encumbrances and Construction Commitments*

The City uses an encumbrance system as an extension of normal budgetary accounting for governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed or assigned fund balance, depending on the classification of the resources to be used to liquidate the encumbrance, since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated for the following year. Unencumbered and unexpended appropriations lapse at year-end. Encumbrances outstanding by fund as of June 30, 2019 were as follows:

	Amount
General Fund	\$360,640
TEA Grant Special Revenue Fund	4,017,814
Community Development Fees Special Revenue Fund	463,017
General Projects Capital Projects Fund	6,869,438
Tracy Infrastructure Master Plan Capital Projects Fund	8,724,377
Non-Major Governmental Funds	6,433,552
	\$26,868,838

In addition to the encumbrances noted above, the City had construction commitments outstanding at June 30, 2019 in the amount of \$6.7 million, related to Recycled Water projects.

D. *Measure V Sales Tax Revenues*

The City receives tax proceeds from the Measure V one-half cent sales tax approved by Tracy voters in November 2016, commencing for a twenty year period beginning April 1, 2017. The amount of Measure V tax proceeds received and recorded during the fiscal year ending June 30, 2019 was \$10,853,130. Measure V is a general tax of the City and the revenues were deposited in the City's General Fund. Expenditures for a variety of City functions were made from the City's General Fund utilizing the Measure V and other revenue of the City.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)

E. Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future years by the voters.

F. Housing Successor Excess Surplus

Health and Safety Code (HSC) Section 34176.1(d) defines an excess surplus as an unencumbered balance held by the housing successor that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the housing successor fund during the housing successor's preceding four fiscal years, whichever is greater. If a housing successor has an excess surplus, the HSC Section requires that the housing successor encumber the excess surplus for eligible purposes described in the HSC Section 34176.1(a)(3) or transfer the funds to another local housing successor within three fiscal years. If the housing successor fails to comply with this provision, the housing successor, within 90 days of the end of the third fiscal year, is required to transfer any excess surplus to the Department of Housing and Community Development for expenditure pursuant to the Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

The Housing Successor Special Revenue Fund serves as the housing successor and as of July 1, 2018 had an excess surplus balance of \$197,845. The City is in late stage discussions with two developers related for housing projects and the excess surplus is expected to be encumbered in fiscal year 2020.

NOTE 15 - SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY JOINT POWERS AGREEMENT

The South County Fire Authority (SCFA) was created in September 1999 by a Joint Exercise of Powers Agreement (Agreement) between the City and the Tracy Rural Fire Protection District to provide fire administration, fire prevention and fire training and safety within the jurisdictional area of the Authority. Under the provisions of the Agreement, as amended, the City and District split the annual costs of maintenance and operations for Fire Protection Services, Fire Dispatch Services, Fire Prevention Services, certain expenses of the City defined in the Agreement, and insurance premiums paid by the City to insure itself against liability arising out of the Agreement for the provision of Fire Services. The cost split between the City and District is dependent upon the staffing levels at each of the three City stations and three District stations, except Station 92. Under the provisions of the Agreement, the District is to pay 100% of the Station 92 maintenance and operations funding for 7 years and 10 months from the date of issuance of the Certificate of Occupancy of the relocated Station 92, or July 1, 2015, whichever occurs later. The Certificate of Occupancy was issued in May 2014.

In February 2018, the City and the Tracy Rural Fire Protection District established the South San Joaquin County Fire Authority (SSJCFA) with an effective date of March 1, 2018 and an implementation date of July 1, 2018. With the implementation the new authority, the City and the Tracy Rural Fire Protection District entered into an agreement to resolve the outstanding financial obligations of the South County Fire Authority and dissolve the South County Fire Authority on June 30, 2018. Under the terms of the agreement, the City and the District paid \$957,168 and \$233,215, respectively, to fund the outstanding balance of the prior compensated absences balance of the SCFA, and the City agreed to reduce a loan receivable from the SCFA to \$1,025,487 and that balance was considered satisfied as of June 30, 2018.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 15 - SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY JOINT POWERS AGREEMENT
(Continued)

During fiscal year 2019, the SSJCFA incurred costs of \$6.4 million, of which \$5.9 million is to be paid by Tracy Rural Fire Protection District. At June 30, 2019, the South San Joaquin County Fire Authority Special Revenue Fund had deficit fund balance of \$5,424,551 that was related to a receivable from the Authority. The Authority has appropriate funds and cash to offset the negative fund balance; due to the fact the SSJCFA is a stand-alone agency, the cash is not recorded in the City's financial records. There are, however, sufficient funds held by the SSJCFA to cover this deficit that are expected to be remitted to the City in fiscal year 2020.

NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

A. *Redevelopment Dissolution*

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review former Agency's asset transfer, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the Redevelopment Agency or, on or after February 1, 2012, to the Successor Agency.

In fiscal year 2011, the former Community Development Agency transferred \$9,967,619 of assets to the City, comprised of cash of \$6,306,390 and capital assets of \$3,661,229. ABx1 26 and AB1484 contain provisions that such transfers are subject to a review by the State Controller's Office. According to Health and Safety Code 34167.5, if such an asset is not contractually committed to a third party for the expenditure or encumbrance of those assets, to the extent not prohibited by state and federal law, the Controller shall order the available assets to be returned to the former Community Development Agency or, on or after February 1, 2012, to the Successor Agency. During fiscal year 2012, the City returned cash of \$1,843,395 and capital assets of \$3,661,229 to the Successor Agency. The City received the results of the State Controller's asset transfer review in December 2014 that indicates the City is to return the remaining cash in the amount of \$4,462,995 to the Successor Agency. City management disputed the findings of both the State Controller and the Non-housing DDR discussed below, however, to allow the Successor Agency to receive its Finding of Completion, the City transferred \$4,462,995 to the Successor Agency in November 2015 and the Successor Agency remitted payment to the County in December 2015. The City and Successor Agency continued to contest the order of the Department of Finance and were engaged in litigation on the matter. The Third District ordered \$911,495 to be returned to the City of Tracy as an enforceable obligation on the Successor Agency's fiscal year 2017 Recognized Obligations Payment Schedule. Furthermore, the State and the City Council have decided not to appeal to the State Supreme Court.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

Effective January 31, 2012, the Community Development Agency was dissolved. Certain assets of the Community Development Agency Housing Fund were distributed to a Housing Successor; and the remaining Community Development Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City elected to become the Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Housing Successor Special Revenue Fund.

The activities of the Housing Successor are reported in the Housing Successor Special Revenue Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

On January 17, 2012, the City Council elected to become the Successor Agency for the former Community Development Agency in accordance with AB1484 as part of the City resolution number 2012-021, and on February 1, 2012 the Community Development Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established in May 2012. The activities of the Successor Agency were subject to review and approval of the Oversight Board, which was comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor. On July 1, 2018, the duties of the Tracy Oversight Board transferred to a new San Joaquin Countywide Consolidated Oversight Board, which is now responsible for overseeing the winddown affairs of all Successor Agencies in San Joaquin County, including the Successor Agency to the Tracy Community Development Agency.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Community Development Agency.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR in November 2012, which indicated that \$3,398,232 was available for distribution and that amount was remitted to the County in November 2012. The Department of Finance did not initially approve the Non-housing DDR, which indicated that the Successor Agency had an available balance of \$2,281,467, and the State made adjustments to the Non-housing DDR and instead made a demand for the return of funds totaling \$4,618,398, which was remitted to the County in November 2015, as discussed above. The Successor Agency received its Finding of Completion on December 8, 2015, which means it can now utilize bond proceeds for projects consistent with the original bond covenants.

Cash and investments of the Successor Agency as of June 30, 2019 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2019.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

B. Long-Term Debt

The Successor Agency assumed the long-term debt of the Community Development Agency as of February 1, 2012.

1. Current Year Transactions and Balances

All of the long-term debt of the Successor Agency is comprised of Tax Allocation Bonds, a reimbursement agreement and loan payable issued by the Community Development Agency. The Bonds, reimbursement agreement and loan are special obligations of the Agency and are secured only by the Agency's tax increment revenues. Long-term debt of the Successor Agency as of June 30, 2019 consisted of the following:

	Original Amount	Balance June 30, 2018	Retirements	Balance June 30, 2019	Current Portion
2016 Refunding Tax Allocation Bonds, 2% - 5%	\$33,720,000	\$31,990,000	\$1,385,000	\$30,605,000	\$1,445,000
Add: Unamortized bond premium		4,874,970	304,686	4,570,284	
Reimbursement Agreement, 0%	12,200,000	8,400,000	400,000	8,000,000	400,000
Loans from Housing Successor, 0%	2,803,520	2,803,520	1,054,915	1,748,605	1,054,915
Total		<u>\$48,068,490</u>	<u>\$3,144,601</u>	<u>\$44,923,889</u>	<u>\$2,899,915</u>

2. Community Development Agency Tax Allocation Bonds

2016 Tax Allocation Refunding Bonds

On January 21, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$33,720,000. The proceeds from the Bonds were used to advance refund and defease the outstanding balance of the 2003 Tax Allocation Bonds Series A and B. The Bonds bear interest ranging from 2% to 5%. Interest is payable semi-annually each August 1 and February 1 and principal is due annually on each August 1, through 2033. The Bonds maturing on or before August 1, 2025 are not subject to optional redemption prior to maturity. The Bonds maturing on and after August 1, 2026, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, 2025, as a whole or in part. The defeased bonds were called on February 22, 2016.

3. Reimbursement Agreement with the City

On December 1, 2008, the Agency entered into a Reimbursement Agreement with the City related to the City's 2008 Lease Revenue Bonds and the portion of those Bonds that funded improvements that benefitted the Redevelopment Project. Under the terms of the Reimbursement Agreement, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2008 Lease Revenue Bonds discussed in Note 7D that are attributable to the Redevelopment Improvements. The terms of the Reimbursement Agreement indicate that the Agency is required to make the annual payments of \$400,000, regardless of whether the City's annual lease payments are abated. The Agency has pledged tax revenues for the repayment of the Reimbursement Agreement, subordinate to other obligations of the Agency. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2038.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY
ACTIVITIES (Continued)**

4. *Supplemental Education Revenue Augmentation Fund Loans from Housing Successor*

During the fiscal years ending June 30, 2010 and 2011 the Agency approved an interfund advance of \$2,803,520 from the Agency's Housing Fund to the Agency's Debt Service Fund for the purpose of paying the Agency's share of the countywide Supplemental Education Revenue Augmentation Fund.

The above loans had previously been reported as interfund advances within the Community Development Agency, but with the transfer of the Redevelopment Agency's liabilities to the Successor Agency, the advances are now reported as long-term debt of the Successor Agency, payable to the Housing Successor Fund of the City of Tracy, serving as the Housing Successor to the former Agency, pursuant to Health and Safety Code Section 34176(d). These loans were originally required to be repaid by June 30, 2015, however, repayment is now governed by Health and Safety Code Section 34176(e)(6). The State of California Department of Finance has stated that repayment cannot begin prior to fiscal year 2015-2016, and the maximum annual repayment amount is limited based on calculations in Health and Safety Code Section 34176(e)(6).

The Successor Agency did not receive its finding of completion until December 8, 2015, therefore, no payments were made on the loan during fiscal year 2016, 2017 or 2018, but payments were expected to begin in fiscal year 2019. In September 2017, the Successor Agency submitted a revised Loan Repayment Schedule to the State of California Department of Finance, which was subsequently approved; however, the City's annual payment for fiscal year 2018 was denied.

In February 2018, the Successor Agency submitted a revised Loan Repayment Schedule to the State of California Department of Finance, which was subsequently approved. The repayments will be made in three estimated annual payments in the amount of \$1,054,915 in fiscal year 2019, \$1,054,915 in fiscal year 2020 and \$693,690 in fiscal year 2021.

5. *Pledge of Revenues*

The Agency has pledged all future tax increment revenues, for the repayment of the Tax Allocation Bonds and Reimbursement Agreement. The pledge of all future tax increment revenues end upon repayment of the remaining debt service of \$49,888,575 on the Bonds and Reimbursement Agreement above, which is scheduled to occur in 2039.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. In addition, under the provisions of the laws dissolving the Redevelopment Agency, the Successor Agency only receives the funds necessary to fulfill its approved obligations. Total property taxes available for distribution to the Successor Agency and other taxing entities for fiscal year 2019 calculated by the County Auditor-Controller was \$4,650,424, which was less than the Department of Finance-approved Recognized Obligation Payment Schedule total of \$5,313,729 and the total received by the Successor Agency for fiscal year 2019 debt service was \$4,650,424, which the Agency used to pay the \$3,235,250 of fiscal year debt service.

CITY OF TRACY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)

6. Debt Service Requirements

Debt service requirements are shown below for all long-term debt.

For the Year Ending June 30	Principal	Interest
2020	\$2,899,915	\$1,386,425
2021	2,603,690	1,312,550
2022	1,980,000	1,235,300
2023	2,060,000	1,154,300
2024	2,140,000	1,069,300
2025-2029	12,030,000	3,922,750
20230-2034	14,640,000	1,202,950
2035-2039	2,000,000	
Total	40,353,605	<u>\$11,283,575</u>
Plus Unamortized Bond Premium	<u>4,570,284</u>	
Gross Long-Term Debt	<u>\$44,923,889</u>	

C. Commitments and Contingencies - State Approval of Enforceable Obligations

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 17 - SUBSEQUENT EVENTS

In August 2019, the City issued infrastructure financing bonds for 2016-1 Community Facilities District, Tracy Hills Phase I, in the principal amount of \$14,850,000. The CFD is an additional parity bond related to the first bond issuance in September 2018. The bonds will be repaid through tax increment collected on parcels within the district.

In August 2019, the City issued refinancing bonds for 2006-1 Community Facilities District, Northeast Industrial (NEI) park, in the principal amount of \$8,230,000. The bonds will be repaid through tax increment collected on parcels within the district.

In September 2019, the City Council approved a Water rate increase after the City conducted a Proposition 218 Protest Ballot. The new rates went into effect on October 1, 2019.

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

Modified Approach to Reporting Street Pavement Costs

Generally accepted accounting principles allow the City to use the Modified Approach with respect to infrastructure assets instead of depreciating these assets. The Modified Approach may be used if two requirements are met:

1. The City must have an asset management system (AMS) with certain features:
 - It must maintain an up-to-date inventory of the infrastructure assets.
 - It must estimate the annual costs to maintain and preserve those assets at the condition level the City has established and disclosed through administrative or executive policy or legislative action.
 - The AMS must be used to assess the condition of the assets periodically, using a measurement scale.
 - The condition assessments must be replicable as those that are based on sufficiently understandable and complete measurement methods such that different measurers using the same methods would reach substantially similar results.
2. The City must document that the roads are being preserved approximately at or above the condition level the City has established and disclosed. This documentation must include the results of the three most recent complete condition assessments and must provide reasonable assurance that the assets are being preserved approximately at or above the intended condition level.

The City has elected to use the Modified Approach to report street pavement costs. The City uses the Metropolitan Transportation Commission's (MTC) Pavement System to track the condition levels of each of the street sections.

The conditions of the pavement are based on a weighted average of seven distress factors found in pavement surfaces. The MTC pavement management system uses a measurement scale that is based on a condition index ranging from zero for a failed pavement to 100 for pavement with perfect conditions. The condition index is used to classify pavement in good or better condition (70-100), fair condition (50-69), and substandard condition (less than 50).

REQUIRED SUPPLEMENTARY INFORMATION

Modified Approach to Reporting Street Pavement Costs (Continued)

The City's preservation costs are budgeted to be \$10,810,600 in fiscal year 2020. The Pavement Condition Index (PCI) for the City's street pavement for the latest years is as follows:

Year	PCI	Maintenance Budget	Actual Maintenance
2002	76	\$1,505,620	\$1,389,043
2003	77	1,621,170	1,642,556
2004	77	2,043,580	14,441,690
2005	81	2,303,227	13,943,191
2006	78	2,653,860	14,874,752
2007	76	4,244,964	8,647,067
2008	74	13,605,000	19,466,614
2009	72	1,667,146	19,115,824
2010	73	4,457,510	3,333,185
2011	82	4,355,038	3,096,185
2012	82	1,775,290	1,347,061
2013	77	2,973,800	1,387,484
2014	77	3,183,569	3,350,927
2015	74	3,387,213	2,244,902
2016	71	3,648,840	2,186,853
2017	69	3,565,677	2,238,573
2018	69	2,646,996	2,825,868
2019	69	4,039,845	2,220,870
2020	69	10,810,600	

The City's administrative policy is to achieve a minimum rating of 69 for all street pavement. This rating allows for minor cracking and revealing of pavement along with minor roughness that could be noticeable to drivers traveling at posted speed. The City expended \$2,220,870 for street preservation for fiscal year 2019.

REQUIRED SUPPLEMENTARY INFORMATION

Pensions

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan

Last 10 Years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Total Pension Liability					
Service Cost	\$3,019,742	\$2,892,504	\$2,910,705	\$3,555,373	\$3,700,689
Interest	8,760,895	9,030,774	9,339,655	9,859,228	10,406,741
Differences between expected and actual experience	-	(3,592,113)	(3,013,865)	70,396	1,406,163
Changes in assumptions	-	(2,261,183)	-	8,362,562	(1,198,922)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)
Net change in total pension liability	<u>7,332,910</u>	<u>1,265,058</u>	<u>4,279,709</u>	<u>16,401,681</u>	<u>7,686,572</u>
Total pension liability - beginning	<u>117,525,924</u>	<u>124,858,834</u>	<u>126,123,892</u>	<u>130,403,601</u>	<u>146,805,282</u>
Total pension liability - ending (a)	<u>\$124,858,834</u>	<u>\$126,123,892</u>	<u>\$130,403,601</u>	<u>\$146,805,282</u>	<u>\$154,491,854</u>
Plan fiduciary net position					
Contributions - employer	\$2,699,952	\$2,793,345	\$3,466,879	\$3,873,007	\$4,065,966
Contributions - employee	1,374,066	1,346,337	1,461,861	1,552,617	1,720,800
Net investment income (1)	14,281,310	2,132,844	487,393	10,997,746	9,323,836
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)
Net Plan to Plan Resource Movement	-	8,501	-	-	31,823
Other Miscellaneous Income/ (Expense)	-	-	-	-	(321,657)
Administrative Expense	-	(109,805)	(59,400)	(144,490)	(169,381)
Net change in plan fiduciary net position	<u>13,907,601</u>	<u>1,366,298</u>	<u>399,947</u>	<u>10,833,002</u>	<u>8,023,288</u>
Plan fiduciary net position - beginning	<u>82,190,743</u>	<u>96,098,344</u>	<u>97,464,642</u>	<u>97,864,589</u>	<u>108,697,591</u>
Plan fiduciary net position - ending (b)	<u>\$96,098,344</u>	<u>\$97,464,642</u>	<u>\$97,864,589</u>	<u>\$108,697,591</u>	<u>\$116,720,879</u>
 Net pension liability - ending (a)-(b)	 <u>\$28,760,490</u>	 <u>\$28,659,250</u>	 <u>\$32,539,012</u>	 <u>\$38,107,691</u>	 <u>\$37,770,975</u>
 Plan fiduciary net position as a percentage of the total pension liability	 76.97%	 77.28%	 75.05%	 74.04%	 75.55%
 Covered payroll	 <u>\$19,129,759</u>	 <u>\$19,031,601</u>	 <u>\$19,352,925</u>	 <u>\$20,465,522</u>	 <u>\$23,989,506</u>
 Net pension liability as percentage of covered payroll	 150.34%	 150.59%	 168.13%	 186.20%	 157.45%

Notes to Schedule:

(1) Net of administrative expenses in 2014.

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

*Fiscal year 2015 was the first year of implementation.

Source: CalPERS Accounting Valuation

REQUIRED SUPPLEMENTARY INFORMATION

Pensions (Continued)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Safety Plan - Agent Multiple-Employer Defined Pension Plan

Last 10 Years*

Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Total Pension Liability					
Service Cost	\$4,767,092	\$4,491,843	\$4,239,783	\$4,863,739	\$5,100,415
Interest	9,861,726	10,281,540	10,762,768	11,508,306	12,156,431
Differences between expected and actual experience	-	(3,530,865)	(2,662,887)	433,771	(9,610)
Changes in assumptions	-	(2,807,525)	-	10,655,271	(761,909)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)
Net change in total pension liability	<u>9,612,475</u>	<u>2,964,816</u>	<u>6,422,018</u>	<u>21,102,678</u>	<u>9,535,378</u>
Total pension liability - beginning	<u>131,614,301</u>	<u>141,226,776</u>	<u>144,191,592</u>	<u>150,613,610</u>	<u>171,716,288</u>
Total pension liability - ending (a)	<u>\$141,226,776</u>	<u>\$144,191,592</u>	<u>\$150,613,610</u>	<u>\$171,716,288</u>	<u>\$181,251,666</u>
Plan fiduciary net position					
Contributions - employer	\$4,341,816	\$4,171,390	\$4,433,276	\$4,604,350	\$5,132,782
Contributions - employee	1,458,951	1,380,651	1,421,949	1,590,493	1,985,924
Net investment income (1)	16,826,945	2,531,449	584,528	12,957,627	10,913,236
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)
Plan to Plan resource movement	-	-	-	-	(32,418)
Other Miscellaneous Income/ (Expense)	-	-	-	-	(381,868)
Administrative Expenses	-	(130,531)	(70,678)	(171,890)	(201,087)
Net change in plan fiduciary net position	<u>17,611,369</u>	<u>2,482,782</u>	<u>451,429</u>	<u>12,622,171</u>	<u>10,466,620</u>
Plan fiduciary net position - beginning	<u>95,877,087</u>	<u>113,488,456</u>	<u>115,971,238</u>	<u>116,422,667</u>	<u>129,044,838</u>
Plan fiduciary net position - ending (b)	<u>\$113,488,456</u>	<u>\$115,971,238</u>	<u>\$116,422,667</u>	<u>\$129,044,838</u>	<u>\$139,511,458</u>
Net pension liability - ending (a)-(b)	<u>\$27,738,320</u>	<u>\$28,220,354</u>	<u>\$34,190,943</u>	<u>\$42,671,450</u>	<u>\$41,740,208</u>
Plan fiduciary net position as a percentage of the total pension liability	80.36%	80.43%	77.30%	75.15%	76.97%
Covered payroll	<u>\$15,506,642</u>	<u>\$15,225,341</u>	<u>\$15,414,995</u>	<u>\$15,512,824</u>	<u>\$16,743,454</u>
Net pension liability as percentage of covered payroll	178.88%	185.35%	221.80%	275.07%	249.29%

Notes to Schedule:

(1) Net of administrative expenses in 2014.

Changes in assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

*Fiscal year 2015 was the first year of implementation.

Source: CalPERS Accounting Valuation

REQUIRED SUPPLEMENTARY INFORMATION

Pensions (Continued)

SCHEDULE OF CONTRIBUTIONS
 Safety Plan - Agent Multiple-Employer Defined Pension Plan
 Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019
Actuarially determined contribution	\$3,522,006	\$4,477,450	\$4,604,350	\$5,148,037	\$5,643,974
Contributions in relation to the actuarially determined contributions	<u>(3,522,006)</u>	<u>(4,477,450)</u>	<u>(4,604,350)</u>	<u>(5,148,037)</u>	<u>(5,643,974)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	<u>\$15,225,341</u>	<u>\$15,414,995</u>	<u>\$15,512,824</u>	<u>\$16,743,454</u>	<u>\$18,413,297</u>
Contributions as a percentage of covered payroll	23.13%	29.05%	29.68%	30.75%	30.65%
Notes to Schedule					
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50% for 2015 to 2018 and 7.375% for 2019, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.

Mortality

The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007 for fiscal years 2015 and 2016, and based on the 2014 CalPERS Experience Study for the period from 1997 to 2011 for fiscal year 2017 and 2018. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation.

Source: City of Tracy's general ledger and CalPERS Actuarial Valuation

REQUIRED SUPPLEMENTARY INFORMATION

Postemployment Benefit Plan Other Than Pensions (OPEB)

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Single Employer Defined Benefit Plan

Last Ten Fiscal Years

Other Post-Employment Benefits (OPEB)

Measurement period	2016-17	2017-18
Total OPEB liability		
Service cost	\$ 343,641	\$ 318,114
Interest	153,933	192,889
Differences between expected and actual experience	-	273,705
Assumption changes	(334,977)	(391,232)
Benefit payments, including refunds of employee contributions	(138,947)	(174,114)
Net change in total OPEB liability	23,650	219,362
Total OPEB liability - beginning	5,907,872	5,931,522
Total OPEB liability - ending	\$ 5,931,522	\$ 6,150,884
 Covered-employee payroll	 \$ 23,997,600	 \$ 34,519,846
Plan total OPEB liability as a percentage of covered-employee payroll	24.72%	17.82%

* Fiscal year 2018 was the first year of implementation

REQUIRED SUPPLEMENTARY INFORMATION

Postemployment Benefit Plan Other Than Pensions (OPEB)

SCHEDULE OF CONTRIBUTIONS
Single Employer Defined Benefit Plan
Last Ten Fiscal Years
Other Post-Employment Benefits (OPEB)

	2018	2019
Actuarially determined contribution	\$ 764,705	\$ - (1)
Contractually Required Contributions		195,363 (1)
Contributions in relation to the actuarially determined or contractually required contribution	174,114	195,363
Contribution deficiency (excess)	\$ 590,591	\$ -
Covered-employee payroll	\$ 34,519,846	\$ 36,634,298
Contributions as a percentage of covered-employee payroll	0.50%	0.53%

Notes to Schedule:

(1) The City did not obtain an actuarially determined contribution in fiscal year 2019, therefore contractually required contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level Percentage of Projected Payroll on an Open Basis
Remaining Amortization	27 years remaining as of June 30, 2019
Asset Valuation Method	Market value of assets (\$0, no OPEB Trust has been established)
Discount Rate	2.98%
General Inflation	2.75% per year
Mortality, Retirement, Disability, Termination	Same as June 30, 2017 actuarial valuation
Mortality Improvement	Macleod Watts Scale 2018 applied generationally from 2015
Salary Increases	3.25% per year, used only to allocate the cost of benefits between service years

*Fiscal year 2018 was the first year of implementation.

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$55,914,407	\$55,914,407	\$62,924,050	\$7,009,643
Licenses, permits and fees	2,968,300	2,968,300	3,588,115	619,815
Fines and forfeitures	204,869	204,869	209,256	4,387
Use of money and property	352,305	352,305	1,299,415	947,110
Intergovernmental	1,250,370	1,250,370	1,475,809	225,439
Charges for current services	11,297,791	11,297,791	9,824,853	(1,472,938)
Special assessments	400,000	400,000	463,527	63,527
Contributions	143,350	143,350	147,221	3,871
Other revenue			125,463	125,463
Total Revenues	<u>72,531,392</u>	<u>72,531,392</u>	<u>80,057,709</u>	<u>7,526,317</u>
EXPENDITURES:				
Current:				
General government				
Economic development	821,383	842,071	618,371	223,700
General government	7,656,437	8,083,917	7,171,344	912,573
Finance	4,537,614	4,951,773	5,052,345	(100,572)
Non-departmental	463,095	519,753	433,091	86,662
Public safety				
Police	27,053,062	28,950,170	29,868,676	(918,506)
Fire	14,231,502	14,231,502	14,978,488	(746,986)
Public works				
Development and engineering	1,080,680	1,145,473	1,217,572	(72,099)
Public works	6,215,017	6,481,241	6,886,803	(405,562)
Culture and leisure				
Parks and community services	2,904,571	3,188,476	3,245,383	(56,907)
Capital outlay		87,170	2,018,668	(1,931,498)
Debt service:				
Principal	68,552	68,552		68,552
Total Expenditures	<u>65,031,913</u>	<u>68,550,098</u>	<u>71,490,741</u>	<u>(2,940,643)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,499,479</u>	<u>3,981,294</u>	<u>8,566,968</u>	<u>4,585,674</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	500	500	2,034	1,534
Transfers in	1,250,000	1,250,000	1,250,000	
Transfers (out)	(3,259,400)	(3,259,400)	(17,578,348)	(14,318,948)
Total Other Financing Sources (Uses)	<u>(2,008,900)</u>	<u>(2,008,900)</u>	<u>(16,326,314)</u>	<u>(14,317,414)</u>
NET CHANGE IN FUND BALANCE	<u>\$5,490,579</u>	<u>\$1,972,394</u>	(7,759,346)	<u>(\$9,731,740)</u>
BEGINNING FUND BALANCE			<u>38,324,889</u>	
ENDING FUND BALANCE			<u>\$30,565,543</u>	

CITY OF TRACY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 HOUSING SUCCESSOR
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of Money and Property	<u>\$60,607</u>	<u>\$60,607</u>	<u>\$351,703</u>	<u>\$291,096</u>
Total Revenues	<u>60,607</u>	<u>60,607</u>	<u>351,703</u>	<u>291,096</u>
NET CHANGE IN FUND BALANCE	<u>\$60,607</u>	<u>\$60,607</u>	351,703	<u>\$291,096</u>
BEGINNING FUND BALANCE			<u>4,201,643</u>	
ENDING FUND BALANCE			<u>\$4,553,346</u>	

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TEA GRANT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property			\$3,330	\$3,330
Intergovernmental			9,132,935	9,132,935
Total Revenues			<u>9,136,265</u>	<u>9,136,265</u>
EXPENDITURES:				
Capital outlay		\$2,088,169	1,649,329	438,840
Total Expenditures		<u>2,088,169</u>	<u>1,649,329</u>	<u>438,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>(2,088,169)</u>	<u>7,486,936</u>	<u>9,575,105</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			162,395	162,395
Transfers out			(1,196,931)	(1,196,931)
Total Other Financing Sources (Uses)			<u>(1,034,536)</u>	<u>(1,034,536)</u>
NET CHANGE IN FUND BALANCE		<u>(\$2,088,169)</u>	6,452,400	<u>\$8,540,569</u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(6,561,680)</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$109,280)</u>	

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SOUTH SAN JOAQUIN COUNTY FIRE AUTHORITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property				
Intergovernmental	\$6,300,000	\$6,300,000		(\$6,300,000)
Charges for current services	<u>260,000</u>	<u>660,000</u>	<u>\$937,999</u>	<u>277,999</u>
Total Revenues	<u>6,560,000</u>	<u>6,960,000</u>	<u>937,999</u>	<u>(6,022,001)</u>
EXPENDITURES:				
Current:				
General government	273,484	273,484		273,484
Public safety				
Fire	7,294,118	8,737,260	6,425,522	2,311,738
Capital outlay	<u>19,460</u>	<u>19,460</u>		<u>19,460</u>
Total Expenditures	<u>7,587,062</u>	<u>9,030,204</u>	<u>6,425,522</u>	<u>2,604,682</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,027,062)</u>	<u>(2,070,204)</u>	<u>(5,487,523)</u>	<u>(3,417,319)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$1,027,062)</u></u>	<u><u>(\$2,070,204)</u></u>	<u>(5,487,523)</u>	<u><u>(\$3,417,319)</u></u>
BEGINNING FUND BALANCE			<u>62,972</u>	
ENDING FUND BALANCE (DEFICIT)			<u><u>(\$5,424,551)</u></u>	

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT FEES FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Licenses, permits and fees	\$2,965,000	\$2,965,000	\$4,408,884	\$1,443,884
Use of money and property	12,855	12,855	139,783	126,928
Charges for current services	5,612,000	5,612,000	5,517,199	(94,801)
Other revenue	8,505	8,505	7,508	(997)
	<u>8,598,360</u>	<u>8,598,360</u>	<u>10,073,374</u>	<u>1,475,014</u>
EXPENDITURES:				
Current:				
General government				
Non-departmental	551,463	551,463	413,596	137,867
Public works				
Development and engineering	9,024,007	9,729,164	9,683,249	45,915
Capital outlay			38,931	(38,931)
	<u>9,575,470</u>	<u>10,280,627</u>	<u>10,135,776</u>	<u>144,851</u>
NET CHANGE IN FUND BALANCE	<u>(\$977,110)</u>	<u>(\$1,682,267)</u>	(62,402)	<u>\$1,330,163</u>
BEGINNING FUND BALANCE (DEFICIT) (AS RESTATED)			<u>(997,308)</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$1,059,710)</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Budgetary Data

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. Additionally, it establishes the foundation of effective financial planning by providing resource planning, performance measures, and controls that permit the evaluation and adjustment of the City's performance.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

The Governmental Funds include the General Fund, Special Revenue, Debt Service and Capital Projects funds. All funding sources are kept separate for both reporting and use of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting. Then the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Manager's Office and the Finance Department review all budget proposals and revenue assumptions, as well as all current financial obligations before preparing the document that is proposed to the City Council. The City Council reviews the Proposed Budget through a series of committees and workshops and the final adoption of the budget is scheduled for June of each year.

Budgets and Budgetary Accounting

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

1. Before the beginning of the fiscal year the City Manager submits to the City Council a proposed budget for the year commencing July 1.
2. A public meeting is conducted to obtain taxpayer comments.
3. The budget is subsequently adopted through passage of a resolution and is not included herein but is published separately.
4. All appropriations are as originally adopted or as amended by the City Council and all unencumbered budgeted amounts lapse at year-end, except in the General Fund where an expenditure control budget policy allows departments to carryover a portion of the unexpended amounts into the next fiscal year.
5. Continuing Appropriations are re-budgeted by the City Council as part of the adoption of subsequent year's budgets.

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (Continued)

6. Legally adopted budget appropriations are set for the General, Special Revenue, and Debt Service Funds.
7. The legal level of budgetary control is at the department level. A Department Head may transfer appropriations within the department. Expenditures may exceed appropriations at this level to the extent that departmental owned revenues are sufficient to offset the excess. Expenditures in excess of departmental owned revenues must be approved by the City Council. The City Council, by the affirmative vote of three members, may amend the budget to add or delete appropriations, transfer between appropriations within a fund or change appropriation transfers between funds.
8. Budgets for General, Special Revenue, and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the budgeted governmental funds.

Encumbrances outstanding at year-end are reported as a restriction, commitment or assignment of fund balances, since the commitments will be honored through subsequent years' continuing appropriations. Encumbrances do not constitute expenditures or liabilities for US GAAP reporting purposes.

SUPPLEMENTARY INFORMATION

**MAJOR GOVERNMENTAL FUNDS, OTHER THAN
THE GENERAL FUND AND SPECIAL REVENUE FUNDS**

CITY OF TRACY
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 2008 LEASE REVENUE BONDS FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Use of money and property	(\$1,314)	\$9,861	\$11,175
Intergovernmental	400,000	400,000	
Total Revenues	398,686	409,861	11,175
EXPENDITURES:			
Debt service:			
Principal	250,000	285,000	(35,000)
Interest and fiscal charges	1,127,238	1,114,550	12,688
Total Expenditures	1,377,238	1,399,550	(22,312)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(978,552)	(989,689)	(11,137)
OTHER FINANCING SOURCES (USES)			
Transfers in	958,300	958,674	374
NET CHANGE IN FUND BALANCE	(\$20,252)	(31,015)	(\$11,137)
BEGINNING FUND BALANCE		651,884	
ENDING FUND BALANCE		\$620,869	

THIS PAGE INTENTIONALLY LEFT BLANK

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

BUSINESS IMPROVEMENT DISTRICT FUND

Established to accumulate revenues from assessments against business properties to support the Downtown Tracy Business Improvement District.

ASSET FORFEITURE FUND

Established to account for the revenues that occur from asset seizures. They are specifically restricted for the purchase of law enforcement equipment and supplies.

TRANSPORTATION DEVELOPMENT FUND

Established to account for the City's share of the quarter cent statewide transportation sales tax devoted to street maintenance purposes. The tax first goes to the Transportation Development Fund.

PROPOSITION K TRANSPORTATION FUND

Established to account for the City's share of the half cent transportation sales tax of San Joaquin County. It is used for street maintenance and repairs.

STATE GAS TAX STREET FUND

Established to account for the City's share of State-Imposed motor vehicle gas taxes, which are legally restricted to acquisition, construction, improvement, and maintenance of the City's streets.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Established to account for federal grant monies received from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grants.

LANDSCAPING DISTRICT FUND

Established to account for transactions of the City's landscaping benefit assessment districts.

RESIDENTIAL AND COMMERCIAL REHABILITATION LOAN FUND

Used to account for Department of Housing and Urban Development Fund (HUD) trust monies which are used for low interest loans to qualified borrowers for inner city rehabilitation projects in accordance with HUD agreements.

COMMUNITY ACCESS CTV FUND

Used to account for fees collected from City cable TV customers to cover expenses for videotaping and broadcasting the City Council meetings.

GROW TRACY FUND

To establish a fund to assist local business owners through the issuance of small business loans.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

COPS GRANT FUND

Established to account for activities related to the State and federal grant revenues restricted for law enforcement activities. The activities related to these grants were previously reported in the General Fund.

FEMA GRANT FUND

The FEMA Grant Special Revenue Fund was established during the fiscal year to account for activities relate to the federal grant revenues restricted for FEMA emergency disaster activities.

CFD SERVICES 2016-1 FUND

Established to account for transactions related to maintenance responsibility of the City for the Community Facilities Services District No. 2016-2 (Ellis).

CFD SERVICES 2018-2 FUND

Established to account for transactions related to the City-wide maintenance responsibility of the City for the Community Facilities Services District No. 2018-1.

NORTH EAST INDUSTRIAL PLAN AREA STORM DRAIN FUND

Established to account for capital projects to separate development for Storm Drain in the North East Industrial Area of the City.

DEBT SERVICE FUND:**2007 LEASE REVENUE BONDS FUND**

Established to accumulate funds for the payment of debt service on the lease revenue bonds issued to 1) refund the prior Certificates of Participation and 2) finance the acquisition and construction of a fire station.

CAPITAL PROJECTS FUNDS:**NORTH EAST INDUSTRIAL PLAN AREA # 1 FUND**

Established to account for capital projects to separate development in the North East Industrial area of the City.

NORTH EAST INDUSTRIAL PLAN AREA # 2 FUND

Established to account for capital projects to separate development in the North East Industrial area of the City.

INFILL PROJECTS FUND

Established to account for capital projects financed through capital development fees levied upon developers in the City's infill areas.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

I-205 AREA IMPROVEMENTS FUND

Established to account for monies received from the sale of bonds for the purpose of construction of various community facilities within a specific area in the City.

URBAN MANAGEMENT PLAN FACILITIES FUND

Established to account for expenditures for the planning, design, and construction of capital facilities required for new development beyond the current infill, Residential Specific Plan (RSP), and I-205 development.

CAPITAL PROJECTS DEPOSIT FUND

Established to account for monies received from developers, contractors, and other entities for the purpose of reimbursing the City for expenditures incurred in studies, research, etc., regarding their proposed development.

SOUTH MACARTHUR PLAN AREA FUND

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

INDUSTRIAL SPECIFIC PLAN SOUTH FUND

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

PRESIDIO PLAN AREA FUND

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

REDEVELOPMENT OBLIGATIONS FUND

This fund is used to account for CDA grant proceeds used by the City to complete redevelopment projects.

TRACY GATEWAY AREA FUND

Established to account for projects to support development in a specific area of the City financed by assessments and/or development impact fees.

PLAN C FUND

Plan C is a development area of the City which was approved in 1998. Capital development fees levied on developers in this area and the related expenditures are accounted for in this fund.

RESIDENTIAL SPECIFIC PLAN PROJECTS FUND

Established to account for capital projects financed by fees levied on developers in the City's 1987 Residential Specific Plan area.

ELLIS AREA FUND

Established to account for projects to support development in a specific area of the City financed by capital development fees and/or assessments.

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

SPECIAL REVENUE FUNDS

	<u>Business Improvement District</u>	<u>Asset Forfeiture</u>	<u>Transportation Development</u>	<u>Proposition K Transportation Tax</u>
ASSETS				
Cash and investments	\$1,264	\$1,167,968	\$2,763,261	\$878,477
Cash and investments with fiscal agents				
Accounts receivables			758,209	663,127
Interest receivable		6,952	16,304	4,907
Due from other funds				
Deposits				
Loans receivable				
Total Assets	<u>\$1,264</u>	<u>\$1,174,920</u>	<u>\$3,537,774</u>	<u>\$1,546,511</u>
LIABILITIES				
Accounts payable		\$57,357	\$558,944	\$70,487
Salaries and benefits payable			2,918	2,847
Due to other funds				
Deposits payable				
Unearned revenue			152,459	
Total Liabilities		<u>57,357</u>	<u>714,321</u>	<u>73,334</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
FUND BALANCE				
Fund balance:				
Restricted	\$1,264	1,117,563	2,823,453	1,473,177
Unassigned				
Total Fund Balances (Deficit)	<u>1,264</u>	<u>1,117,563</u>	<u>2,823,453</u>	<u>1,473,177</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,264</u>	<u>\$1,174,920</u>	<u>\$3,537,774</u>	<u>\$1,546,511</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
\$3,974,162		\$6,027,664	\$205,683	\$591,695	
302,910	\$11,278			40,564	
21,596		35,767	1,224	3,411	
					\$1,000,000
<u>\$4,298,668</u>	<u>\$11,278</u>	<u>\$6,063,431</u>	<u>\$206,907</u>	<u>\$635,670</u>	<u>\$1,000,000</u>
\$87,608	\$11,324	\$97,375		\$2,887	
14,575		25,465			
28,521	15,553				
<u>130,704</u>	<u>26,877</u>	<u>122,840</u>		<u>2,887</u>	
4,167,964		5,940,591	\$206,907	632,783	\$1,000,000
	(15,599)				
<u>4,167,964</u>	<u>(15,599)</u>	<u>5,940,591</u>	<u>206,907</u>	<u>632,783</u>	<u>1,000,000</u>
<u>\$4,298,668</u>	<u>\$11,278</u>	<u>\$6,063,431</u>	<u>\$206,907</u>	<u>\$635,670</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
ASSETS				
Cash and investments	\$581,010	\$2,857	\$534,504	\$545,598
Cash and investments with fiscal agents				
Accounts receivables	52,274			
Interest receivable	3,442		3,221	3,249
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$636,726	\$2,857	\$537,725	\$548,847
LIABILITIES				
Accounts payable			\$92,232	
Salaries and benefits payable				
Due to other funds				
Deposits payable			198,871	\$100,000
Unearned revenue				
Total Liabilities			291,103	100,000
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
FUND BALANCE				
Fund balance:				
Restricted	\$636,726	\$2,857	246,622	448,847
Unassigned				
Total Fund Balances (Deficit)	636,726	2,857	246,622	448,847
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$636,726	\$2,857	\$537,725	\$548,847

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
		North East Industrial Plan Area # 1	North East Industrial Plan Area # 2	Infill Projects	I-205 Area Improvements
\$7,155,077	\$353,286 203	\$8,924,335	\$2,413	\$4,238,687	\$11,982,877
42,606	2,103	53,122 2,347,667		25,126	71,327
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,124</u>	<u>\$2,413</u>	<u>\$4,263,813</u>	<u>\$12,054,204</u>
		\$40	\$503	\$1,324	\$911
			2,347,667 35,844		905,072
		40	2,384,014	1,324	905,983
\$7,197,683	\$355,592	11,325,084	(2,381,601)	4,262,489	11,148,221
<u>7,197,683</u>	<u>355,592</u>	<u>11,325,084</u>	<u>(2,381,601)</u>	<u>4,262,489</u>	<u>11,148,221</u>
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,124</u>	<u>\$2,413</u>	<u>\$4,263,813</u>	<u>\$12,054,204</u>

(Continued)

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	CAPITAL PROJECTS FUNDS			
	Urban Management Plan Facilities	Capital Projects Deposit	South MacArthur Plan Area	Industrial Specific Plan South
ASSETS				
Cash and investments	\$6,757,409	\$3,814,937	\$10,957,087	\$2,882,868
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	40,205	22,698	65,222	17,161
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$6,797,614	\$3,837,635	\$11,022,309	\$2,900,029
LIABILITIES				
Accounts payable	\$457,094		\$911	\$297,452
Salaries and benefits payable	285			
Due to other funds				
Deposits payable	1,730,745	\$3,834,161		
Unearned revenue				
Total Liabilities	2,188,124	3,834,161	911	297,452
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
FUND BALANCE				
Fund balance:				
Restricted	4,609,490	3,474	11,021,398	2,602,577
Unassigned				
Total Fund Balances (Deficit)	4,609,490	3,474	11,021,398	2,602,577
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$6,797,614	\$3,837,635	\$11,022,309	\$2,900,029

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
\$6,241,082	\$2,191,568	\$2,100,011	\$25,266,160	\$2,981,923	\$6,495,672	\$119,619,535
37,150	13,045	12,501	150,397	17,750	38,633	203
						1,828,362
						709,119
						2,347,667
						1,000,000
				1,921,158		1,921,158
<u>\$6,278,232</u>	<u>\$2,204,613</u>	<u>\$2,112,512</u>	<u>\$25,416,557</u>	<u>\$4,920,831</u>	<u>\$6,534,305</u>	<u>\$127,426,044</u>
\$979	\$190	\$6,749	\$202		\$38	\$1,744,215
		202			202	46,886
825,000	3,000				840,744	2,391,741
						8,473,437
						152,459
<u>825,979</u>	<u>3,190</u>	<u>6,951</u>	<u>202</u>		<u>840,984</u>	<u>12,808,738</u>
				\$1,921,158		1,921,158
				1,921,158		1,921,158
5,452,253	2,201,423	2,105,561	25,416,355	2,999,673	5,693,321	115,093,348
						(2,397,200)
<u>5,452,253</u>	<u>2,201,423</u>	<u>2,105,561</u>	<u>25,416,355</u>	<u>2,999,673</u>	<u>5,693,321</u>	<u>112,696,148</u>
<u>\$6,278,232</u>	<u>\$2,204,613</u>	<u>\$2,112,512</u>	<u>\$25,416,557</u>	<u>\$4,920,831</u>	<u>\$6,534,305</u>	<u>\$127,426,044</u>

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>SPECIAL REVENUE FUNDS</u>			
	<u>Business Improvement District</u>	<u>Asset Forfeiture</u>	<u>Transportation Development</u>	<u>Proposition K Transportation Tax</u>
REVENUES				
Taxes			\$1,370,240	\$1,637,211
Licenses, permits and fees				
Fines and penalties		\$670,519		
Use of money and property		28,583	57,176	14,272
Intergovernmental				674,249
Charges for current services	\$122,680			
Special assessments				
Contributions				
Other revenue				
Total Revenues	<u>122,680</u>	<u>699,102</u>	<u>1,427,416</u>	<u>2,325,732</u>
EXPENDITURES				
Current:				
General government				
Economic development	116,070			
Non-departmental			65,096	77,366
Public safety				
Police		705,824		
Public ways and facilities/transportation				
Development and engineering			6,595	
Public works				
Capital outlay			686,564	1,493,109
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>116,070</u>	<u>705,824</u>	<u>758,255</u>	<u>1,570,475</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,610</u>	<u>(6,722)</u>	<u>669,161</u>	<u>755,257</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				(133,707)
Total Other Financing Sources (Uses)				<u>(133,707)</u>
NET CHANGE IN FUND BALANCES	6,610	(6,722)	669,161	621,550
BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)	<u>(5,346)</u>	<u>1,124,285</u>	<u>2,154,292</u>	<u>851,627</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$1,264</u>	<u>\$1,117,563</u>	<u>\$2,823,453</u>	<u>\$1,473,177</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
				\$163,806	
\$77,514 3,688,387	\$906,877	\$137,535	\$4,914	12,593	
		3,188,755		370	
<u>3,765,901</u>	<u>906,877</u>	<u>3,326,290</u>	<u>4,914</u>	<u>176,769</u>	
132,759	167,857	195,685			
1,173,560 1,496,118	741,233	2,727,212 124,915		43,495	
<u>2,802,437</u>	<u>909,090</u>	<u>3,047,812</u>		<u>43,495</u>	
963,464	(2,213)	278,478	4,914	133,274	
1,128,533 (24,829)					
<u>1,103,704</u>					
2,067,168	(2,213)	278,478	4,914	133,274	
2,100,796	(13,386)	5,662,113	201,993	499,509	\$1,000,000
<u>\$4,167,964</u>	<u>(\$15,599)</u>	<u>\$5,940,591</u>	<u>\$206,907</u>	<u>\$632,783</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
REVENUES				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$13,803	\$7	\$9,209	\$5,959
Intergovernmental	214,708			
Charges for current services				
Special assessments			547,560	445,887
Contributions				
Other revenue				
Total Revenues	<u>228,511</u>	<u>7</u>	<u>556,769</u>	<u>451,846</u>
EXPENDITURES				
Current:				
General government				
Economic development				
Non-departmental	8,512			
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering				
Public works			310,147	2,999
Capital outlay				
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>8,512</u>	<u></u>	<u>310,147</u>	<u>2,999</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>219,999</u>	<u>7</u>	<u>246,622</u>	<u>448,847</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>	<u></u>
NET CHANGE IN FUND BALANCES	219,999	7	246,622	448,847
BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)	<u>416,727</u>	<u>2,850</u>	<u></u>	<u></u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$636,726</u></u>	<u><u>\$2,857</u></u>	<u><u>\$246,622</u></u>	<u><u>\$448,847</u></u>

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
		North East Industrial Plan Area #1	North East Industrial Plan Area # 2	Infill Projects	I-205 Area Improvements
North East Industrial Plan Area Storm Drain	2007 Lease Revenue Bonds				
\$72,165	\$8,113	\$185,757	\$150,222	\$93,717	\$293,178
982,906		5,142,763		909,115	
<u>1,055,071</u>	<u>8,113</u>	<u>5,328,520</u>	<u>150,222</u>	<u>1,002,832</u>	<u>293,178</u>
		6,007	3,292,985	73,358	39,691
	120,000				
	<u>160,805</u>				
	280,805	6,007	3,292,985	73,358	39,691
<u>1,055,071</u>	<u>(272,692)</u>	<u>5,322,513</u>	<u>(3,142,763)</u>	<u>929,474</u>	<u>253,487</u>
6,142,612	280,100	2,748,714		62,777	
	<u>(374)</u>		<u>(8,891,326)</u>		
<u>6,142,612</u>	<u>279,726</u>	<u>2,748,714</u>	<u>(8,891,326)</u>	<u>62,777</u>	
7,197,683	7,034	8,071,227	(12,034,089)	992,251	253,487
	348,558	3,253,857	9,652,488	3,270,238	10,894,734
<u>\$7,197,683</u>	<u>\$355,592</u>	<u>\$11,325,084</u>	<u>(\$2,381,601)</u>	<u>\$4,262,489</u>	<u>\$11,148,221</u>

(Continued)

CITY OF TRACY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Urban Management Plan Facilities</u>	<u>Capital Projects Deposits</u>	<u>South MacArthur Plan Area</u>	<u>Industrial Specific Plan South</u>
REVENUES				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$131,263	\$3,474	\$263,254	\$67,257
Intergovernmental				
Charges for current services	840,884		\$234,924	238,833
Special assessments				
Contributions	65,208	1,242,400		
Other revenue				
Total Revenues	<u>1,037,355</u>	<u>1,245,874</u>	<u>498,178</u>	<u>306,090</u>
EXPENDITURES				
Current:				
General government				
Economic development				
Non-departmental				
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering	419,869			
Public works				
Capital outlay		25,640	259,200	1,254,119
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>419,869</u>	<u>25,640</u>	<u>259,200</u>	<u>1,254,119</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>617,486</u>	<u>1,220,234</u>	<u>238,978</u>	<u>(948,029)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets				
Transfers in	1,314,536			1,624,719
Transfers (out)	<u>(339,473)</u>	<u>(6,537,032)</u>		
Total Other Financing Sources (Uses)	<u>975,063</u>	<u>(6,537,032)</u>		<u>1,624,719</u>
NET CHANGE IN FUND BALANCES	1,592,549	(5,316,798)	238,978	676,690
BEGINNING FUND BALANCES (DEFICITS) (AS RESTATED)	<u>3,016,941</u>	<u>5,320,272</u>	<u>10,782,420</u>	<u>1,925,887</u>
ENDING FUND BALANCES (DEFICITS)	<u><u>\$4,609,490</u></u>	<u><u>\$3,474</u></u>	<u><u>\$11,021,398</u></u>	<u><u>\$2,602,577</u></u>

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
						\$3,007,451
						163,806
						670,519
\$149,223	\$54,864	\$42,733	\$594,127	\$163,395	\$183,274	2,817,581
			938,463			5,484,221
						9,410,938
						4,182,202
						1,307,608
88						88
149,311	54,864	42,733	1,532,590	163,395	183,274	27,044,414
				91,989		375,916
						479,418
						705,824
						426,464
9,743	264,709	115,297	229,803	19,037	2,290,335	6,504,253
					36,867	10,211,890
						120,000
						160,805
9,743	264,709	115,297	229,803	111,026	2,327,202	18,984,570
139,568	(209,845)	(72,564)	1,302,787	52,369	(2,143,928)	8,059,844
		1,712,087	392,800		339,473	15,746,351
					(700,000)	(16,626,741)
		1,712,087	392,800		(360,527)	(880,390)
139,568	(209,845)	1,639,523	1,695,587	52,369	(2,504,455)	7,179,454
5,312,685	2,411,268	466,038	23,720,768	2,947,304	8,197,776	105,516,694
\$5,452,253	\$2,201,423	\$2,105,561	\$25,416,355	\$2,999,673	\$5,693,321	\$112,696,148

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS IMPROVEMENT DISTRICT			ASSET FORFEITURE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and penalties				\$852,889	\$670,519	(\$182,370)
Use of money and property	(\$2)		(\$2)	(2,910)	28,583	31,493
Intergovernmental						
Charges for current services	123,700	\$122,680	1,020			
Special assessments						
Other revenue						
Total Revenues	<u>123,698</u>	<u>122,680</u>	<u>1,018</u>	<u>849,979</u>	<u>699,102</u>	<u>(150,877)</u>
EXPENDITURES						
Current:						
General government						
Economic development	123,904	116,070	7,834			
General government	4,629		4,629	26,495		26,495
Non-departmental						
Public safety						
Police				687,315	705,824	(18,509)
Public works						
Development and engineering						
Public works						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>128,533</u>	<u>116,070</u>	<u>12,463</u>	<u>713,810</u>	<u>705,824</u>	<u>7,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,835)</u>	<u>6,610</u>	<u>11,445</u>	<u>136,169</u>	<u>(6,722)</u>	<u>(142,891)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>(\$4,835)</u>	<u>6,610</u>	<u>\$11,445</u>	<u>\$136,169</u>	<u>(6,722)</u>	<u>(\$142,891)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(5,346)</u>			<u>1,124,285</u>	
ENDING FUND BALANCES (DEFICITS)		<u>\$1,264</u>			<u>\$1,117,563</u>	

TRANSPORTATION DEVELOPMENT			PROPOSITION K TRANSPORTATION TAX			STATE GAS TAX STREET		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,525,000	\$1,370,240	(\$154,760)	\$1,300,000	\$1,637,211	\$337,211			
(14,487)	57,176	71,663	2,205	14,272	12,067	(\$4,671)	\$77,514	\$82,185
				674,249	674,249	3,787,935	3,688,387	(99,548)
<u>1,510,513</u>	<u>1,427,416</u>	<u>(83,097)</u>	<u>1,302,205</u>	<u>2,325,732</u>	<u>1,023,527</u>	<u>3,783,264</u>	<u>3,765,901</u>	<u>(17,363)</u>
86,795	65,096	21,699	103,155	77,366	25,789	177,011	132,759	44,252
4,575	6,595	(2,020)						
127,399	686,564	(559,165)	592,970	1,493,109	(900,139)	1,089,755	1,173,560	(83,805)
						453,509	1,496,118	(1,042,609)
<u>218,769</u>	<u>758,255</u>	<u>(539,486)</u>	<u>696,125</u>	<u>1,570,475</u>	<u>(874,350)</u>	<u>1,720,275</u>	<u>2,802,437</u>	<u>(1,082,162)</u>
<u>1,291,744</u>	<u>669,161</u>	<u>(622,583)</u>	<u>606,080</u>	<u>755,257</u>	<u>149,177</u>	<u>2,062,989</u>	<u>963,464</u>	<u>(1,099,525)</u>
				(133,707)	(133,707)		1,128,533	1,128,533
							(24,829)	(24,829)
				(133,707)	(133,707)		1,103,704	1,103,704
<u>\$1,291,744</u>	<u>669,161</u>	<u>(\$622,583)</u>	<u>\$606,080</u>	<u>621,550</u>	<u>\$15,470</u>	<u>\$2,062,989</u>	<u>2,067,168</u>	<u>\$4,179</u>
	<u>2,154,292</u>			<u>851,627</u>			<u>2,100,796</u>	
	<u>\$2,823,453</u>			<u>\$1,473,177</u>			<u>\$4,167,964</u>	

(Continued)

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	COMMUNITY DEVELOPMENT BLOCK GRANT			LANDSCAPING DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and penalties						
Use of money and property				(\$3,330)	\$137,535	\$140,865
Intergovernmental	\$368,600	\$906,877	\$538,277			
Charges for current services						
Special assessments				2,701,000	3,188,755	487,755
Other revenue						
Total Revenues	<u>368,600</u>	<u>906,877</u>	<u>538,277</u>	<u>2,697,670</u>	<u>3,326,290</u>	<u>628,620</u>
EXPENDITURES						
Current:						
General government						
Economic development	132,844	167,857	(35,013)			
General government						
Non-departmental				260,914	195,685	65,229
Public safety						
Police						
Public works						
Development and engineering						
Public works				2,092,656	2,727,212	(634,556)
Capital outlay	106,749	741,233	(634,484)	4,815	124,915	(120,100)
Debt service:						
Principal payments						
Interest and fiscal charges						
Total Expenditures	<u>239,593</u>	<u>909,090</u>	<u>(669,497)</u>	<u>2,358,385</u>	<u>3,047,812</u>	<u>(689,427)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>129,007</u>	<u>(2,213)</u>	<u>(131,220)</u>	<u>339,285</u>	<u>278,478</u>	<u>(60,807)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
NET CHANGE IN FUND BALANCES	<u>\$129,007</u>	<u>(2,213)</u>	<u>(\$131,220)</u>	<u>\$339,285</u>	<u>278,478</u>	<u>(\$60,807)</u>
BEGINNING FUND BALANCES (DEFICITS)		<u>(13,386)</u>			<u>5,662,113</u>	
ENDING FUND BALANCES (DEFICITS)		<u>(\$15,599)</u>			<u>\$5,940,591</u>	

COMMUNITY ACCESS CTV			COPS GRANT			FEMA GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$215,000	\$163,806	(\$51,194)						
(355)	12,593	12,948	\$1,070	\$13,803	\$12,733		\$7	\$7
	370	370	140,000	214,708	74,708			
<u>214,645</u>	<u>176,769</u>	<u>(37,876)</u>	<u>141,070</u>	<u>228,511</u>	<u>87,441</u>		<u>7</u>	<u>7</u>
30,020		30,020	11,349	8,512	2,837	\$101,953		101,953
			120,570		120,570			
	43,495	(43,495)						
<u>30,020</u>	<u>43,495</u>	<u>(13,475)</u>	<u>131,919</u>	<u>8,512</u>	<u>123,407</u>	<u>101,953</u>		<u>101,953</u>
<u>184,625</u>	<u>133,274</u>	<u>(51,351)</u>	<u>9,151</u>	<u>219,999</u>	<u>210,848</u>	<u>(101,953)</u>	<u>7</u>	<u>101,960</u>
<u>\$184,625</u>	<u>133,274</u>	<u>(\$51,351)</u>	<u>\$9,151</u>	<u>219,999</u>	<u>\$210,848</u>	<u>(\$101,953)</u>	<u>7</u>	<u>\$101,960</u>
	<u>499,509</u>			<u>416,727</u>			<u>2,850</u>	
	<u>\$632,783</u>			<u>\$636,726</u>			<u>\$2,857</u>	

(Continued)

CITY OF TRACY
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
BUDGETED NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	2007 LEASE REVENUE BONDS		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Taxes			
Licenses, permits and fees			
Fines and penalties			
Use of money and property	\$174	\$8,113	\$7,939
Intergovernmental			
Charges for current services			
Special assessments			
Other revenue			
Total Revenues	174	8,113	7,939
EXPENDITURES			
Current:			
General government			
Economic development			
General government			
Non-departmental			
Public safety			
Police			
Public works			
Development and engineering			
Public works			
Capital outlay			
Debt service:			
Principal payments	115,000	120,000	(5,000)
Interest and fiscal charges	164,780	160,805	3,975
Total Expenditures	279,780	280,805	(1,025)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(279,606)	(272,692)	6,914
OTHER FINANCING SOURCES (USES)			
Transfers in	280,100	280,100	
Transfers out		(374)	(374)
Total Other Financing Sources (Uses)	280,100	279,726	(374)
NET CHANGE IN FUND BALANCES	\$494	7,034	\$6,540
BEGINNING FUND BALANCES (DEFICITS)		348,558	
ENDING FUND BALANCES (DEFICITS)		\$355,592	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

For the Statement of Activities, the net revenues or expenses of each internal service fund are eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

CENTRAL GARAGE FUND

Established to account for the maintenance of the City's fleet of vehicles which services the transportation needs of City departments and divisions.

CENTRAL SERVICES FUND

Established to account for monies received from various funds for postage, telephone, and copying charges.

EQUIPMENT ACQUISITION FUND

Established to account for the replacement of equipment utilized by City departments.

BUILDING MAINTENANCE FUND

Established to account for monies received from various funds for the repair and maintenance of all City owned and operated buildings.

INSURANCE FUND

Established to finance and account for the City's risk management and insurance programs.

CITY OF TRACY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
ASSETS						
Current Assets:						
Cash and investments	\$550,281	\$1,045,213	\$10,042,496	\$2,360,850	\$2,232,301	\$16,231,141
Accounts receivable				27,026		27,026
Interest receivable	3,113	6,043	58,982	13,901	12,858	94,897
Total Current Assets	<u>553,394</u>	<u>1,051,256</u>	<u>10,101,478</u>	<u>2,401,777</u>	<u>2,245,159</u>	<u>16,353,064</u>
Depreciables:						
Capital assets (net of accumulated depreciation)	8,359		10,863,053	4,114		10,875,526
Total capital assets	<u>8,359</u>		<u>10,863,053</u>	<u>4,114</u>		<u>10,875,526</u>
Total Assets	<u>561,753</u>	<u>1,051,256</u>	<u>20,964,531</u>	<u>2,405,891</u>	<u>2,245,159</u>	<u>27,228,590</u>
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions	123,486	291,913		150,016	88,538	653,953
Related to OPEB	2,878	6,061		3,474	1,833	14,246
Total Deferred Outflows of Resources	<u>126,364</u>	<u>297,974</u>		<u>153,490</u>	<u>90,371</u>	<u>668,199</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	44,017	20,375	213,161	23,687	14,594	315,834
Salaries and benefits payable	16,717	25,830	36	17,587	13,758	73,928
Deposits payable				6,758		6,758
Compensated absences	17,483	28,324		14,474	6,918	67,199
Total Current Liabilities	<u>78,217</u>	<u>74,529</u>	<u>213,197</u>	<u>62,506</u>	<u>35,270</u>	<u>463,719</u>
Long-term Liabilities:						
Compensated absences	55,363	93,091		36,156	29,426	214,036
Net pension liabilities	422,843	1,032,516		535,442	378,241	2,369,042
Net OPEB liability	45,187	83,674		50,306	27,547	206,714
Total Long-Term Liabilities	<u>523,393</u>	<u>1,209,281</u>		<u>621,904</u>	<u>435,214</u>	<u>2,789,792</u>
Total Liabilities	<u>601,610</u>	<u>1,283,810</u>	<u>213,197</u>	<u>684,410</u>	<u>470,484</u>	<u>3,253,511</u>
DEFERRED INFLOWS OF RESOURCES						
Related to pensions		20,997		2,243	16,478	39,718
Related to OPEB	4,133	8,516		4,922	2,614	20,185
Total Deferred Inflows of Resources	<u>4,133</u>	<u>29,513</u>		<u>7,165</u>	<u>19,092</u>	<u>59,903</u>
NET POSITION						
Net investment in capital assets	8,359		10,863,053	4,114		10,875,526
Unrestricted	74,015	35,907	9,888,281	1,863,692	1,845,954	13,707,849
Total Net Position	<u>\$82,374</u>	<u>\$35,907</u>	<u>\$20,751,334</u>	<u>\$1,867,806</u>	<u>\$1,845,954</u>	<u>\$24,583,375</u>

CITY OF TRACY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
REVENUES						
Charges for services	\$1,840,095	\$2,003,777	\$2,200,319	\$2,041,488	\$4,300,613	\$12,386,292
Other revenues	1,287			72,595	328,670	402,552
Total Operating Revenues	1,841,382	2,003,777	2,200,319	2,114,083	4,629,283	12,788,844
EXPENSES						
Maintenance and operation	2,013,033	1,990,647	349,042	1,116,043	1,098,086	6,566,851
Administration	77,439	90,547	104,678	51,215	162,795	486,674
Insurance costs and claims					4,302,351	4,302,351
Depreciation	499		1,510,148	261		1,510,908
Total Expenses	2,090,971	2,081,194	1,963,868	1,167,519	5,563,232	12,866,784
Operating Income (Loss)	(249,589)	(77,417)	236,451	946,564	(933,949)	(77,940)
NONOPERATING REVENUES (EXPENSES)						
Interest income	11,043	19,941	202,336	40,525	43,126	316,971
Gain/loss on disposal			134,393			134,393
Total Nonoperating Revenues (Expenses)	11,043	19,941	336,729	40,525	43,126	451,364
Income (Loss) Before Capital Contributions and Transfers	(238,546)	(57,476)	573,180	987,089	(890,823)	373,424
Capital Contributions			699,591			699,591
Change in Net Position	(238,546)	(57,476)	1,272,771	987,089	(890,823)	1,073,015
BEGINNING NET POSITION	320,920	93,383	19,478,563	880,717	2,736,777	23,510,360
ENDING NET POSITION	\$82,374	\$35,907	\$20,751,334	\$1,867,806	\$1,845,954	\$24,583,375

CITY OF TRACY
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers/interfund charges	\$1,841,382	\$2,003,777	\$2,200,319	\$2,093,815	\$4,629,283	\$12,768,576
Payments to suppliers and users	(2,013,296)	(1,996,393)	(314,507)	(1,101,526)	(5,434,186)	(10,859,908)
Payments to employees	(32,418)	(21,064)	(104,642)	(19,708)	(124,244)	(302,076)
Net cash provided (used by) Operating Activities	<u>(204,332)</u>	<u>(13,680)</u>	<u>1,781,170</u>	<u>972,581</u>	<u>(929,147)</u>	<u>1,606,592</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	1		(1,469,327)			(1,469,326)
Proceeds from sale of capital assets			222,187			222,187
Net cash used by Capital and Related Financing Activities	<u>1</u>		<u>(1,247,140)</u>			<u>(1,247,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	7,930	13,898	143,354	26,624	30,268	222,074
Net cash provided (used) by Investing Activities	<u>7,930</u>	<u>13,898</u>	<u>143,354</u>	<u>26,624</u>	<u>30,268</u>	<u>222,074</u>
Net increase (decrease) in cash and cash equivalents	(196,401)	218	677,384	999,205	(898,879)	581,527
Cash and cash equivalents, July 1, 2018	746,682	1,044,995	9,365,112	1,361,645	3,131,180	15,649,614
Cash and cash equivalents, June 30, 2019	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Reconciliation of cash and cash equivalents to statement of net position						
Cash and investments	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Total cash and investments	<u>\$550,281</u>	<u>\$1,045,213</u>	<u>\$10,042,496</u>	<u>\$2,360,850</u>	<u>\$2,232,301</u>	<u>\$16,231,141</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(\$249,589)	(\$77,417)	\$236,451	\$946,564	(\$933,949)	(\$77,940)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	499		1,510,148	261		1,510,908
Change in assets, deferred inflows, liabilities and deferred outflows:						
Accounts receivable				(27,026)		(27,026)
Prepaid expenses						
Accounts payable	(263)	(5,746)	34,535	14,517	(33,749)	9,294
Salaries and benefits payable	16,717	25,830	36	17,587	13,758	73,928
Compensated absences	16,010	15,307		(1,839)	16,765	46,243
Deposits payable				6,758		6,758
Claims payable						
Net pension liability and deferred outflows/inflows	10,691	24,624		13,693	6,967	55,975
Total OPEB liability and deferred outflows/inflows	<u>1,603</u>	<u>3,722</u>		<u>2,066</u>	<u>1,061</u>	<u>8,452</u>
Net cash provided (used) by Operating Activities	<u>(\$204,332)</u>	<u>(\$13,680)</u>	<u>\$1,781,170</u>	<u>\$972,581</u>	<u>(\$929,147)</u>	<u>\$1,606,592</u>
NONCASH TRANSACTIONS:						
Contributions of capital assets			<u>\$699,591</u>			<u>\$699,591</u>
Retirement of capital assets			<u>(\$87,794)</u>			<u>(\$87,794)</u>

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The City's Agency funds include the following:

89-1 COMMUNITY FACILITIES DISTRICT FUND

Established to account for the assets held on behalf of the 89-1 Community Facilities District property owners until they are remitted to the bond trustee.

94-1 ASSESSMENT DISTRICT FUND

Established to account for the assets held on behalf of the 94-1 Community Facilities District property owners until they are remitted to the bond trustee.

93-1 COMMUNITY FACILITIES DISTRICT FUND

Established to account for the assets held on behalf of the 93-1 Community Facilities District property owners until they are remitted to the bond trustee.

98-1 COMMUNITY FACILITIES DISTRICT FUND

Established to account for the assets held on behalf of the 98-1 Community Facilities District property owners until they are remitted to the bond trustee.

98-3 COMMUNITY FACILITIES DISTRICT FUND

Established to account for the assets held on behalf of the 98-3 Community Facilities District Property owners until they are remitted to the bond trustee.

99-1 COMMUNITY FACILITIES DISTRICT FUND

Established to account for the assets held on behalf of the 99-1 Community Facilities District property owners until they are remitted to the bond trustee.

2000-01 ASSESSMENT DISTRICT FUND

Established to account for the assets held on behalf of the 2000-01 Assessment District property owners until they are remitted to the bond trustee.

2006-01 NE INDUSTRIAL # 2 FUND

Established to account for the assets held on behalf of the 2006-01 Assessment District property owners until they are remitted to the bond trustee.

1999 I205 RESIDENTIAL REASSESSMENT DISTRICT FUND

Established to account for the assets held on behalf of the 93-2, 95-1, 96-1, 97-1, and 97-2 Assessment District property owners until they are remitted to the bond trustee.

AGENCY FUNDS

2000-03 ASSESSMENT DISTRICT FUND

Established to account for the assets held on behalf of the 2000-03 Assessment District property owners until they are remitted to the bond trustee.

2003-01 ASSESSMENT DISTRICT FUND

Established to account for the assets held on behalf of the 2003-01 Assessment District property owners until they are remitted to the bond trustee.

CULTURAL ARTS FUND

Established to account for deposits received for cultural arts projects within the City.

REGIONAL TRANSPORTATION IMPACT FUND

Established to account for transportation impact fees collected by the City and which are to be used for transportation mitigation purposes.

MEDICAL LEAVE BANK FUND

Established to account for amounts deposited from employees converted sick leave.

POSTEMPLOYMENT BENEFIT TRUST FUND

Established to account for contributions on behalf of employees for postemployment benefits.

2011 TOP JPA REVENUE BONDS FUND

Established to refund two outstanding community facilities district bonds and to refund two limited obligation assessment bonds, and to finance public capital improvements.

2011-01 CFD TRACY 580 BUSINESS PARK FUND

Establish to account for the transactions of the 2011-01 CFD.

PAYROLL CLEARING FUND

Established to record and monitor City payroll activity, clearing of payroll checks and payment of payroll liabilities. This zero-balance fund was established in FY16-17. Prior to FY 16-17, this activity was accounted for in the General Fund.

2016-02 COMMUNITY FACILITIES DISTRICT FUND

The 2016-02 Community Facilities District Agency Fund was established during the fiscal year to account for the assets held on behalf of the 2016-02 Community Facilities District property owners until they are remitted to the bond trustee.

2016-01 TRACY HILLS COMMUNITY FACILITIES DISTRICT FUND

The 2016-01 Tracy Hills Community Facilities District Agency Fund was established to account for the assets held on behalf of the 2016-01 Assessment District property owners until they are remitted to the bond trustee.

CITY OF TRACY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

89-1 Community Facilities District	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash and investments	\$1,577,752	\$1,928,214	\$2,532,258	\$973,708
Cash and investments with fiscal agents	1,105,962	461,571		1,567,533
Accounts receivable	37,531	685,414	37,531	685,414
Interest receivable	3,213	5,792	3,213	5,792
Total Assets	\$2,724,458	\$3,080,991	\$2,573,002	\$3,232,447
Liabilities				
Accounts payable		\$343,529		\$343,529
Due to assessment district bond holders	\$2,724,458	2,737,462	\$2,573,002	2,888,918
Total Liabilities	\$2,724,458	\$3,080,991	\$2,573,002	\$3,232,447
94-1 Assessment District				
Assets				
Cash and investments	\$667,667	\$359,653	\$912,970	\$114,350
Cash and investments with fiscal agents	721,240	676,007		1,397,247
Accounts receivable	17,103		17,103	
Interest receivable	3,198	678	3,198	678
Total Assets	\$1,409,208	\$1,036,338	\$933,271	\$1,512,275
Liabilities				
Accounts payable		\$243		\$243
Due to assessment district bondholders	\$1,409,208	1,036,095	\$933,271	1,512,032
Total Liabilities	\$1,409,208	\$1,036,338	\$933,271	\$1,512,275
93-1 Community Facilities District				
Assets				
Cash and investments	\$91,452	\$3,696,529	\$262,341	\$3,525,640
Cash and investments with fiscal agents	777,980	125,789		903,769
Interest receivable	15,863	20,993	15,863	20,993
Total Assets	\$885,295	\$3,843,311	\$278,204	\$4,450,402
Liabilities				
Accounts payable		\$801		\$801
Due to assessment district bond holders	\$885,295	3,842,510	\$278,204	4,449,601
Total Liabilities	\$885,295	\$3,843,311	\$278,204	\$4,450,402

(Continued)

CITY OF TRACY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

98-1 Community Facilities District	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash and investments		\$5,867,206	\$5,722,651	\$144,555
Cash and investments with fiscal agents	\$8,760,993		3,315,432	5,445,561
Accounts receivable	7,307	632	7,307	632
Interest receivable		856		856
Total Assets	\$8,768,300	\$5,868,694	\$9,045,390	\$5,591,604
Liabilities				
Accounts payable	\$3,611,739	\$2,115	\$3,611,739	\$2,115
Due to assessment district bondholders	5,156,561	5,866,579	5,433,651	5,589,489
Total Liabilities	\$8,768,300	\$5,868,694	\$9,045,390	\$5,591,604
98-3 Community Facilities District				
Assets				
Cash and investments	\$570,948	\$327,944	\$632,631	\$266,261
Cash and investments with fiscal agents	108,012	486,668		594,680
Interest receivable	1,480	1,585	1,480	1,585
Total Assets	\$680,440	\$816,197	\$634,111	\$862,526
Liabilities				
Accounts payable		\$978		\$978
Due to assessment district bond holders	\$680,440	815,219	\$634,111	861,548
Total Liabilities	\$680,440	\$816,197	\$634,111	\$862,526
99-1 Community Facilities District				
Assets				
Cash and investments		\$1,987,851	\$1,821,455	\$166,396
Cash and investments with fiscal agents	\$618,078	214,260		832,338
Interest receivable		991		991
Total Assets	\$618,078	\$2,203,102	\$1,821,455	\$999,725
Liabilities				
Accounts payable		\$799		\$799
Due to assessment district bond holders	\$618,078	2,202,303	\$1,821,455	998,926
Total Liabilities	\$618,078	\$2,203,102	\$1,821,455	\$999,725

(Continued)

CITY OF TRACY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

<u>2000-01 Assessment District</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and investments	\$623,347	\$638,148	\$1,024,606	\$236,889
Cash and investments with fiscal agents	361,064	437,457		798,521
Accounts receivable	942		942	
Interest receivable	659	1,410	659	1,410
Total Assets	<u>\$986,012</u>	<u>\$1,077,015</u>	<u>\$1,026,207</u>	<u>\$1,036,820</u>
Liabilities				
Accounts payable		\$1,057		\$1,057
Due to assessment district bond holders	\$986,012	1,075,958	1,026,207	1,035,763
Total Liabilities	<u>\$986,012</u>	<u>\$1,077,015</u>	<u>\$1,026,207</u>	<u>\$1,036,820</u>
 <u>2006-01 NE Industrial # 2</u>				
Assets				
Cash and investments	\$329,687	\$1,601,651	\$750,283	\$1,181,055
Cash and investments with fiscal agents	2,371,579	2,416,749		4,788,328
Interest receivable		7,031		7,031
Total Assets	<u>\$2,701,266</u>	<u>\$4,025,431</u>	<u>\$750,283</u>	<u>\$5,976,414</u>
Liabilities				
Accounts payable		\$1,313		\$1,313
Due to assessment district bond holders	\$2,701,266	4,024,118	\$750,283	5,975,101
Total Liabilities	<u>\$2,701,266</u>	<u>\$4,025,431</u>	<u>\$750,283</u>	<u>\$5,976,414</u>
 <u>1999 I205 Residential Reassessment District</u>				
Assets				
Cash and investments	\$160,129	\$664,811	\$824,940	
Cash and investments with fiscal agents	2,846,162		266,672	\$2,579,490
Accounts receivable	288		288	
Interest receivable	5,176		5,176	
Total Assets	<u>\$3,011,755</u>	<u>\$664,811</u>	<u>\$1,097,076</u>	<u>\$2,579,490</u>
Liabilities				
Accounts payable		\$120,692		\$120,692
Due to assessment district bondholders	\$3,011,755	544,119	\$1,097,076	2,458,798
Total Liabilities	<u>\$3,011,755</u>	<u>\$664,811</u>	<u>\$1,097,076</u>	<u>\$2,579,490</u>

(Continued)

CITY OF TRACY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2000-03 Assessment District</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and investments	\$16,745	\$387		\$17,132
Interest receivable	80	102	\$80	102
Total Assets	<u>\$16,825</u>	<u>\$489</u>	<u>\$80</u>	<u>\$17,234</u>
Liabilities				
Due to assessment district bond holders	\$16,825	\$489	\$80	\$17,234
Total Liabilities	<u>\$16,825</u>	<u>\$489</u>	<u>\$80</u>	<u>\$17,234</u>
 <u>2003-01 Assessment District</u>				
Assets				
Cash and investments	\$14,399	\$76,204	\$75,618	\$14,985
Cash and investments with fiscal agents	127,153	5,591		132,744
Interest receivable		89		89
Total Assets	<u>\$141,552</u>	<u>\$81,884</u>	<u>\$75,618</u>	<u>\$147,818</u>
Liabilities				
Accounts payable		\$267		\$267
Deposits payable	\$14,729			14,729
Due to assessment district bondholders	126,823	81,617	\$75,618	132,822
Total Liabilities	<u>\$141,552</u>	<u>\$81,884</u>	<u>\$75,618</u>	<u>\$147,818</u>
 <u>Cultural Arts</u>				
Assets				
Cash and investments	\$65			\$65
Total Assets	<u>\$65</u>			<u>\$65</u>
Liabilities				
Deposits payable	\$65			\$65
Total Liabilities	<u>\$65</u>			<u>\$65</u>

(Continued)

CITY OF TRACY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

<u>Regional Transportation Impact</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and investments	\$8,318,687	\$3,428,503	\$1,655,123	\$10,092,067
Total Assets	<u>\$8,318,687</u>	<u>\$3,428,503</u>	<u>\$1,655,123</u>	<u>\$10,092,067</u>
Liabilities				
Accounts payable	\$490,906	\$64,020	\$490,906	\$64,020
Deposits payable	7,827,781	3,364,483	1,164,217	10,028,047
Total Liabilities	<u>\$8,318,687</u>	<u>\$3,428,503</u>	<u>\$1,655,123</u>	<u>\$10,092,067</u>
Medical Leave Bank				
Assets				
Cash and investments	\$1,251,263	\$463,882	\$120,202	\$1,594,943
Total Assets	<u>\$1,251,263</u>	<u>\$463,882</u>	<u>\$120,202</u>	<u>\$1,594,943</u>
Liabilities				
Deposits payable	\$1,251,263	\$463,882	\$120,202	\$1,594,943
Total Liabilities	<u>\$1,251,263</u>	<u>\$463,882</u>	<u>\$120,202</u>	<u>\$1,594,943</u>
Post Employment Benefit Trust				
Assets				
Cash and investments	\$23,400	\$840,018	\$860,469	\$2,949
Accounts receivable		393		393
Total Assets	<u>\$23,400</u>	<u>\$840,411</u>	<u>\$860,469</u>	<u>\$3,342</u>
Liabilities				
Accounts payable	\$23,400	\$840,411	\$860,469	\$3,342
Total Liabilities	<u>\$23,400</u>	<u>\$840,411</u>	<u>\$860,469</u>	<u>\$3,342</u>

(Continued)

CITY OF TRACY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2011 TOP JPA Revenue Bonds</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and investments	\$239,325	\$821,981	\$1,061,288	\$18
Cash and investments with fiscal agents	1,791,279	1,691,532		3,482,811
Accounts receivable	2,376		2,376	
Total Assets	<u><u>\$2,032,980</u></u>	<u><u>\$2,513,513</u></u>	<u><u>\$1,063,664</u></u>	<u><u>\$3,482,829</u></u>
Liabilities				
Accounts payable		\$225,354		\$225,354
Due to assessment district bondholders	\$2,032,980	2,288,159	\$1,063,664	3,257,475
Total Liabilities	<u><u>\$2,032,980</u></u>	<u><u>\$2,513,513</u></u>	<u><u>\$1,063,664</u></u>	<u><u>\$3,482,829</u></u>
 <u>2011-01 CFD Tracy 580 Business Park</u>				
Assets				
Cash and investments	\$92,283	\$1,866	\$20,244	\$73,905
Cash and investments with fiscal agents		20,244		20,244
Interest receivable	344	440	344	440
Total Assets	<u><u>\$92,627</u></u>	<u><u>\$22,550</u></u>	<u><u>\$20,588</u></u>	<u><u>\$94,589</u></u>
Liabilities				
Due to assessment district bondholders	\$92,627	\$22,550	\$20,588	\$94,589
Total Liabilities	<u><u>\$92,627</u></u>	<u><u>\$22,550</u></u>	<u><u>\$20,588</u></u>	<u><u>\$94,589</u></u>
 <u>Payroll Clearing</u>				
Assets				
Cash and investments	\$1,580,120	\$2,364,485	\$1,580,120	\$2,364,485
Employee loans receivable		79,917		79,917
Total Assets	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>
Liabilities				
Salaries and benefits payable	\$1,580,120	\$2,444,402	\$1,580,120	\$2,444,402
Total Liabilities	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>	<u><u>\$1,580,120</u></u>	<u><u>\$2,444,402</u></u>

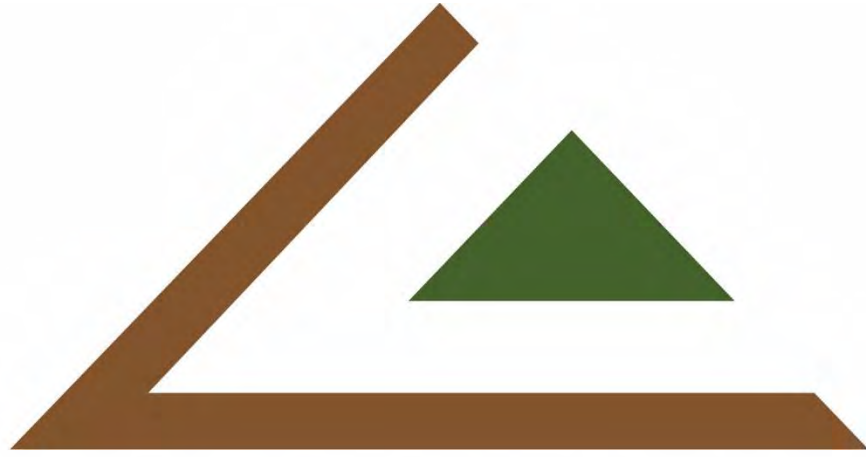
(Continued)

CITY OF TRACY
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

<u>2016-02 Community Facilities District</u>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Assets				
Cash and investments	\$545,970	\$626,794	\$25,239	\$1,147,525
Accounts receivable	132,428		132,428	
Interest receivable	2,607	6,823	2,607	6,823
Total Assets	<u>\$681,005</u>	<u>\$633,617</u>	<u>\$160,274</u>	<u>\$1,154,348</u>
Liabilities				
Due to assessment district bondholders	\$681,005	\$633,617	\$160,274	\$1,154,348
Total Liabilities	<u>\$681,005</u>	<u>\$633,617</u>	<u>\$160,274</u>	<u>\$1,154,348</u>
 <u>2016-01 Tracy Hills Community Facilities District Fund</u>				
Assets				
Cash and investments		\$16		\$16
Cash and investments with fiscal agents		19,340,347		19,340,347
Total Assets		<u>\$19,340,363</u>		<u>\$19,340,363</u>
Liabilities				
Due to assessment district bondholders		\$19,340,363		\$19,340,363
Total Liabilities		<u>\$19,340,363</u>		<u>\$19,340,363</u>
 <u>Total - All Agency Funds</u>				
Cash and investments	\$16,103,239	\$25,696,143	\$19,882,438	\$21,916,944
Cash and investments with fiscal agents	19,589,502	25,876,215	3,582,104	41,883,613
Accounts receivable	197,975	686,439	197,975	686,439
Interest receivable	32,620	46,790	32,620	46,790
Employee loans receivable		79,917		79,917
Total Assets	<u>\$35,923,336</u>	<u>\$52,385,504</u>	<u>\$23,695,137</u>	<u>\$64,613,703</u>
Liabilities				
Accounts payable	\$4,126,045	\$1,601,579	\$4,963,114	\$764,510
Salaries and benefits payable	1,580,120	2,444,402	1,580,120	2,444,402
Deposits payable	9,093,838	3,828,365	1,284,419	11,637,784
Due to assessment district bondholders	21,123,333	44,511,158	15,867,484	49,767,007
Total Liabilities	<u>\$35,923,336</u>	<u>\$52,385,504</u>	<u>\$23,695,137</u>	<u>\$64,613,703</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical Section



TRACY



THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time:

1. Net Position by Component
2. Changes in Net Position
3. Program Revenues by Function/Program
4. Fund Balances, Governmental Funds
5. Changes in Fund Balances, Governmental Funds
6. Tax Revenues by Source

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources, the property and sales taxes and water and wastewater charges for services:

1. Assessed Value and Estimated Actual Value of Taxable Property
2. Direct and Overlapping Property Tax Rates
3. Property Tax Levies and Collections
4. Principal Property Taxpayers
5. Sales Tax Rates, Direct and Overlapping Governments
6. Taxable Sales by Category
7. Principal Sales Tax Producers
8. Water and Wastewater Rates

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Direct and Overlapping Governmental Activities Debt
4. Legal Debt Margin Information
5. Pledged Revenue Bond Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

STATISTICAL SECTION (Continued)
--

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time and Part-Time City Employees by Function
2. Operating Indicators by Function
3. Capital Asset Statistics by Function

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF TRACY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 626,220	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728	\$ 510,323	\$ 490,053	\$ 463,949
Restricted	199,212	183,594	155,947	145,381	152,380	100,403	111,131	105,425	118,367	120,961
Unrestricted	(22,474)	(10,576)	(1,272)	(5,343)	(11,671)	42,063	35,606	32,898	33,347	46,711
Total Governmental activities net assets	\$ 802,958	\$ 782,098	\$ 736,069	\$ 693,952	\$ 667,176	\$ 660,647	\$ 659,465	\$ 648,646	\$ 641,767	\$ 631,621
Business-type activities:										
Net investment in capital assets	\$ 370,880	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985	\$ 340,536	\$ 345,554	\$ 340,944
Restricted	1	-	350	348	346	247	237	232	227	222
Unrestricted	49,068	48,616	41,657	39,357	31,221	31,101	31,283	29,148	40,621	46,123
Total business-type activities	\$ 419,949	\$ 407,829	\$ 399,635	\$ 342,593	\$ 346,059	\$ 358,413	\$ 360,505	\$ 369,916	\$ 386,402	\$ 387,289
Primary government:										
Net investment in capital assets	\$ 997,100	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713	\$ 850,859	\$ 835,607	\$ 804,893
Restricted	199,213	183,594	156,297	145,729	152,726	100,650	111,368	105,657	118,594	121,183
Unrestricted	26,594	38,040	40,385	34,014	19,550	73,164	66,889	62,046	73,968	92,834
Total primary government	\$ 1,222,907	\$ 1,189,927	\$ 1,135,704	\$ 1,036,545	\$ 1,013,235	\$ 1,019,060	\$ 1,019,970	\$ 1,018,562	\$ 1,028,169	\$ 1,018,910

Note - The City implemented GASB 68 in the fiscal year 2014-2015. Prior amounts have not been restated

Source: City of Tracy, Finance Department:

**CITY OF TRACY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In thousands)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses:										
Governmental activities:										
General Government	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572	\$ 6,283	\$ 18,296	\$ 7,384
Public safety	54,075	52,785	41,326	37,858	37,562	37,974	37,248	37,602	35,509	36,567
Public works	42,693	34,183	26,330	31,874	27,572	32,358	25,954	52,418	24,371	21,855
Culture and leisure	3,920	3,395	2,830	3,134	3,288	4,668	4,709	5,097	5,143	12,202
Interest on long-term debt	1,271	1,288	1,304	1,345	1,337	1,342	1,399	1,925	4,121	4,063
Unallocated depreciation	-	-	-	-	-	586	520	566	617	631
Total Governmental Activities Expenses	\$ 116,414	\$ 105,131	\$ 84,202	\$ 87,840	\$ 77,666	\$ 83,340	\$ 76,402	\$ 103,891	\$ 88,057	\$ 82,702
Business-type Activities:										
Water	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765	\$ 22,295	\$ 21,229	\$ 19,580
Wastewater	18,961	18,601	15,079	16,522	17,040	16,442	14,970	18,980	17,133	14,874
Airport	1,123	1,475	901	775	703	629	590	686	705	912
Solid waste	22,289	20,958	20,541	20,899	19,477	18,923	18,820	18,585	17,473	16,962
Transit	5,017	5,571	3,953	3,169	2,968	2,556	2,404	2,436	2,291	1,733
Drainage	2,558	2,791	3,027	3,485	3,436	3,404	3,232	3,351	3,402	2,618
Total Business-Type Activities	\$ 69,889	\$ 68,483	\$ 62,481	\$ 67,509	\$ 67,234	\$ 64,254	\$ 61,781	\$ 66,333	\$ 62,233	\$ 56,679
Total Primary Governmental Expenses	\$ 186,303	\$ 173,614	\$ 146,683	\$ 155,349	\$ 144,900	\$ 147,594	\$ 138,183	\$ 170,224	\$ 150,290	\$ 139,381
Program revenues:										
Governmental activities:										
Charges for Services:										
Development fees	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460	\$ 1,617	\$ 1,805	\$ 6,925
Other public works	2,831	2,722	2,721	3,093	2,968	5,040	5,300	5,204	3,800	4,401
Parks and community services	666	762	701	1,047	940	838	878	789	757	1,208
Other activities	7,227	7,252	1,805	1,864	1,104	1,879	1,665	2,566	2,634	4,143
Operating grants and contributions	15,142	14,191	12,680	12,811	13,097	10,964	12,723	9,482	10,065	9,305
Capital grants and contributions	36,408	68,535	39,966	37,084	40,451	18,166	22,596	15,527	19,080	11,069
Total Governmental Activities Program Revenues	\$ 72,342	\$ 102,246	\$ 66,642	\$ 62,715	\$ 64,684	\$ 39,926	\$ 45,622	\$ 35,185	\$ 38,141	\$ 37,051
Business-type Activities:										
Charges for Services:										
Water	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672	\$ 14,433	\$ 14,641	\$ 13,693
Wastewater	14,168	14,836	14,034	13,616	13,086	12,940	11,978	11,480	12,032	11,490
Airport	658	732	478	403	504	395	272	375	342	373
Solid waste	21,550	20,973	23,333	25,156	22,356	21,521	20,352	18,852	16,321	17,320
Transit	117	117	116	96	109	1,631	818	822	899	1,295
Drainage	686	691	644	609	603	546	564	564	553	556
Operating grants and contributions	3,733	6,397	1,516	2,041	1,608	-	-	-	-	-
Capital grants and contributions	20,936	9,181	4,268	3,302	8,652	6,337	2,528	2,801	3,678	6,132
Total Business-Types Activities Program Revenues	\$ 78,345	\$ 69,234	\$ 59,324	\$ 58,324	\$ 61,297	\$ 62,070	\$ 52,184	\$ 49,327	\$ 48,466	\$ 50,859
Total Primary Government Program Revenues	\$ 150,687	\$ 171,480	\$ 125,966	\$ 121,039	\$ 125,981	\$ 101,996	\$ 97,806	\$ 84,512	\$ 86,607	\$ 87,910

**CITY OF TRACY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In thousands)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (expense)/revenue										
Governmental activities	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)	\$ (68,706)	\$ (49,916)	\$ (45,651)
Business-type activities	8,456	751	(3,157)	(9,185)	(5,937)	(2,184)	(9,597)	(17,006)	(13,767)	(5,820)
Total primary government net (expense) revenue	\$ (35,616)	\$ (2,134)	\$ (20,717)	\$ (34,310)	\$ (18,919)	\$ (45,598)	\$ (40,377)	\$ (85,712)	\$ (63,683)	\$ (51,471)
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946	\$ 18,527	\$ 22,533	\$ 24,013
Franchise taxes	3,545	3,558	2,829	2,776	2,728	2,593	2,500	2,443	2,474	2,223
Sales and use taxes	37,083	30,761	23,291	24,371	24,280	22,722	20,553	18,422	11,408	9,225
Other taxes	3,703	3,756	2,719	2,562	2,304	1,952	1,839	1,702	1,621	1,604
Unrestricted motor vehicle in lieu	44	48	40	34	35	36	43	41	376	240
Investment earnings	1,395	545	435	1,000	610	1,129	165	801	1,280	4,840
Miscellaneous	407	1,926	2,022	3,497	1,311	1,634	1,595	1,760	1,663	449
Transfers	(2,016)	(8,692)	(4,968)	(5,141)	-	-	(42)	-	(384)	(5,563)
Gain on Transfer of assets'	-	-	-	-	-	-	-	31,889	-	-
Special item - Transfer of assets	-	(3,347)	-	3,162	-	-	-	-	-	-
Total governmental activities	\$ 66,884	\$ 49,412	\$ 46,761	\$ 51,899	\$ 48,977	\$ 45,766	\$ 41,599	\$ 75,585	\$ 40,971	\$ 37,031
Business-type activities:										
Interest earnings	\$ 1,576	\$ 531	\$ 626	\$ 551	\$ 585	\$ 264	\$ 144	\$ 520	\$ 109	\$ 1,676
Miscellaneous	66	84	24	25	42	-	-	-	-	-
Transfers	2,016	8,692	4,968	5,141	-	-	42	-	385	5,563
Total business-type activities	\$ 3,658	\$ 9,307	\$ 5,618	\$ 5,717	\$ 627	\$ 264	\$ 186	\$ 520	\$ 494	\$ 7,239
Total primary government	\$ 70,542	\$ 58,719	\$ 52,379	\$ 57,616	\$ 49,604	\$ 46,030	\$ 41,785	\$ 76,105	\$ 41,465	\$ 44,270
Change in net position										
Governmental activities	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819	\$ 6,879	\$ (8,945)	\$ (8,620)
Business-type activities	12,114	10,059	2,461	(3,468)	(5,310)	(1,920)	(9,411)	(16,486)	(13,273)	1,419
Total primary government	\$ 34,926	\$ 56,586	\$ 31,662	\$ 23,306	\$ 30,685	\$ 432	\$ 1,408	\$ (9,607)	\$ (22,218)	\$ (7,201)

Note 1 - The City implemented GASB 68 in fiscal year 2014-2015. Prior amounts have not been restated.

Note 2 - The City implemented GASB 75 in fiscal year 2017-2018. Prior amounts have not been restated.

CITY OF TRACY
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(In thousands)

Function/Program	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities:										
General Government	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908	\$ 2,682	\$ 9,871	\$ 4,035
Police	2,277	3,085	1,972	2,052	2,847	1,775	2,330	1,390	1,365	1,513
Fire	6,445	7,172	6,556	6,539	6,792	6,980	8,692	4,765	6,302	6,386
Development and engineering	10,585	9,363	9,213	7,209	6,505	3,410	2,871	1,974	2,148	16,700
Public works	43,510	70,310	45,234	42,437	43,198	23,621	28,367	23,224	17,397	5,817
Parks, recreation, and community services	1,000	1,112	967	1,380	1,492	1,248	1,454	1,150	1,058	2,009
Interest in long-term debt	-	-	-	-	-	-	-	-	-	591
Subtotal governmental activities	<u>\$ 72,805</u>	<u>\$ 102,246</u>	<u>\$ 66,642</u>	<u>\$ 62,716</u>	<u>\$ 64,684</u>	<u>\$ 39,926</u>	<u>\$ 45,622</u>	<u>\$ 35,185</u>	<u>\$ 38,141</u>	<u>\$ 37,051</u>
Business-type activities:										
Water	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672	\$ 14,501	\$ 14,658	\$ 15,534
Wastewater	29,337	16,610	14,805	13,849	14,533	13,438	12,131	12,669	14,766	11,494
Airport	1,725	2,906	1,514	2,622	4,060	731	607	417	402	730
Solid Waste	21,553	20,973	23,354	25,156	22,356	20,352	20,352	18,858	16,321	17,330
Transit	3,914	6,540	3,787	2,210	2,030	1,171	2,858	2,018	1,677	4,871
Drainage	1,509	808	644	686	659	3,424	564	864	640	900
Subtotal business-type activities	<u>\$ 78,345</u>	<u>\$ 69,234</u>	<u>\$ 59,324</u>	<u>\$ 58,324</u>	<u>\$ 61,297</u>	<u>\$ 55,993</u>	<u>\$ 52,184</u>	<u>\$ 49,327</u>	<u>\$ 48,464</u>	<u>\$ 50,859</u>
Total primary government	<u>\$ 151,150</u>	<u>\$ 171,480</u>	<u>\$ 125,966</u>	<u>\$ 121,040</u>	<u>\$ 125,981</u>	<u>\$ 95,919</u>	<u>\$ 97,806</u>	<u>\$ 84,512</u>	<u>\$ 86,605</u>	<u>\$ 87,910</u>

CITY OF TRACY
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,359
Unreserved	-	-	-	-	-	-	-	-	-	17,626
Nonspendable	470	1,525	5,117	5,873	6,640	782	781	791	820	-
Restricted	-	-	-	-	-	346	333	445	613	-
Committed	14,883	14,961	11,716	-	-	-	-	-	-	-
Assigned	15,213	20,997	11,455	358	1,152	523	277	22	2,198	-
Unassigned	-	842	12,483	34,425	29,861	33,420	27,503	25,676	23,356	-
Total General Fund	<u>\$ 30,566</u>	<u>\$ 38,325</u>	<u>\$ 40,771</u>	<u>\$ 40,656</u>	<u>\$ 37,653</u>	<u>\$ 35,071</u>	<u>\$ 28,894</u>	<u>\$ 26,934</u>	<u>\$ 26,987</u>	<u>\$ 18,985</u>
All other governmental funds										
Unreserved reported in:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,708
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	20,890
Nonspendable	-	-	-	-	-	-	-	-	-	81,533
Restricted	164,057	153,595	124,932	-	4	57	-	4,646	2,948	-
Committed	-	-	-	110,191	113,064	97,402	108,381	90,507	99,794	-
Assigned	12,192	5,909	4,438	-	-	-	-	-	4,131	-
Unassigned	-	-	-	5,588	13,360	-	-	15,339	20,043	-
Special revenue funds	(6,609)	(8,192)	(517)	-	-	-	-	-	-	-
Capital projects funds	(2,382)	-	-	(4,431)	(610)	(1,278)	(159)	(1,071)	(2,099)	-
Total all other governmental funds	<u>\$ 167,258</u>	<u>\$ 151,312</u>	<u>\$ 128,853</u>	<u>\$ 111,348</u>	<u>\$ 125,818</u>	<u>\$ 96,181</u>	<u>\$ 108,222</u>	<u>\$ 109,421</u>	<u>\$ 124,817</u>	<u>\$ 147,131</u>

Note - Beginning in 2011, the City reclassified fund balances in accordance with GASB Statement No. 54.

Source: City of Tracy, Finance Department

CITY OF TRACY
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(in thousands)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:										
Taxes	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503	\$ 41,393	\$ 36,334	\$ 37,064
Licenses, permits and fees	8,161	7,792	7,191	5,236	4,706	4,008	3,564	3,174	3,092	3,040
Fines and forfeits	880	1,559	510	673	972	863	568	1,552	1,570	1,715
Use of money and property	6,003	1,462	1,356	2,936	1,277	1,699	700	1,459	2,792	4,197
Intergovernmental	16,733	21,127	27,127	20,413	16,235	12,928	16,038	11,992	17,758	15,282
Charges of services	34,752	54,269	9,472	9,997	9,165	8,894	9,147	8,388	10,110	8,525
Special assessments	4,646	3,597	24,886	14,977	29,899	7,181	13,406	4,095	4,933	4,699
Contributions from assessment districts	1,697	5,121	3,372	3,574	3,444	4,346	1,887	5,404	4,448	2,915
Other	147	1,589	3,460	3,501	1,410	1,767	1,124	1,294	1,148	1,656
Total revenues	\$ 138,950	\$ 156,354	\$ 124,914	\$ 110,425	\$ 114,023	\$ 85,490	\$ 86,937	\$ 78,751	\$ 82,185	\$ 79,093
Expenditures:										
Current:										
General government	\$ 14,544	\$ 13,579	\$ 13,763	\$ 14,900	\$ 7,748	\$ 7,050	\$ 6,434	\$ 6,854	\$ 17,599	\$ 7,054
Police	30,575	27,078	24,690	23,717	22,012	21,592	21,488	21,902	20,943	21,836
Fire	21,404	22,251	18,483	16,692	16,033	15,869	15,305	15,205	14,027	14,664
Community development	11,327	13,549	8,828	9,042	7,793	6,467	6,449	6,273	6,066	7,790
Public works	13,391	10,156	9,292	9,372	9,093	8,471	8,091	7,530	7,285	7,327
Parks and recreation	3,245	2,683	2,287	3,110	3,019	3,113	3,330	3,599	3,509	3,320
Intergovernmental	-	-	-	-	-	-	-	-	2,691	6,281
Debt Service:										
Debt service-principal	405	434	398	368	328	245	220	195	1,315	1,490
Debt service-interest	1,276	1,292	1,308	1,322	1,334	1,345	1,352	2,623	3,945	3,994
Debt service-issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	28,802	38,631	28,645	41,456	20,582	27,179	23,465	19,829	18,731	23,152
Total expenditures	\$ 124,969	\$ 129,653	\$ 107,694	\$ 119,979	\$ 87,942	\$ 91,331	\$ 86,134	\$ 84,010	\$ 96,111	\$ 96,908
Excess of revenues over (under) expenditures	\$ 13,981	\$ 26,701	\$ 17,220	\$ (9,554)	\$ 26,081	\$ (5,841)	\$ 803	\$ (5,259)	\$ (13,926)	\$ (17,815)
Other financing sources (uses):										
Issuance of debt	-	-	-	-	248	-	-	-	-	-
Transfers in	36,154	13,040	5,226	6,009	11,723	1,214	20,600	2,699	3,836	21,828
Transfers out	(40,004)	(16,731)	(5,226)	(8,750)	(11,745)	(1,236)	(20,642)	(2,699)	(4,221)	(27,391)
Proceeds from sale of property	8	350	5	829	420	-	-	-	-	-
Total other financing sources (uses):	\$ (3,842)	\$ (3,341)	\$ 5	\$ (1,912)	\$ 646	\$ (22)	\$ (42)	\$ -	\$ (385)	\$ (5,563)
Net change in fund balances	\$ 10,139	\$ 23,360	\$ 17,225	\$ (11,466)	\$ 26,727	\$ (5,863)	\$ 761	\$ (5,259)	\$ (14,311)	\$ (23,378)
Debt service as a percentage of non-capital expenditures	1.78%	1.70%	1.97%	1.94%	2.34%	2.12%	2.33%	4.22%	6.25%	7.44%

**CITY OF TRACY
GENERAL REVENUE TAXES - UNRESTRICTED *
ALL GOVERNMENTAL FUND TYPES
LAST TEN FISCAL YEARS**

Fiscal Year	Property Taxes	Franchise Taxes	Sales and Use Taxes	Transient Taxes	Business License Taxes	Transfer Taxes	Total
2010	\$24,013,053	\$2,222,845	\$9,224,814	\$642,794	\$670,572	\$290,940	\$37,065,018
2011	22,532,932	2,474,332	11,408,245	675,819	671,278	273,325	38,035,931
2012	18,527,327	2,442,841	18,422,071	745,975	673,342	282,674	41,094,230
2013	14,946,468	2,499,946	20,553,264	786,827	689,323	362,793	39,838,621
2014	15,699,554	2,593,225	22,721,973	974,314	706,573	271,761	42,967,400
2015	17,709,090	2,727,886	24,279,575	1,123,087	818,656	362,107	47,020,401
2016	19,638,061	2,775,984	24,371,002	1,378,802	814,210	368,922	49,346,981
2017	20,392,536	2,829,424	23,290,667	1,507,518	838,037	372,636	49,230,817
2018	20,856,946	3,558,658	30,760,699	1,597,341	847,027	1,311,406	58,932,077
2019	22,725,833	3,545,578	37,082,569	1,638,102	934,793	1,130,147	67,057,022

*New table as of FY2018-19

Source: Finance Department, City of Tracy

**CITY OF TRACY
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	City of Tracy					Redevelopment Agency / Successor Agency					Total Direct Tax Rate
	Residential Property	Commercial/Industrial Property	Agricultural Exemptions	Total	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2010	\$4,992,382,327	\$1,113,010,224	\$197,778,028	\$6,303,170,579	\$120,292,254	\$6,182,878,325	\$1,099,272,042	\$159,835,031	\$101,875,950	\$1,157,231,123	1.0000%
2011	5,102,129,763	1,279,961,758	156,244,642	6,538,336,163	84,950,354	6,453,385,809	756,286,336	132,970,235	35,963,413	853,293,158	1.0000%
2012	4,576,276,289	1,132,426,026	181,181,654	5,889,883,969	119,824,162	5,770,059,807	1,009,329,631	139,116,864	91,037,853	1,057,408,642	1.0000%
2013	4,514,547,256	1,126,415,078	179,798,206	5,820,760,540	119,652,776	5,701,107,764	1,005,846,952	143,168,317	93,247,473	1,055,767,796	1.0000%
2014	5,010,295,280	1,136,022,186	215,287,460	6,361,604,926	117,977,641	6,243,627,285	1,053,197,694	140,059,801	96,074,732	1,097,182,763	1.0000%
2015	5,762,710,327	1,272,788,513	269,549,238	7,305,048,078	95,658,079	7,209,389,999	1,106,399,275	148,342,694	77,314,936	1,177,427,033	1.0000%
2016	6,176,651,051	1,421,947,826	239,064,864	7,837,663,741	120,326,228	7,717,337,513	1,165,846,923	156,304,455	98,139,053	1,224,012,325	1.0000%
2017	7,115,317,076	1,934,803,880	300,485,585	9,350,606,541	144,153,495	9,206,453,046	1,228,580,064	158,823,862	99,046,787	1,288,357,139	1.0000%
2018	7,028,699,966	1,614,086,845	467,565,285	9,110,352,096	126,335,095	8,984,017,001	1,306,422,404	151,243,517	105,195,491	1,352,470,430	1.0000%
2019	7,441,347,218	1,600,184,071	622,561,370	9,664,092,659	130,129,000	9,533,963,659	1,346,063,270	134,784,433	117,218,115	1,363,629,588	1.0000%

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics
 Finance Department, City of Tracy

**CITY OF TRACY
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<u>Direct rates:</u>										
City of Tracy	0.1561%	0.1561%	0.1690%	0.1561%	0.1561%	0.1561%	0.1561%	0.1561%	0.1702%	0.1702%
San Joaquin County	0.1865%	0.1865%	0.1849%	0.1865%	0.1865%	0.1865%	0.1865%	0.1865%	0.1962%	0.1962%
ERAF	0.2686%	0.2686%	0.2722%	0.2686%	0.2686%	0.2686%	0.2686%	0.2686%	0.0000%	0.2723%
All Others	0.3889%	0.3889%	0.3739%	0.3889%	0.3889%	0.3889%	0.3889%	0.3889%	0.6336%	0.3613%
Total Direct Rate	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%	1.0000%
<u>Overlapping rates:</u>										
San Joaquin Delta College	0.0225%	0.0180%	0.0180%	0.0198%	0.0233%	0.0194%	0.0202%	0.0200%	0.0180%	0.0180%
Tracy Unified School District (1,2,3) *combined Tracy Unified School District	0.0162%	0.0172%	0.0185%	0.0201%	0.0213%	0.0247%	0.0262%	0.0266%	0.0231%	0.0231%
Tracy Unified School District (SFID 3)	0.0642%	0.0332%	0.0669%	0.0701%	0.0212%	0.0228%	0.0093%	0.0088%	0.0000%	0.0185%
Total Overlapping Rate	0.1029%	0.0684%	0.1034%	0.1100%	0.0658%	0.0669%	0.0557%	0.0554%	0.0411%	0.0596%
Total Tax Rate	1.1029%	1.0684%	1.1034%	1.1100%	1.0658%	1.0669%	1.0557%	1.0554%	1.0411%	1.0596%

Source: San Joaquin County Auditor data, MuniServices, LLC / an Avenu Insights & Analytics Company

*Total direct tax rate is the voter approved taxes over and above the 1% Proposition 13 tax for TRA 004-000/004-008.

TRA 004-008 is represented for 2011-12, 2012-13 & 2013-14, TRA 004-000 was no longer available.

Prior published direct tax rate reports are noticeably different because prior year data included an estimate for RDA and ERAF as part of the cities direct rate.

**CITY OF TRACY
PRINCIPAL PROPERTY TAX PAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

2019				2010			
Taxpayer Name	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer Name	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis Lp	\$ 285,161,351	1	2.61%	Leprino Foods Company Corp	\$ 94,697,032	1	1.29%
Golden State Fc Llc	175,008,750	2	1.60%	Tracy Mall Partners Lp	92,714,591	2	1.26%
FedEx Ground Package System In	122,632,022	3	1.12%	Central Valley Ltd. Liability	50,727,253	3	0.69%
Tracy Mall Partners Lp	101,003,380	4	0.93%	Tce Tracy Llc	31,281,938	4	0.42%
Dct Tracy Logistics Center Llc	99,089,617	5	0.91%	Car Corral Hollow Llc	29,856,393	5	0.41%
Medline Industries Inc.	91,059,388	6	0.83%	Us Industrial Reit Container I	29,140,000	6	0.40%
Leprino Foods Company Corp	67,518,049	7	0.62%	Fairfield Edgewood Station Lp	28,933,123	7	0.39%
Tracy 300 Lp	66,298,051	8	0.61%	Us Cold Storage Of Calif	28,854,021	8	0.39%
Pac Corp Center Tracy	58,071,788	9	0.53%	Miref Chabot Tracy Llc	28,214,832	9	0.38%
Central Valley Ltd. Liability	50,135,622	10	0.46%	Osh Properties Llc	28,019,151	10	0.38%
TOTAL TOP TAXPAYERS	<u>\$ 1,115,978,018</u>		<u>10.23%</u>		<u>\$ 442,438,334</u>		<u>6.01%</u>
TOTAL TAXABLE ASSESSED VALUE	<u>\$ 10,909,533,207</u>		<u>100%</u>		<u>\$ 7,360,581,220</u>		<u>100%</u>

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics

**CITY OF TRACY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent of Levy Collected	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Value of City Property Subject to Local Tax Rate
2010	\$13,249,396	\$13,249,396	100.00%	0.00	\$13,249,396	100.00%	\$6,182,878,325
2011	10,028,301	10,028,301	100.00%	0.00	10,028,301	100.00%	6,453,385,809
2012	9,724,002	9,724,002	100.00%	0.00	9,724,002	100.00%	5,770,059,807
2013	9,607,770	9,607,770	100.00%	0.00	9,607,770	100.00%	5,701,107,764
2014	10,175,469	10,175,469	100.00%	0.00	10,175,469	100.00%	6,243,627,285
2015	11,403,560	11,403,560	100.00%	0.00	11,403,560	100.00%	7,209,389,999
2016	12,406,318	12,406,318	100.00%	0.00	12,406,318	100.00%	7,717,337,513
2017	13,134,172	13,134,172	100.00%	0.00	13,134,172	100.00%	9,206,453,046
2018	13,862,573	13,862,573	100.00%	0.00	13,862,573	100.00%	10,411,425,223
2019	14,553,581	14,553,581	100.00%	0.00	14,553,581	100.00%	10,984,229,294

Note: San Joaquin County is on the Teeter Plan. The County remits 100% of all taxes assessed and keeps all penalties and interest on all delinquent taxes.

Source:

1. San Joaquin County - Office of the Auditor-Controller
2. Finance Department, City of Tracy

**CITY OF TRACY
SALES TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City Direct Rate	Measure E Rate	Measure V Rate	Transportation Prop K Rate	Transportation Development Act Rate	County Rate	State Rate	Total Sales Tax Rate
2010	1%			0.50%	0.25%	1%	6%	8.75%
2011	1%			0.50%	0.25%	1%	6%	(a) 8.75%
2012	1%	0.50%		0.50%	0.25%	1%	5%	8.25%
2013	1%	0.50%		0.50%	0.25%	1%	5%	(b) 8.50%
2014	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2015	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2016	1%	0.50%		0.50%	0.25%	1%	5.25%	(b) 8.50%
2017	1%		0.50%	(c) 0.50%	0.25%	1%	5.00%	8.25%
2018	1%		0.50%	0.50%	0.25%	1%	5%	8.25%
2019	1%		0.50%	0.50%	0.25%	1%	5%	8.25%

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Voters approved Proposition 30, a state-wide quarter cent sales tax with a 4-year sunset effective January 1, 2013

(c) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source:

Finance Department, City of Tracy

**CITY OF TRACY
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS
(In Thousands)**

	Calendar Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Apparel stores	\$ 48,498	\$ 44,760	\$ 42,756	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353	\$ 44,201	\$ 43,308	\$ 44,139
General merchandise stores	212,792	210,820	203,460	194,528	192,657	187,434	181,099	175,484	162,641	153,615
Food and beverage stores	41,342	39,602	39,953	42,526	56,254	53,794	56,881	48,819	46,934	43,706
Eating and drinking places	169,434	162,261	155,560	143,887	128,827	116,414	106,888	102,047	96,823	96,801
Home furnishings and appliances	-	-	-	-	137,236	126,838	112,795	105,587	69,881	39,955
Building maintenance and garden supplies	180,713	159,799	140,715	130,449	71,129	68,049	60,879	53,955	48,572	46,012
Auto dealers and auto suppliers	369,499	379,058	343,861	321,977	299,869	277,155	215,269	171,430	152,558	143,481
Service stations	183,856	159,778	144,048	160,104	187,653	193,770	186,978	184,707	152,205	127,153
Other retail stores	163,611	155,252	160,573	154,697	75,167	75,202	65,452	57,598	56,267	58,002
All other outlets	1,344,089	1,091,917	601,684	524,513	198,209	200,048	168,710	112,575	99,552	126,061
Total	\$ 2,713,834	\$ 2,403,247	\$ 1,832,610	\$ 1,709,886	\$ 1,387,153	\$ 1,339,394	\$ 1,199,306	\$ 1,056,404	\$ 928,740	\$ 878,925
City Direct sales tax rate	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
City Measure E sales tax rate (a)	-	-	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	-	-
City Measure V sales tax (b)	0.5%	0.5%	-	-	-	-	-	-	-	-

Note:

(a) Tracy voters approved Measure E, a half cent sales tax with a 5-year sunset effective April 1, 2011

(b) Tracy voters approved Measure V, a half cent sales tax with a 20-year sunset effective April 1, 2017

Source: California State Board of Equalization, The HdL Companies

**CITY OF TRACY
PRINCIPAL SALES TAX PRODUCERS
CURRENT FISCAL YEAR AND TEN YEARS AGO**

2019		2010	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Arco AM/PM Mini Marts	Service Stations	American Truck & Trailer Body	Trailer & Supply
Barbosa Cabinets	Bldg Matls-Whsle	Arco AM/PM Mini Marts	Service Stations
Best Buy Stores	Appliance Stores	Barbosa Cabinets	Bldg Matls-Whsle
Bunzl Distribution	Food Processing/Eqp	Best Buy Stores	Appliance Stores
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
Costco	General Stores	Costco	General Stores
Crate & Barrel	Home Furnishings	Equilon Enterprises	Oil & Gas Products
D & D Lift	Heavy Industry	Home Depot	Building Matls Store
Fisher Scientific Company	Light Industry	Morri Automotive	New Car Dealers
Home Depot	Building Matls Store	Nixon-Egli Equipment Company	Heavy Industry
Independent Electric Supply	Plumbing & Electric	Safeway Service Stations	Service Stations
McLane Company	Food Processing/Eqp	Safeway Stores	Supermarkets
Medline Industries	Light Industry	Save Mart Supermarkets	Supermarkets
Nixon-Egli Equipment Company	Heavy Industry	Southwest School & Office Supply	Office Eqpmt Store
Safeway Service Stations	Service Stations	Target Stores	Department Stores
Target Stores	Department Stores	Tracy Auto Land	New Car Dealers
Tracy Auto Land	New Car Dealers	Tracy Chevrolet	New Car Dealers
Tracy Chevrolet	New Car Dealers	Tracy Chrysler Jeep Dodge	New Car Dealers
Tracy Ford Mercury	New Car Dealers	Tracy Honda	New Car Dealers
Tracy Honda	New Car Dealers	Tracy Hyundai	New Car Dealers
Tracy Hyundai	New Car Dealers	Tracy Mazda	New Car Dealers
Tracy Mazda	New Car Dealers	Tracy Nissan	New Car Dealers
Tracy Nissan	New Car Dealers	Tracy Petro	Service Stations
Tracy Truck & Auto Stop	Service Stations	Tracy Truck & Auto Stop	Service Stations
Wal Mart Stores	Department Stores	Wal Mart Stores	Department Stores

Source: San Joaquin County - Office of the Auditor-Controller, CalMuni - Avenu Insights & Analytics

**CITY OF TRACY
WATER AND WASTEWATER RATES
LAST TEN FISCAL YEARS**

Fiscal Year	Water		Wastewater
	Monthly Base Rate	Per 100 Cubic Feet	Monthly Base Rate
2010	\$ 20.40	\$ 1.00	\$ 31.00
2011	20.40	1.00	31.00
2012	20.40	1.00	31.00
2013	20.40	1.00	34.00
2014	20.40	1.00	34.00
2015	20.40	1.00	34.00
2016	20.40	1.00	34.00
2017	20.40	1.00	34.00
2018	24.72	1.00	34.00
2019	24.72	1.00	34.00

Notes:

100 cubic feet = 748 gallons

Rates are based on 1 inch meter-the standard household meter size in Tracy.

Utility charges an excess use rate above normal demand.

Source:

Finance Department-City of Tracy

**CITY OF TRACY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business Activity				Total Primary Government	Per Capita	Population
	Lease Revenue Bonds (a)	Capital Leases and Loans (b)	Water Revenue Bonds (b)	Water/Sewer Notes Payable (b)	Sewer Revenue Bonds (b)	Airport Notes Payable (b)				
2010	\$ 23,830,000	\$ 202,867	\$ -	\$ 24,442,470	\$ 30,510,000	\$ 109,275	\$ 79,094,612	\$ 970	81,519	
2011	23,660,000	137,879	-	23,402,994	29,580,000	91,541	76,872,414	922	83,418	
2012	23,465,000	70,293	-	19,274,382	28,630,000	72,942	71,512,617	852	83,900	
2013	23,245,000	-	-	18,392,152	27,645,000	53,478	69,335,630	825	84,060	
2014	23,000,000	908,546	-	14,489,157	26,630,000	33,149	65,060,852	764	85,146	
2015	22,726,000	1,021,108	-	13,564,909	25,935,000	11,955	63,258,972	742	85,296	
2016	22,420,000	131,831	-	12,618,907	25,215,000	-	60,385,738	694	86,985	
2017	22,085,000	68,552	-	11,650,638	24,470,000	-	58,274,190	665	87,613	
2018	21,720,000	-	-	10,659,579	23,695,000	-	56,074,579	617	90,832	
2019	21,315,000	-	-	9,645,194	22,890,000	-	53,850,194	580	92,800	

Note: Special Assessment Bonds have no City commitment.

Source:

(a) California Municipal Statistics

(b) Finance Department, City of Tracy

**CITY OF TRACY
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Outstanding General Bond Debt

Fiscal Year	Lease Revenue Bonds (a)	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
2010	\$ 23,830,000	\$ 49,860,000	\$ 73,690,000	1.00%	\$ 883
2011	23,660,000	48,715,000	72,375,000	0.99%	863
2012	23,465,000	-	23,465,000	0.34%	279
2013	23,245,000	-	23,245,000	0.34%	273
2014	23,000,000	-	23,000,000	0.34%	270
2015	22,725,000	-	22,725,000	0.34%	255
2016	22,420,000	-	22,420,000	0.33%	247
2017	22,085,000	-	22,085,000	0.23%	235
2018	21,720,000	-	21,720,000	0.21%	232
2019	21,315,000	-	21,315,000	0.20%	230

Source:
Finance Department, City of Tracy

CITY OF TRACY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
June 30, 2019

2018-19 Assessed Valuation: \$ 10,984,229,294

	Total Debt 6/30/19	% Applicable (a)	City's Share of Debt 06/30/2019
OVERLAPPING TAX AND ASSESSMENT DEBT:			
San Joaquin Delta Community College District	\$ 198,471,000	13.538%	\$ 26,869,546
Lammersville Joint Unified School District	56,000,000	9.466%	5,300,960
Tracy Unified School District	36,450,000	61.631%	22,464,500
Tracy Unified School District School Facilities Improvement District No. 3	89,899,900	92.047%	82,750,161
Banta School District	500,000	18.111%	90,555
Jefferson School District	32,487,401	68.331%	22,198,966
City of Tracy Community Facilities District No. 87-1	1,865,000	100%	1,865,000
City of Tracy Community Facilities District No. 89-1	1,870,000	100%	1,870,000
City of Tracy Community Facilities District No. 93-1	2,325,000	100%	2,325,000
City of Tracy Community Facilities District No. 98-1	38,695,000	100%	38,695,000
City of Tracy Community Facilities District No. 98-3	1,460,000	100%	1,460,000
City of Tracy Community Facilities District No. 99-1	3,355,000	100%	3,355,000
City of Tracy Community Facilities District No. 99-2	7,350,000	100%	7,350,000
City of Tracy Community Facilities District No. 2000-1	10,405,000	100%	10,405,000
City of Tracy Community Facilities District No. 2006-1	9,740,000	100%	9,740,000
City of Tracy Community Facilities District No. 2016-1, I.A. No. 1	32,625,000	100%	32,625,000
City of Tracy 1915 Act Bonds	3,975,000	100%	3,975,000
California Statewide Community Development Authority 1915 Act Bonds	6,734,201	100%	6,734,201
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 280,073,889
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Joaquin County Certificates of Participation	81,070,000	14.791%	\$ 11,991,064
City of Tracy General Fund Obligations	21,315,000	100%	21,315,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:			\$ 33,306,064
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$ 30,605,000	100%	\$ 30,605,000
TOTAL DIRECT DEBT			\$ 21,315,000
TOTAL OVERLAPPING DEBT:			\$ 322,669,953
COMBINED TOTAL DEBT			\$ 343,984,953 (b)

(a) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total assessed value.

(b) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	2.55%
Total Direct Debt (\$21,315,000).....	0.19%
Combined Total Debt.....	3.13%

Ratios to redevelopment Incremental Valuation (\$1,093,626,331)

Total Overlapping Tax Increment Debt.....	2.80%
---	-------

Source: CalMuni - Avenu Insights & Analytics
City of Tracy

**CITY OF TRACY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Billions)**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Assessed Value	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757	\$ 6,827	\$ 7,307	\$ 7,340
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,746	2,584	2,624	2,235	2,097	1,835	1,689	1,707	1,827	1,835
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	412	388	394	335	315	275	253	256	274	275
Total net debt applicable to limit	54	56	58	60	63	65	69	71	121	122
Legal debt margin	<u>\$ 358</u>	<u>\$ 332</u>	<u>\$ 336</u>	<u>\$ 275</u>	<u>\$ 252</u>	<u>\$ 210</u>	<u>\$ 184</u>	<u>\$ 185</u>	<u>\$ 153</u>	<u>\$ 153</u>

Note:

The Government Code of the State of California provides for a legal debt limit of 15 % of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources:

Finance Department, City of Tracy
San Joaquin County - Office of the Auditor-Controller

**CITY OF TRACY
PLEGGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Water revenue bonds/State Loan										
Water revenue	\$ 16,702,467	\$ 16,352,909	\$ 15,433,348	\$ 15,438,772	\$ 17,675,668	\$ 18,713,676	\$ 15,649,302	\$ 14,559,197	\$ 14,651,850	\$ 15,036,909
Less: Operating Expenses	(15,110,318)	(14,246,407)	(13,671,219)	(13,380,117)	(13,976,245)	(12,785,056)	(13,103,307)	(12,196,098)	(12,450,281)	(10,740,838)
Net available revenue	<u>1,592,149</u>	<u>2,106,502</u>	<u>1,762,129</u>	<u>2,058,655</u>	<u>3,699,423</u>	<u>5,928,620</u>	<u>2,545,995</u>	<u>2,363,099</u>	<u>2,201,569</u>	<u>4,296,071</u>
Debt service:										
Principal	1,014,388	991,059	968,269	946,002	924,248	902,995	882,230	4,128,612	1,099,165	1,035,686
Interest	243,534	287,261	289,651	186,921	466,171	354,924	465,600	531,639	637,999	665,810
Total Debt Service	<u>1,257,922</u>	<u>1,278,320</u>	<u>1,257,920</u>	<u>1,132,923</u>	<u>1,390,419</u>	<u>1,257,919</u>	<u>1,347,830</u>	<u>4,660,251</u>	<u>1,737,164</u>	<u>1,701,496</u>
Coverage	1.27	1.65 (a)	1.40	1.82	2.66	4.71	1.89	0.51	1.27	2.52
Wastewater revenue bonds:										
Wastewater revenue	15,125,157	15,196,599	14,434,402	14,092,302	14,558,438	13,030,930	12,025,189	11,713,538	12,038,615	11,695,124
Less: Operating expenses	(12,639,174)	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)	(7,617,428)	(7,784,380)	(6,249,869)
Net available revenue	<u>2,485,983</u>	<u>2,729,440</u>	<u>6,431,311</u>	<u>6,642,598</u>	<u>6,735,223</u>	<u>5,819,664</u>	<u>5,646,859</u>	<u>4,096,110</u>	<u>4,254,235</u>	<u>5,445,255</u>
Debt service:										
Principal	805,000	775,000	745,000	720,000	695,000	1,015,000	985,000	950,000	993,010	911,535
Interest	1,086,235	1,119,028	1,153,480	1,182,670	1,208,468	1,236,956	1,285,258	1,313,920	1,342,757	1,366,758
Total Debt Service	<u>1,891,235</u>	<u>1,894,028</u>	<u>1,898,480</u>	<u>1,902,670</u>	<u>1,903,468</u>	<u>2,251,956</u>	<u>2,270,258</u>	<u>2,263,920</u>	<u>2,335,767</u>	<u>2,278,293</u>
Coverage	1.31 (b)	1.44	3.39	3.49	3.54	2.58	2.49	1.81	1.82	2.39
Tax allocation bonds:										
Tax increment	-	-	-	-	-	-	-	4,359,166	7,594,352	8,854,067
Debt service:										
Principle	-	-	-	-	-	-	-	1,195,000	1,145,000	1,105,000
Interest	-	-	-	-	-	-	-	1,262,289	2,576,992	2,613,989
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,457,289</u>	<u>3,721,992</u>	<u>3,718,989</u>
Coverage	-	-	-	-	-	-	-	1.77	2.04	2.38

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
Operating expenses do not include interest or depreciation expenses.

(a) In 2018, there was an increase of Capital Contributions and Grants due to a \$3.2M transfer from Tracy Hills Pump Stations JJTP & Capital Acq.

(b) The City received \$9.7M in grant funds for Proposition 84 Delta Water Quality

Source: City of Tracy. Finance Department

**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Fiscal Year	City of Tracy							San Joaquin County				
	Population (2)	Labor Force (1)	Employment (1)	Unemployment		Census Ratios		Population (2)	Labor Force (1)	Employment (1)	Unemployment	
				Rate (1)	Number (1)	Employed (1)	Unemployed (1)				Rate (1)	Number (1)
2010	81,519	32,800	29,600	9.7%	3,200	N/A	N/A	685,306	298,900	247,200	16.40%	51,800
2011	83,418	32,900	29,800	9.6%	3,100	0.116975	0.068724	682,660	295,300	244,000	16.70%	51,300
2012	83,900	32,900	29,800	9.5%	3,100	N/A	N/A	695,750	300,300	254,800	15.10%	45,500
2013	84,060	32,700	29,600	9.5%	3,100	0.116975	0.068724	692,997	298,500	253,200	15.20%	45,300
2014	85,146	33,100	30,500	8.0%	2,600	0.134925	0.112106	701,745	298,800	260,400	12.80%	38,400
2015	85,296	41,200	38,100	7.4%	3,050	0.134182	0.112256	719,511	309,800	282,600	8.80%	27,200
2016	86,985	42,000	38,800	7.5%	3,000	N/A	N/A	733,383	316,900	288,800	8.90%	28,100
2017	87,613	42,100	39,200	6.8%	2,900	N/A	N/A	733,709	318,000	293,700	7.60%	24,168
2018	90,832	44,700	43,100	3.7%	1,700	N/A	N/A	745,424	332,400	315,700	5.00%	16,700
2019	92,800	43,700	41,800	4.4%	1,900	N/A	N/A	752,660	324,500	305,800	5.80%	18,800

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. Economic Development Department, City of Tracy

**CITY OF TRACY
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND THIRTEEN YEARS AGO**

Taxpayer Name	2019			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM	4,589	1	17.10%	-	-	-
AMAZON.COM	997	2	3.71%	-	-	-
FEDEX GROUND PACKAGE SYSTEM, INC	718	3	2.68%	-	-	-
THE HOME DEPOT #5641	505	4	1.88%	-	-	-
RESTORATION HARDWARE #903	374	5	1.39%	-	-	-
XPO LOGISTICS SUPPLY CHAIN, INC.	350	6	1.30%	-	-	-
ORCHARD SUPPLY COMPANY	303	7	1.13%	50	25	0.35%
RANDSTAD INHOUSE SERVICES LLC	264	8	0.98%	-	-	-
DHL SUPPLY CHAIN	250	9	0.93%	-	-	-
SELECT STAFFING	240	10	0.89%	-	-	-
RANDSTAD INHOUSE SERVICE LP	208	11	0.77%	-	-	-
COSTCO WHOLESALE #658	205	12	0.76%	370	1	2.62%
ROSS DRESS FOR LESS INC #1389	193	13	0.72%	-	-	-
PACIFIC MEDICAL INC	191	14	0.71%	136	11	0.96%
INTERNATIONAL PAPER	190	15	0.71%	-	-	-
OLIVE GARDEN #1582	186	16	0.69%	120	8	0.85%
RANDSTAD INHOUSE SERVICES LP	186	17	0.69%	231	5	1.63%
THE HOME DEPOT #1020	182	18	0.68%	-	-	-
WALMART #2025	175	19	0.65%	-	-	-
DHL SUPPLY CHAIN	168	20	0.63%	-	-	-
ORCHARD SUPPLY COMPANY LLC	167	21	0.62%	234	2	1.66%
TAYLOR FARMS PACIFIC INC	159	22	0.59%	-	-	-
Y R C	156	23	0.58%	-	-	-
SAFEWAY INC #2600	151	24	0.56%	200	6	1.42%
TARGET STORES T738	136	25	0.51%	125	6	0.88%
TEXAS ROADHOUSE	-	-	-	92	14	0.65%
EVERGREEN NEW HOPE	-	-	-	105	20	0.74%
LYNX INDUSTRIES INC	-	-	-	59	22	0.42%
APL LOGISTICS	-	-	-	121	7	0.86%
YELLOW TRANSPORTATION, IN	-	-	-	200	3	1.42%
BED BATH & BEYOND	-	-	-	159	4	1.13%
GEHRIG COMPONENT FRAMING	-	-	-	125	5	0.88%
SNELLING STAFF SERVICE	-	-	-	120	9	0.85%
PRIMA PRODUCTS	-	-	-	100	10	0.71%
PERMANENTE	-	-	-	96	11	0.68%
SAVE MART	-	-	-	96	12	0.68%
L&P FINANCIAL SERVICES CO	-	-	-	93	13	0.66%
PACIFIC COAST INDUSTRIES	-	-	-	80	15	0.57%
WALGREENS #02434	-	-	-	73	16	0.52%
MCDONALD'S HAMBURGERS #1	-	-	-	72	17	0.51%
WESTAFF (USA), INC.	-	-	-	70	18	0.50%
TRACY HONDA	-	-	-	68	19	0.48%
MCDONALD'S HAMBURGERS #4147	-	-	-	72	17	0.51%
PHILLIPS DELIVERY	-	-	-	59	21	0.42%
TRACY PRESS	-	-	-	54	23	0.38%
TRACY DISPOSAL SERVICE	-	-	-	51	24	0.36%
Total Top 25 Employers	11,243		41.89%	3,431		24.30%
Total Citywide Employees	26,841		100.00%	14,133		100.00%

Source: The HdL Companies

Note: No information is available for FY2009-10, FY2008-09 or FY2007-08, therefore 2007 is reported.

**CITY OF TRACY
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Legislative	5	5	5	5	5	5	5	5	5	5
City Attorney	3	4	4	4	4	4	4	5	4	4
City Treasurer	1	1	1	1	1	1	1	1	1	1
Administrative	9	8	8	7	7	7	7	7	7	7
Human Resources	9	10	9	6	6	5	5	6	6	6
Finance & Information Systems	30	34	32	26	27	24	23	23	23	23
Police	144	143	139	133	136	135	135	134	133	135
Fire	89	82	81	80	79	78	80	82	78	78
Economic Development	2	3	3	3	3	2	2	4	8	6
Development and Engineering	66	61	61	39	37	40	38	48	41	44
Public Works	92	85	84	61	46	46	46	59	59	66
Parks and Community Services	48	(a) 14	13	23	38	35	41	50	59	50
Water	31	31	30	35	39	39	39	40	40	41
Wastewater	43	25	25	26	26	27	26	28	28	29
Airport	2	2	2	2	2	2	2	1	2	2
Solid waste	4	1	1	1	1	1	1	2	1	1
Transit	3	3	3	3	2	2	2	2	2	2
Drainage	5	3	3	3	3	3	3	2	2	2
Total	586	515	504*	458	462	456	460	499	499	502

*Note: Amounts prior to 2017 do not include vacant positions.

(a) Figure includes all Part-time employees, non-PERS and PERS.

Source: Finance Department, City of Tracy

**CITY OF TRACY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government										
Building Permits Issued	3,050	2,988	2,904	2,736	2,852	1,924	1,435	1,293	915	844
Building Inspections requested	20,384	18,028	16,260	17,025	13,824	9,128	6,189	4,568	2,975	3,377
Police:										
Arrests	1,678	2,768	2,894	2,732	2,502	2,541	2,765	2,896	2,941	3,415
Parking citations issued	1,291	1,022	1,335	1,685	1,160	1,454	1,472	2,196	3,153	4,704
Traffic violations	2,705	3,320	4,630	6,341	5,450	3,798	3,519	5,281	6,668	7,347
Fire:										
Number of emergency calls	9,031	8,811	7,351	6,924	6,811	6,443	6,322	5,951	5,570	5,717
Inspections	3,002	3,374	3,785	5,164	4,071	3,333	3,114	3,416	2,383	1,614
Water:										
Water Mains (miles)	452	440	431	426	426	420	410	410	402	402
New connections	295	256	1,173	228	74	45	23	20	20	22
Maximum Daily Capacity (gallons) (millions of gallons)	57	57	57	57	57	57	57	57	57	57
Average daily consumptions (gallons) (millions of gallons)	15	17	16	13	14	15	15	15	14	16
Sewer:										
Sanitary Sewer (miles)	450	440	426	421	421	415	410	410	400	400
New connections	285	256	650	227	74	45	22	14	20	22
Average daily treatment (gallons) (millions of gallons)	9	9	9.75	10	9.5	9.5	9.5	9	9	9
Airport:										
Hangar rentals	68	76	76	62	76	76	76	76	76	76
Solid waste:										
Refuse collected (tons per day)	278	266	264	252	221	211	205	198	194	227
Recyclables collected (tons per day)	86	81	86	76	69	66	65	64	66	49
Transit:										
Average daily passengers	552	546	585	505	519	444	418	357	325	334
Total fixed route miles	344,724	341,126	302,039	594,997	313,380	228,817	237,089	226,808	152,284	158,211

Source: City of Tracy Departments

**CITY OF TRACY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations	6	6	6	6	7	7	7	7	7	7
Public works:										
Number of street lights	6,141	6,141	6,110	6,110	6,004	5,430	5,430	5,430	5,430	4,781
Number of traffic signals	75	75	85	85	84	84	78	78		
Parks and recreation:										
Number of parks	77*	77	77	77	76	76	76	76	76	76
Number of community centers	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	450	440	431	426	426	420	410	410	395	395
Wastewater										
Sanitary sewers (miles)	452	440	426	421	421	415	410	410	395	395
Airport:										
Number of hangars	76	76	76	76	76	76	76	76	76	76
Transit:										
Number of vehicles	15	15	18	15	15	15	15	15	15	14

*Ellis Village Green Park - As of December 19, 2018, City of Tracy obtained beneficial occupancy of the park, upon the conditions from the Developer. The City of Tracy is currently only doing routine maintenance at Ellis Village Green park.

Source: City of Tracy Departments

THIS PAGE INTENTIONALLY LEFT BLANK

RESOLUTION _____

ACCEPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

WHEREAS, The financial statements of the City of Tracy for the fiscal year ended June 30, 2019, have been prepared by the City's Finance Department, and

WHEREAS, The annual financial statements were examined by the independent public accounting firm of Maze and Associates, and

WHEREAS, The City prepared the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019 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, 2019, and that the statements were prepared in accordance with accounting principles generally accepted in the United States of America;

NOW, THEREFORE, BE IT RESOLVED, That the City Council does hereby accept the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

* * * * *

The foregoing Resolution _____ was passed and adopted by the Tracy City Council on the 21st day of January 2020 by the following vote:

- AYES: COUNCIL MEMBERS:
- NOES: COUNCIL MEMBERS:
- ABSENT: COUNCIL MEMBERS:
- ABSTAIN: COUNCIL MEMBERS:

Mayor

ATTEST:

City Clerk

AGENDA ITEM 1.H

REQUEST

APPROVE PROFESSIONAL SERVICES AGREEMENTS WITH KIMLEY-HORN, FIRST CARBON SOLUTIONS, DE NOVO PLANNING GROUP, LAND LOGISTICS, AND PLACEWORKS FOR ON-CALL ENVIRONMENTAL ANALYSIS (CEQA) SERVICES AND PLANNING ASSISTANCE FOR VARIOUS PROJECTS BEGINNING IN JANUARY 2020 THROUGH JUNE 2024, WITH A NOT-TO-EXCEED AMOUNT OF \$500,000 PER CONTRACT PER FISCAL YEAR

EXECUTIVE SUMMARY

This agenda item, with City Council approval would authorize the City to contract with Kimley-Horn, First Carbon Solutions, De Novo Planning Group, Land Logistics, and Placeworks for the completion of environmental analyses and planning assistance on a variety of upcoming development projects for a not-to-exceed amount of \$500,000 per consultant per fiscal year.

DISCUSSION

Development Services Department staff is working with various developers on a large number of entitlement applications, most of which include the need for environmental analyses, as well as project management and other planning assistance. Some examples include on-going development in Cordes Ranch, workforce/affordable housing policies, electronic readerboard signs, and several residential subdivision projects, many of which require General Plan and/or Zoning amendments. In consideration of the timing needs of the developers, staff is tasked with expediting the completion of the entitlements of these projects, including their necessary environmental studies.

In October 2019, the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, staff received nine proposals and selected five consultants that best fit the City's needs. As projects are submitted for review, staff will select the most appropriate consultant for assistance with each project.

STRATEGIC PLAN

This agenda item is a routine operational item and is not related to the City Council's Strategic Plans.

FISCAL IMPACT

The funding for these consultants will be through Cost Recovery Agreements executed with each developer to cover the costs of staff time and consultant work related to each project, or from the operational budget of the Development

Services Department for City-initiated projects, or from other funds, which would first be approved by Council on a case-by-case basis. The majority of the work conducted by consultants, approximately 95 percent over the last 3 years, has been funded by developers through Cost Recovery Agreements.

RECOMMENDATION

Staff recommends that the City Council, by resolution, approve the Professional Services Agreements and Billing Rates with Kimley-Horn, First Carbon Solutions, De Novo Planning Group, Land Logistics, and Placeworks for environmental analyses (CEQA) and planning assistance for various projects, with a not-to-exceed amount of \$500,000 per contract per fiscal year, beginning in January 2020 and ending in June 2024.

Prepared by: Victoria Lombardo, Senior Planner

Reviewed by: Bill Dean, Assistant Development Services Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Professional Services Agreement with Kimley-Horn
Attachment B – Professional Services Agreement with First Carbon Solutions
Attachment C – Professional Services Agreement with De Novo Planning Group
Attachment D – Professional Services Agreement with Land Logistics
Attachment E – Professional Services Agreement with Placeworks

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES,
INC., FOR ENVIRONMENTAL ANALYSIS (CEQA) AND PLANNING ASSISTANCE**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and Kimley-Horn and Associates, Inc., a North Carolina corporation (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

- A. City desires to retain Consultant to perform environmental analyses, as well as project management and other planning services; and
- B. On October 2019 the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, Consultant submitted its proposal for the Project to the City. City has determine that consultant possesses the skills, experience and certification required to provide the services.
- C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.
- D. This Agreement is being executed pursuant to Resolution No. 2020-_____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Development Services Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Laura Worthington-Forbes. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance, and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion. Notwithstanding the above, Consultant should not be responsible for delays beyond their reasonable control.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2024, unless terminated in accordance with Section 6.

3. Compensation. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit "B," attached and incorporated by reference for services performed under this Agreement.

3.1 Not to Exceed Amount. Consultant's total compensation under this Agreement shall not exceed \$500,000 per fiscal year. Effective January 1, 2020, Consultant's billing rates under this Agreement may be annually increased in January of each year to the lesser of 3% or the annual increase in the Cost of Living Index – All items, for the Sacramento Metropolitan Region. Consultant's billing rates shall cover all costs and expenses for Consultant's performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City's prior written approval.

3.2 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City's designated development application number.

3.2.2 Consultant's failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City's receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant's negligent performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, "City" means the City, its officials, officers, agents, employees and volunteers; "Consultant" means the Consultant, its employees, agents and subcontractors; "Claims" includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and "Arising out of" includes "pertaining to" and "relating to".

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) "per occurrence" coverage shall be maintained in an amount not less than \$4,000,000 general

aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the

aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:
Bill Dean
Assistant DS Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

To Consultant:
Laura Worthington-Forbes
Principal-in-Charge
Kimley-Horn and Associates, Inc.
100 West San Fernando St. Ste. 250
San Jose, CA 95113

With a copy to:
City Attorney

333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

The Parties agree to the full performance of the terms set forth here.

City of Tracy

By: Robert Rickman
Title: Mayor

Date: _____

Attest:


Adrienne Richardson, City Clerk

Approved as to form:

Leticia M. Ramirez, City Attorney

Consultant

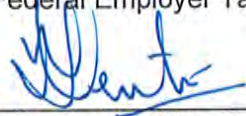
Kimley-Horn and Associates, Inc., a North Carolina corporation



By: Laura Worthington-Forbes
Title: Regional Vice President

Date: 12-19-19

Federal Employer Tax ID No. 56-0885615



By: Frederik Venter
Title: Assistant Secretary

PE# 64621

Date: 12/19/2019

KHACA
17

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A - Scope of Work

Consultant shall complete various tasks related to the environmental review and analysis of development projects as assigned by City staff through individual notices to proceed for each development project. Said projects may include but not be limited to Development Review Permits, Conditional Use Permits, Specific Plans, Planned Unit Developments, Tracy Municipal Code Amendments, grant applications, and Annexations.

These tasks shall consist of the following:

- a. Determining the necessary level of CEQA compliance (exemption, Initial Study, Negative Declaration, EIR), and completing the documentation of environmental compliance per the requirements of the CEQA Guidelines, including technical analyses as necessary for traffic, air quality, and greenhouse gases and other specialty studies as deemed appropriate.
- b. Processing development project applications, including evaluating proposed plans against City zoning, design and specific plan standards, report writing, interacting with property owners and developers, presenting at public meetings, attending public and internal meetings, and project management.
- c. Any other tasks associated with the review and processing of development project applications submitted to the City of Tracy for approval.

EXHIBIT B - Compensation

Hourly Rate Schedule

Classification	Rate
Analyst	\$120 - \$175
Professional	\$165 - \$240
Senior Professional I	\$195 - \$265
Senior Professional II	\$255 - \$380
Senior Technical Support	\$125 - \$200
Support Staff	\$90 - \$120
Technical Support	\$90 - \$120

Effective through June 30, 2020 Subject to annual adjustment thereafter.

Internal Reimbursable Expenses will be charged at 5% of Labor Billings.

External Reimbursable Expenses will be charged at 10% mark-up, or per the Contract Sub-Consultants will be billed per the Contract

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH FIRSTCARBON SOLUTIONS FOR
ENVIRONMENTAL ANALYSIS (CEQA) AND PLANNING ASSISTANCE**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and FirstCarbon Solutions (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

- A. City desires to retain Consultant to perform environmental analyses, as well as project management and other planning services; and
- B. On October 2019 the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, Consultant submitted its proposal for the Project to the City. City has determine that consultant possesses the skills, experience and certification required to provide the services.
- C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.
- D. This Agreement is being executed pursuant to Resolution No. 2020-_____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Development Services Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Mary Bean. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance, and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2024, unless terminated in accordance with Section 6.

3. Compensation. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit "B," attached and incorporated by reference for services performed under this Agreement.

3.1 Not to Exceed Amount. Consultant's total compensation under this Agreement shall not exceed \$500,000 per fiscal year. Effective January 1, 2020, Consultant's billing rates under this Agreement may be annually increased in January of each year to the lesser of 3% or the annual increase in the Cost of Living Index – All items, for the Sacramento Metropolitan Region. Consultant's billing rates shall cover all costs and expenses for Consultant's performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City's prior written approval.

3.2 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City's designated development application number.

3.2.2 Consultant's failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City's receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant's performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, "City" means the City, its officials, officers, agents, employees and volunteers; "Consultant" means the Consultant, its employees, agents and subcontractors; "Claims" includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and "Arising out of" includes "pertaining to" and "relating to".

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) "per occurrence" coverage shall be maintained in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:
Bill Dean
Assistant DS Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

To Consultant:
Mary Bean
Project Director
FirstCarbon Solutions
1350 Treat Boulevard, Suite 380
Walnut Creek, CA 94597

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

The Parties agree to the full performance of the terms set forth here.

City of Tracy

Consultant
FirstCarbon Solutions

By: Robert Rickman
Title: Mayor

Mary Bean

By: Mary Bean
Title: Vice President

Date: _____

Date: 12/13/19

Attest:

Federal Employer Tax ID No. 95-3782289

Adrienne Richardson, City Clerk

Robert Francisco

By: Robert Francisco
Title: President and CFO

Approved as to form:

By: Robert Francisco
Title: President and CFO

Leticia M. Ramirez, City Attorney

Date: 12/13/19

C. Patrick Schultz

By: C. Patrick Schultz
Title: COO

Date: 12/12/19

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A - Scope of Work

Consultant shall complete various tasks related to the environmental review and analysis of development projects as assigned by City staff through individual notices to proceed for each development project. Said projects may include but not be limited to Development Review Permits, Conditional Use Permits, Specific Plans, Planned Unit Developments, Tracy Municipal Code Amendments, grant applications, and Annexations.

These tasks shall consist of the following:

- a. Determining the necessary level of CEQA compliance (exemption, Initial Study, Negative Declaration, EIR), and completing the documentation of environmental compliance per the requirements of the CEQA Guidelines, including technical analyses as necessary for traffic, air quality, and greenhouse gases and other specialty studies as deemed appropriate.
- b. Processing development project applications, including evaluating proposed plans against City zoning, design and specific plan standards, report writing, interacting with property owners and developers, presenting at public meetings, attending public and internal meetings, and project management.
- c. Any other tasks associated with the review and processing of development project applications submitted to the City of Tracy for approval.

EXHIBIT B - Compensation

2019 FEE SCHEDULE

Consultant is a leading provider of environmental and regulatory compliance, planning and entitlement, air quality and greenhouse gas emissions, biological and cultural resources management, noise management, restoration planning and monitoring, and energy, sustainability, and carbon management services. Compensation is based on the following fee schedule and charges.

FCS Personnel	Hourly Labor Rate (\$)
Director I/Product Development Director	\$250
Associate Director/Sr. Team Leader II/Sr. Program Leader II	\$220
Legal Counsel	\$190
Sr. Team Leader I/Sr. Program Leader I	\$210
Senior Project Manager III/Senior Scientist III/Senior Regulatory Scientist III	\$190
Senior Project Manager II/Senior Scientist II/Senior Regulatory Scientist II	\$180
Senior Project Manager I/Senior Scientist I/Senior Regulatory Scientist I	\$160
Project Manager III/Scientist III/Regulatory Scientist III	\$150
Project Manager II/Scientist II/Regulatory Scientist II	\$140
Project Manager I/Scientist I/Regulatory Scientist I	\$130
Assistant Project Manager II/Assistant Regulatory Scientist II	\$120
Assistant Project Manager I/Assistant Regulatory Scientist I	\$110
Environmental/Technical/Regulatory Analyst III	\$95
Environmental/Technical/Regulatory Analyst II	\$80
Environmental/Technical/Regulatory Analyst I	\$70
Publications Coordinator/Technical Editor	\$100
Senior Graphic Designer/GIS Manager	\$140
GIS/CADD Specialist II	\$125
GIS/CADD Specialist I	\$100
Graphic Designer	\$90
Word Processor	\$95
Reprographics Manager	\$80
Reprographics Assistant	\$75
Administrative Assistant/Accounting/Clerical	\$70
Intern	\$65

Other Labor Rates

Labor rates for expert testimony, litigation support, and depositions/court appearances will be billed at a minimum of two times the above rates. If additional services are authorized during the performance of a contract, compensation will be based on the fee schedule in effect at the time the services are authorized.

Direct Expenses

Direct costs and out-of-pocket expenses are billed as follows:

1. Out-of-pocket expenses, including but not limited to, travel, messenger service, reprographics, lodging, meals, blueprint, reproduction, and photographic services: Cost, as charged to Consultant, plus a 10% administrative fee.
2. Subcontractors' fees: Cost, as charged to Consultant, plus a 10% administrative fee.
3. Passenger Cars: \$0.58 per mile.
4. Four-wheel drive vehicles: \$75.00 per day (\$0.58 per mile).
5. Reprographic/Printing Services
 - Black & White prints (8.5 x 11–11 x 17) \$0.06 to \$0.12/page
 - Color prints (8.5 x 11–11 x 17) \$0.75 to \$1.25/page
 - See Reprographics Fee Schedule for additional services/charges (provided upon request).
6. Records checks: Fees vary by facility and project.
7. Museum curation: Fees vary by city and project.
8. Cultural resources storage/curation of fossil and artifact collections: Cost, as charged to Consultant.
9. Per Diem: Fees charged at the USA Federal (GSA) Rate. Lodging surcharge may apply in high rate areas.
10. USFWS/CDFW impacts or mitigation fees: Cost, as charged to Consultant.

Terms

Compensation and direct expenses are invoiced monthly and payable upon receipt or as codified in project specific contract.

Rates effective May 1, 2019

CERTIFICATE OF CORPORATE RESOLUTION

AUTHORIZING SIGNATORY AUTHORITY TO EXECUTE CONTRACTS

I, Robert Francisco, President of the Board of Directors of FCS International, Inc., organized and existing under the laws of the State of California and having its principal place of business at 250 Commerce, Suite 250, Irvine, California, hereby certify that the following is a true and correct copy of a resolution adopted by the Board of Director of the Corporation at a meeting convened electronically and held on September 3, 2019, at which a quorum was present in person or by proxy and that such resolution is now in full force and effect and is in accordance with the provisions of the charter an by-laws of the Corporation.

Whereas it is the desire of the Board of Directors to grant authorization to specific individuals of the Company to act in behalf of the Corporation to review, approve and execute favorable contracts.

It is hereby resolved that the following individuals have the authority to bind and sign on behalf of FCS International, Inc. and its legally registered fictitious business names Michael Brandman Associates, MBA, FirstCarbon Solutions | Michael Brandman Associates, FirstCarbon Solutions, ADEC Innovations, ADEC-I and FCS as follows:

1. The agents listed below have authority to execute all client contracts with a value of up to Fifty thousand dollars (\$50,000.00):

Dana DePietro, as Associate Director of FCS International, Inc.

2. The agents listed below have authority to execute all client contracts with a value of up to one hundred thousand dollars (\$100,000.00) as the business line leaders:

Mary Bean, as Director of FCS International, Inc.

Jason Brandman, as Director of FCS International, Inc.

Kyle Forsgren, as Director of FCS International, Inc.

Dan Iorg, as Chief Information Officer of FCS International, Inc.

Lance Pierce, as President of Global Development of FCS International, Inc.

Kerri N. Tuttle, as Director of FCS International, Inc.

3. Any client contract over one hundred thousand dollars (\$100,000.00) must be executed by the business line leader identified in item 1 above and the Chief Operations Officer, C. Patrick Schultz, or the President, Robert A. Francisco.
4. Both the Chief Operations Officer, C. Patrick Schultz, and the President, Robert A. Francisco, must execute any client contract valued at more than dollars (\$250,000.00).
5. Any non-client contract may be signed by either the Chief Operations Officer, C. Patrick Schultz, or the President, Robert A. Francisco, unless the contract value is greater than Fifty Thousand (\$50,000.00) which shall require the signatures of both the COO and President.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]

CERTIFICATE OF CORPORATE RESOLUTION

AUTHORIZING SIGNATORY AUTHORITY TO EXECUTE CONTRACTS (CONT.)

This Resolution is effective as of the date of its adoption.

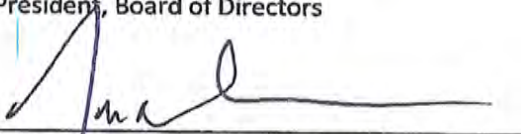
IN WITNESS THEREOF, the undersigned has executed.



Robert Francisco
President, Board of Directors

9/20/2019 - IRVINE, CA

Date and Location



Carol Esguerra, by James Donovan
Secretary, Board of Directors

9/23/2019 - MANILA, PHILS.

Date and Location

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH DE NOVO PLANNING GROUP FOR
ENVIRONMENTAL ANALYSIS (CEQA) AND PLANNING ASSISTANCE**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and De Novo Planning Group, a California corporation (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

- A. City desires to retain Consultant to perform environmental analyses, as well as project management and other planning services; and
- B. On October 2019 the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, Consultant submitted its proposal for the Project to the City. City has determine that consultant possesses the skills, experience and certification required to provide the services.
- C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.
- D. This Agreement is being executed pursuant to Resolution No. 2020-_____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Development Services Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Ben Ritchie, Principal. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance, and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2024, unless terminated in accordance with Section 6.

3. Compensation. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit “B,” attached and incorporated by reference for services performed under this Agreement.

3.1 Not to Exceed Amount. Consultant’s total compensation under this Agreement shall not exceed \$500,000 per fiscal year. Effective January 1, 2020, Consultant’s billing rates under this Agreement may be annually increased in January of each year to the lesser of 3% or the annual increase in the Cost of Living Index – All items, for the Sacramento Metropolitan Region. Consultant’s billing rates shall cover all costs and expenses for Consultant’s performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City’s prior written approval.

3.2 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City’s designated development application number.

3.2.2 Consultant’s failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City’s receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant’s performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, “City” means the City, its officials, officers, agents, employees and volunteers; “Consultant” means the Consultant, its employees, agents and subcontractors; “Claims” includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and “Arising out of” includes “pertaining to” and “relating to”.

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) “per occurrence” coverage shall be maintained in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:
Bill Dean
Assistant DS Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

To Consultant:
Ben Ritchie, Principal
De Novo Planning Group
1020 Suncastr Lane, Suite 106
El Dorado Hills, CA 95762

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant’s proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant’s proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

The Parties agree to the full performance of the terms set forth here.

City of Tracy

By: Robert Rickman
Title: Mayor

Date: _____

Attest:

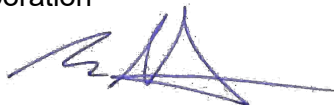
Adrienne Richardson, City Clerk

Approved as to form:

Leticia M. Ramirez, City Attorney

Consultant

De Novo Planning Group, a California corporation



By: Ben Ritchie
Title: CEO

Date: __12/13/19_____

Federal Employer Tax ID No. 26-2962235

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A - Scope of Work

Consultant shall complete various tasks related to the environmental review and analysis of development projects as assigned by City staff through individual notices to proceed for each development project. Said projects may include but not be limited to Development Review Permits, Conditional Use Permits, Specific Plans, Planned Unit Developments, Tracy Municipal Code Amendments, grant applications, and Annexations.

These tasks shall consist of the following:

- a. Determining the necessary level of CEQA compliance (exemption, Initial Study, Negative Declaration, EIR), and completing the documentation of environmental compliance per the requirements of the CEQA Guidelines, including technical analyses as necessary for traffic, air quality, and greenhouse gases and other specialty studies as deemed appropriate.
- b. Processing development project applications, including evaluating proposed plans against City zoning, design and specific plan standards, report writing, interacting with property owners and developers, presenting at public meetings, attending public and internal meetings, and project management.
- c. Any other tasks associated with the review and processing of development project applications submitted to the City of Tracy for approval.

EXHIBIT B - Compensation

Principal/Project Manager:	\$140/hour
Senior Planner:	\$125/hour
Associate Planner:	\$110/hour
Assistant Planner:	\$95/hour
GIS/Graphics:	\$85/hour

Consultant does not charge for travel, mileage or meals, nor does consultant markup subconsultant costs. Direct costs are limited to charges for document printing and ship, and consultant does not mark these charges up.

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH LAND LOGISTICS FOR
ENVIRONMENTAL ANALYSIS (CEQA) AND PLANNING ASSISTANCE**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and Land Logistics, Inc., a California corporation (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

- A. City desires to retain Consultant to perform environmental analyses, as well as project management and other planning services; and
- B. On October 2019 the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, Consultant submitted its proposal for the Project to the City. City has determine that consultant possesses the skills, experience and certification required to provide the services.
- C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.
- D. This Agreement is being executed pursuant to Resolution No. 2020-_____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Development Services Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Brian Millar, Principal. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance, and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2024, unless terminated in accordance with Section 6.

3. Compensation. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit "B," attached and incorporated by reference for services performed under this Agreement.

3.1 Not to Exceed Amount. Consultant's total compensation under this Agreement shall not exceed \$500,000 per fiscal year. Effective January 1, 2020, Consultant's billing rates under this Agreement may be annually increased in January of each year to the lesser of 3% or the annual increase in the Cost of Living Index – All items, for the Sacramento Metropolitan Region. Consultant's billing rates shall cover all costs and expenses for Consultant's performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City's prior written approval.

3.2 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City's designated development application number.

3.2.2 Consultant's failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City's receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant's performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, "City" means the City, its officials, officers, agents, employees and volunteers; "Consultant" means the Consultant, its employees, agents and subcontractors; "Claims" includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and "Arising out of" includes "pertaining to" and "relating to".

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) "per occurrence" coverage shall be maintained in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:
Bill Dean
Assistant DS Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

To Consultant:
Brian Millar, Principal
Land Logistics
216 F Street #38
Davis, CA 95616

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

The Parties agree to the full performance of the terms set forth here.

City of Tracy

Consultant

Land Logistics, Inc., a California corporation

By: Robert Rickman
Title: Mayor

By: Brian Millar
Title: President

Date: _____

Date: 12-12-19

Attest:

Federal Employer Tax ID No. 20-2768148

Adrienne Richardson, City Clerk

By: Brian Millar

Title: Secretary

Approved as to form:

Date: 12-12-19

Leticia M. Ramirez, City Attorney

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A - Scope of Work

Consultant shall complete various tasks related to the environmental review and analysis of development projects as assigned by City staff through individual notices to proceed for each development project. Said projects may include but not be limited to Development Review Permits, Conditional Use Permits, Specific Plans, Planned Unit Developments, Tracy Municipal Code Amendments, grant applications, and Annexations.

These tasks shall consist of the following:

- a. Determining the necessary level of CEQA compliance (exemption, Initial Study, Negative Declaration, EIR), and completing the documentation of environmental compliance per the requirements of the CEQA Guidelines, including technical analyses as necessary for traffic, air quality, and greenhouse gases and other specialty studies as deemed appropriate.
- b. Processing development project applications, including evaluating proposed plans against City zoning, design and specific plan standards, report writing, interacting with property owners and developers, presenting at public meetings, attending public and internal meetings, and project management.
- c. Any other tasks associated with the review and processing of development project applications submitted to the City of Tracy for approval.

EXHIBIT B - Compensation

Fees for this contract are as follows:

- Mr. Millar's hourly rate ranges from \$155 to \$175
- Mr. Gonzalez's hourly rate ranges from \$150 to \$170
- Certain projects may allow for determination of a flat-rate fee, or for Task Order-based assignments to be performed on a not-to-exceed fee basis. This will be determined in discussions with City staff prior to commencing work on each project, and would be finalized in project-specific Task Orders under the Master Services Agreement
- Direct costs (reproduction, mailing, and any similar project-related expenses) will be billed at cost + 10 percent

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH PLACEWORKS, INC., FOR
ENVIRONMENTAL ANALYSIS (CEQA) AND PLANNING ASSISTANCE**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and PlaceWorks, Inc., a California corporation (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

- A. City desires to retain Consultant to perform environmental analyses, as well as project management and other planning services; and
- B. On October 2019 the City published a Request for Proposals for assistance with environmental (CEQA) studies and documentation and other assistance to planning staff as required. On October 31, 2019, Consultant submitted its proposal for the Project to the City. City has determine that consultant possesses the skills, experience and certification required to provide the services.
- C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.
- D. This Agreement is being executed pursuant to Resolution No. 2020-_____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Development Services Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Steve Noach, Principal. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance, and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2024, unless terminated in accordance with Section 6.

3. Compensation. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit “B,” attached and incorporated by reference for services performed under this Agreement.

3.1 Not to Exceed Amount. Consultant’s total compensation under this Agreement shall not exceed \$500,000 per fiscal year. Effective January 1, 2020, Consultant’s billing rates under this Agreement may be annually increased in January of each year to the lesser of 3% or the annual increase in the Cost of Living Index – All items, for the Sacramento Metropolitan Region. Consultant’s billing rates shall cover all costs and expenses for Consultant’s performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City’s prior written approval.

3.2 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City’s designated development application number.

3.2.2 Consultant’s failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City’s receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant’s performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, “City” means the City, its officials, officers, agents, employees and volunteers; “Consultant” means the Consultant, its employees, agents and subcontractors; “Claims” includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and “Arising out of” includes “pertaining to” and “relating to”.

(The duty of a “design professional” to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) “per occurrence” coverage shall be maintained in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:
Bill Dean
Assistant DS Director
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

To Consultant:
Steve Noack
Principal
PlaceWorks, Inc.
1625 Shattuck Avenue, Suite 300
Berkeley, CA 94709

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

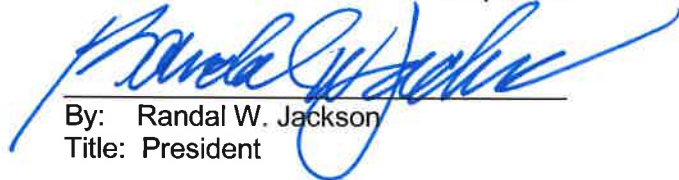
The Parties agree to the full performance of the terms set forth here.

City of Tracy

Consultant

PlaceWorks, Inc., a California corporation

By: Robert Rickman
Title: Mayor



By: Randal W. Jackson
Title: President

Date: _____

Date: 12-18-19

Federal Employer Tax ID No. 95-2975827

Attest:

Adrienne Richardson, City Clerk



By: Keith McCann
Title: Secretary

Approved as to form:

Date: 12-18-19

Leticia M. Ramirez, City Attorney

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A - Scope of Work

Consultant shall complete various tasks related to the environmental review and analysis of development projects as assigned by City staff through individual notices to proceed for each development project. Said projects may include but not be limited to Development Review Permits, Conditional Use Permits, Specific Plans, Planned Unit Developments, Tracy Municipal Code Amendments, grant applications, and Annexations.

These tasks shall consist of the following:

- a. Determining the necessary level of CEQA compliance (exemption, Initial Study, Negative Declaration, EIR), and completing the documentation of environmental compliance per the requirements of the CEQA Guidelines, including technical analyses as necessary for traffic, air quality, and greenhouse gases and other specialty studies as deemed appropriate.
- b. Processing development project applications, including evaluating proposed plans against City zoning, design and specific plan standards, report writing, interacting with property owners and developers, presenting at public meetings, attending public and internal meetings, and project management.
- c. Any other tasks associated with the review and processing of development project applications submitted to the City of Tracy for approval.

EXHIBIT B - Compensation

2019 Standard Fee Schedule

STAFF LEVEL	HOURLY BILL RATE
Principal	\$215-\$335
Associate Principal	\$185-\$230
Senior Associate/Senior Scientist	\$165-\$210
Associate/Scientist	\$135-\$180
Project Planner/Project Scientist	\$105-\$135
Planner/Assistant Scientist	\$95-\$110
Graphics Specialist	\$65-\$160
Administrator	\$145-\$195
Clerical/Word Processing	\$45-\$140
Intern	\$75-\$95

Office Expenses (phone, fax, etc.) Billed at 2% of PlaceWorks labor

Subconsultants are billed at cost plus 10%.

Mileage reimbursement rate is the standard IRS-approved rate.

RESOLUTION 2020-_____

APPROVING PROFESSIONAL SERVICE AGREEMENTS WITH KIMLEY-HORN, FIRST CARBON SOLUTIONS, DE NOVO PLANNING GROUP, LAND LOGISTICS, AND PLACEWORKS TO AUGMENT STAFF RESOURCES RELATED TO THE ENVIRONMENTAL DOCUMENTATION AND OTHER PLANNING ASSISTANCE FOR VARIOUS PROJECTS, AND AUTHORIZING ADMINISTRATIVE APPROVALS TO INITIATE WORK, WITH A NOT-TO-EXCEED AMOUNT OF \$500,000 PER CONTRACT PER FISCAL YEAR, BEGINNING IN JANUARY 2020 THROUGH JUNE 2024

WHEREAS, Staff is processing various applications that require environmental analyses and the completion and review of the appropriate entitlement documents, and

WHEREAS, The project applicants expect the timely completion of the required environmental documentation and entitlements, and

WHEREAS, In October 2019, the Development Services Department published a Request for Proposals for environmental documentation and planning assistance for the projects, and

WHEREAS, On October 31, 2019, Kimley-Horn, First Carbon Solutions, De Novo Planning Group, Land Logistics, and Placeworks, along with several other consulting firms submitted proposals to the City, and

WHEREAS, The proposals submitted by Kimley-Horn, First Carbon Solutions, De Novo Planning Group, Land Logistics, and Placeworks best meet the City's needs by demonstrating the competence and professional qualifications necessary for the preparation of appropriate environmental analyses and to assist planning staff as otherwise necessary;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby approves the Professional Services Agreements and Billing Rates with Kimley-Horn, First Carbon Solutions, De Novo Planning Group, Land Logistics, and Placeworks, with a not-to-exceed amount of \$500,000 per contract per fiscal year beginning in January 2020 through June 2024.

* * * * *

The foregoing Resolution 2020-_____ was adopted by the City Council on the 21st day of January 2020, by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.I

REQUEST

APPROVE A NEW CAPITAL IMPROVEMENT PROJECT (CIP 74161) FOR THE REPLACEMENT OF SANITARY SEWER LATERALS ALONG HIGHLAND AVENUE BETWEEN EL PORTAL STREET AND HOLLY DRIVE, AND EL PORTAL STREET FROM ELEVENTH STREET TO THE END, AND AUTHORIZE AN APPROPRIATION OF \$180,000 FROM THE WASTEWATER CAPITAL FUND (F523) TO THE NEW PROJECT

EXECUTIVE SUMMARY

Staff is requesting that the City Council authorize the establishment of a Capital Improvement Project (CIP) for the replacement of sanitary laterals along Highland Avenue and El Portal Street, and staff recommends appropriating the funds from the Wastewater Capital Fund (F523).

DISCUSSION

Highland Avenue and El Portal Street will be resurfaced in the second quarter of 2020 as part of FY2019 Street Patch & Overlay Program Phase II, CIP 73166. The main sanitary sewer lines are in good condition, but the sewer laterals are in need of replacement. To avoid trenching newly resurfaced streets within the first year it is necessary to replace the laterals along both streets ahead of resurfacing. The preliminary cost estimate of the Project is \$180,000.

STRATEGIC PLAN

This agenda is a routine item and not related to the Council's Strategic Plan.

FISCAL IMPACT

Staff is requesting a new CIP (74161) for the replacement of sanitary laterals along Highland Avenue and El Portal Street. This Project will be funded from an appropriation from the Wastewater Capital Fund (F523) in the amount of \$180,000. There are sufficient funds for this request.

RECOMMENDATION

That City Council, by resolution, approve a new Capital Improvement Project (CIP 74161) for the replacement of sanitary sewer laterals along Highland Avenue between El Portal Street and Holly Drive, and El Portal Street from Eleventh Street to the end, and approve an appropriation of \$180,000 from the Wastewater Capital Fund (F523) to the new Project.

Agenda Item 1.I
January 21, 2020
Page 2

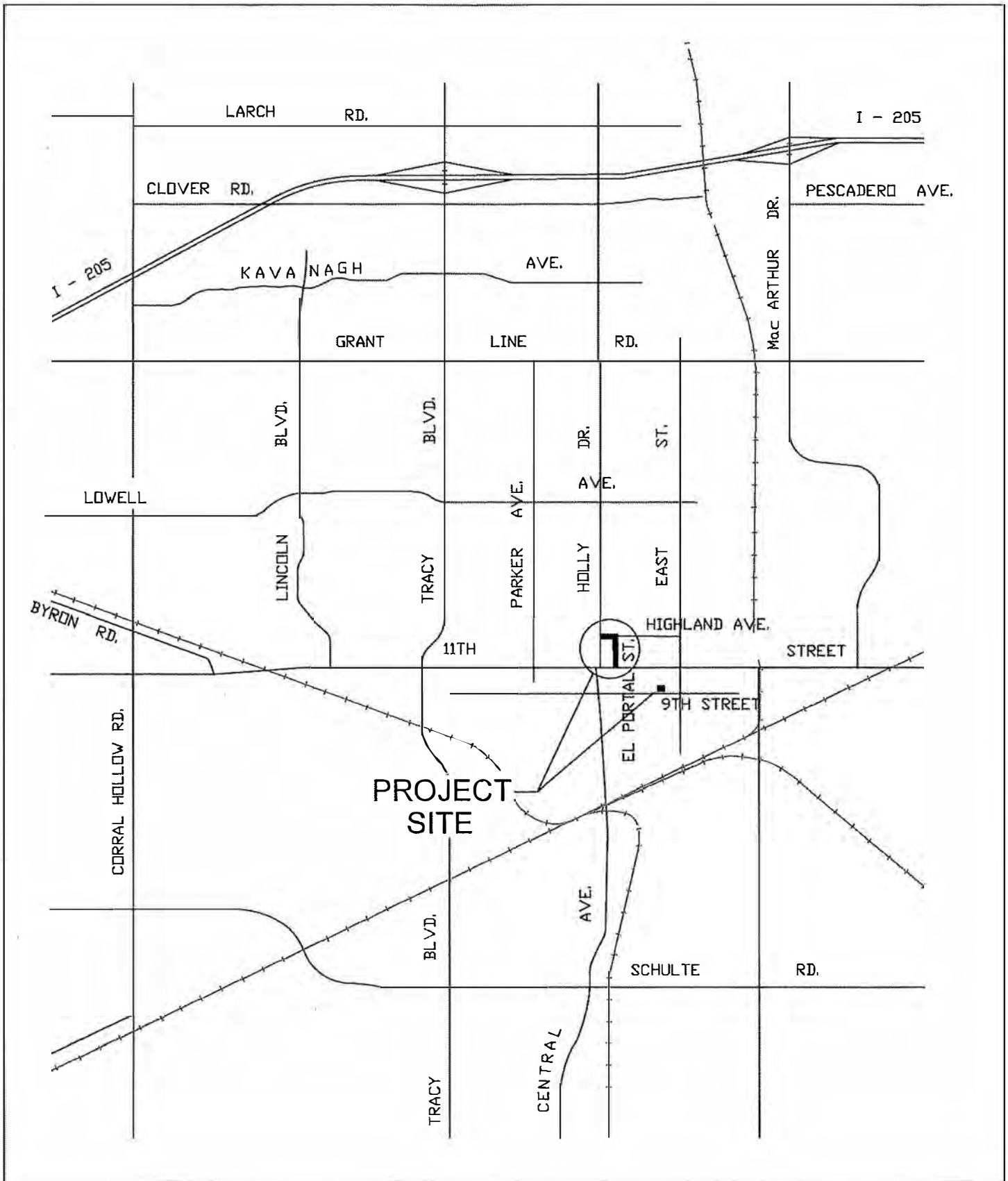
Prepared by: Zabih Zaca, PE, Senior Civil Engineer

Reviewed by: Robert Armijo, PE, City Engineer / Assistant Development Services Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Location Map



LOCATION MAP

NOT TO SCALE



RESOLUTION 2020-_____

APPROVING A NEW CAPITAL IMPROVEMENT PROJECT (CIP 74161) FOR THE REPLACEMENT OF SANITARY SEWER LATERALS ALONG HIGHLAND AVENUE BETWEEN EL PORTAL STREET AND HOLLY DRIVE, AND EL PORTAL STREET FROM ELEVENTH STREET TO THE END, AND APPROVING AN ALLOCATION OF \$180,000 FROM THE WASTEWATER CAPITAL FUND (F523) TO THE NEW PROJECT

WHEREAS, Highland Avenue between El Portal Street and Holly Drive is scheduled for resurfacing in the beginning of 2020, and

WHEREAS, The sanitary sewer laterals along Highland Avenue and El Portal Street are in poor condition and need to be replaced, and

WHEREAS, To avoid trenching of newly resurfaced street within a year, it is necessary to replace all sanitary sewer laterals along Highland Avenue and El Portal Street ahead of resurfacing of said streets;

NOW, THEREFORE BE IT RESOLVED, That the City Council of the City of Tracy hereby approves a new Capital Improvement Project (CIP 74161) for the replacement of laterals along Highland Avenue between El Portal Street and Holly Drive, and El Portal Street from Eleventh Street to the end, and approves an appropriation of funds from the Wastewater Capital Fund (F523) in the amount of \$180,000 to the new Project.

* * * * *

The foregoing Resolution 2020-_____ was adopted by the Tracy City Council on the 21st day of January 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.J

REQUEST

ADOPT CITY COUNCIL STRATEGIC PRIORITIES, GOALS AND OBJECTIVES THROUGH CALENDAR YEAR 2020, WHICH INCLUDE QUALITY OF LIFE, ECONOMIC DEVELOPMENT, PUBLIC SAFETY, AND GOVERNANCE

EXECUTIVE SUMMARY

On October 2, 2019, the Tracy City Council held a Special Meeting to discuss strategic planning priorities as part of its annual goal setting process. Staff returned to Council on December 17, 2019 to present a draft Strategic Priorities Workplan based on the workshop discussions, activities, and outcomes. Council has requested amendments to the draft workplan, which have been incorporated for final approval.

DISCUSSION

On December 17, 2019, staff presented a draft workplan to Council which outlines organizational goals and objectives to be accomplished in the current year. The goals and objectives have been organized under the following categories: Quality of Life; Economic Development; Public Safety; and Governance. Council feedback was gathered and incorporated into the workplan (Table 3).

Table 3 – Draft Strategic Priorities Workplan

Council Strategic Priorities and Objectives	
Quality of Life	<p>Goal 1: Facilitate the Completion of Measure V Amenities</p> <p><i>Objective 1: Implement Council Direction to Partner with Developer (Surland) to Develop Conceptual Design Plan Reflecting Key Aquatic Elements not to Exceed \$65 Million</i></p> <p><i>Objective 2: Provide Update to Council Regarding Measure V Project Priorities and Develop a Implementation Plan</i></p> <p>Goal 2: Advance Infrastructure Projects to Improve Citywide Traffic Conditions</p> <p><i>Objective 1: Pursue Grant Funding to Accelerate Roadway Infrastructure Projects (e.g. EDA, BUILD, INFRA)</i></p> <p><i>Objective 2: Work with San Joaquin County and CalTrans to Modify Regional Traffic Signals to Improve Commuter Flow for Tracy Residents</i></p> <p><i>Objective 3: Consolidate Finance and Implementation Plan (FIP) Areas to Advance Funding for Priority Roadway Infrastructure Projects</i></p>

	<p>Goal 3: Develop a Homelessness Strategic Plan</p> <p><i>Objective 1: Work with Residents, Local Businesses, and Social/Community Service Partners to Identify Strategic Initiatives to Address Homelessness in Tracy</i></p> <p><i>Objective 2: Explore Opportunities to Provide Temporary and/or Permanent Housing for Homeless in Tracy</i></p> <p><i>Objective 3: Facilitate Partnerships and Implement Strategies to Enhance Resources to Proactively Address Citywide Encampments</i></p> <p>Goal 4: Engage in Efforts to Increase Inventory of Affordable and Workforce Housing in Tracy</p> <p><i>Objective 1: Award existing former RDA Funding to approved applicants in response to the City's Affordable Rental Housing RFP for the purposes of developing/redeveloping extremely-low and low-income affordable housing units in Tracy</i></p> <p><i>Objective 2: Rezone sites for multi-family development to be consistent with General Plan designations for Medium and High Density Residential Zoning</i></p> <p><i>Objective 3: Propose Tracy Municipal Code amendments to promote availability of affordable housing</i></p> <p><i>Objective 4: Modify the City's Design Goals and Standards to create objective standards for multi-family development</i></p>
<p>Economic Development</p>	<p>Goal 1: Continue to Support Valley Link</p> <p><i>Objective 1: Work with Regional Rail Authority and Area Partners to Expand Support for Transportation Initiatives</i></p> <p><i>Objective 2: Continue to Prioritize Valley Link Within the Local, State and Federal Lobbying Efforts</i></p> <p>Goal 2: Develop and Implement Cannabis Regulations</p> <p><i>Objective 1: Establish Application and Permit Process</i></p> <p><i>Objective 2: Facilitate Partnerships with Cannabis Businesses</i></p> <p><i>Objective 3: Accept Applications in Spring 2020</i></p> <p>Goal 3: Continue to Advance Transit Oriented Development Opportunities</p> <p><i>Objective 1: Work with Downtown Property Owners and Other Stakeholders to Develop a Transit Oriented Development District</i></p> <p><i>Objective 2: Work with Valley Link and Other Stakeholders to Develop the Downtown Station</i></p> <p><i>Objective 3: Identify Other Key Opportunity Sites to Facilitate Development of TOD Plan, Upon Adoption</i></p>

	<p>Goal 4: Attract Businesses in Targeted Industries that Meet the Needs and Desires of the Community</p> <p><i>Objective 1: Issue Community Retail & Entertainment Survey to Determine the Needs and Desires of the Community</i></p> <p><i>Objective 2: Implement Marketing Campaign to Target Specific Businesses & Industries that provide Head-of-Household Jobs</i></p> <p><i>Objective 3: Collaborate with Statewide, Regional, and Local Economic Development Organizations to Promote Tracy for Corporate Business Expansion</i></p> <p><i>Objective 4: Attend Industry Conferences and Tradeshows to Augment Marketing Campaign to reach Targeted Businesses & Industries</i></p> <p><i>Objective 5: Develop Business Incentives aimed at targeted businesses / industry</i></p>
Public Safety	<p>Goal 1: Support Efforts to Enhance Citywide Traffic Conditions</p> <p><i>Objective 1: Identify Trends to Inform Traffic Management Approach and Resource Allocation</i></p> <p><i>Objective 2: Coordinate Multi-Department/Stakeholder Team to Address Issues (e.g. PD, Engineering, TUSD, CHP)</i></p> <p><i>Objective 3: Implement a System to Solicit Community Feedback and Assess Effectiveness of Police Response of the Response and Recommend Adjustments as Necessary</i></p> <p>Goal 2: Develop a Homelessness Strategic Plan</p> <p><i>Objective 1: Work with Residents, Local Businesses, and Social/Community Service Partners to Identify Strategic Initiatives to Address Public Health and Safety Issues</i></p> <p><i>Objective 2: Facilitate Public Safety and Community Partnerships to Proactively Address Citywide Encampments</i></p> <p><i>Objective 3: Identify and Pursue Resources to Enhance Our Response to Homelessness-related Issues</i></p> <p>Goal 3: Strengthen Community Safety through Crime Prevention Reduction Activities</p> <p><i>Objective 1: Leverage technology to enhance public safety awareness, response, and performance</i></p> <p><i>Objective 2: Strengthen community connection and collaboration, and crime prevention activities</i></p> <p><i>Objective 3: Provide training to officers on 21st Century Policing in order to better serve residents, and meet and exceed public safety industry standards</i></p>

	<p>Goal 4: Enhance Citywide Emergency Management Capabilities</p> <p><i>Objective 1: Finalize Citywide Emergency Response Plan</i></p> <p><i>Objective 2: Develop an internal business continuity plan to ensure ongoing City operations in the event of an emergency</i></p> <p><i>Objective 3: Deliver emergency preparedness training and education programs to staff, elected officials, and the community</i></p>
Governance	<p>Goal 1: Increase Public Awareness Around City Finances and Other Civic Matters</p> <p><i>Objective 1: Expand Resident Police Academy to Include Civic Matters, Including City Finances</i></p> <p><i>Objective 2: Partner with the Chamber of Commerce to Enhance Civics Presentation on City Finances</i></p> <p><i>Objective 3: Update Website Navigation to Enhance User Experience and Information Accessibility, and Incorporate Social Media Outreach Efforts</i></p> <p>Goal 2: Encourage the Development of Good Governance Policies</p> <p><i>Objective 1: Adopt and Implement Council Code of Conduct Policy</i></p> <p><i>Objective 2: Adopt and Implement Revised Council Protocols and Procedures</i></p> <p><i>Objective 3: Develop and Adopt a Council Vacancy Policy</i></p> <p>Goal 3: Ensure Short and Long Term Financial Sustainability</p> <p><i>Objective 1: Develop Cost Containment and Revenue Enhancement Strategies for Consideration as part of the FY 2020/21 Budget Development Process</i></p> <p><i>Objective 2: Develop a Policy Requiring a Fiscal Analysis for Proposed Annexations</i></p> <p><i>Objective 3: Develop and Implement a Performance Measures Program to Inform Policy Development and Operational Decision Making</i></p>

Per Council request, the Strategic Priority Workplan will run through calendar year 2020. The Council also requested that its 2-year goal setting process be incorporating into its Code of Conduct policy. Staff anticipates that the policy will be updated and scheduled for Council consideration and approval within the next two months.

Additionally, it is important to note that Council will be able to adjust the workplan during the year with the understanding that the addition of new priorities would significantly delay or result in the elimination of other projects. Once adopted, regular progress updates will be provided to the City Council.

FISCAL IMPACT

There is no fiscal impact associated with the approval of a Council Strategic Priorities Workplan.

RECOMMENDATION

That the City Council adopt the Strategic Priorities Workplan contained in this report through calendar year 2020.

Prepared/Approved by: Jennifer D. Haruyama, City Manager

AGENDA ITEM 1.K

REQUEST

AUTHORIZE THE PURCHASE OF TWO NEW FIRE ENGINES FROM PIERCE MANUFACTURING, INC. PURSUANT TO SECTION 2.20.220 OF THE TRACY MUNICIPAL CODE; (2) APPROPRIATE \$1,391,574 FROM VEHICLE REPLACEMENT FUND 606 AND \$252,064 FROM THE EQUIPMENT REPLACEMENT FUND 605 FOR THE PURCHASES; (3) APPROVE THE BUDGET APPROPRIATIONS FROM FUND BALANCE FOR THE PURCHASES

EXECUTIVE SUMMARY

The South San Joaquin Fire Authority (SSJCFA or "Fire Authority") is requesting the purchase of two new fire engines, one at Station 96 and one at Station 92. The City has set aside funds over several years in the Vehicle Replacement Fund (ISC 605) and the Equipment Replacement Fund (ISC 606). A budget appropriation from fund balance is required to fund these purchases.

DISCUSSION

The City of Tracy, operating as a Member Agency under the South San Joaquin County Fire Authority Joint Powers Agreement, has identified the need to purchase two new fire engines to meet the population and call demands for the SSJCFA. Officers of the Authority are responsible for making recommendations to each Member Agency for the purchase of apparatus. The Fire Authority is requesting the purchase of two new fire engines, one at Station 96 and one at Station 92 as the existing equipment have reached the end of their useful life.

To maximize firefighting capabilities and reduce risk of injury to firefighters and the public, it is important that fire apparatus be equipped with the latest safety features and operating capabilities. In recent years, significant progress has been made in the advancement of apparatus capabilities and improved safety features. The Fire Department's Station 96 fire engine is 11 years old, and is placed out of service for maintenance on a regular basis. Station 92 fire engine is also out of service and the Fire Authority has been using a Tracy Rural fire engine as support in this station.

The National Fire Protection Association recommends the replacement of fire apparatus after 10 to 12 years. The General Service Administration recommends a fleet minimum vehicle replacement standard for heavy trucks (diesel) at 11 years or 250,000 miles.

Additionally, there are also a number of national fire apparatus organizations which have published sample replacement schedules for fire and EMS apparatus, including the National Association of Emergency Vehicle Technicians (NAEVT), Fire Department

Safety Officers Association (FDSOA), the National Fire Protection Association (NFPA), and the Fire Apparatus Manufacturer's Association (FAMA).

In 2004, FAMA developed the "Fire Apparatus Duty Cycle White Paper," which is an in-depth analysis of many aspects of apparatus replacement, including the key factors to be considered in a typical apparatus replacement schedule. The factors include: type of department, department workload, population served, demographics served, and topography. FAMA Apparatus/Vehicle Replacement Guidelines are as follows:

- Excellent Condition (E) – Less than five years old
- Very Good (VG) – More than five but less than ten years old
- Good (G) – More than ten but less than fifteen years old
- Fair Condition (F) – More than fifteen but less than twenty

The selection and purchase of apparatus and equipment must take into account several factors. The primary factor is the safety of the fire fighters and the public. One of the sixteen (16) Firefighter Life Safety initiatives of the National Fallen Firefighters Foundation states: "Safety must be a primary consideration in the design of apparatus and equipment." The Commission on Fire Accreditation International (CFAI) emphasizes the role fire, EMS and support apparatus and vehicle acquisition and maintenance plays in an efficient, safe, and effective fire department. Progressive fire departments use this criterion, and others, as a benchmark for determining the best and safest service possible.

The CFAI has published the following Apparatus Criterion Performance Indicators as referenced below:

1. Apparatus resources designed and purchased to be adequate to meet the agency's goals and objectives.
2. Apparatus is located to accomplish the stated standards of response coverage and service level objectives.
3. Apparatus types are appropriate for the functions served, i.e. operations, staff, support services, specialized services and administration.

The current edition of the NFPA Handbook, states, "In general, a 10 to 15 year life expectancy is considered normal for first-line pumping engines". In some types of service, a limit of only 10 years may be reasonable for first-line pumpers."

The Houston Galveston Area Council allows buyers to choose a vendor based upon factors other than strictly cost. It allows Fleet Managers to purchase proven components based upon life cycle and service to the agency. It also allows the buyers to consider fleet consistency for both maintenance and operational considerations. Because HGAC competitive bids several manufactures of like products in specific categories, it allows for the best pricing while maintaining a choice of proven products for the buyers.

The City of Tracy previously joined this cooperative purchasing agreement pursuant to Tracy Municipal Code section 2.20.220. Other public entities within the state that have purchased apparatus through HGAC include Oakland, San Mateo, Chico, Foster City, Salinas, Contra Costa County, Santa Rosa and Fremont.

STRATEGIC PLAN

This agenda item relates to Council's Public Safety Strategy, Goal 3; Objective 1. Enhance Citywide Emergency Preparedness to better respond to manmade and natural disasters.

FISCAL IMPACT

This purchase for the new apparatus was not included in the budget for FY 2019-2020 and will require budget authorization and appropriation from fund balance. A supplemental appropriation of \$1,391,574 from the Vehicle Replacement fund 606 and \$252,064 from the equipment replacement fund 605 is proposed. There are sufficient funds for this request.

RECOMMENDATION

Staff recommends that the City Council authorize the purchase of two fire engines from Pierce Manufacturing, Inc. under a cooperative purchasing agreement pursuant to section 2.20.220 of the Tracy Municipal Code and appropriate \$1,391,574 from Vehicle Replacement Fund 606 and \$252,064 from the Equipment Replacement Fund 605 for the purchase of the engines and required equipment.

Prepared by: Patrick Vargas, Division Chief

Reviewed by: Randall Bradley, Fire Chief
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENT 1: Golden State Fire Apparatus Proposal

Attachment 1



GOLDEN STATE
FIRE APPARATUS

PROPOSAL PREPARED FOR

Tracy Fire Department
Pierce Manufacturing, Inc.
Velocity 1500 GPM Pumpers
NPPGov Public Safety GPO code 2.2
December 10, 2019

SALES CONSULTANT

Rich Myers
Golden State Fire Apparatus, Inc.
7400 Reese Road
Sacramento, CA 95828
831.251.8931 Cell
rich@goldenstatefire.com

PARTS, SERVICE & SUPPORT

Golden State Emergency Vehicle Service, Inc.
7400 Reese Road
Sacramento, CA 95828
916.330.1638 Office
parts@goldenstatefire.com



FIRE APPARATUS

www.goldenstatefire.com



PROPOSAL PREPARED FOR:

Tracy Fire Department
835 Central Avenue
Tracy, CA 95376

Submitted Date:	December 10, 2019
Proposal Number:	41210-19A
Expiration Date:	January 31, 2020
Sales Consultant:	Rich Myers

We hereby propose and agree to furnish, after your acceptance of this proposal and the proper execution by the TRACY FIRE DEPARTMENT, hereinafter called "Customer" and an officer of Golden State Fire Apparatus, Inc., hereinafter called "GSFA", the following fire apparatus and equipment, hereinafter called "Product":

#	Description	Extended Price
A	Two (2) Pierce Manufacturing, Inc. Velocity 1500 GPM Pumpers	1,419,996.52
B	Discount for NPPGov Public Safety GPO model code 2.2	(72,110.00)
C	Multiple Unit Discount	(7,600.00)
D	Discount For 100% Pre-Payment at Time of Order	(54,786.52)
SUBTOTAL		1,285,500.00
State Sales Tax @ 8.25%		106,053.76
California Tire Fee		21.00
GRAND TOTAL		1,391,574.76



PROPOSAL SUMMARY

This proposal includes the following items in accordance with the specifications hereto attached:

- Fire apparatus and equipment
- 100% performance bond
- Pre-delivery inspection/services by GSFA
- Delivery to GSFA service center in Sacramento
- Final delivery from service center to Customer
- Demonstration and familiarization of the Product

PRODUCT COMPLETION

Product shall be built in accordance with the specifications hereto attached, delays due to acts of God, strikes, war, or intentional conflict, failures to obtain chassis, materials, unusual weather conditions or other causes beyond GSFA's control not preventing, within approximately **285-315 CALENDAR DAYS** after receipt of this order and the acceptance thereof at our Sacramento, California office. Within thirty (30) calendar days after receipt of this order and acceptance thereof, GSFA shall submit to Customer a production schedule including tentative pre-construction conference, final inspection and final delivery dates.

DELIVERY LOCATION

Product shall be shipped in accordance with the specifications hereto attached and be delivered to you at **TRACY, CALIFORNIA**. Proof of insurance must be demonstrated by the Customer to GSFA prior to transferring of the Product(s).

TERMS AND CONDITIONS

1. Payment Terms, 100% Pre-Payment at Time of Order – If applicable, Customer shall pay the Grand Total within fifteen (15) calendar days of date on invoice to GSFA. Proposed delivery timeframe for the Product shall not begin until full payment is received. If payment is late, a daily finance charge of \$250.00 may be added to the final invoice until such payment is received. If payment is not made, \$39,504.00 plus state sales tax shall be added to the final invoice and due GSFA at time of delivery. Due to insurance liability, the Product(s) will not be left at the Customer’s location without full acceptance and payment or prior written agreement between the Customer and GSFA.

2. Multiple Unit Purchase – If applicable, for any multiple unit purchase the Grand Total pricing is only valid if the quantity of Products being proposed are purchased at the same time, on the same Purchase Order (PO) or signed contract.

3. State Sales Tax – A sale occurs when the Customer takes title to or possession of an item (not when payment is received by GSFA). Consequently, this proposal is subject to the applicable state sales tax rate in effect when the Product is delivered to the Customer per the delivery terms. Customer is responsible for payment of any additional taxes required, likewise Customer is entitled to a refund if the tax rate is lowered!

4. Purchase Orders – If the Customer elects to issue a Purchase Order (PO) it shall be made out to: Golden State Fire Apparatus, Inc. – 7400 Reese Road – Sacramento, CA 95828.

5. Proposal Expiration – Unless accepted by the expiration date above, GSFA reserves the right to withdraw this proposal.

6. Cancellation/Termination – In the event this proposal is accepted and a signed Purchase Order (PO) or signed contract is issued and then cancelled or terminated by Customer before completion, GSFA may charge a cancellation fee. The following charge schedule based on costs incurred may be applied: (a) 10% of the Purchase Price after order is accepted and entered by GSFA; (b) 20% of the Purchase Price after completion of approval drawings, and; (c) 50% of the Purchase Price upon any material requisition. The cancellation fee shall increase accordingly as costs are incurred as the order progresses through engineering and into manufacturing. GSFA endeavors to mitigate any such costs through the sale of such Product to another purchaser; however, the Customer shall remain liable for the difference between the Purchase Price and, if applicable, the sale price obtained by GSFA upon sale of the Product to another purchaser, plus any costs incurred by GSFA to conduct any such sale.

7. Stock / Demo Units – If applicable, all stock/demo units are available for sale on an as is, first come and first served basis. The first Customer to issue a signed Purchase Order (PO) or signed contract shall obtain the Product!

8. Proposal Acceptance Statement – To ensure the above stated terms and conditions of this proposal and the specifications hereto attached are understood and adhered to, GSFA requires an authorized individual from the Customer to sign and date this proposal and include it with any Purchase Order (PO). Upon signing of this proposal, the stated terms and conditions of this proposal and the specifications hereto attached shall be considered binding and accepted by the Customer. No additional terms or conditions shall be binding upon GSFA unless agreed to in writing and signed by a duly authorized officer of GSFA. The terms and acceptance of this proposal shall be governed by the laws of the State of California.

Thank you for allowing Golden State Fire Apparatus, Inc. the opportunity to provide this proposal. If you have any questions regarding the options presented or need additional options please contact me.

Sincerely,

Rich Myers
Golden State Fire Apparatus, Inc.

I, _____, the authorized representative of TRACY FIRE DEPARTMENT, agree to purchase the proposed Product(s) and agree to the terms and conditions of this proposal and the specifications hereto attached.

SIGNATURE: _____ DATE: _____

RESOLUTION 2020-

AUTHORIZE THE PURCHASE OF TWO NEW FIRE ENGINES FROM PIERCE MANUFACTURING, INC. PURSUANT TO SECTION 2.20.220 OF THE TRACY MUNICIPAL CODE; (2) APPROPRIATE \$1,391,574 FROM VEHICLE REPLACEMENT FUND 606 AND \$252,064 FROM THE EQUIPMENT REPLACEMENT FUND 605 FOR THE PURCHASES; (3) APPROVE THE BUDGET APPROPRIATIONS FROM FUND BALANCE FOR THE PURCHASES

WHEREAS, The City of Tracy’s current fire engines at Station 96 and Station 92 is beyond its usual first-out life according to the General Service Administration standards, and categorized as being in good condition according to the Fire Apparatus Manufactures Association guidelines, and

WHEREAS, Staff is recommending the purchase of fire engines outfitted with required equipment to meet national standards from Pierce Manufacturing, Inc., and

WHEREAS, This purchase will create standardization of apparatus and provide an organized workspace for all necessary safety equipment, lending to standardized, more-efficient fire ground operations and emergency scene management, and

WHEREAS, The Fire Engines will be purchased under a cooperative purchasing agreement with Houston Galveston Area Council as authorized under Tracy Municipal Code section 2.20.220;

NOW, THEREFORE, BE IT RESOLVED that the City Council authorizes the purchase of two new fire engines outfitted with required emergency equipment, from Pierce Manufacturing, Inc., under a cooperative purchasing agreement through the Houston Galveston Area Council, and appropriates \$1,391,574 from the Vehicle Replacement fund 606 and \$252,064 from the Equipment Replacement fund 605.

The foregoing Resolution_____ is hereby passed and adopted by the Tracy City Council this 21st day of January 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.L

REQUEST

APPROVE MASTER PROFESSIONAL SERVICES AGREEMENTS (MPSA) WITH BSK ASSOCIATES, OF LIVERMORE, CALIFORNIA AND RIVER CITY GEOPROFESSIONALS, INC. DBA WALLACE KUHL & ASSOCIATES OF STOCKTON, CALIFORNIA, WITH AN ANNUAL NOT TO EXCEED AMOUNT OF \$200,000 TO PROVIDE MATERIALS TESTING SERVICES FOR 2020-2023 WITH THE OPTION TO EXTEND THE AGREEMENTS AN ADDITIONAL TWO YEARS AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE EXTENSIONS IF NEEDED

EXECUTIVE SUMMARY

This agenda item requests approval of Master Professional Services Agreements (MPSA) with two consultants namely BSK Associates and River City Geoprosessionals, Inc. dba Wallace Kuhl & Associates to provide material testing services on an as-needed basis for various maintenance, operations and capital improvement projects for facilities associated with water and wastewater treatment plants, water wells, pump stations, sewer lift stations, and water reservoirs managed by Utilities Department. These agreements will help streamline the consultant selection process for various projects and will ensure the timely completion of work to meet regulatory requirements and improve operational efficiencies.

DISCUSSION

The Utilities Department has several projects associated with maintenance, operations, and capital improvements of Water and Wastewater treatment plants, water wells, pump stations, sewer lift stations, and water reservoirs. Examples of such projects include replacing the chlorine feed system with bleach system to improve safety, aeration diffuser member replacement, UV Upgrades, valve replacements, security systems, wastewater effluent pipeline, wastewater treatment plant expansion, etc.

These projects require materials testing that are necessary to ensure that construction is performed in accordance with the project plans and specifications. Due to specialized nature of the work that requires specialized equipment and testing facilities, City needs to procure the services of the consultant on an as needed basis. However, significant time delays will occur for procurement of consultant services for individual projects due to the lengthy hiring process of consultants involving request for proposal (RFP), selection, award of Professional Services Agreement (PSA), and processing of agreements. To expedite and streamline the process, staff conducted an RFP to hire experienced and qualified consultants to provide services for various utility projects for a period of three years. On October 10, 2019, staff solicited proposals in accordance with Tracy Municipal Code, Section 2.20.140 from various consultants. A "Notice of Request for Proposals" was also posted on the City of Tracy's website. The City received seven proposals on November 7, 2019 as follows.

Apex Testing Laboratories, San Francisco, CA
BSK Associates, Livermore, CA

Construction Testing Services, Pleasanton, CA
Geocon Consultants Inc., Livermore, CA
Ninyo and Moore, San Jose, CA
RMA Group, Concord, CA
Terracon, Lodi, CA
Wallace Kuhl & Associates, Stockton, CA

After review and evaluation of these proposals, BSK Associates of Livermore and Wallace Kuhl & Associates of Stockton, California, were found to be the most qualified consultants to provide the necessary services. Both consultants have expertise in materials testing and geotechnical engineering. These consultants have completed material testing services for other public agencies in a satisfactory manner and have sufficient resources to provide the required services on an as needed basis.

Staff recommends entering into an MPSA with two consultants as noted above. Tasks will be assigned to these consultants depending upon the project needs and availability of qualified staff. The proposed MPSA will be valid for a period of three years from the date of execution of the agreement and the total compensation shall not exceed \$200,000 per year for each consultant. The agreements allow for 3% cost escalation of billing rates on an annual basis to these consultants for services provided effective July of each year. Staff also recommends that, at the option of the City Manager, these agreements may be extended for an additional two years if agreed by both parties and the firms have performed to the City's satisfaction. This will streamline project delivery and allow for consistency in operations.

Pursuant to MPSA procedures, staff would identify the services needed, develop the scope of work, reach agreement with the consultant on such scopes of work and issue a task order, provided the dollar amounts do not exceed the provisions of the MPSA and the availability of funds as verified by the Finance Department.

FISCAL IMPACT

The funding for task orders executed with these consultants under the approved MPSA's will be provided from the Utilities Department's current and future approved operations, maintenance, and capital improvement projects budget related to water and wastewater. A majority of the material testing services (approximately 80-90%) will be required for wastewater projects on an as needed basis. Each task order assigned for any project under the MPSA's will be within the approved available budgeted amount of that task or the project verified by the Finance Department.

The first task order for testing of materials for the Wastewater Effluent Outfall Project CIP 74083, already under construction, will be recommended for award to BSK Associates for a not to exceed amount of \$180,000.

STRATEGIC PLAN

This agenda item is a routine operational item and is not related to the Council's Strategic Plans.

RECOMMENDATION

Staff recommends that City Council, by separate resolutions, approve Master Professional Services Agreements with BSK Associates of Livermore, California, and River City Geoprosessionals Inc. dba Wallace Kuhl & Associates of Stockton, California, with an annual not to exceed amount of \$200,000 for each consultant to provide Materials Testing and Geotechnical Services for Calendar Years 2020-2023 with an option to extend the agreements for an additional two years, and authorize the City Manager to execute the extensions if needed.

Prepared by: Ripon Bhatia, Senior Civil Engineer

Reviewed by: Kuldeep Sharma, Utilities Director
Karin Schnaider, Finance Director
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENT:

A– Professional Services Agreement with BSK Associates

B– Professional Services Agreement with Wallace Kuhl & Associates

**CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH
BSK ASSOCIATES, INC.,
FOR ON CALL MATERIAL TESTING FOR VARIOUS PROJECTS**

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and BSK Associates, Inc., a California Corporation, (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

Recitals

A. City desires to retain Consultant to perform material testing services for various capital improvement and construction project.

B. On October 10, 2019, the City issued a Request for Proposals (RFP) for the on call material testing services for various capital improvement and construction projects (**Project**). On November 7, 2019, Consultant submitted its proposal for the Project to the City. City has determined that Consultant possesses the skills, experience and certification required to provide the services.

C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.

D. This Agreement is being executed pursuant to Resolution No. 2020-___ approved by Tracy City Council on January 21, 2020.

Now therefore, the parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached and incorporated by reference as directed by written Task Order by the City's Utilities Director. Consultant's specific scope of services shall be more particularly described in individual Task Orders subject to the written approval of the City and Consultant. The terms of this Agreement shall be incorporated by reference into each Task Order. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: James K. Auser. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth here shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin

performance, and shall complete all required services no later than the dates set forth in each individual Task Order. Any services for which times for performance are not specified in each individual Task Order shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the Consultant. Consultant shall submit all requests for extensions of time to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2023, unless terminated in accordance with Section 6.

3. Compensation.

3.1 General. City shall pay Consultant on a time and expense basis, at the billing rate amounts set forth in Exhibit "B," attached and incorporated by reference for services performed under this agreement.

3.2 Not to Exceed Amount. Consultant's total compensation under this Agreement shall not exceed \$200,000 per fiscal year and shall not exceed the amount set forth in each individual Task Order. Consultant's billing rates shall cover all costs and expenses for Consultant's performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City's prior written approval. Consultant's billing rates under this Agreement may be increased on July 1 of each year by a maximum of 3%.

3.3 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.3.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City's designated development application number.

3.3.2 Consultant's failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.4 Payment. Within 30 days after the City's receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant's performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, "City" means the City, its officials, officers, agents, employees and volunteers; "Consultant" means the Consultant, its employees, agents and subcontractors; "Claims" includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and "Arising out of" includes "pertaining to" and "relating to".

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement, and are not limited by the provisions of Section 5 relating to insurance.

5. **Insurance.** Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 **Commercial General Liability** (with coverage at least as broad as ISO form CG 00 01 01 96) “per occurrence” coverage shall be maintained in an amount not less than \$4,000,000 general aggregate and \$2,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 **Automobile Liability** (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 **Workers’ Compensation** coverage shall be maintained as required by the State of California.

5.4 **Professional Liability** “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 **Endorsements.** Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 **Notice of Cancellation.** Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 **Authorized Insurers.** All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 **Insurance Certificate.** Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 **Substitute Certificates.** Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 **Consultant’s Obligation.** Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. **Termination.** The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. **Dispute Resolution.** If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. **Ownership of Work.** Upon payment in full, all original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. **Independent Contractor Status.** Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. **Conflicts of Interest.** Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. **Rebates, Kickbacks, or Other Unlawful Consideration.** Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. **Notices.** All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:

Mr. Kuldeep Sharma
Utilities Department
3900 Holly Dr
Tracy, CA 95304

To Consultant:

Tim Rodriguez.
Livermore Branch Manager
BSK Associates.
399 Lindbergh Ave.
Livermore, AA 94551

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state

laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.


[SIGNATURES ON FOLLOWING PAGE]

The parties agree to the full performance of the terms set forth here.

City of Tracy

Consultant

By: Robert Rickman
Title: Mayor
Date: _____



By: Tim Rodriguez
Title: Northern Regional Manager
Date: 01/08/2020

Attest:


Adrienne Richardson, City Clerk

Federal Employer Tax ID No.

94-1633676

Approved as to form:

Leticia Ramirez, City Attorney



By: James K. Auser, P.E.
Title: Senior Materials Engineer
Date: 01/09/2020

Date: _____ Consultant
[Insert business name and type of entity]

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A **SCOPE OF SERVICES**

Background:

Consultant shall perform special inspection and material testing for various projects as authorized by the City in accordance with project specifications.

Consultant shall perform quality assurance materials testing and special inspection services on a time-and-materials basis as required by the project construction documents. Services include, but are not be limited to welding inspection and non-destructive testing of welds, concrete sampling and testing (including CLSM and non-shrink grout), earthwork observation and compaction testing, hot-mix asphalt observation and testing, associated sample transportation and laboratory materials testing, welding procedure and concrete mix design submittal review.

Consultant shall be responsible for project management and administration of its portion of work and shall adhere to requirements of the contract.

Project Setup & Coordination: Consultant shall participate in project meetings as appropriate to project the needs to the staffing and testing required for scheduling field and laboratory staff to meet the project requirements.

Field observations and testing:

- Consultant shall respond to the request within 6 hours minimum notice.
- Material Sampling (plant and/or field) Consultant shall coordinate material sampling with project team and suppliers, as needed
- Compaction Testing and Observation Services – provide testing in accordance with Standards setforth in the project specifications for subgrade, aggregate base, HMA pavement, cement treated based, concrete and lime treatment.

Laboratory Testing Services: Provide comprehensive material testing in accordance with project requirements and material standards and provide test reports within one day of test completion and engineering review.

Reporting: Provide daily field reports onsite, preferably in digital format of the designated City's project representative, and assemble bi-weekly summaries of services performed for each task.

All testing shall be performed on the time and material basis of the standard rates and hourly rates provided in Exhibit B

All equipment shall be kept in good condition and will be subject to inspection, both in the field and in the laboratory.

EXHIBIT B

Material Testing Services Cost Schedule

Item	Activity	Fees
1	Cal 216 field density tests (A1-3)	\$126 / ea.
2	Cal 216 Lab Maximum Density (A-4)	\$211 / ea.
3	R Value Tests (B)	\$391 / ea.
4	Sieve Analysis ©	\$168 / ea.
5	Sand Equivalent (D)	\$124 / ea.
6	Percentage Crushed particles (E)	\$163 / ea.
7	Percent Lime Titration (F)	\$300 / ea.
8	Concrete Compression Tests (G)	\$134 / set
9	Specific Gravity /Unit Weight/Gradation/Extraction (H)	\$850 / set
10	Asphalt Coring (I)	\$190 / ea.
11	Concrete Coring (includes compression tests on cores (J)	\$285 / ea.
12	Welding Joints procedure and testing	\$138 / hour
	Mileage – Travel time (Maximum Two Hours)	\$150 / trip

BSK Associates - July 1, 2019 to June 30, 2020 Prevailing Wage Schedule of Fees

Escalation: The billing rates presented herein will be increased by 3% annually on July 1st of each year subsequent to the execution of an agreement.

PERSONNEL RATES	
PROFESSIONAL STAFF	
Principal	\$ 225.00
Senior Professional	\$ 200.00
Project Professional II	\$ 185.00
Project Professional I	\$ 155.00
Staff Professional II	\$ 140.00
Staff Professional I	\$ 125.00
Seismic GIS	\$ 175.00
GIS Specialist	\$ 125.00
Information Specialist II	\$ 140.00
Information Specialist I	\$ 125.00
CAD	\$ 90.00
Project Administrator	\$ 85.00
EQUIPMENT	
Nuclear Gauge (Day)	\$ 55.00
Ultrasonic Weld Equipment (Day)	\$ 55.00
Torque Wrench (Day)	\$ 55.00
Proof Load Equipment (Day)	\$ 55.00
Rebar Locator / Pachometer	\$ 100.00
Hand Auger (Day)	\$ 200.00
Water Meter (Day)	\$ 50.00
Drilling Kit - Paint, stakes and lath - (Project)	\$ 25.00
Drilling Supplies - Reuse of tubes/caps (Project)	\$ 250.00
Manometer (Day)	\$ 200.00
Double Ring Infiltrometer (Day)	\$ 500.00
ANALYSIS SOFTWARE USAGE FEES	
gINT (Project)	\$ 50.00
LPile (Project)	\$ 50.00
APile (Project)	\$ 50.00
SHAFT (Project)	\$ 50.00
GROUP (Project)	\$ 100.00
Clq (Project)	\$ 50.00
LiquefyPro (Project)	\$ 50.00
LiqIT (Project)	\$ 50.00
NovoLIQ (Project)	\$ 50.00
Slide (Project)	\$ 100.00
Settle3D (Project)	\$ 100.00
ArcGIS (Project)	\$ 50.00
MATERIALS LABORATORY TESTS	
SOILS	
Moisture Density Curves	
Standard Proctor, 4" (ASTM/AASHTO)	\$ 232.00
Modified Proctor, 4" Mold (ASTM/AASHTO)	\$ 232.00
Modified Proctor, 6" mold (ASTM D1557)	\$ 247.00
Caltrans Maximum Wet Density (CT 216)	\$ 211.00
Check Point	\$ 134.00
Particle Size Analysis	
Sieve Analysis w/ Wash (ASTM D422)	\$ 168.00
Minus #200 Wash, Soil (ASTM D1140)	\$ 82.00
Hydrometer Analysis (ASTM D422)	\$ 221.00
Double Hydrometer (ASTM D4221)	\$ 309.00
Specific Gravity of Soil (ASTM D854)	\$ 158.00
Visual Classification (ASTM D2488)	\$ 43.00
Sand Equivalent (ASTM D2419)	\$ 124.00
% Organics in Soil (ASTM D2974)	\$ 135.00
Atterberg Limits / Swell Tests	
Plasticity Index (ASTM D4318)	\$ 216.00
Shrinkage Limits of Soils (ASTM D427)	\$ 201.00
Expansion Index of Soils (UBC No. 29)	\$ 232.00
Moisture Density Test	
Tube Density	\$ 49.00
Moisture Content of Soils (ASTM D2216)	\$ 43.00
"R" Value Determination	
R-Value of Soils (CT 301)	\$ 391.00
R-Value of Treated Materials (CT 301)	\$ 433.00
Consolidation Tests	
Consolidation (ASTM D2435)	\$ 412.00
Consolidation, Extra Points (ASTM D2435)	\$ 55.00
Collapse Potential of Soils (ASTM D2435)	\$ 201.00
Remolded Consolidation (ASTM D2435)	\$ 350.00
One-Dimen Swell of Soil (ASTM D4546)	\$ 129.00
TECHNICAL STAFF (PREVAILING WAGE)	
Field Supervisor	\$ 155.00
Group 1 - Special Inspector	\$ 142.00
Group 2 - Special Inspector	\$ 138.00
Group 3 - Engineering Technician	\$ 126.00
Group 4 - Technician	\$ 110.00
Ground Penetrating Radar Scanning Technician	\$ 160.00
Core Drilling Technician	\$ 190.00
Floor Flatness Testing Technician	\$ 170.00
Sample Pickup / Transportation / Delivery	\$ 98.00
Laboratory Technician	\$ 98.00
Administrative Assistant / Clerical	\$ 78.00
Litigation support	1.5x standard rate
BASIS OF CHARGES FOR FIELD TECHNICIAN SERVICES	
Field Work from 0 to 4 hours	Bill 4 hours
Field Work from 4 to 8 hours	Bill 8 hours
Field Work over 8 hours / Saturdays	Bill time and a half
Sundays, holidays and over 12 hours	Bill double time
Swing shift (4:00pm to Midnight)	Add \$15.00 per hour
Graveyard Shift	Add \$20.00 per hour
Show-up time (no work performed)	Bill 2 hours
Sampling or cylinder pickup, minimum charge	Bill 2 hours
DIR/PREVAILING WAGE ADMINISTRATION FEES (MONTHLY)	
Certified Payroll / DIR Upload	\$ 300.00
Non-Performance Certified Payroll / DIR Upload	\$ 100.00
Subcontractor Management / Compliance Forms	\$ 100.00
Additional LCP Tracker or Other Compliance Software	\$ 200.00
Additional Special Forms, as required	\$ 150.00
REIMBURSABLES	
Mileage (Portal to Portal)	\$ 0.88
Per Diem (as required)	\$ 150.00
Bridge Toll	Cost + 15%
Parking Fees	Cost + 15%
Subconsultant/Subcontractor Services, Vendors, and Expenses	Cost + 15%
Project Administration Fees	7% of Invoice
DIR Administration Fees	3% of Invoice
Project Setup (Project)	\$500.00
California Bearing Ratio (CBR)	
CBR at 100% (ASTM D1883 or AASHTO T-180)	\$ 505.00
CBR at 95% (ASTM D1883 or AASHTO T-180)	\$ 979.00
Permeability Tests	
Rigid Wall Permeability (ASTM D2434)	\$ 278.00
Flexible Wall Permeability (ASTM D5084)	\$ 433.00
Remolded Flexwall Perm (ASTM D5084)	\$ 551.00
Soil Corrosivity Tests	
Minimum Resistivity of Soils (CT 643)	\$ 139.00
pH	\$ 65.00
Soluble Sulfate, Chloride and Sulfide	\$ 129.00
Oxidation Reduction of Soil	\$ 55.00
Soil Cement Tests	
Freeze Thaw Abrasion (ASTM D560)	\$ 618.00
Wetting-Drying Abrasion (ASTM D559)	\$ 587.00
Preparation of Freeze-Thaw or Wetting-Drying Tests	\$ 742.00
Soil Cement Compression (ASTM D1633)	\$ 237.00
Cement Content Soil Cement (ASTM C1084)	\$ 237.00
Other	
Sample Preparation	\$ 65.00
Crumb Test Dispersion (ASTM D6572)	\$ 77.00
Pinhole Dispersion Test (ASTM)	\$ 247.00
Sand Density Calibration (ASTM D1566)	\$ 92.00
Unconfined Compression	
Unconfined Compression (ASTM D2166)	\$ 124.00
Shear Tests	
Direct Shear, Undisturbed (ASTM D3080)	\$ 216.00
Direct Shear, Remolded (ASTM D3080)	\$ 258.00
Triaxial Compression Testing	QUOTE

BSK Associates - July 1, 2019 to June 30, 2020 Prevailing Wage Schedule of Fees

Escalation: The billing rates presented herein will be increased by 3% annually on July 1st of each year subsequent to the execution of an agreement.

MATERIALS LABORATORY TESTS	
AGGREGATES	
Sieve Analysis Coarse or Fine (ASTM C136)	\$ 82.00
Sieve Analysis w/ Fineness Modulus	\$ 88.00
Minus 200 Wash, Aggregates (ASTM C117)	\$ 82.00
Specific Gravity/Absorption (ASTM C127)	\$ 158.00
Specific Gravity/Absorption (ASTM C128)	\$ 158.00
Organic Impurities (ASTM C40)	\$ 82.00
% Lumps/Friable Particles (ASTM C142)	\$ 80.00
% Flat and Elongated (ASTM D4791)	\$ 124.00
Moisture Content (ASTM D2216)	\$ 43.00
Aggregate Wt., pcf Compacted (ASTM C29)	\$ 77.00
Aggregate Wt., pcf Loose (ASTM C29)	\$ 65.00
Abrasion by LA Rattler, Small Size (ASTM C131)	\$ 232.00
Abrasion by LA Rattler, Large Size (ASTM C131)	\$ 283.00
Sodium Sulfate Soundness, Per Sieve (ASTM C88)	\$ 108.00
Sodium Sulfate Soundness, Min. Charge (ASTM C88)	\$ 345.00
Relative Mortar Strength of Sand (ASTM C87)	\$ 422.00
Sand Equivalent (ASTM D2419 OR CT 217-I)	\$ 124.00
Durability Index (CT 229)	\$ 247.00
Potential Reactivity of Aggregates	QUOTE
Cleanliness Value of Aggregate (CT 227)	\$ 178.00
Hydrometer (ASTM D422 OR CT 205-E)	\$ 221.00
% Crushed particles (CT 205)	\$ 163.00
Lightweight Pieces (ASTM 123)	\$ 216.00
HOT MIX ASPHALT	
Mix Design, HVEEM	\$ 3,059.00
Mix Design, Marshall	\$ 3,626.00
Hamburg Wheel Track (AASHTO T324)	\$ 2,596.00
Gyratory Compaction (AASHTO T312)	\$ 330.00
AC Content by Centrifuge (ASTM D2172)	\$ 283.00
AC / Ash Correction (ASTM D2172 / CT382)	\$ 283.00
AC Content-Ignition (ASTM D6307 / CT382 / AASHTO T308)	\$ 221.00
Moisture Content of Asphalt (CT 370)	\$ 65.00
Gradation/Extraction Aggregate (ASTM D5444)	\$ 134.00
Film Stripping	\$ 88.00
Compaction/Preparation of HMA Briquette (CT 304)	\$ 216.00
Stabilometer Value (CT 366 / AASHTO T246)	\$ 173.00
AC Core Specific Gravity (ASTM D2726)	\$ 55.00
AC Core Specific Gravity - Paraffin Coated (AASHTO T275)	\$ 151.00
AC Max Density Rice Method (ASTM D2041)	\$ 247.00
Tensile Strength Ratio (AASHTO T283)	\$ 1,082.00
Moisture Vapor Susceptibility (CT 307)	\$ 201.00
AC Surface Abrasion (CT 360)	\$ 494.00
Index Retained Strength (ASTM D1074-D1075)	\$ 443.00
AC Hveem Maximum Density (CT 375)	\$ 443.00
Marshall Stability and Flow (ASTM D6927)	\$ 247.00
Calculated AC Maximum Density (CT 367)	\$ 98.00
Marshall Maximum Density, 50 Blows (ASTM D6926)	\$ 288.00
Examination of AC Cores	\$ 33.00
Thickness Determination of AC Cores	\$ 22.00
AC Tensile-Strength Premixed ASTM D4867	\$ 639.00
AC Tensile-Strength Lab Mixed ASTM D4867	\$ 752.00
REINFORCING STEEL	
Tensile & Bend of Rebar, #3 - #8	\$ 146.00
Tensile & Bend of Rebar, #9 - #11	\$ 146.00
Bend Test of Rebar	\$ 60.00
Slip and Tensile Rebar Couplers (CT 670)	\$ 211.00
Tension Test of Welded Wire Fabric	QUOTE
Bend Test of Welded Wire Fabric	QUOTE
Weld Shear Test, Welded Wire Fabric	QUOTE
PT Cable Tensile and Elongation (ASTM A416 or A421)	\$ 268.00
PT Cable Preparation	QUOTE
WOOD PRODUCTS	
Specific Gravity and Shrinkage (ASTM D143)	\$ 113.00
Moisture Content, Oven Dry (ASTM D2016, Method A)	\$ 48.00
Moisture Content, Meter (ASTM D2016, Method B)	\$ 33.00
Plywood Glue Shear Test (ASTM D805)	QUOTE
Moisture Absorption of Plywood (ASTM D805)	\$ 77.00
GALVANIZED COATINGS	
Wt. of Galvanized Coating (ASTM A 90)	\$ 98.00
CONCRETE	
Cement Content Concrete (ASTM C1084)	\$ 371.00
Chemical Test (ASTM C150)	QUOTE
Set Times Cement-Vicat Needle (ASTM C191)	\$ 309.00
Specific Gravity of Hydraulic Cement (ASTM C191)	\$ 149.00
Lineal Shrinkage Set of 3 (ASTM C157)	\$ 391.00
Compression Test of Concrete - 1 (ASTM C39)	\$ 33.00
Compression Test of Concrete - 4 (ASTM C39)	\$ 134.00
Compression Test of Core (ASTM C42)	\$ 60.00
Preparation of Specimens, Sawing	\$ 67.00
Compressive Strength of Shotcrete Panel	\$ 314.00
Proportion of Cement in Concrete (ASTM C85)	\$ 345.00
Flexural Test Per Beam (ASTM C78)	\$ 88.00
Splitting Tensile Strength of Concrete (ASTM C496)	\$ 88.00
Unit Weight Lt Wt Concrete (ASTM C567)	\$ 55.00
"AZ" Test-Reinforced Concrete Pipe "Life Factor"	\$ 77.00
9 Pt Core Measurements, Each (ASTM C174)	\$ 33.00
Compressive Strength of Gunite	\$ 60.00
Concrete Trial Batches	QUOTE
Unit Weight & Abs Concrete (ASTM D642)	\$ 124.00
Accelerated Curing of Concrete (ASTM C684)	\$ 247.00
Cylinder Molds (each)	\$ 7.00
Storage of Concrete Cylinders for more than 45 Days	\$ 57.00
RH Probe	\$ 57.00
Calcium Chloride Kit	\$ 38.00
Mixing Water (pH, elec. conductance, chloride, sulfate)	\$ 98.00
Contact Soil (pH, elec. conductance, chloride, sulfate)	\$ 118.00
MASONRY	
Concrete Masonry Units Testing (ASTM C90)	
Compression Test Pavers, Single	\$ 76.00
Compression Test Compos CMU Prism	\$ 163.00
Specific Gravity and Unit Weight	\$ 113.00
Moisture Content	\$ 52.00
Compression Test, Masonry Units (ASTM C140)	\$ 103.00
Absorption / Moisture Content (ASTM C140)	\$ 103.00
Linear Shrinkage (ASTM C426)	\$ 397.00
Masonry Core Shear Test (Title 24)	\$ 108.00
Masonry Core Compression/Shear Test (Title 24)	\$ 185.00
Compression Test Brick, Each (ASTM C67)	\$ 77.00
Absorption/ Unit Wt. of Brick (ASTM C67)	\$ 77.00
Compression Test Grout (Set of 3 or 4)	\$ 118.00
Compression Test Mortar (Set of 3 or 4)	\$ 108.00
WELDING AND STRUCTURAL STEEL	
Welder Qualification Testing	
Welder / Procedure Welder Qualification Testing	QUOTE
Face Bend of Steel	\$ 60.00
Root Bend of Weld Coupon	\$ 60.00
Side Bend of Weld Coupon	\$ 60.00
Tensile Test of Steel Coupon	\$ 82.00
Bend Test of Steel Coupon	\$ 70.00
Machining Charges (Per Coupon)	QUOTE
Brinell Hardness of Steel (ASTM E10)	\$ 98.00
Rockwell Hardness of Steel (ASTM E18)	\$ 98.00
Bolt Ultimate Load	\$ 139.00
Bolt Hardness (set of 3)	\$ 98.00
Nut Hardness (set of 3)	\$ 98.00
Washer Hardness (set of 3)	\$ 98.00
Proof Loading, bolt or nut	\$ 139.00
FIREPROOFING	
Cohesion/Adhesion Fireproofing Materials	\$ 124.00
Dry Density Fireproofing (ASTM E605)	\$ 93.00
CALIBRATION	
Torque Wrench	\$ 168.00
Hydraulic Jack	\$ 158.00
Glue-Laminated Timbers	
Finger Joint Tension Test (AITC Test 106)	\$ 58.00
Bending Test for End Joints (AITC Test 105)	\$ 58.00
Adhesive Spread Measurement (AITC Test 102)	\$ 58.00
Moisture Content and Specific Gravity (AITC Test 111)	\$ 79.00

CITY OF TRACY
MASTER PROFESSIONAL SERVICES AGREEMENT WITH
River City Geoprosessionals Inc., dba Wallace Kuhl Associates
MATERIAL TESTING FOR VARIOUS PROJECTS

This Master Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and River City Geoprosessionals Inc., dba Wallace Kuhl Associates, a California Corporation, (**Consultant**). City and Consultant are referred to individually as “Party” and collectively as “Parties.”

Recitals

A. City desires to retain Consultant to perform material testing services for various capital improvement and construction projects. services; and

B. On October 10, 2019, the City issued a Request for Proposals (RFP) for on-call material testing services for various capital improvement and construction projects (**Project**). On November 7, 2019, Consultant submitted its proposal for the Project to the City. City has determined that Consultant possesses the skills, experience and certification required to provide the services.

C. After negotiations between the City and Consultant, the Parties have reached an agreement for the performance of services in accordance with the terms set forth in this Agreement.

D. This Agreement is being executed pursuant to Resolution No. 2020-____ approved by Tracy City Council on January 21, 2020.

Now therefore, the Parties mutually agree as follows:

1. Scope of Work. Consultant shall perform the services generally described in Exhibit "A" attached, and incorporated by reference, as directed by written Notice to Proceed by the City's Utilities Director. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: David Hunn. Consultant shall not replace its Authorized Representative, nor shall Consultant replace any of the personnel listed in Exhibit "A," nor shall Consultant use or replace any subcontractor or subconsultant, without City's prior written consent. A failure to obtain the City's prior written consent for any change or replacement in personnel or subcontractor/subconsultant may result in the termination of this Agreement.

1.1 Non-Exclusive Agreement. The City reserves the right to contract with other consultants providing the same or similar scope of services described above during the term of this Agreement. The City further reserves the right to, assign work, at its sole discretion, to consultants other than Consultant based on City's budget, experience, and skills of consultants based on the City's specific needs.

2. Time of Performance. Time is of the essence in the performance of services under this Agreement and the timing requirements set forth shall be strictly adhered to unless otherwise modified in writing in accordance with this Agreement. Consultant shall begin performance and shall complete all required services no later than the dates set forth in each individual Notice to Proceed. Any services for which times for performance are not specified in each individual Notice to Proceed shall be started and completed by Consultant in a reasonably prompt and timely manner based upon the circumstances and direction communicated by the City to the Consultant. Consultant shall submit all requests for time

extensions to the City in writing no later than ten days after the start of the condition which purportedly caused the delay, and not later than the date on which performance is due. City shall grant or deny such requests at its sole discretion.

2.1 Term. The term of this Agreement shall begin on January 1, 2020 and end on June 30, 2023, unless terminated in accordance with Section 6.

3. Compensation.

3.1 General. City shall pay Consultant on a time and expense basis, at the billing rates set forth in Exhibit “B,” attached and incorporated by reference for services performed under this Agreement.

3.2 Not to Exceed Amount. Consultant’s total compensation under this Agreement shall not exceed \$200,000 per fiscal year and shall not exceed the amount set forth in each individual Task Order. Consultant’s billing rates shall cover all costs and expenses for Consultant’s performance of this Agreement. No work shall be performed by Consultant in excess of the total compensation amount provided in this section without the City’s prior written approval.

3.3 Invoices. Consultant shall submit monthly invoice(s) to the City that describe the services performed, including times, dates, and names of persons performing the services.

3.2.1 If Consultant is providing services in response to a development application, separate invoice(s) must be issued for each application and each invoice shall contain the City’s designated development application number.

3.2.2 Consultant’s failure to submit invoice(s) in accordance with these requirements may result in the City rejecting said invoice(s) and thereby delaying payment to Consultant.

3.3 Payment. Within 30 days after the City’s receipt of invoice(s), City shall make payment to the Consultant based upon the services described on the invoice(s) and approved by the City.

4. Indemnification. Consultant shall, to the fullest extent permitted by law, indemnify, defend (with independent counsel approved by the City), and hold harmless the City from and against any claims arising out of Consultant’s performance or failure to comply with obligations under this Agreement, except to the extent caused by the sole, active negligence or willful misconduct of the City.

In this section, “City” means the City, its officials, officers, agents, employees and volunteers; “Consultant” means the Consultant, its employees, agents and subcontractors; “Claims” includes claims, demands, actions, losses, damages, injuries, and liability, direct or indirect (including any and all related costs and expenses) and any allegations of these; and “Arising out of” includes “pertaining to” and “relating to”.

(The duty of a "design professional" to indemnify and defend the City is limited to claims that arise out of, pertain to, or relate to the negligence, recklessness or willful misconduct of the design professional, under Civ. Code § 2782.8.)

The provisions of this section survive completion of the services or the termination of this Agreement and are not limited by the provisions of Section 5 relating to insurance.

5. Insurance. Consultant shall, throughout the duration of this Agreement, maintain insurance to cover Consultant, its agents, representatives, and employees in connection with the performance of services under this Agreement at the minimum levels set forth herein.

5.1 Commercial General Liability (with coverage at least as broad as ISO form CG 00 01 01 96) “per occurrence” coverage shall be maintained in an amount not less than \$2,000,000 general aggregate and \$1,000,000 per occurrence for general liability, bodily injury, personal injury, and property damage.

5.2 Automobile Liability (with coverage at least as broad as ISO form CA 00 01 07 97, for “any auto”) “claims made” coverage shall be maintained in an amount not less than \$1,000,000 per accident for bodily injury and property damage.

5.3 Workers’ Compensation coverage shall be maintained as required by the State of California.

5.4 Professional Liability “claims made” coverage shall be maintained to cover damages that may be the result of errors, omissions, or negligent acts of Consultant in an amount not less than \$1,000,000 per claim.

5.5 Endorsements. Consultant shall obtain endorsements to the automobile and commercial general liability insurance policies with the following provisions:

5.5.1 The City (including its elected officials, officers, employees, agents, and volunteers) shall be named as an additional “insured.”

5.5.2 For any claims related to this Agreement, Consultant’s coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Consultant’s insurance and shall not contribute with it.

5.6 Notice of Cancellation. Consultant shall notify the City if the policy is canceled before the expiration date. For the purpose of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation. Consultant shall immediately obtain a replacement policy.

5.7 Authorized Insurers. All insurance companies providing coverage to Consultant shall be insurance organizations authorized by the Insurance Commissioner of the State of California to transact the business of insurance in the State of California.

5.8 Insurance Certificate. Consultant shall provide evidence of compliance with the insurance requirements listed above by providing a certificate of insurance and endorsements, in a form satisfactory to the City, before the City signs this Agreement.

5.9 Substitute Certificates. Consultant shall provide a substitute certificate of insurance no later than 30 days prior to the policy expiration date of any insurance policy required by this Agreement.

5.10 Consultant’s Obligation. Maintenance of insurance by the Consultant as specified in this Agreement shall in no way be interpreted as relieving the Consultant of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Consultant may carry, at its own expense, such additional insurance as it deems necessary. Failure to provide or maintain any insurance policies or endorsements required herein may result in the City terminating this Agreement.

6. Termination. The City may terminate this Agreement by giving ten days’ written notice to Consultant. Upon termination, Consultant shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Consultant for this Agreement. The City shall pay Consultant for all services satisfactorily performed in accordance with this Agreement, up to the date notice is given.

7. Dispute Resolution. If any dispute arises between the City and Consultant that cannot be settled after engaging in good faith negotiations, City and Consultant agree to resolve the dispute in accordance with the following:

7.1 Each Party shall designate a senior management or executive level representative to negotiate the dispute;

7.2 The representatives shall attempt, through good faith negotiations, to resolve the dispute by any means within their authority.

7.3 If the issue remains unresolved after fifteen (15) days of good faith negotiations, the Parties shall attempt to resolve the disagreement by negotiations between legal counsel. If the aforementioned process fails, the Parties shall resolve any remaining disputes through mediation to expedite the resolution of the dispute.

7.4 The mediation process shall provide for the selection within fifteen (15) days by both Parties of a disinterested third person as mediator, shall be commenced within thirty (30) days and shall be concluded within fifteen (15) days from the commencement of the mediation.

7.5 The Parties shall equally bear the costs of any third party in any alternative dispute resolution process.

7.6 The dispute resolution process is a material condition to this Agreement and must be exhausted prior to either Party initiating legal action. This dispute resolution process is not intended to nor shall be construed to change the time periods for filing a claim or action specified by Government Code §§ 900 et seq.

8. Ownership of Work. All original documents prepared by Consultant for this Agreement, whether complete or in progress, are the property of the City, and shall be given to the City at the completion of Consultant's services, or upon demand from the City. No such documents shall be revealed or made available by Consultant to any third party without the City's prior written consent.

9. Independent Contractor Status. Consultant is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Consultant is not City's employee and Consultant shall have no authority, express or implied, to act on behalf of the City as an agent, or to bind the City to any obligation, unless the City provides prior written authorization. Consultant is free to work for other entities while under contract with the City. Consultant, and its agents or employees, are not entitled to City benefits.

10. Conflicts of Interest. Consultant (including its employees, agents, and subconsultants) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Consultant maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Consultant's conflicting interest.

11. Rebates, Kickbacks, or Other Unlawful Consideration. Consultant warrants that this Agreement was not obtained or secured through rebates, kickbacks, or other unlawful consideration either promised or paid to any City official or employee. For breach of this warranty, City shall have the right, in its sole discretion, to terminate this Agreement without liability; to pay only for the value of the work actually performed; or to deduct from the contract price; or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

12. Notices. All notices, demands, or other communications which this Agreement contemplates or authorizes shall be in writing and shall be personally delivered or mailed to the other party to the addresses listed below. Communications shall be deemed to have been given and received on the first to occur of: (1) actual receipt at the address designated below, or (2) three working days after the deposit in the United States Mail of registered or certified mail, sent to the address designated below.

To City:

Mr. Kuldeep Sharma
Utilities Department
3900 Holly Dr
Tracy, CA 95304

To Consultant:

David Hunn.
Material Testing Manager
Wallace Kuhl & Associates
3422 West Hammer Lane, St D
Stockton, CA 95691

With a copy to:
City Attorney
333 Civic Center Plaza
Tracy, CA 95376

13. Miscellaneous.

13.1 Standard of Care. Unless otherwise specified in this Agreement, the standard of care applicable to Consultant's services will be the degree of skill and diligence ordinarily used by reputable professionals performing in the same or similar time and locality, and under the same or similar circumstances.

13.2 Amendments. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by both Parties.

13.3 Waivers. Waiver of a breach or default under this Agreement shall not constitute a continuing waiver or a waiver of a subsequent breach of the same or any other provision of this Agreement.

13.4 Assignment and Delegation. Consultant may not assign, transfer or delegate this Agreement or any portion of it without the City's written consent. Any attempt to do so will be void. City's consent to one assignment shall not be deemed to be a consent to any subsequent assignment.

13.5 Jurisdiction and Venue. The interpretation, validity, and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. Any suit, claim, or legal proceeding of any kind related to this Agreement shall be filed and heard in a court of competent jurisdiction in the County of San Joaquin.

13.6 Compliance with the Law. Consultant shall comply with all applicable local, state, and federal laws, whether or not those laws are expressly stated in this Agreement.

13.6.1 Prevailing Wage Laws. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates; employment of apprentices (§ 1777.5), certified payroll records (§1776), hours of labor (§1813 and §1815), debarment of contractors and subcontractors (§1777.1) and the performance of other requirements on "public works" and "maintenance" projects. If the services being performed under this Agreement are part of a "public works" or "maintenance" project, as defined in the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. These prevailing rates are on file with the City and are available online at <http://www.dir.ca.gov/DLSR>. Consultant shall defend, indemnify and hold the City, its officials, officers, employees and agents, harmless from any and all claims, costs, penalties, or interests arising out of any failure or alleged failure to comply with the Prevailing Wage Laws.

13.6.2 Non-discrimination. Consultant represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Consultant shall also comply with all applicable anti-discrimination federal and state laws, including but not limited to, the California Fair Employment and Housing Act (Gov. Code 12990 (a-f) et seq.).

13.7 Business Entity Status. Consultant is responsible for filing all required documents and/or forms with the California Secretary of State and meeting all requirements of the Franchise Tax Board, to the extent such requirements apply to Consultant. By entering into this Agreement, Consultant represents that it is not a suspended corporation. If Consultant is a suspended corporation at the time it enters this Agreement, City may take steps to have this Agreement declared voidable.

13.8 Business License. Before the City signs this Agreement, Consultant shall obtain a City of Tracy Business License. Consultant shall maintain an active City of Tracy Business License during the term of this Agreement.

13.9 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns.

13.10 Construction of Agreement. Each Party hereto has had an equivalent opportunity to participate in the drafting of this Agreement and/or to consult with legal counsel. Therefore, the usual construction of an agreement against the drafting Party shall not apply hereto.

13.11 Severability. If a term of this Agreement is held invalid by a court of competent jurisdiction, the Agreement shall be construed as not containing that term, and the remainder of this Agreement shall remain in effect.

13.12 Controlling Provisions. In the case of any conflict between the terms of this Agreement and the Exhibits hereto, and Consultant's proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Consultant's proposal (if any), the Exhibits shall control.

13.13 Entire Agreement. This Agreement and the attached Exhibits comprise the entire integrated understanding between the Parties concerning the services to be performed. This Agreement supersedes all prior negotiations, representations or agreements. All exhibits attached hereto are incorporated by reference herein.

14. Signatures. The individuals executing this Agreement on behalf of Consultant represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Consultant.

[SIGNATURES ON FOLLOWING PAGE]

The Parties agree to the full performance of the terms set forth here.

City of Tracy

By: Robert Rickman
Title: Mayor
Date: _____

Attest:


Adrienne Richardson, City Clerk

Approved as to form:

Leticia Ramirez, City Attorney


Consultant

River City Geoprosessionals, Inc, dba
Wallace Kuhl & Associates



By: David R. Gius, Jr.
Title: President
Date: January 6, 2020

Federal Employer Tax ID No. 27-2347235



By: Andrew S. Wallace
Title: Chief Financial Officer/COO
Date: 1-9-2020

Exhibits:

- A Scope of Work, including personnel and time of performance (See Agreement sections 1 and 2.)
- B Compensation (See Agreement section 3.)

EXHIBIT A **SCOPE OF SERVICES**

Background:

Consultant shall perform geotechnical and material testing for various projects as authorized by the City in a written Notice to Proceed and in accordance with project specifications.

Consultant shall perform quality assurance materials testing and special inspection services on a time-and-materials basis as required by the project construction documents. Services include, but are not limited to; welding inspection and non-destructive testing of welds, concrete sampling and testing (including CLSM and non-shrink grout), earthwork observation and compaction testing, hot-mix asphalt observation and testing, associated sample transportation and laboratory materials testing, welding procedure and concrete mix design submittal review.

Consultant shall be responsible for project management and administration of its portion of work and shall adhere to requirements of the project specifications.

Project Setup & Coordination: Consultant shall participate in project meetings as appropriate to discuss and identify staffing and testing required for scheduling field and laboratory staff to meet the project requirements.

Field observations and testing:

- Consultant shall respond the request within 6 hours minimum notice.
- Material Sampling (plant and/or field) Consultant shall coordinate material sampling with project team and suppliers, as needed
- Compaction Testing and Observation Services – provide testing in accordance with Standards set forth in the project specifications for subgrade, aggregate base, HMA pavement, cement treated based, concrete and lime treatment.

Laboratory Testing Services: Provide comprehensive material testing in accordance with project requirements and material standards and provide test reports within one business day of test completion and engineering review.

Reporting: Provide daily field reports onsite, preferably in the digital format designated by the City's project representative and assemble bi-weekly summaries of services performed for each task.

All testing shall be performed on the time and materials basis of the standard rates and hourly rates provided in Exhibit B

SCHEDULE OF FEES 2019P



PROFESSIONAL SERVICES

Principal Engineer / Geologist	\$180.00	per hour
Senior Engineer / Geologist	\$180.00	per hour
Senior Environmental Scientist	\$180.00	per hour
Project Engineer / Geologist	\$150.00	per hour
Project Environmental Scientist	\$150.00	per hour
Senior Staff Engineer / Geologist	\$140.00	per hour
Senior Staff Environmental Scientist	\$140.00	per hour
Staff Engineer / Geologist	\$135.00	per hour
Staff Environmental Scientist	\$135.00	per hour
Senior Environmental Technician	\$110.00	per hour
Senior / Supervising Technician	\$110.00	per hour
Draftsperson / GIS Technician	\$105.00	per hour
Administrative Assistant	\$80.00	per hour

FIELD INVESTIGATION TESTING

Seismic Refraction Survey	\$180.00	per hour
Thermal Resistivity Testing	\$180.00	per hour
Electrical Resistivity Survey	\$180.00	per hour
Hand Augering/Sampling - Engineer	\$165.00	per hour
Photoionization Detector	\$180.00	per hour
Rebar Location / GPR	\$300.00	per hour

LITIGATION

Data Review/Consultation	\$260.00	per hour
Depositions/Expert Witness Testimony	\$375.00	per hour

EXPENSES

Vehicle Charges (<i>Subject to periodic adjustment due to fuel cost</i>)	\$0.75	per mile
Subsistence	\$70.00	per day
Lodging	Cost	
Services by Associate Firms and other outside services	Cost	plus 20%
Equipment rental, freight, special materials	Cost	plus 20%
Extra Report Copies		
Black and white versions	\$25.00	each
Color photography versions	\$35.00	each

PREMIUM CHARGES

Overtime and Saturdays	hourly rate plus	40	percent
Sunday and Holidays, and over 8 hrs on Saturday	hourly rate plus	75	percent

SHIFT DIFFERENTIAL

A 25 percent shift differential surcharge will be added to the hourly rate of personnel involved in scheduled testing work between the hours of 6 P.M. and 5 A.M., as well as a four hour minimum.

ESCALATION

All rates are subject to a yearly escalation of 3%.

FIELD SERVICES

SCHEDULE OF FEES 2019P

CONCRETE & REINFORCING STEEL

Ball Penetration (Kelly Ball)	\$135.00 /hr.
Batch Plant Inspection	\$105.00 /hr.
CaCl Moisture Emission Test Kit	\$35.00 /kit
CaCl Moisture Emission Testing	\$100.00 /hr.
CLSM/CDF/Slurry Testing	\$100.00 /hr.
Concrete Mix Design Review	\$180.00 /hr.
Concrete Placement Obs/Cast Cylinder	\$105.00 /hr.
Concrete Rebound Number Testing	\$135.00 /hr.
Concrete Trial Batch	\$105.00 /hr.
Floor Flatness Testing	\$135.00 /hr.
High Strength Grout Sampling / Testing	\$105.00 /hr.
Rebar / Post Tension Special Inspection	\$110.00 /hr.
Rebar Location / GPR	\$300.00 /hr.
Rebar Location / Pachometer	\$135.00 /hr.
Rebar Placement Inspection	\$110.00 /hr.
Reinforcing Steel Sampling/Tagging	\$105.00 /hr.
Relative Humidity Testing	\$135.00 /hr.
Shotcrete Special Inspection	\$105.00 /hr.
Transport Cylinders / Samples to Lab	\$105.00 /hr.

CORING

Coring (Technician + equipment)	\$135.00 /hr.
Coring (Technician assistant)	\$105.00 /hr.

POST-INSTALLED ANCHORS

Concrete Anchor Installation Inspection	\$105.00 /hr.
Concrete Anchor Proof Load Testing	\$135.00 /hr.
Concrete Anchor Torque Testing	\$110.00 /hr.
Suspended Ceiling Inspection / Testing	\$135.00 /hr.

STRUCTURAL STEEL

Fireproofing Special Inspection / Testing	\$105.00 /hr.
High Strength Bolt Special Inspection	\$110.00 /hr.
Non-Destructive Testing - UT/MT/PT	\$120.00 /hr.
Tower Certified Special Inspector	\$135.00 /hr.
Welding Special Inspection - Field	\$110.00 /hr.
Welding Special Inspection - Shop	\$110.00 /hr.

MASONRY

In-Place Masonry Flatjack Testing	\$160.00 /hr.
In-Place Masonry Shear Testing	\$135.00 /hr.
Masonry Materials Sampling / Testing	\$105.00 /hr.
Masonry Special Inspection	\$105.00 /hr.
Masonry Special Inspection DSA Cert.	\$115.00 /hr.

SOILS & ASPHALT CONCRETE

Asphalt Concrete Inspection / Testing	\$110.00 /hr.
Asphalt Concrete Materials Sampling	\$110.00 /hr.
Building Pad Special Inspection / Testing	\$110.00 /hr.
Deep Foundation Inspection	\$110.00 /hr.
Flatwork AB Inspection / Testing	\$110.00 /hr.
Flatwork Subgrade Inspection / Testing	\$110.00 /hr.
Grading Inspection / Testing	\$110.00 /hr.
Hand Augering and Sampling	\$140.00 /hr.
Pavement AB Inspection / Testing	\$110.00 /hr.
Pavement Subgrade Inspection / Testing	\$110.00 /hr.
Proof Rolling Observation	\$110.00 /hr.
Shallow Foundation Inspection	\$110.00 /hr.
Slab Subgrade Soil Moisture Tests	\$110.00 /hr.
Soil / Aggregate Sampling	\$110.00 /hr.
Soil Treatment Testing / Observation	\$110.00 /hr.
Structure Backfill Inspection / Testing	\$110.00 /hr.
Subgrade Stabilization Observation	\$110.00 /hr.
Utility Trench Backfill Testing	\$110.00 /hr.
WKA Drill Rig (including operator)	\$295.00 /hr.
WKA Drill Rig (helper)	\$110.00 /hr.

SPECIALIZED SERVICES

Coefficient of Friction Testing Crack Monitoring	\$140.00 /hr. **
Epoxy / FRP Installation Inspection	\$105.00 /hr.
Existing Building Evaluation / Demo	\$105.00 /hr.
Existing Building Evaluation / Document	\$105.00 /hr.
Existing Building Evaluation / Repair	\$105.00 /hr.
Field Investigate Support	\$105.00 /hr.
Firestopping Inspection GFRC	\$120.00 /hr.
Inspection / Testing	\$105.00 /hr.
Glulam / Truss Fabrication Inspection	\$105.00 /hr.
Glulam / Truss Inspection Travel	\$80.00 /hr.
Meggar Ground Testing	\$135.00 /hr.
Prestress Framing Installation	\$105.00 /hr.
Proto Wall Inspection / Testing	\$105.00 /hr.
Roofing Inspection Shear	\$105.00 /hr.
Nailing Inspection	\$105.00 /hr.
Soil Elect. Resistivity Testing - Technician	\$140.00 /hr.
Thickness Testing - Coating / Steel	\$135.00 /hr.
Timber Framing / Hardware Inspection	\$105.00 /hr.
Timber-in-Structure Inspection	\$125.00 /hr.
Vapor Barrier Inspection	\$105.00 /hr.
Vibration Monitoring	**

GENERAL

Inspection / Testing Cancelled * | Reinspection / Retesting * | Stand-by Time *

* Based on hourly rate of Inspection or Testing schedule

** Based on Staff Classification

MINIMUM CHARGES

- A two hour minimum charge will apply to field technician services with the following exceptions:
- a) Single trip pickup and delivery services, where a one hour minimum will apply.
 - b) Saturday, Sunday and holidays, where a four hour minimum charge will apply.

LABORATORY SERVICES**SCHEDULE OF FEES 2019P**

SOIL			
Atterberg Limits (LL/PI)	ASTM D4318	\$155.00	each
CLSM/CDF/Soil Cement Compression Test	ASTM D4832	\$55.00	each
Compaction Characteristics	ASTM D698	\$250.00	each
Compaction Characteristics	ASTM D1557	\$250.00	each
Compaction Characteristics	CTM 216	\$250.00	each
Consolidation (8 loads + 1 rebound)	ASTM D2435	\$460.00	each
Consolidation (additional loads)	ASTM D2435	\$55.00	each
Expansion Index	ASTM D4829	\$185.00	each
Hydraulic Conductivity, Flexible Wall Permeability	ASTM D5084	\$405.00	each
Lime-Treated Unconfined Compression	CTM 373	\$790.00	each
Moisture Content	ASTM D2216	\$25.00	each
Organic Content	ASTM D2974	\$95.00	each
Resistance "R" Value - Laboratory Lime-Treated	ASTM D2844, CTM 301	\$305.00	each
Resistance "R" Value - Untreated	ASTM D2844, CTM 301	\$255.00	each
Sieve Analysis - Passing No. 200 only	ASTM D1140	\$95.00	each
Sieve Analysis - Sieve & Hydrometer	ASTM D7928	\$165.00	each
Sieve Analysis - Sieve only (Coarse or Fine)	ASTM D6913	\$105.00	each
Specific Gravity of Soils	ASTM D854	\$130.00	each
Thermal Resistivity	ASTM D5334	\$55.00	each
Triaxial Compression Test, 1 point - Remolded	ASTM D4767	\$330.00	each
Triaxial Compression Test, 1 point - Undisturbed	ASTM D4767	\$255.00	each
Triaxial Compression Test, 3 Pt. Staged - Remolded	ASTM D4767	\$385.00	each
Triaxial Compression Test, 3 Pt. Staged - Undisturbed	ASTM D4767	\$300.00	each
Unconfined Compression Test	ASTM D2166	\$105.00	each
Unit Weight/Moisture Content - Tube Sample	ASTM D2937/D2216	\$35.00	each
AGGREGATE			
Aggregate Unit Weight	ASTM C29	\$55.00	each
Clay Lumps and Friable Particles	ASTM C142	\$160.00	per size
Cleanness Value	CTM 227	\$165.00	each
Durability Index (Coarse or Fine)	CTM 229	\$160.00	each
Flat and Elongated Particles in Coarse Aggregate	ASTM D4791	\$120.00	per size
Fractured/Crushed Particles	ASTM D5821, CTM 205	\$120.00	per size
Organic Impurities in Fine Aggregates	ASTM C40	\$60.00	each
Resistance "R" Value - Aggregate	CTM 301	\$295.00	each
Sand Equivalent, 1 point	CTM 217	\$90.00	each
Sand Equivalent, 3 points	CTM 217	\$130.00	each
Sieve Analysis - Coarse or Fine	ASTM C136, CTM 202	\$110.00	each
Sieve Analysis - Passing No. 200 only	ASTM C117	\$95.00	each
Sodium Sulfate Soundness	ASTM C88, CTM 214	\$150.00	per size
Specific Gravity and Absorption (Coarse or Fine)	ASTM C127, C128	\$125.00	each
ASPHALT CONCRETE			
Asphalt Content (Ignition Oven)	ASTM D6307, CTM 382	\$250.00	each
Hveem Compacted Unit Weight, 1 point	ASTM D1560/D2726		
	CTM 304/308	\$100.00	each
Laboratory Test Maximum Density (LTMD), 5 points	CTM 375	\$355.00	each
Marshall Compacted Unit Weight, 1 point	ASTM D6926/D2726	\$95.00	each
Sieve Analysis of AC Aggregate (Coarse and Fine)	ASTM D5444, CTM 202	\$170.00	each
Stabilometer Value, 1 point	CTM 366	\$130.00	each
Theoretical Maximum Density	ASTM D2041, CTM 309	\$155.00	each
Thickness of AC Cores	ASTM D3549	\$15.00	each
Unit Weight of AC Cores	ASTM D2726, D1188, CTM 308	\$55.00	each

LABORATORY SERVICES

SCHEDULE OF FEES 2019P



CONCRETE

Compression Test, Concrete Cylinder	ASTM C39	\$25.00	each
Compression Test, Concrete Cylinder - Hold	ASTM C39	\$25.00	each
Compression Test, Concrete Core	ASTM C42, C39	\$80.00	each
Compression Test, Shotcrete Core	ASTM C42, C39	\$100.00	each
Compression Test, High Strength Grout	ASTM C1107/C109	\$40.00	each
Concrete Cylinder Mold		\$6.00	each
Density / Unit Weight of Concrete	ASTM C567, C642	\$90.00	each
Flexural Strength Test, Concrete Beam	ASTM C78	\$105.00	each
Laboratory Drying Shrinkage Test, per beam	ASTM C157	\$185.00	each
Splitting Tensile Test, Concrete Cylinder	ASTM C496	\$80.00	each

MASONRY

Brick			
Compression Test	ASTM C67	\$65.00	each
Modulus of Rupture	ASTM C67	\$75.00	each
Absorption	ASTM C67	\$90.00	each
Concrete Masonry Unit			
Compression Test	ASTM C140	\$75.00	each
Absorption & Moisture Content	ASTM C140	\$75.00	each
Linear Drying Shrinkage	ASTM C426	\$210.00	each
Compression Test, Composite Masonry Prism	ASTM C1314	\$120.00	each
Compression Test, Masonry Grout	ASTM C1019	\$40.00	each
Compression Test, Mortar	ASTM C780	\$35.00	each
Core Shear Test	CBC Section 2105A	\$85.00	each
Masonry Core Compression Test	CBC Section 2105A	\$75.00	each

STEEL

Anchor Bolt Tensile Test	ASTM F606	\$100.00	each
Fireproofing Density Test	ASTM E605	\$70.00	each
High Strength Bolt Assembly Laboratory Testing			
Bolt - Wedge Tension Test	ASTM F606	\$75.00	each
Bolt - Proof Load Test	ASTM F606	\$75.00	each
Bolt - Hardness Test	ASTM E18	\$35.00	each
Nut - Proof Load Test	ASTM F606	\$75.00	each
Nut - Hardness Test	ASTM E18	\$35.00	each
Washer - Hardness Test	ASTM E18	\$35.00	each
Prestressing Steel Strand Tensile Test	ASTM A416/A1061	\$130.00	each
Reinforcing Steel (Rebar) Tensile Test			
Up to No. 7	ASTM A615, A706/A370	\$80.00	each
From No. 8 through No. 14	ASTM A615, A706/A370	\$110.00	each
Reinforcing Steel (Rebar) Bend Test	ASTM A615, A706/A370	\$40.00	each
Structural Steel Tensile Test			
Up to 3/4"	ASTM A370	\$90.00	each
Sizes Larger Than 3/4"	ASTM A370	\$115.00	each
Machining of Test Specimens		cost plus %20	
Structural Steel Hardness Test	ASTM E18	\$80.00	each
Torque Wrench Calibration (minimum of 4 wrenches)		\$80.00	each
Weld Assembly, Guided Bend/Macroetch/T-Bend Test	AWS D1.1, ASTM E190	\$80.00	per test
Welder Qualification Test Inspection		\$90.00	per hour
Welder Qualification Test Record		\$100.00	each

TESTING SERVICES

Laboratory Technician		\$90.00	per hour
-----------------------	--	---------	----------

RESOLUTION 2020-_____

APPROVING MASTER PROFESSIONAL SERVICES AGREEMENT WITH BSK ASSOCIATES WITH AN ANNUAL NOT TO EXCEED AMOUNT OF \$200,000 FOR MATERIALS TESTING FOR 2020-2023 WITH THE OPTION TO EXTEND THE AGREEMENT AN ADDITIONAL TWO YEARS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN EXTENSION IF NEEDED

WHEREAS, The Utilities Department has several projects associated with maintenance, operations, and capital improvements of Water and Wastewater treatment plants, water wells, pump stations, sewer lift stations, and water reservoirs, and

WHEREAS, These projects require materials testing that are necessary to ensure that construction is performed in accordance with the project plans and specification, and

WHEREAS, Due to specialized nature of the work that requires specialized equipment and testing facilities, City needs to procure the services of the consultant on an as needed basis, and

WHEREAS, Staff conducted one time RFP to hire experienced and qualified consultants to provide services for various utility projects for a period of three years, and

WHEREAS, On October 10, 2019, staff solicited proposals in accordance with Tracy Municipal Code, Section 2.20.140 from various consultants. A "Notice of Request for Proposals" was also posted on the City of Tracy's website, and

WHEREAS, After review and evaluation of these proposals, BSK Associates of Livermore and Wallace Kuhl & Associates of Stockton, California, were found to be the most qualified consultants to provide the necessary services, and

WHEREAS, The MPSA will be valid for a period of three years from the date of execution of the agreement and the total compensation shall not exceed \$200,000 per fiscal year, and

WHEREAS, Pursuant to MPSA procedures, staff would identify the services needed, develop the scope of work, reach agreement with the consultant on such scopes of work and issue a task order, provided the dollar amounts do not exceed the provisions of MPSA and the availability of funds as verified by the Finance Department, and

WHEREAS, The funding for task orders executed with these consultants under the approved MPSAs will be provided from the Utilities Department's current and future approved operations, maintenance, and capital improvement projects budget;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby approves a Master Professional Services Agreements with BSK Associates of Livermore, California, with an annual not to exceed amount of \$200,000 to provide Materials Testing and Geotechnical Services for Calendar Years 2020-2023 with an option to extend the agreements for an additional two years, and authorize the City Manager to execute an extension if needed.

The foregoing Resolution 2020-_____ was adopted by Tracy City Council on the 21st day of January, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

RESOLUTION 2020-_____

APPROVING MASTER PROFESSIONAL SERVICES AGREEMENT WITH RIVER CITY GEOPROFESSIONALS, INC. DBA WALLACE KUHL & ASSOCIATES WITH AN ANNUAL NOT TO EXCEED AMOUNT OF \$200,000 FOR MATERIALS TESTING FOR 2020-2023 WITH THE OPTION TO EXTEND THE AGREEMENT AN ADDITIONAL TWO YEARS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN EXTENSION IF NEEDED

WHEREAS, The Utilities Department has several projects associated with maintenance, operations, and capital improvements of Water and Wastewater treatment plants, water wells, pump stations, sewer lift stations, and water reservoirs, and

WHEREAS, These projects require materials testing that are necessary to ensure that construction is performed in accordance with the project plans and specification, and

WHEREAS, Due to specialized nature of the work that requires specialized equipment and testing facilities, City needs to procure the services of the consultant on an as needed basis, and

WHEREAS, Staff conducted one time RFP to hire experienced and qualified consultants to provide services for various utility projects for a period of three years, and

WHEREAS, On October 10, 2019, staff solicited proposals in accordance with Tracy Municipal Code, Section 2.20.140 from various consultants. A "Notice of Request for Proposals" was also posted on the City of Tracy's website, and

WHEREAS, After review and evaluation of these proposals, BSK Associates of Livermore and Wallace Kuhl & Associates of Stockton, California, were found to be the most qualified consultants to provide the necessary services, and

WHEREAS, The MPSA will be valid for a period of three years from the date of execution of the agreement and the total compensation shall not exceed \$200,000 per fiscal year, and

WHEREAS, Pursuant to MPSA procedures, staff would identify the services needed, develop the scope of work, reach agreement with the consultant on such scopes of work and issue a task order, provided the dollar amounts do not exceed the provisions of MPSA and the availability of funds as verified by the Finance Department, and

WHEREAS, The funding for task orders executed with these consultants under the approved MPSAs will be provided from the Utilities Department's current and future approved operations, maintenance, and capital improvement projects budget;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy hereby approves a Master Professional Services Agreements with River City Geoprosessionals, Inc. dba Wallace Kuhl & Associates of Stockton, CA, with an annual not to exceed amount of \$200,000 to provide Materials Testing and Geotechnical Services for Calendar Years 2020-2023 with an option to extend the agreements for an additional two years and authorize the City Manager to execute an extension if needed.

The foregoing Resolution 2020-_____ was adopted by Tracy City Council on the 21st day of January, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

CITY CLERK

AGENDA ITEM 1.M

REQUEST

RECEIVE UPDATE REGARDING THE ACTIVITIES OF THE TRACY HOMELESSNESS COUNCIL AD HOC COMMITTEE AND DEVELOPMENT OF THE HOMELESS STRATEGIC PLAN

EXECUTIVE SUMMARY

On April 16, 2019, the Tracy City Council formed an ad hoc committee to draft a Homelessness Strategic Plan. This report serves as an update regarding the Council Ad Hoc Committee and development of a Homelessness Strategic Plan.

DISCUSSION

At the December 17, 2019 City Council meeting, Council Member Vargas, seconded by Council Member Arriola, requested to place on the Council agenda an item to update the Council on the activities of the Tracy Homelessness Council Ad Hoc Committee.

Below is a chronological summary of key activities that have occurred since the formation of the Council Ad Hoc Committee and milestones associated with the development of a Homelessness Strategic Plan.

Date	Action/Activity
April 16, 2019	Council discussed homelessness in Tracy and formed a council ad hoc committee to draft a strategic plan to address homelessness in Tracy.
June 18, 2019	Council received an update from the committee and authorized staff to explore and submit grant applications to fund the creation of a Homelessness Strategic Plan.
July 2019	Staff applied for technical assistance through the State of California to assist in the development of a Homelessness Strategic Plan.

<p>August 2019</p>	<p>The City was granted technical assistance at no cost through a grant from the State of California Department of Housing and Community Development. Technical Assistance Collaborative (TAC) was assigned to assist the City in developing its Homelessness Strategic Plan.</p>
<p>September 3, 2019</p>	<p>Council formally codified the Tracy Homelessness Strategic Plan Development Ad Hoc Committee, via Resolution No. 2019-187, expiring on December 31, 2019 and expanded the committee's scope to include exploration of a temporary shelter in Tracy.</p>
<p>November 19, 2019</p>	<p>TAC facilitated a community/service provider workshop to identify existing local resources and gaps in services. Approximately 50 people attended providing for broad representation ranging from homelessness advocates, service providers including Tracy Unified School District and County Behavioral Health, as well as local and State officials. The day-long session provided a forum to begin developing the backbone of goals and objectives to inform the strategic plan. The group identified a need for better coordination between local government, the school district and local providers. The lack of affordable housing options and the need for a local emergency shelter were also discussed. The inconsistent use of the centralized Homelessness Management Information System (HMIS) by Tracy area service providers highlighted the need for training/education for local providers.</p>
<p>December 7, 2019 & December 11, 2019</p>	<p>City staff facilitated two community listening sessions to further inform the City's strategic plan. Approximately 50 people attended the two meetings. The groups consisted of community members, non-profit representatives, County representative including Housing Authority of San Joaquin and the County Program Administrator for Homeless Initiatives, as well as representatives from the California Highway Patrol. The groups discussed concerns about the impacts of homelessness, including the need for an emergency shelter and increased opportunities for affordable housing options in the City for all including those currently experiencing homelessness and/or those at risk for becoming homeless.</p>

December 17, 2019	Council established the Tracy Homelessness Council Ad Hoc Committee for calendar year 2020, expiring June 30, 2020.
January 14, 2020	<p>TAC consultants facilitated a community meeting with the purpose of presenting and discussing draft goals compiled from the previous three community meetings for the Homelessness Strategic Plan. The consultants presented preliminary feedback heard from community and stakeholder participants based on feedback compiled to date.</p> <p>Approximately 75 people attended. Attendees included community members, homelessness advocates, those with lived experience, non-profit representatives, staff, as well local and state representatives.</p> <p>Audience members discussed their concerns over the perceived growth of homelessness in the community, need for a designated warming center, and lack of action by City.</p>

Next Steps

The next Council ad hoc meeting is scheduled for Wednesday, January 22, 2020 and will include the strategic plan consultants. The committee will review the input collected from the community and stakeholder meetings and revise and refine the goals and objectives. A draft strategic plan will be presented for the full Council's consideration at the March 17, 2020 City Council meeting.

FISCAL IMPACT

None

STRATEGIC PLAN

This agenda item is a routine operational item that does not relate to the Council's Strategic Plans.

RECOMMENDATION

It is recommended that Council receive the update.

Prepared by: Midori Lichtwardt, Assistant City Manager

Reviewed Approved by: Jenny Haruyama City Manager

AGENDA ITEM 1.N

REQUEST

AMEND COUNCIL POLICY REGARDING SELECTION PROCESS FOR COUNCIL APPOINTEE BODIES SUCH AS BOARDS AND COMMISSIONS

EXECUTIVE SUMMARY

The City Council currently has a policy that establishes the selection process for appointee bodies (i.e. City advisory bodies such as boards, commissions, and committees) and residency requirements for individuals appointed to serve on those bodies.

During the development of the Council's Code of Conduct, Council provided direction to staff to maintain the current practice of having two Council members serve on a selection subcommittee to review applications, interview applicants, and make a recommendation to the full Council regarding appointments, including creating an eligibility list. The current policy states that the subcommittee must be comprised of the Mayor (or designee) and another Council member.

This item requests that Council amend the policy to reflect Council's current practice of selecting any two Council members to serve on a subcommittee to make recommendations to the full Council regarding appointments to advisory bodies.

DISCUSSION

On October 15, 2019, the Tracy City Council adopted a Code of Conduct that addresses Council's roles and responsibilities, including duties related to Council Advisory Bodies. During staff and Council's review of these provisions of the Code of Conduct, it became apparent that Council's current practice of establishing a two-member Council subcommittee was not consistent with Council's policy adopted by Resolution No. 2004-089 for selecting appointees to advisory bodies (Attachment A), and revised by Resolution No. 2004-152 (Attachment B). The policy states that the following:

"The council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:

- a. Mayor (or designee) and a selected Council member will review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.

In practice, Council appoints any two Council members to a subcommittee to review applications and interview applicants for an appointment on an advisory body. Staff has amended the policy to reflect this practice, include a purpose statement, and correct minor non-substantive issues such as capitalization and formatting changes.

STRATEGIC PLAN

This item is not related to the Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact as a result of this agenda item.

RECOMMENDATION

That the City Council, by resolution, adopt an amended Council Policy establishing a selection process for appointments to City advisory bodies and repeal Resolution No. 2004-089, and Resolution No. 2004-152.

Prepared by: Leticia M. Ramirez, City Attorney

Reviewed by: Adrienne Richardson, City Clerk
Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny D. Haruyama, City Manager

ATTACHMENTS

- A - Resolution No. 2004-089
- B - Resolution No. 2004-152
- C - Proposed Council Policy Establishing a Selection Process for Appointments to City Advisory Bodies

RESOLUTION 2004-089

ESTABLISHING THE COUNCIL SELECTION PROCESS, AND DEFINING RESIDENCY REQUIREMENTS, FOR APPOINTEE BODIES (GOVERNMENT CODE §54970 ET SEQ. LOCAL APPOINTEE OFFICERS)

WHEREAS, Council Policy D-5 was adopted by Resolution 2002-434 on October 15, 2002, which established a selection process for appointee bodies, and

WHEREAS, A variety of terms are used to define residency for the purposes of eligibility for appointment to various Appointee bodies and a method to verify residency has not been established, and

WHEREAS, Council wishes to define the terms and identify methods by which to verify residency and to incorporate those definitions into the selection process, and

WHEREAS, The definitions established herein shall apply to all boards and commissions to which the City Council appoints members unless the Bylaws of the board or commission specifically define otherwise.

NOW, THEREFORE, the Tracy City Council hereby resolves as follows:

A. SELECTION PROCESS FOR APPOINTEE BODIES:

1. On or before December 31st of each year, the clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:
 - a. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.
 - b. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.
 - c. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.
3. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the

notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.

4. Appointments shall be made for the remainder of the term created by the vacancy except as follows:
 - a. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.
 - b. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 3.
5. The council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:
 - a. Mayor (or designee) and a selected Council member will review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.
 - b. If the interview subcommittee determines there are multiple qualified candidates, the subcommittee can recommend the Council establish an eligibility list that can be used to fill vacancies that occur in the following twelve (12) months.
 - c. At the interview subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.
6. In the event there are not two or more applicants than vacancies on any board, commission or committee, the filing deadline may be extended by staff.
7. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

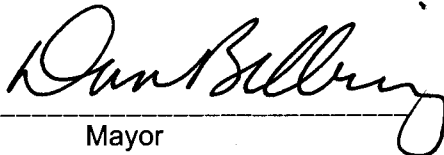
B. DEFINITION OF RESIDENCY REQUIREMENTS:

1. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:
 - a. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.
 - b. Citizen means a resident of the City of Tracy.
 - c. Tracy School District means the geographical area served by the Tracy Unified School District.

- d. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.
2. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency verification shall be by any of the following means:
- a. Use of residency address on forms required by the Political Reform Act (e.g. Form 700 or Form 730),
 - b. Voter registration,
 - c. Current California Driver's License or Identification,
 - d. Utility bill information (phone, water, cable, etc.).

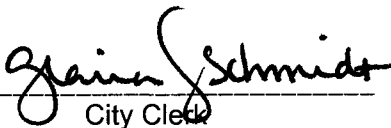
The foregoing Resolution 2004-089 was passed and adopted by the Tracy City Council on the 16th day of March, 2004, by the following vote:

AYES: COUNCIL MEMBERS: HUFFMAN, IVES, TOLBERT, TUCKER, BILBREY
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE



Mayor

ATTEST:



City Clerk

RESOLUTION 2004-152

REVISING RESOLUTION NO. 2004-089 ESTABLISHING THE COUNCIL SELECTION PROCESS, AND DEFINING RESIDENCY REQUIREMENTS, FOR APPOINTEE BODIES (GOVERNMENT CODE §54970 ET SEQ. LOCAL APPOINTEE OFFICERS)

WHEREAS, Council Policy D-5 was adopted by Resolution 2002-434 on October 15, 2002, which established a selection process for appointee bodies, and

WHEREAS, A variety of terms are used to define residency for the purposes of eligibility for appointment to various Appointee bodies and a method to verify residency has not been established, and

WHEREAS, Council wishes to define the terms and identify methods by which to verify residency and to incorporate those definitions into the selection process, and

WHEREAS, The definitions established herein shall apply to all boards and commissions to which the City Council appoints members unless the Bylaws of the board or commission specifically define otherwise, and

WHEREAS, Revisions to Resolution No. 2004-089 were considered and approved by the City Council on May 18, 2004 as set forth below.

NOW, THEREFORE, the Tracy City Council hereby resolves as follows:

A. SELECTION PROCESS FOR APPOINTEE BODIES:

1. On or before December 31st of each year, the clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:
 - a. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.
 - b. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.
 - c. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.
2. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final

appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.

3. Appointments shall be made for the remainder of the term created by the vacancy except as follows:
 - a. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.
 - b. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 3.
4. The council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:
 - a. Mayor (or designee) and a selected Council member will review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.
 - b. If the interview subcommittee determines there are multiple qualified candidates, the subcommittee can recommend the Council establish an eligibility list that can be used to fill vacancies that occur in the following twelve (12) months.
 - c. At the interview subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.
5. In the event there are not two or more applicants than vacancies on any board, commission or committee, the filing deadline may be extended by staff.
6. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

B. DEFINITION OF RESIDENCY REQUIREMENTS:

1. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:
 - a. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.
 - b. City of Tracy means within the city limits of the City of Tracy.

- c. Citizen means a resident of the City of Tracy.
 - d. Tracy School District means the geographical area served by the Tracy Unified School District.
 - e. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.
2. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency must be verifiable by any of the following means:
- a. Voter registration,
 - b. Current California Driver's License or Identification,
 - c. Utility bill information (phone, water, cable, etc.),
 - d. Federal or State tax returns.
3. Members of boards or commissions shall notify the City Clerk in writing within thirty (30) days of any change in residency. If the change in residency results in the board member or commissioner no longer meeting the residency requirements, the member shall tender their resignation to the City Clerk who shall forward it to the City Council.


The foregoing Resolution 2004-152 was passed and adopted by the Tracy City Council on the 18th day of May, 2004, by the following vote:

AYES: COUNCIL MEMBERS: HUFFMAN, IVES, TOLBERT, TUCKER, BILBREY
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE



Mayor

ATTEST:



City Clerk

**COUNCIL POLICY ESTABLISHING A SELECTION PROCESS FOR APPOINTMENTS TO
CITY ADVISORY BODIES**

(Exhibit "A" to Resolution No. 2020-____)

SECTION 1: PURPOSE

To establish a selection process for appointments to City advisory bodies including defining residency requirements, in accordance with Government Code sections 54970 et seq.

SECTION 2: SELECTION PROCESS FOR APPOINTEE BODIES

- A. On or before December 31st of each year, the City Clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:
1. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.
 2. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.
 3. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.
- B. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.
- C. Appointments shall be made for the remainder of the term created by the vacancy except as follows:
1. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.
 2. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 2.
- D. The Council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:

1. Council shall appoint two Council members to serve on a subcommittee to review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.
 2. If the Council subcommittee determines there are multiple qualified candidates, the subcommittee can recommend the Council establish an eligibility list that can be used to fill vacancies that occur in the following twelve (12) months.
 3. At the Council subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.
- E. In the event there are not two or more applicants than vacancies on any board, commission or committee, the filing deadline may be extended by the City Clerk.
- F. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

SECTION 3: DEFINITION OF RESIDENCY REQUIREMENTS

- A. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:
1. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.
 2. City of Tracy means within the city limits of the City of Tracy.
 3. Citizen means a resident of the City of Tracy.
 4. Tracy School District means the geographical area served by the Tracy Unified School District.
 5. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.
- B. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency must be verifiable by any of the following means:
1. Voter registration,
 2. Current California Driver's License or Identification,

3. Utility bill information (phone, water, cable, etc.),
 4. Federal or State tax returns.
- C. Members of boards or commissions shall notify the City Clerk in writing within thirty (30) days of any change in residency. If the change in residency results in the board member or commissioner no longer meeting the residency requirements, the member shall tender their resignation to the City Clerk who shall forward it to the City Council.

RESOLUTION 2020-____

ADOPTING A COUNCIL POLICY ESTABLISHING A SELECTION PROCESS FOR APPOINTMENTS TO CITY ADVISORY BODIES AND REPEALING RESOLUTION NO. 2004-089 AND RESOLUTION NO. 2004-152

WHEREAS, In March 2004, the Tracy City Council adopted Resolution No. 2004-089 establishing a policy for the selection process and defining residency requirements for appointee bodies ("Policy") in accordance with Government Code sections 54970 et seq. that was last amended in May 2004, via Resolution No. 2004-152;

WHEREAS, The current policy states that the Mayor (or designee) and a selected Council member shall serve on a selection subcommittee to review applications to serve on an advisory body, interview applicants, and make a recommendation to the full Council on a candidate for appointment to an advisory body,

WHEREAS, In practice, Council appoints any two Council members to a subcommittee to review applications and interview applicants for an appointment to an advisory body, and

WHEREAS, Council wishes to amend the policy to accurately reflect its current practice.

NOW, THEREFORE, the City Council of the City of Tracy hereby adopts the Council Policy Establishing a Selection Process for Appointments to City Advisory Bodies, attached as Exhibit A, and thereby repeals and supersedes Resolution No. 2004-089, and Resolution No. 2004-152.

* * * * *

The foregoing Resolution 2020-____ was passed and adopted by the Tracy City Council on the 21st day of January, 2020, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

Mayor

ATTEST:

City Clerk

AGENDA ITEM 3.A

REQUEST

REVIEW AND DISCUSS DRAFT CANNABIS BUSINESS PERMIT APPLICATION PROCEDURES AND GUIDELINES AND PROVIDE DIRECTION TO STAFF

EXECUTIVE SUMMARY

Staff has prepared draft procedures and guidelines (“Guidelines”) for the cannabis business permit application process for Council review and discussion. Staff requests Council direction in order to finalize these proposed Guidelines for cannabis business permit applications. Staff anticipates receiving applications for cannabis business permits beginning in April 2020, and the enclosed draft Guidelines provide prospective applicants with the guidance necessary to file an application and obtain a permit. The proposed Guidelines describe a three-step process to obtain a permit involving 1) the filing of an application, 2) the review of the application by staff for eligibility, and 3) the award of a permit, which involves a lottery for the retail-storefront (dispensary) permits. The process includes additional opportunities for locally-owned businesses. Staff requests Council direction on whether the application process should be modified or expanded in any area of interest.

DISCUSSION

The City’s regulatory ordinance on commercial cannabis activities, contained in Chapter 6.36 of the Tracy Municipal Code (“TMC”), requires that the City Council adopt, by resolution, the procedures to govern the cannabis business permit application process (TMC Section 6.36.050(a).) Further, the regulatory ordinance specifies that the resolution adopted by Council shall authorize City staff and/or consultants to provide review criteria under which applications will be evaluated and to prepare the necessary forms. Accordingly, City staff developed the proposed Guidelines with the intent of presenting clear, easy-to-understand submittal requirements and selection criteria.

The Guidelines (Attachment A) establish the required submittal materials, which is comprised of the following key components: application forms, a series of materials in the form of written plans identifying the operational nature of the proposed business, and the required fee to cover City costs incurred for processing the application.

The Guidelines further establish the City’s process for issuing permits. In all cases, the applications are evaluated against the City’s regulatory ordinance on commercial cannabis activities and the Guidelines, which may involve the assistance of consultants depending on the materials submitted and the number of applications filed. The City’s regulatory ordinance requires a quantitative evaluation of the applications, and the Guidelines implement this requirement by establishing a 100-point scale. However, the Guidelines have been developed to perform much like a “pass-fail” checklist, in which the applicant must submit the required minimum amount of information for the City to determine that an applicant is eligible. The Guidelines have been drafted with the intent to make the process transparent to applicants on what is required to become eligible to

receive a permit. If all of the requested information is submitted, in sufficient detail, then the applicant is deemed eligible to receive a permit. As discussed below, after application submittal, the process contains two phases: Phase 1 is an eligibility review, and Phase 2 is the award of permits, which involves a City-administered lottery for retail-storefront (dispensary) permits.

Application Submittal:

Applications would be accepted by the City from April 6 to June 4. The Guidelines, shown in Attachment A, establish the materials required for a complete application. The submittal requirements stem from Chapter 6.36 of the TMC and the Guidelines include an appendix clarifying each aspect of the required submittal materials. Included in this list of required submittal materials is proof of payment initiating the Live Scan background check process. At the close of the application period, staff would initiate Phase 1 of the selection process.

Phase 1 Eligibility Review:

Upon closure of the application period, applications would be routed to City staff (and possibly to consultants) for review of the materials for compliance with the Guidelines and Chapter 6.36 of the TMC. The City's review process is anticipated to take up to 90 days, depending on the number of applications filed. This review will result in an eligibility list, meaning applicants that have satisfactorily submitted all of the required materials will be deemed eligible to continue on to Phase 2.

During Phase 1, staff will be reviewing the plans and materials in the applications, which include the following:

- Business Plan
- Community Relations Plan
- Security and Safety Plan
- Cultivation Plan (if applicable)
- Local Preference Plan (optional)

These Guidelines include an optional submittal component entitled a Local Preference Plan, whereby retail-storefront (dispensary) permit applicants have the choice to submit additional materials demonstrating local ownership of the business. Applications that satisfy the requirements of the Local Preference Plan are eligible for an additional opportunity for selection in a separate pool to be drawn in the lottery, as described below in Phase 2.

It should be noted that these proposed Guidelines do not include additional requirements to address issues related to social equity in this industry; however, the Guidelines could be amended to include additional considerations at Council's direction. Jurisdictions in California that have established cannabis social equity programs are varied in their interests and in the manner in which permits are issued. Attachments B and C to this staff report are information and a document produced by the California State Bureau of Cannabis Control that outlines the social equity programs of several major California cities. Provisions of social equity programs (if any) are at the direction of local jurisdictions.

Phase 2 City Issuance of Cannabis Business Permits:

The final step in the process is the award of the permits at an administrative hearing. For all permit types (except retail-storefronts (dispensaries)), eligible applications (as determined in Phase 1) may be awarded a permit by the Chief of Police.

Per TMC Section 6.36.040, only four (4) retail-storefront (dispensary) permit types are allowed to operate in Tracy at any given time, and the City expects to receive more applicants than the maximum four permits available. The draft Guidelines establish that after applications are screened for eligibility, those eligible would be entered into a City-conducted lottery to allocate the maximum number of available permits for this cannabis business type.

The lottery would be conducted in two steps. First, the City would select one applicant from the pool of all eligible applicants that submitted qualifying Local Preference Plans. This represents a 25% set aside of the retail-storefront (dispensary) cannabis business permits for owners committing to the Local Preference Plan, as defined in the Guidelines. The second step is a lottery for all remaining applicants, including the applicants that submitted qualifying Local Preference Plans, for the remaining three (75%) of the retail-storefront (dispensary) cannabis business permits.

The optional Local Preference Plan, as established in the Guidelines requires the following as an application submittal:

State the extent to which the Cannabis Business will be a locally managed enterprise whose owners (at least 51%) reside within the City of Tracy and/or the County of San Joaquin. In order to be a qualifying Local Preference Plan, an applicant must show proof that at least 51% of the owners have been residents for at least one year prior to April 6, 2020. Such proof shall consist of a utility bill with owner's name(s), a lease, deed, or other similar documentation.

Following approval of the Cannabis Business Permit by the Chief of Police, applicants will proceed with the remaining regulatory and zoning requirements: State permits, conditional use permit, building permit(s), business licenses, etc.

STRATEGIC PLAN

This agenda item is an operational item and is not related to the City Council's Strategic Plans.

FISCAL IMPACT

Staff will return to the City Council with potential fiscal impacts based upon City Council policy direction on the Guidelines, including a fee resolution to set the application-processing fee. The City Council may consider placing cannabis general tax measure on the November 2020 ballot.

RECOMMENDATION

City staff recommends that City Council discuss the draft Guidelines and provide direction to staff to further develop the application and Guidelines. Following the direction received, staff will return to Council, as indicated below.

Next steps:

- February-March, 2020 City Council approval of Cannabis Business Permit Procedures and Guidelines and application processing fee and minor amendments to Chapter 6.36.
- April 6-June 4, 2020 Application filing period open
- September - October, 2020 City-conducted lottery for 4 dispensary / retail storefront permits, and City issuance of Cannabis Business Permits for non-retail business types (if any).
- Permitted applicants begin application process to obtain Conditional Use Permits, consistent with TMC Title 10.

Prepared by: Bill Dean, Assistant Development Services Director
Karin Schnaider, Finance Director

Reviewed by: Alex Neicu, Interim Police Chief
Midori Lichtwardt, Assistant City Manager
Andrew Malik, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

- Attachment A – Draft Cannabis Business Permit Application Procedures and Guidelines
- Attachment B – State Bureau of Cannabis Control summary of Cannabis Equity Programs in LA, SF, Oakland, and Sacramento
- Attachment C – Crafting Social Equity Considerations into the City's Application Procedures and Guidelines



City of Tracy

Development Services Department
333 Civic Center Drive
Tracy, CA 95376
P: 209.831.6400

APPLICATION PROCEDURES & GUIDELINES FOR A CITY OF TRACY CANNABIS BUSINESS PERMIT

OPENS – April 6, 2020
CLOSES – June 4, 2020 @ 3:00 PM

The City of Tracy may issue Cannabis Business Permits to individuals interested in operating a cannabis cultivation, distribution, manufacturing, testing laboratory, retail (storefront and non-storefront), or microbusiness in accordance with Chapter 6.36 of the Tracy Municipal Code (TMC). The application process to obtain a permit to operate a Cannabis Business in Tracy will open on April 6, 2020. Applications will be available from the Development Services Department located in City Hall or online on the City's website, www.cityoftracy.org.

The City's Cannabis Business Permit application process consists of two phases during which applications will be reviewed for completeness and compliance with these guidelines and applicable provisions of the TMC and California state cannabis laws and regulations. Permits will be issued to applicants meeting these procedures and in the case of storefront retailers, after completion of a lottery of only eligible applicants.

For questions regarding the application process, please review the information on the City's website: www.cityoftracy.org which outlines the application process, forms and other required materials, FAQs, and other information relevant to engaging in commercial cannabis activity in Tracy. Additional information relevant to the application process can be found in California state cannabis laws, regulations and resources, and TMC Chapter 6.36 and Section 10.08.3196.

To be considered for a Cannabis Business Permit, applications **must be** submitted by June 4, 2020 to the City Development Services Department located at 333 Civic Center Plaza, Tracy, CA, 95376 by 3:00 PM. This application process is established pursuant to Section 6.36.050(a) of the TMC.

Applicants should monitor the City's website for any additional information, FAQs or updates. It is the responsibility of the applicant to stay informed of any changes or new information during the application and selection process.

CITY'S RESERVATION OF RIGHTS

The City reserves the right to reject any and/or all applications, with or without any cause or

reason. The City may modify, postpone, or cancel the application submittal date for a Cannabis Business Permit application without liability, obligation, or commitment to any party, firm, or organization. Persons submitting applications assume the risk that all or any part of the program, or any particular category or permit potentially authorized under TMC Chapter 6.36, may be cancelled at any time prior to Cannabis Business Permit issuance. In addition, the City reserves the right to request and obtain additional information from any applicant submitting an application. Late applications WILL BE REJECTED. Furthermore, an application RISKS BEING REJECTED for the following reasons:

1. The Cannabis Business Permit Application is incomplete, non-responsive, or inconsistent with the application form and/or these Application Procedures & Guidelines, or the provisions of TMC Section 6.36.070.
2. The issuance of the Cannabis Business Permit for the proposed location is inconsistent with state law or Title 10 and other applicable TMC requirements.

Furthermore, it is anticipated that the City will be placing a Cannabis Tax Measure on the November 2020 ballot for the voters to consider which would tax the sale of cannabis. Therefore, every applicant should be mindful that this should be a component of their business plan and failure to acknowledge or comply with this requirement may disqualify them from eligibility for a Cannabis Business Permit.

AMENDMENTS TO APPLICATIONS

Applicants will not be permitted to make amendments to their application or to supplement their application, except as otherwise specifically permitted in these procedures, as may be amended from time to time. During Phase 1, applicants will be notified if any of the owners are ineligible and/or if their application is incomplete which will disqualify them from the application process.

At the conclusion of Phase 1, all applicants will be notified as to the status of their application and eligibility to proceed to Phase 2.

All applicants will be required to submit to the Live Scan process administered by the Department of Justice. All applicants acknowledge, by signing the application and paying the fee, should later results of the Live Scan identify an ineligible activity, the applicant will be disqualified without regard to the outcome of Phase 1 review or Phase 2 lottery (for Retailer-Storefront (Dispensary) Cannabis Business Permit applicants), and no refunds will be issued for costs associated with processing their application up to that point.

APPLICATION PROCESS INSTRUCTIONS TO THE APPLICANT:

The information you provide in this application will be used to determine your eligibility for a Cannabis Business Permit. Any interested applicants are advised to review the information regarding the application process and list of required documents. Review your application in its entirety to ensure that it is complete and accurate. Review the information regarding the Cannabis Business Permit application on the City website www.cityoftracy.org. The following procedures outline the application evaluation and selection process, required materials, and other information necessary to apply for a Cannabis Business Permit to operate in Tracy.

The City's application process to obtain a Cannabis Business Permit involves the following:

- 1) Application submittal to the City
- 2) Phase 1: City/Consultant Review of the applications and creation of eligibility lists
- 3) Phase 2: City issuance of Cannabis Business Permits, During this Phase, eligible applicants for Retailer – Storefront (Dispensary) Cannabis Business Permit will be entered into a City-conducted lottery to allocate the maximum number of cannabis businesses of this type authorized to operate in Tracy (TMC Section 6.36.040 (a)(vi.)).

Prior to commencing cannabis business operations, Cannabis Business Permittees must obtain additional permits, including a Conditional Use Permit, Cannabis Employee Permits, and a City Business License. Information on those permits and processes can be found on page four (4) of these Procedures and Guidelines.

Background Check

As part of the application submittal requirements, each owner must undergo a criminal background check demonstrating they do not provide “good cause” for denial per TMC Section 6.36.060 and 6.36.070 and pay applicable fees and charges. The Background Check Authorization Form will be available on the City website or in the Police Department located at 1000 Civic Center Drive, Tracy, CA 95376 (adjacent to City Hall). Owners must submit the Background Check Authorization Form to the Police Department. After the Background Check Authorization Form has been processed, owners will receive a Request for Live Scan services, State of California Form BCIA 8016 from the Police Department. At that time, the owners may conduct the Live Scan at the Police Department or visit other Live Scan background service providers. Visit the California Department of Justice website [here](http://www.cdjps.org) for a list of Live Scan service providers in San Joaquin County. Documentation demonstrating that owners background checks have been completed or are in process is required on or before 3:00 pm on June 4, 2020 in order for your application to proceed to Phase 2. Owners who do not meet criminal history eligibility requirements will be disqualified and their application will be deemed disqualified.

APPLICATION SUBMITTAL REQUIREMENTS

Applicants must hand-deliver five hard copy of all materials, and a complete electronic copy (PDF format) of all materials on a USB thumb drive (i.e. flashdrive), at the time of application submittal. All applicants must submit, with the exception of site or building plans, all hard copy materials single sided in a simple 3-ring binder of 8.5 x 11 inch sized paper, not to exceed 125 one-sided pages. No applications in a "Spiral" or "Comb" type of binding, or stapled documents will be accepted. For larger size hard copy materials such as site or building plans, submit sheets no greater than 30x42 inches, folded, collated, unstapled, and secured together with rubber bands.

A complete application will consist of the following:

1. Application Forms:
 - a) City of Tracy Cannabis Business Permit Application Form with signatures
 - b) Applicant Indemnification Form with signatures - Applicant will execute a waiver and release of liability and an agreement indemnifying the City from any liability
 - c) Notarized Property Owner Consent documenting property owner's authorization to engage in cannabis related business and activities at property. If the applicant owns the property on which the business proposes to locate, then proof of ownership such as a deed must be submitted
 - d) Proof of Insurance for cannabis business, if operational
2. Background Check Authorization Form and Proof of Live Scan payment for each owner
3. The following information, which is further described in Appendix A:
 - a) Copies of State licenses relating to cannabis activities that the applicant holds, if any
 - b) Tax Compliance documentation including copy of state tax seller's permit, and applicant's recent year's financial statement and tax returns
 - c) Business Plan
 - d) Community Relations Plan
 - e) Security and Safety Plan
 - f) Cultivation Plan (if applicable)
 - g) Local Preference Plan
4. Cannabis Business Application Fee (see below)

FEES

All applicants will be required to pay a fee, yet to be determined, for costs associated with City staff and consultant(s) time for reviewing applications and administering the application process. Applicants are advised that they may be required to pay additional amounts as required for the sole purpose of the City's completion of the application review process.

Payment of the fee must be made by a certified check, cashier's check or money order made

payable to the City of Tracy. Please note the City will not accept cash or credit cards and application fees are non-refundable.

APPLICATION EVALUATION PROCESS

THE CITY HAS A TWO PHASE APPLICATION EVALUATION/REVIEW AND SELECTION PROCESS

PHASE 1 – APPLICATION COMPLETENESS / ELIGIBILITY REVIEW

Applications received will be logged into the City’s permit system, provided a permit number and will be evaluated by the City based on these Application Procedures and Guidelines, and Tracy Municipal Code Chapter 6.36. See APPENDIX A for additional descriptions of the eligibility evaluation criteria. Questions about the application process from applicants after application submittal should be made in writing and the City will share questions and responses with applicants.

For all Cannabis Business Permits, the City’s Review Committee will assign points corresponding to conformance with the TMC requirements and these Application Procedures and Guidelines, as may be amended from time to time by Council resolution. The points will be tallied and the results presented to the Chief of Police for Phase 2. It is anticipated that the City process to review all of the applications could take 90 City business days.

All applications receiving a score of 100 points (on a 100-point scale) are eligible to proceed to Phase 2 for review by the Chief of Police for possible issuance of a Cannabis Business Permit.

PHASE 2 - CANNABIS BUSINESS PERMIT ISSUANCE AND LOTTERY FOR RETAIL / STOREFRONT DISPENSARIES

Eligible applications will be forwarded to the Chief of Police who will review the applications deemed eligible as a result of Phase 1 and make the final determination to issue Cannabis Business Permits in accordance with TMC Section 6.36.060 for all Cannabis Business Permit types, with the exception of Retailer - Storefront (Dispensary) Cannabis Business Permits, which are subject to a lottery as further described below. All permits, with the exception of Retail-Storefront (Dispensary) Cannabis Business Permits shall be issued at a noticed administrative hearing at City Hall.

Furthermore, the City reserves the right to award a lesser number of Cannabis Business Permits than may be deemed eligible for Phase 2, or to award no permits at all.

After the Chief of Police makes the final decision to issue a Cannabis Business Permit, any applicant wishing to appeal the Chief of Police’s final decision may appeal that decision to the City Manager within ten (10) City business days from the issuance of the permit. Such appeals shall comply with the requirements of TMC Chapter 1.12.

Lottery for Retail-Storefront (Dispensary) Cannabis Business Permits:

Per TMC Section 6.36.040(a), a maximum of four (4) Retailer – Storefront (Dispensary) cannabis businesses shall be permitted to operate in Tracy at any one given time. The City shall conduct a lottery to allocate the maximum number of permits authorized. The Chief of Police will receive and review all eligible applications as determined in Phase 1 to make the final decision on which applications shall be entered into the lottery. After the Chief of Police makes the final decision on the applications that shall be entered into the lottery, any applicant wishing to appeal the Chief of Police's final decision may appeal that decision to the City Manager within ten (10) business days from the decision. Such appeals shall comply with the requirements of the TMC Chapter 1.12.

The Chief of Police will conduct the lottery at a noticed administrative hearing not more than 120 days from the final due date for applications. From the pool of eligible applicants, the City will randomly select three (3) applicants from the general pool and one (1) applicant from a Local Preference Pool. The Local Preference Pool is the total of all eligible applicants that have included a qualifying optional Local Preference Plan, as described in Appendix A. All applications included in the Local Preference Plan pool are also included in the general pool of eligible applicants.

Written notice of the lottery results shall be provided within five City business days to all eligible applications/applicants in the lottery.

Please note that being awarded a Cannabis Business Permit does not constitute a land use entitlement and does not waive or remove the requirements of applying for and receiving permits for all construction including: electrical, plumbing, fire, planning permits or reviews, and any other permits, licenses, or reviews as may be necessary by the relevant departments or governmental entities in charge of said permits. Nor does it guarantee that the plans submitted via the application process meet the standards or requirements in Chapter 6.36, Section 10.08.3196 or any other permit requirements from other City departments or agencies.

ADDITIONAL CITY APPROVALS REQUIRED PRIOR TO OPERATING A CANNABIS BUSINESS IN TRACY

Conditional Use Permit & Building Permit

Upon receiving a Cannabis Business Permit, applicants are then required to submit for a Conditional Use Permit (CUP), which will be reviewed by the Planning Commission and may require review pursuant to the California Environmental Quality Act (CEQA). After a CUP is obtained, applicants may then submit applications for building permits for any necessary renovation or construction. Information and application forms and requirements for a CUP can be found [here](#) and information and application forms for Building Permits can be found [here](#).

Please note that the CUP and the Building Permit require the payment of separate processing fees for each of those permits, in addition to the fee required for the Cannabis Business Permit.

City Business License

Prior to commencing any cannabis business operation, a City business license must be obtained. Information on obtaining a City business license may be found [here](#).

Cannabis Employee Permit

Pursuant to TMC Section 6.36.150, any person who is an employee or who otherwise works within a cannabis business must obtain a cannabis employee permit from the City prior to performing any work at any cannabis business. Information on obtaining a City of Tracy cannabis employee permit may be found [here](#).

CONTACT INFORMATION

If you have any questions or would like an update on the status of your application, please call the Development Services Department at 209.831.6400 or by email at des@cityoftracy.org.

DRAFT

APPENDIX A: DESCRIPTION OF ELIGIBILITY EVALUATION CRITERIA

SECTION 1: Application format and completion of required forms

This criterion relates to the form of the application and the thoroughness with which the application forms have been completed. Please note that if any of the required forms are not submitted, the application will be disqualified.

1. Are all of required forms included with signatures?
Commercial Cannabis Application Form
Notarized Property Owner Consent Form
Applicant Indemnification Forms
2. Has the application followed the required format?
3. Is there a flash drive?
4. Have the requisite number of copies been submitted?

SECTION 2: Background Check Authorization Form and Proof of Live Scan Payment

This criterion relates to the completion of a background check. If this process has not been initiated and documentation of proof of payment has not been completed, the application will be disqualified.

1. Has proof of the Live Scan payment been submitted?

SECTION 3: Information Pertaining to the Cannabis Business (100 points)

This criterion relates to the Business Plan, Community Relations Plan, Safety and Security Plan, Cultivation Plan (if applicable), and the Local Enterprise Plan (optional). Do those plans contain sufficient information including the following information:

Business Plan

1. Finances – A budget for construction, operations, maintenance, compensation of employees, equipment, property lease, security equipment and staff, City fees, state fees, utility costs, product purchases and other anticipated contingency costs. The budget must demonstrate sufficient capital in place to pay startup costs and at least three months of operating costs, as well as a description of the sources and uses of funds.
 - Proof of capitalization, in the form of documentation of cash or other liquid assets on hand, Letters of Credit or other equivalent assets which can be verified by the City.
 - A pro forma for at least three years of operations.
 - A schedule for beginning operation, including a narrative outlining any proposed construction and improvements and a timeline for completion.
2. Daily Operations – With as much detail as possible, the Business Plan should describe the day-to-day operations which meet industry best practices for the type of cannabis business permit sought.
3. Describe how the Cannabis Business will conform to local and state laws.
4. Describe how cannabis and cannabis products will be tracked and monitored to prevent diversion. Describe the Point of Sale system to be used and how it will interact with the state's mandated track and trace system.
5. The application should include information concerning any special business or professional qualifications or licenses of owners that would add to the number or quality

of services that the Cannabis Business would provide, especially in areas related to medicinal cannabis, such as scientific or health care fields.

6. A description of any and all commercial cannabis activity engaged in as an owner, manager, lender, employee, volunteer, or agent by the Applicant and all owners of the commercial Cannabis Business, officers, and managers including, but not limited to, the location of such activity and a copy of any permits, licenses, or other written forms of permission for such activity by a local or state government entity.

Community Relations Plan

1. The application shall describe how the Cannabis Business, including its private, semi-private and surrounding public areas, will be proactively managed to avoid becoming a nuisance or having negative impacts on its neighbors and surrounding community, including documentation pursuant to TMC Sections 6.36.190, 6.36.230, and 6.36.240.
2. Description of State and local sensitive uses within 600 feet of the proposed business. The Cannabis Business must have the appropriate zoning and meet all the locational requirements as described in TMC Chapter 10.08

Safety and Security Plan

Safety

1. The detailed Safety Plan shall be prepared by a California professional fire prevention and suppression consultant.
2. This Safety Plan will describe all fire prevention and suppression measures, fire extinguisher locations, evacuation routes and alarm systems the facility will have in place.
3. Description of accident and incident reporting procedures.
4. Description of waste management locations and procedures.

Security

1. Details regarding measures to restrict loitering inside and outside of the Cannabis Business
2. Premises Diagram: a diagram of the premises must be included with the Security Plan section of the application. The diagram must meet the requirement of the Bureau of Cannabis Control CCR Title 16, Division 42, §5006. Premises Diagram
 - The diagram shall show the boundaries of the property and the proposed location to be licensed, showing all boundaries, dimensions, entrances and exits, interior partitions, walls, rooms, windows, and doorways, and shall include a brief statement or description of the principal activity to be conducted therein
 - The diagram shall show and identify commercial cannabis activities that will take place in each area of the premises and identify all limited-access areas, including clear separation of areas designated for employees and public/customers
 - The diagram shall show where all cameras are located and assign a number to each camera for identification purposes
 - The diagram should be accurate, dimensioned and to-scale (minimum scale of 1/4")
 - If the proposed location consists of only a portion of a property, the diagram must be labeled indicating which part of the property is the proposed location and what the remaining property is used for
3. Description of operational security, including but not limited to general security for

- access/visitor control, inventory control and cash handling procedures
4. Describe the secure and locked storage area for all cannabis products
 5. Description of security systems including use of high-quality video surveillance in format adequate for the identification of individuals, demonstrates a 90-day storage of video, and covers all the square footage described in the premises diagram.
 6. Description of on-site security and security guard for Retailer-Storefront (Dispensary)
 7. Description of alarm systems and how they are professionally monitored and how all alarms are responded to by a private security company
 8. Description of perimeter security, on-site security guards, light and parking
 9. Identify transportation techniques and security procedures
 10. Description of employee training and general security policies
 11. Information related to demonstrate compliance with TMC Sections 6.36.180, 6.36.190, 6.36.210, 6.36.270, 6.36.280, 6.36.290, 6.36.300, and Article 4 of Chapter 6.36 (for the applicable Cannabis Business type(s)).

Cultivation Plan, if applicable

1. A detailed premises diagram showing all boundaries and dimensions of the following areas: canopy, chemical storage, processing, packaging, composting, harvested cannabis storage
2. A lighting diagram, including the locations of all lights and the maximum wattage of each light
3. Water plan, including water supply sources and plans for runoff
4. Fencing diagram indicating extent, height, and type of fencing proposed

Local Preference Plan (Optional)

1. State the extent to which the Cannabis Business will be a locally managed enterprise whose owners (at least 51%) reside within the City of Tracy and/or the County of San Joaquin. In order to be a qualifying Local Preference Plan, an applicant must show proof that at least 51% of the owners have been residents for at least one year prior to April 6, 2020. Such proof shall consist of a utility bill with owner's name(s), a lease, deed, or other similar documentation.

Overview of California Cannabis Equity Programs

Summary

Four California cities have moved to establish equity programs within their cannabis business licensing schemes. The equity programs are the result of studies and reports that analyze in part, the disproportionate impacts of cannabis law enforcement in disadvantaged communities. The cities of Oakland, San Francisco, and Los Angeles published reports that identify barriers to entry into the cannabis industry and set forth recommendations regarding policy options for equity programs. Sacramento is developing a Request for Proposal to hire a consultant to conduct similar analyses.

The reports from the cities of Oakland, San Francisco, and Los Angeles identify common barriers to entry into the cannabis industry including unavailability of real estate within areas eligible for permitting; unavailability of startup capital and banking infrastructure; unavailability of skills training to develop industry-specific knowledge; prior drug-related convictions; and limited awareness of cannabis equity programs among affected communities.

The reports also present recommendations regarding policy options for equity programs including the creation of equity-specific applicant criteria; community reinvestment; workforce development; financial and capital access; technical assistance; stakeholder engagement; public awareness and education; data collection and accountability; and programs that offer community reinvestment, technical assistance, incubator or industry partnering, fee waivers for equity applicants, and assistance with cannabis-related criminal record expungement.

This overview summarizes the key components of equity programs within the cities of Oakland, San Francisco, Los Angeles, and Sacramento. Information for this overview, including the referenced reports, was obtained via each city's cannabis program Internet homepage. A list of Reference & Resources is provided at the end of this overview.

Oakland

The Oakland Equity Permitting Program aims “to promote equitable business ownership and employment opportunities in the cannabis industry in order to decrease disparities in life outcomes for marginalized communities and address the disproportionate impacts of the war on drugs in those communities.” (Oakland Ord. No. 13425, § 2.) Oakland’s regulations consider studies that demonstrate racial and economic disparities, specifically the “Equity Analysis and Proposed Medical Cannabis Ordinance Amendments” prepared by the Department of Race and Equity and the City Administrator’s Office’s Special Activity Permits Division.

The Equity Permitting Program requires a minimum of half of all permits to be issued to Equity Applicants during the initial permitting phase. (Oakland Mun. Code, §§ 5.80.045, subd. (D), and 5.81.060, subd. (D)). An Equity Applicant is an Oakland resident with an annual income at or below 80% of the Oakland Average Medium Income and either has a cannabis conviction received in Oakland or has resided, for ten of the last twenty years, in police beats that experienced a

disproportionately higher amount of cannabis-related law enforcement. (*Id.*) All other applicants are General Applicants.

Under the Equity Incubator Program, a General Applicant provides an Equity Applicant with three years rent-free space to operate their business. This space must be at least 1,000 ft² and may be located either at the General Applicant's place of business or in another location in zones approved for cannabis activity. In turn, the General Applicant receives permitting priority, relative to other General Applicants. (*Id.*) In addition, Oakland facilitates partnering of General and Equity Applicants via an online search program, CannaEquity, through which applicants find potential partners with complementary qualifications.

San Francisco

The San Francisco Equity Program¹ is “designed to foster equitable access to participation in the cannabis industry, including equitable access to promotional and ownership opportunities in the industry. The Equity Program shall provide assistance to communities unfairly burdened by the War on Drugs, and shall be designed to ensure full and equal access to resources and opportunities made available as a result of Proposition 64. In particular, the Cannabis Equity Program shall provide support to individuals who have experienced social indicators that exacerbate inequities, and shall create strategies to uplift communities where those inequities have been concentrated.” (S. F. Police Code, § 1604, subd. (a).)

The Equity Program sets forth equity criteria, half of which both Equity Applicants and Incubators must satisfy. The equity criteria include (1) household income restrictions and an arrest from 1971 to 2016 for a cannabis-related offense; (2) having a parent, sibling or child receive a cannabis-related arrest from 1971 to 2016; (3) losing housing in San Francisco after 1995 through eviction, foreclosure, or subsidy cancellation; (4) attending school in the SFUSD for five years from 1971 to 2016; and (5) for five years from 1971 to 2016, living in San Francisco census tracts where at least 17% of the households had incomes at or below the federal poverty level. (S. F. Police Code, § 1604, subd. (b)).

Under the Equity Program, an Equity Applicant must have assets below the asset limits established by the Director of the Office of Cannabis (Director) and be any of the following: the business owner, the CEO and own at least 40% of the business, own at least 51% of the business, or on the board of a not-for-profit cannabis business where most of the Board also qualify as equity applicants. (S. F. Police Code, § 1604, subd. (b)). An Equity Incubator must provide an Equity Applicant with rent-free commercial space that is at least either 800 ft² or 10% of the Incubator's space and must include use of the Incubator's security services, or submit a written, actionable “Equity Incubator Plan” describing how the Incubator will encourage and support the establishment and growth of Equity Applicants who have been awarded Cannabis Business Permits. (*Id.* at § 1604, subd. (c)(4)). The Incubator must also, within three years of opening its

¹ This program was created in November 2017, in part pursuant to recommendations in the “Cannabis Equity Report” authored by the Office of Cannabis, the Office of the Controller, and the Human Rights Commission. (S.F. Ord. No. 230-17, adding art. XVI, § 1600 to 1639 to S.F. Mun. Code.)

business, hire local residents to perform 30% of all work hours, require its employees to meet most of the equity conditions, and provide a community investment plan with businesses and residents within 500 feet. The Incubator must commit to these obligations in the form of a Cannabis Equity Incubator Agreement submitted to the Director. (*Id.* at § 1604, subd. (c)).

In addition, San Francisco requires all cannabis business applicants to provide a Community Benefits Agreement that describes how the applicant will work to provide employment opportunities to persons that have been disproportionately impacted by the criminalization of cannabis and otherwise work to encourage and support San Francisco's equity goals. (S. F. Police Code, § 1609, subd. (b)(21)). Existing cannabis business operators (cultivators, distributors, manufacturers, testing laboratories, and delivery services) may receive temporary permits provided they registered before 11/30/2017 and were in operation since 9/26/2016. Only Equity Applicants and Incubators may apply for new permits in 2018.

Last, the Director will authorize disbursements from the Community Reinvestment Fund to eligible Equity Applicants and Equity Operators on a case-by-case basis. The Community Reinvestment Fund will provide assistance to entities that address the impact of racially disproportionate arrests and incarceration, generational poverty, community degradation, housing insecurity, loss of educational and employment opportunities, disruption of family structures, and other burdens of the War on Drugs. By April 1, 2018, the Director must adopt a policy for implementing the Community Reinvestment Fund. (S.F. Admin. Code, § 1.100-162.)

Los Angeles

The Los Angeles Cannabis Social Equity Program is “aimed at promoting equitable ownership and employment opportunities in the Cannabis industry” and “intended to decrease disparities in life outcomes for marginalized communities and to address disproportionate impacts of Cannabis prohibition in adversely-impacted and lower income communities.” (L.A. Mun. Code, § 104.00.) In October 2017, the City Council adopted the “Social Equity Analysis Report” as the findings for the Social Equity Program which, among other things, analyzes income data and police enforcement of cannabis laws.

The Cannabis Social Equity Program, pursuant to Los Angeles Municipal Code section 104.20, adopts a three-tier licensing framework and sets forth the following criteria, obligations, and benefits for each tier:

- “Tier 1” applicants must be either low income and have a prior California cannabis conviction or, low income and have resided for at least five years in a disproportionately impacted area and own at least 51% equity share of the business. Tier 1 participants receive business, licensing, and compliance assistance; expedited renewal processing; program site specific conditions; the potential for fee deferrals if the City adopts a fee deferral program; and access to an Industry Investment Fund, if established.
- “Tier 2” applicants must be either low income and have resided for at least five years in a disproportionately impacted area or, have resided for at least ten years in a

disproportionately impacted area. Tier 2 participants must own at least 33 1/3 % equity share of the business and must enter into a Social Equity Agreement with the City to provide business, licensing, and compliance assistance to Tier 1 participants. Tier 2 participants receive business, licensing, and compliance assistance; expedited renewal processing; and program site specific conditions.

- “Tier 3” applicants must enter into a Social Equity Agreement with the City to provide capital, leased space, and business, licensing, and compliance assistance to a Tier 1 or Tier 2 applicant. Tier 3 participants receive expedited renewal processing.

In addition, all Social Equity Applicants must make a good faith effort to employ residents who live within a specified radius of the business premises and employ Social Equity Workers and Transitional Workers. A “Social Equity Worker” is a person who is: low income and has a prior California cannabis conviction or low income and have resided for at least five years in a disproportionately impacted area. (L.A. Mun. Code, § 104.20, subd. (g)). A “Transitional Worker” is a person who resides in an economically disadvantaged area or extremely economically disadvantaged area and faces at least two of the identified barriers to employment including homelessness, lacking a GED or high school diploma, having a criminal record, or being a veteran. (*Id.* at § 104.11, subd. (m)).

Finally, the Department of Cannabis Regulation is required to establish the following programs and incentives to support the Social Equity Program: recruitment and outreach; licensing and compliance assistance; and general business assistance. Social Equity applications are accepted at the same time as other applicants. (*Id.* at § 104.20, subd. (j)).

Sacramento

On November 28, 2017, the Sacramento City Council adopted to establish an Equity Program to create a path for small businesses, women and veteran-owned businesses, and minority communities to enter the cannabis industry. The Equity Program is comprised of three applicant categories as follows:

First, individuals who reside in a zip code of a priority neighborhood for at least seven years, between 1994 and the date of application, or who are from a most negatively-impacted zip code are eligible to receive business support services, expungement of certain criminal convictions, and will be given priority Conditional Use Permit (CUP) and Business Operating Permit (BOP) processing and fee waivers or deferrals.

Second, individuals who are of economically-disadvantaged status, as marked by income below 200% Federal Poverty Level and net worth below \$250,000, or businesses that are women or veteran-owned, are eligible for business support services and priority CUP and BOP processing and fee deferral.

Third, businesses that commit to employ 51% transitional workers, a business with an equity incubator or Cannabis Social Enterprise, or a business that hosts an equity business are eligible for CUP and BOP priority processing.

Lastly, Sacramento is developing a Request for Proposal to hire a consultant to implement a Community Opportunity, Reinvestment, and Equity Program. The two-year pilot program will serve as an incubator program, a small business support center, and a resource to connect program participants and cannabis businesses. A draft ordinance will be presented to the City Council for consideration at a future meeting.

References & Resources

City of Oakland

- Cannabis Permitting: <http://www2.oaklandnet.com/government/o/CityAdministration/cannabis-permits/OAK068455>
- Race and Equity Analysis Report: City of Oakland, Dept. of Race and Equity, Staff Race and Equity Analysis Report (Feb. 23, 2017) at <<http://www2.oaklandnet.com/oakcal/groups/cityadministrator/documents/report/oak063627.pdf>> (as of Feb. 26, 2018)

City and County of San Francisco

- Office of Cannabis: <https://officeofcannabis.sfgov.org/equity>
- Cannabis Equity Report: City and County of San Francisco, Cannabis Equity Report (Nov. 1, 2017) at <https://officeofcannabis.sfgov.org/themes/custom/cannabis/pdf/11.19.2017_Equity_Report.pdf> (as of Feb. 26, 2018)

City of Los Angeles

- Department of Cannabis Regulation: <http://cannabis.lacity.org/resources>
- Cannabis Social Equity Analysis Report: Amec Foster Wheeler Environment & Infrastructure, Inc., Cannabis Social Equity Analysis Report (Oct. 18, 2017) at <http://clkrep.lacity.org/onlinedocs/2017/17-0653_rpt_CLA_10-20-2017.pdf> (as of Feb. 26, 2018).

City of Sacramento

- Office of Cannabis Policy & Enforcement:
<http://www.cityofsacramento.org/Finance/Revenue/Sacramento-Marijuana-Information>
- City Council Report: City of Sacramento, City Council Report, Establishing the Cannabis Equity Program and (Pass for Publication) Ordinances Amending the Sacramento City Code Relating to Cannabis Cultivation, Nonvolatile Manufacturing, and Distribution; Cannabis Manufacturing Businesses; and Interested Parties of a Cannabis Business (Nov. 21, 2017) <http://sacramento.granicus.com/MetaViewer.php?view_id=22&clip_id=4095&meta_id=508159> (as of Nov. 26, 2018)

Crafting Social Equity Considerations into the City's Application Procedures and Guidelines

Two principal questions to address in order to meet City Council objectives related to social equity in the Cannabis Business Permit process are as follows:

- 1) How do we wish to define social equity; what does eligibility include?
 - a. Local Ownership percentage
 - b. Live within the jurisdiction for a period of time and/or within an area characterized by the state as Disadvantaged or Disproportionately Impacted
 - c. Residency requirement
 - d. Have an arrest conviction related to cannabis or have a relative who was arrested for cannabis
 - e. Live in low-income housing
 - f. Earn less than 80% of local Area Median Income (AMI)
 - g. Application is by an individual, not a company
 - h. Board member of a non-profit cannabis business
 - i. Impacted by cannabis business

- 2) How do we select for social equity? (These would be considered as part of the application process)
 - a. Application must include two or more of the above?
 - b. Set aside certain percentage of the lottery draws for social equity applicants
 - c. Expand on the optional Local Preference Plan to include social equity considerations listed above

Broad considerations/themes for social equity on a more programmatic level

Individual opportunity (promoting ownership/employment)

Require/incentivize businesses to hire from affected demographic

Community repair/re-investment

Require businesses to contribute percentage of growth to some type of community reinvestment fund to finance public projects, job training, etc.

Require business to fund an expungement program, restoring those with past convictions to full employability

Program component considerations include fee waivers, technical assistance (incl. navigating regulations), assistance in securing capital, expungement, hiring goals, incubator program, grant / loan program. Such programs are staff-intensive and require a realistic assessment of what resources the City has to administer and monitor the program.

Cannabis Social Equity Comparison
January 15, 2020

Agency	51% Owner	Live in Disproportionate Area or jurisdiction for X amount of years	Must be Resident in agency jurisdiction	Have an arrest or conviction relating to Cannabis or have a relative who was arrested for Cannabis	Live in Low-Income Housing	Less than 80% of jurisdiction AMI	Apply as person not company	Board Member of Non-Profit Cannabis Business	Impacted by Cannabis Business
Los Angeles	X	X	X	X	X				
State of Illinois	X	X	X	X					
Sacramento	X		X	X	X				
Oakland	X		X	X		X			
San Francisco	X	X	X	X		X	X	X	
Long Beach	X	X	X	X		X	X		
Denver, CO			X	X					
Michigan		X	X	X					
San Jose	X	X	X	X		X	X		
Coachella	X		X	X	X	X			
Santa Cruz County									X
Humboldt County		X	X	X				X	X
Stockton	X		X						

AGENDA ITEM 3.B

REQUEST

PROVIDE DIRECTION TO STAFF REGARDING CO-SPONSORING OF HEALTH AND WELLNESS EVENTS WITH TRACY CHAMBER OF COMMERCE

EXECUTIVE SUMMARY

Council requested information regarding a health and wellness initiative in partnership with local businesses. Since then, staff has developed a draft plan that includes partnering with the Tracy Chamber of Commerce to conduct health and wellness-related events in the spring of 2020.

DISCUSSION

During the regular Council meeting on September 17, 2019, Council Member Arriola made a motion seconded by Council Member Ransom to pursue a health and wellness initiative in partnership with local businesses.

Since then, City staff met with Tamra Spade, President/CEO of Tracy Chamber of Commerce (Chamber) to discuss co-sponsoring a city health and wellness initiative. This discussion highlighted partnership opportunities focused on physical and related wellness activities. The Chamber and the City propose the month of April, 2020 to be dedicated to a city wide wellness initiative that will include a 5k run, weekly education based workshops and conclude with Bike to Work day on May 15, 2020.

Chamber staff and City staff propose a kick-off 5k run to be held at Veterans Park in south Tracy. This park provides several amenities, including a covered structure, paved pathway that loops around the park and paved basketball courts which will serve as the start/finish line for the race. In addition to the 5K run, the Chamber will host weekly education events at the Tracy Community Center during that month.

The following summarizes the timeline and activities proposed during the month of April, 2020:

- 5K Run Event on Saturday, April 4th, 2020 at Veterans Park with health and wellness vendors.
- Weekly workshops on Health & Wellness topics at the Tracy Community Center.
- Partner with Chamber members and other Tracy businesses to incentivize health and wellness programs in the City of Tracy.
- Bike to Work Day on Friday, May 15, 2020 at City Hall with health and wellness vendors.

The Chamber will lead the marketing campaign for the program and events hosted by the Chamber in partnership with the City's outreach resources.

STRATEGIC PLAN

This agenda item is consistent with the City Council's adopted Quality of Life Strategy.

FISCAL IMPACT

The General Fund impact of the plan contained herein will be absorbed by approved department budgets. Direction to provide services in addition to this draft plan may result in a request for fiscal resources.

RECOMMENDATION

Provide direction to staff regarding co-sponsoring health and wellness events with Tracy Chamber of Commerce.

Prepared by: Kimberly Murdaugh, Director of Human Resources

Reviewed by: Karin Schnaider, Finance Director
Midori Lichtwardt, Assistant City Manager

Approved by: Jennifer D. Haruyama, City Manager

AGENDA ITEM 3.C

REQUEST

REVIEW AND DETERMINE APPOINTMENTS TO COUNCIL COMMITTEES AND OTHER COMMITTEES, BOARDS AND COMMISSIONS

EXECUTIVE SUMMARY

This item requests that Council review and determine appointments of Council representatives on various City Council committees and regional and multi-agency committees, boards, and commissions.

DISCUSSION

Appointments to Council committees are reviewed on an annual basis. Appointments were last reviewed on January 15, 2019. Attached is the list of appointments approved by the Council for 2019 (Attachment A) to various Council committees and regional and multi-agency committees, boards, and commissions on which the City of Tracy is allocated a representative.

During 2019, the City Clerk's office was notified Council participation is no longer needed on the Joint City/County Criminal Justice Task Force. Likewise, active committees such as the Tracy Homelessness Strategic Plan Development Ad Hoc Committee and the East Bay Community Energy Committee (EBCE) have been added to the list for Council representation. Council members may be reappointed to the same committees on which they are currently serving, or new assignments can be made upon request.

STRATEGIC PLAN

This agenda item is a routine operational item and does not relate to the Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact associated with this report.

RECOMMENDATION

That the City Council, by motion, determine appointments to the listed bodies as appropriate.

Prepared by: Adrienne Richardson, City Clerk

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENT A: List of Council Appointments for 2019

**2019 LIST OF CITY COUNCIL REPRESENTATIVES ON VARIOUS
COMMITTEES/BOARDS/COMMISSIONS/AGENCIES**

Committee/Commission	Meetings Held	Council Members
*City/Chamber Liaison	Quarterly	Council Member Arriola Council Member Ransom (Alternate)
*City/Schools Liaison	Every other month	Mayor Rickman Council Member Arriola
*Investment Review Committee	Quarterly	Council Member Vargas Council Member Ransom
*South San Joaquin County Fire Authority (SSJCFA)	Monthly	Mayor Rickman Council Member Ransom Council Member Vargas (Alternate)
***City Selection Committee	Annually, additional meetings as needed	Mayor Rickman
***Community Development Block Grant Policy Advisory Committee	As needed, in conjunction with the distribution of the CDBG grants.	Council Member Vargas
***Council of Governments	Monthly, in Stockton at 4:00 p.m. on the fourth Thursday of the month.	Mayor Rickman Council Member Ransom - Alternate
***Duel Vocational Institution, Citizen's Advisory Committee	Alternate Months	Council Member Ransom Mayor Pro Tem Young (Alternate)
***San Joaquin County Water Advisory Commission	Monthly	Kul Sharma Stephanie Reyna-Heinstand
***San Joaquin Partnership	Monthly, on the fourth Thursday of each month	Council Member Ransom (Needs an Alternate)
***San Joaquin Regional Rail Commission	Monthly	Mayor Pro Tem Young Council Member Vargas (Alternate)
***Solid Waste Management Plan Advisory Task Force	As needed	Mayor Pro Tem Young Don Scholl
***Special City Selection Committee, SJVAPCD	As needed	Council Member Vargas Mayor Pro Tem Young (Alternate)
***League of California Cities, Central Valley Division Executive Committee	Quarterly	Council Member Ransom Council Member Arriola (Alternate)
San Joaquin Council of Government's One Voice – Washington	Annual Delegation:	
***Altamont Regional Traffic Authority (ARTA) JPA	As needed	Mayor Rickman

2019 - COUNCIL COMMITTEES/COMMISSIONS CONTINUED

***Tri-Valley- San Joaquin Valley Region Rail Authority (Valley Link)	Monthly	Council Member Vargas
***LAFCo		No appointment at this time
Tracy Chamber Governmental Affairs Committee	Monthly	Council Member Vargas
**Homelessness Strategic Plan Ad Hoc Committee		Council Member Ransom Council Member Arriola
***East Bay Community Energy (EBCE)	Monthly	To Be Determined

*Standing Committees **Ad Hoc Committee ***Multi- Agency Board

COUNCIL COMMITTEES - 2019

Following is a current list of both standing committees and ad hoc committees. Some of these appointments are City of Tracy appointments to a larger body, while others are City directed activities only.

I. **STANDING COMMITTEES**

A. **City/Chamber Liaison Committee**

1. Dan Arriola, Council Member
2. Rhodesia Ransom, Council Member (Alternate)
3. City Manager

Meets quarterly, typically on the second Monday of the designated month at 4:00 p.m. at the Chamber to discuss issues of concern to both the City and the Chamber, i.e. Fourth of July activities, Downtown activities, etc.

B. **City/Schools Liaison Committee**

1. Robert Rickman, Mayor
2. Dan Arriola, Council Member
3. City Manager
4. Alex Neicu, Interim Police Chief
5. Assistant City Manager
6. Don Scholl, Public Works Director
7. Brian MacDonald, Parks & Recreation Director

Meets every other month with School District officials to discuss issues of mutual concern, i.e. school pedestrian routes, bus routes, facilities, crossing guards, etc.

C. **Investment Review Committee**

1. Veronica Vargas, Council Member
2. Rhodesia Ransom, Council Member
3. Ray McCray, Treasurer
4. Finance Director
5. City Manager

Meets on a quarterly basis to address issues involving investment of the City's funds and management of the City's portfolio. Meetings are usually held on the last Monday of the quarter at 5:30 p.m. in Room 109 at City Hall.

D. South San Joaquin County Fire Authority (SSJCFA) – Joint Powers Authority

1. Robert Rickman, Mayor
2. Rhodesia Ransom, Council Member
3. Veronica Vargas, Council Member (Alternate)

The SSJCFA consists of four members - two Council Members appointed annually by the City Council, and two Board Members of the Tracy Rural Fire Protection District appointed annually by the Board. The Board of Directors meets on a monthly basis, and has the responsibility to manage and administer the fire protection services provided to the jurisdictional area of the South San Joaquin County Fire Authority. The meetings are held on the third Tuesday of each month at 3:00 p.m. at Fire Administration

II. AD HOC COMMITTEES

A. Tracy Area Public Facilities Financing Agency (TAPFFA)

1. Nancy Young, Mayor Pro Tem
2. Veronica Vargas, Council Member
3. Finance Director

TAPFFA was formed as a Joint Power Authority between the City, Tracy School District, and Jefferson School District. The JPA was authorized to issue Mello-Roos bonds primarily to build new schools in the Residential Specific Plan area. With the ultimate build out of the TAPFFA area usually only a brief annual meeting of the TAPFFA Board of Directors is necessary in order to approve the budget and levy the necessary tax for the duration of the bonds. The annual meeting is normally held in May.

B. Tracy Homelessness Strategic Plan Development Ad Hoc Committee

1. Rhodesia Ransom, Council Member
2. Dan Arriola, Council Member

On April 16, 2019, City Council formed a City Homelessness Committee to develop a strategic plan to address homelessness in Tracy. On September 3, 2019, Council adopted Resolution 2019-187 establishing the Tracy Homelessness Strategic Plan Development Ad Hoc Committee through December 31, 2019. On December 17, 2019 Council adopted Resolution 2019-252 establishing the committee through June 30, 2020.

III. MULTI-AGENCY MEMBER APPOINTMENTS

A. City Selection Committee

1. Robert Rickman, Mayor

This committee is composed of the Mayors of the cities in San Joaquin County and addresses issues related to membership and appointments to regional boards, such as LAFCO, Delta Protection Agency, and the San Joaquin Valley Unified Air Pollution Control District, etc.

B. Community Development Block Grant Policy Advisory Committee

1. Veronica Vargas, Council Member

Meets as needed in conjunction with the distribution of the CDBG grants.

C. San Joaquin Council of Governments (COG)

1. Robert Rickman, Mayor
2. Rhodesia Ransom, Council Member (Alternate)

The Council of Governments meets monthly and deals with regional issues, including transportation issues, habitat mitigation, regional rail issues, airport land use matters, etc. Meetings are held in Stockton at 4:00 p.m. on the fourth Thursday of the month.

D. Deuel Vocational Institution, Citizens Advisory Committee

Contact: Martina Virrey, Community Partnership Manager (209/830-3891) or martina.virrey@cdcr.ca.gov

1. Rhodesia Ransom, Council Member
2. Nancy Young, Mayor Pro Tem (Alternate)

This subcommittee serves in an advisory capacity to Deuel Vocational Institution, a state prison located to the southeast of Tracy. The subcommittee's primary objective is to promote effective communication between the Institution and the community at large. California Penal Code Section 5056 requires two persons shall be appointed for two year terms from nominations submitted by the local City Council in whose district the prison is located. Individuals nominated may be elected officials or involved residents of the City. Meetings are normally held on the second Thursday of odd numbered months from 9:00 a.m. to 10:00 a.m.

E. Local Transportation Authority Citizens Advisory Committee (COG) Contact: COG – David Ripperda (209-235-0450)

1. Eleassia Davis (Citizen appointed by Mayor)

Meets on the third Wednesday of each month at 6:00 p.m. Location: SJCOG, 555 Weber Ave, Stockton, CA.

F. San Joaquin County Water Advisory Commission

Contact: Kristy Smith (Clerk), San Joaquin County Public Works Dept. (209-468-0219)

1. Kul Sharma, Director of Utilities
2. Stephanie Reyna-Heinstand, Water Resources Coordinator (Alternate)

Appointed by the Board of Supervisors, this Commission acts in an advisory capacity to the San Joaquin County Flood Control and Water Conservation District. Consists of 22 members from the various cities and water agencies in San Joaquin County. Meets on the 3rd Wednesday of each month at 1:00 p.m. Location: Public Health Conference Room, 1601 E. Hazelton, Stockton, CA.

G. San Joaquin Partnership

Contact: Chris Youngsma, (956-3380)

1. Rhodesia Ransom, Council Member
2. Alternate

The San Joaquin Partnership is a non-profit, private-public economic development corporation assisting business and industry to locate into San Joaquin County. Meets on the fourth Thursday of each month at 8:00 a.m. Location: 2800 March Lane #470, Stockton, CA.

H. San Joaquin Regional Rail Commission

Contact: Rail Commission staff (1-800-411-7245)

1. Nancy Young, Mayor Pro Tem
2. Veronica Vargas, Council Member (Alternate)

The San Joaquin Regional Rail Commission oversees the development of rail services on a regional basis. Meets monthly on the first Friday of each month at 8:00 a.m. Location: Robert J. Cabral Station, South Hall Meeting Room, 949 East Channel Street, Stockton, CA. (Appointed by Commission)

I. Integrated Waste Management Task Force (Formerly: Solid Waste Management Plan Advisory Task Force) Contact: Desi Reno, SJC Public Works Department – (209/468-3066)

1. Nancy Young, Mayor Pro Tem
2. Don Scholl, Public Works Director

This task force is comprised of elected representatives of the governmental agencies responsible for preparing the County Integrated Waste Management Plan. The duties of the task force include: identifying solid waste management issues of County-wide or regional concern; facilitating the development of multi-jurisdictional arrangements for the marketing of recyclable materials; developing goals, policies and procedures consistent with guidelines and regulations adopted by the Department of Resources Recycling and Recovery, and advising the Board of Supervisors on matters pertaining to the County-wide Household Hazardous Waste Program. Meets as needed.

J. Special City Selection Committee, SJVAPCD

Contact: Seyed Sadredin, Executive Director – (559/230-6036),
Email: seyed.sadredin3@valleyair.org, Michelle, Clerk of the Board (559/230-6038)

1. Veronica Vargas, Council Member
2. Nancy Young, Mayor Pro Tem (Alternate)

The Committee is charged with making appointments of City representatives to the San Joaquin Valley Air Pollution Control District's Governing Board.
Meets as needed.

K. League of California Cities, Central Valley Division Executive Committee

1. Rhodesia Ransom, Council Member
2. Dan Arriola, Council Member (Alternate)

Meets Quarterly

L. Joint City/County Criminal Justice Task Force

1. Nancy Young, Mayor Pro Tem
2. Veronica Vargas, Council Member (Alternate)

Meets when needed.

M. San Joaquin Council of Government's One Voice Trip to Washington

1. All City Council will be attending in 2019.

Annual trip to Washington, D.C. as part of SJCOG delegation.

N. Tri-Valley-San Joaquin Valley Regional Rail Authority (Valley Link)

1. Veronica Vargas, Council Member

The Tri-Valley-San Joaquin Valley Regional Rail Authority was formed for purposes of planning, developing, and delivering cost-effective and responsive transit connectivity between the Bay Area Rapid Transit District's (BART) rapid transit system and the Altamont Corridor Express commuter rail service in the Tri-Valley region. The Authority consists of 15 members representing the Tri-Valley cities, the Central Valley cities, and BART. Meets on second Wednesday of the month. Location rotates. Contact: Michael Tree

O. Altamont Regional Traffic Authority (ARTA) Joint Powers Authority (JPA)

1. Robert Rickman, Mayor

JPA consists of Mayor of Tracy, Mayor of Livermore, and Supervisor from Alameda County BOS District 1. Meets as needed.

P. LAFCo (Local Agency Formation Commission)

1. City of Tracy's next rotation will not be until 2025 as Alternate

LAFCo is responsible for coordinating logical and timely changes in local governmental boundaries, including: annexations and detachments of territory; incorporations of cities; formations of special districts; and consolidations, mergers, and dissolutions of districts. LAFCo Commission meets regularly on the 2nd Thursday of each month at 9:00 a.m.

Q. Tracy Chamber Governmental Affairs Committee

1. Veronica Vargas, Council Member

The purpose of the Tracy Chamber Governmental Affairs Committee is to provide information and updates to Chamber membership on issues and legislation affecting businesses. Every month, the Chamber invites businesses to agenda the Governmental Affairs Committee to engage in dialogue about issues affecting the business community, as well as receive updates from local, county, state, and federal representatives. The committee meets on the third Wednesday of every month at 4:00 p.m. at the Chamber of Commerce office.

R. East Bay Community Energy (EBCE) Authority

Contact: Stephanie Cabrera, Board Clerk – (510-993-7562) Email: scabrera@ebce.org and Alex DiGiorio, Public Engagement Manager – (510-993-7562) Email: adigiorgio@ebce.org

- 1.
2. Alternate

Alameda County and Cities in Alameda County developed the East Bay Community Energy Authority Joint Powers Agreement (JPA) which creates the East Bay Community Energy Authority (Authority), which governs and operates the CCA program. The Authority provides alternate electric services to consumers under a JPA with Alameda County and the vast majority of all cities in that county. On August 20, 2009, the City Council authorized staff to pursue services with East Bay Community Energy (EBCE). The EBCE Board of Directors is made up of an elected officials from each of the participating jurisdictions and one representative (non-voting) from the Community Advisory Committee (CAC). The Board meets monthly on the third Wednesday of each month except for the months that have 5 Wednesdays, where the meeting will be held on the second Wednesday of that month. Meeting location: City of Hayward Council Chambers, 777 B Street, Hayward Ca. 94544 at 6:00 p.m.

AGENDA ITEM 3.D

REQUEST

APPOINT THREE APPLICANTS TO SERVE ON THE PARKS AND COMMUNITY SERVICES COMMISSION

EXECUTIVE SUMMARY

On January 31, 2020, the terms for three Parks and Community Services Commissioners will expire. A recruitment was conducted and appointments need to be made to fill those positions.

DISCUSSION

On January 31, 2020, terms for three Parks and Community Services Commissioners will expire. To fill the vacancies, the City Clerk's office conducted a recruitment beginning on November 1, 2019, and ending on November 25, 2019 during which time three applications were received. As stated in the Council's Policy Establishing the Council Selection Process, and Defining Residency Requirements for Appointee Bodies (Resolution No. 2004-152; Attachment A), in the event there are not two or more applicants than vacancies, the filing deadline will be extended. The recruitment was extended beginning on November 26, 2019, and ended on December 19, 2019. The City Clerk's office received three additional applications during the extended recruitment period.

On January 14, 2020, a Council subcommittee consisting of Council Member Arriola and Council Member Vargas interviewed six applicants. In accordance with Resolution No. 2004-152, the Council subcommittee will recommend candidates for appointment to the commission to Council.

STRATEGIC PLAN

This item is a routine operational item and does not relate to any of the Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

That Council, by motion, approve the subcommittee's recommendations and appoint Jacy Krogh and Joe Taylor, and reappoint Linda Jimenez to the Parks and Community Services Commission to serve four year terms beginning February 1, 2020, and ending January 31, 2024, and place Rajdeep Singh on the 12 month eligibility list.

Prepared by: Adrienne Richardson, City Clerk
Reviewed by: Midori Lichtwardt, Assistant City Manager
Approved by: Jenny Haruyama, City Manager

RESOLUTION 2004-152

REVISING RESOLUTION NO. 2004-089 ESTABLISHING THE COUNCIL SELECTION PROCESS, AND DEFINING RESIDENCY REQUIREMENTS, FOR APPOINTEE BODIES (GOVERNMENT CODE §54970 ET SEQ. LOCAL APPOINTEE OFFICERS)

WHEREAS, Council Policy D-5 was adopted by Resolution 2002-434 on October 15, 2002, which established a selection process for appointee bodies, and

WHEREAS, A variety of terms are used to define residency for the purposes of eligibility for appointment to various Appointee bodies and a method to verify residency has not been established, and

WHEREAS, Council wishes to define the terms and identify methods by which to verify residency and to incorporate those definitions into the selection process, and

WHEREAS, The definitions established herein shall apply to all boards and commissions to which the City Council appoints members unless the Bylaws of the board or commission specifically define otherwise, and

WHEREAS, Revisions to Resolution No. 2004-089 were considered and approved by the City Council on May 18, 2004 as set forth below.

NOW, THEREFORE, the Tracy City Council hereby resolves as follows:

A. SELECTION PROCESS FOR APPOINTEE BODIES:

1. On or before December 31st of each year, the clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:
 - a. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.
 - b. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.
 - c. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.
2. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final

appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.

3. Appointments shall be made for the remainder of the term created by the vacancy except as follows:
 - a. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.
 - b. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 3.
4. The council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:
 - a. Mayor (or designee) and a selected Council member will review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.
 - b. If the interview subcommittee determines there are multiple qualified candidates, the subcommittee can recommend the Council establish an eligibility list that can be used to fill vacancies that occur in the following twelve (12) months.
 - c. At the interview subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.
5. In the event there are not two or more applicants than vacancies on any board, commission or committee, the filing deadline may be extended by staff.
6. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

B. DEFINITION OF RESIDENCY REQUIREMENTS:

1. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:
 - a. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.
 - b. City of Tracy means within the city limits of the City of Tracy.

- c. Citizen means a resident of the City of Tracy.
 - d. Tracy School District means the geographical area served by the Tracy Unified School District.
 - e. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.
2. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency must be verifiable by any of the following means:
- a. Voter registration,
 - b. Current California Driver's License or Identification,
 - c. Utility bill information (phone, water, cable, etc.),
 - d. Federal or State tax returns.
3. Members of boards or commissions shall notify the City Clerk in writing within thirty (30) days of any change in residency. If the change in residency results in the board member or commissioner no longer meeting the residency requirements, the member shall tender their resignation to the City Clerk who shall forward it to the City Council.


The foregoing Resolution 2004-152 was passed and adopted by the Tracy City Council on the 18th day of May, 2004, by the following vote:

AYES: COUNCIL MEMBERS: HUFFMAN, IVES, TOLBERT, TUCKER, BILBREY
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE



Mayor

ATTEST:



City Clerk

AGENDA ITEM 3.E

REQUEST

APPOINTMENT OF CITY COUNCIL SUBCOMMITTEE TO INTERVIEW APPLICANTS TO FILL THREE TERM EXPIRATIONS ON THE MEASURE V RESIDENTS' OVERSIGHT COMMITTEE

EXECUTIVE SUMMARY

This item requests that Council appoint members to a subcommittee to interview applicants to fill three term expirations on the Measure V Residents' Oversight Committee.

DISCUSSION

On March 1, 2020 terms for three Measure V Residents' Oversight Committee members will expire. A recruitment was advertised on January 7, 2020, and will close on January 28, 2020. At this time no applications have been received by the City Clerk's office. As stated in Resolution No. 2004-152 (Attachment A), in the event there are not two or more applicants than vacancies, the filing deadline will be extended.

In accordance with Resolution No. 2004-152, a two-member subcommittee needs to be appointed to interview the applicants and make a recommendation to the full Council.

STRATEGIC PLAN

This item is a routine operational item and does not relate to any of the Council's strategic plans.

FISCAL IMPACT

None.

RECOMMENDATION

That Council appoint a two-member subcommittee to interview applicants to fill three term expirations on the Measure V Residents' Oversight Committee.

Prepared by: Adrienne Richardson, City Clerk

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENT

A – Resolution No. 2004-152

RESOLUTION 2004-152

REVISING RESOLUTION NO. 2004-089 ESTABLISHING THE COUNCIL SELECTION PROCESS, AND DEFINING RESIDENCY REQUIREMENTS, FOR APPOINTEE BODIES (GOVERNMENT CODE §54970 ET SEQ. LOCAL APPOINTEE OFFICERS)

WHEREAS, Council Policy D-5 was adopted by Resolution 2002-434 on October 15, 2002, which established a selection process for appointee bodies, and

WHEREAS, A variety of terms are used to define residency for the purposes of eligibility for appointment to various Appointee bodies and a method to verify residency has not been established, and

WHEREAS, Council wishes to define the terms and identify methods by which to verify residency and to incorporate those definitions into the selection process, and

WHEREAS, The definitions established herein shall apply to all boards and commissions to which the City Council appoints members unless the Bylaws of the board or commission specifically define otherwise, and

WHEREAS, Revisions to Resolution No. 2004-089 were considered and approved by the City Council on May 18, 2004 as set forth below.

NOW, THEREFORE, the Tracy City Council hereby resolves as follows:

A. SELECTION PROCESS FOR APPOINTEE BODIES:

1. On or before December 31st of each year, the clerk shall prepare an appointment list of all regular and ongoing boards, commissions and committees that are appointed by the City Council of the City of Tracy. The list shall contain the following information:
 - a. A list of all appointee terms which will expire during the next calendar year, with the name of the incumbent appointee, the date of the appointment, the date the term expires and the necessary qualifications for the position.
 - b. A list of all boards, commissions and committees whose members serve at the pleasure of the Council and the necessary qualifications of each position.
 - c. The list of appointments shall be made available to the public for a reasonable fee that shall not exceed actual cost of production. The Tracy Public Library shall receive a copy of the list.
2. Whenever a vacancy occurs in any board, commission or committee, whether due to expiration of an appointee's term, resignation, death, termination or other causes, a special notice shall be posted in the office of the City Clerk, The Tracy Public Library, the City website, and in other places as directed within twenty (20) days after the vacancy occurs. Final

appointment to the board, commission or committee shall not be made by the City Council for at least ten (10) working days after the posting of the notice in the Clerk's office. If Council finds an emergency exists, the Council may fill the unscheduled vacancy immediately.

3. Appointments shall be made for the remainder of the term created by the vacancy except as follows:
 - a. If appointee will fill an un-expired term with six months or less remaining, the appointment shall be deemed to be for the new term.
 - b. If the vacancy is filled by an emergency appointment the appointee shall serve only on an acting basis until the final appointment is made pursuant to section 3.
4. The council shall use the following selection process to provide an equal opportunity for appointment to a board, commission or committee:
 - a. Mayor (or designee) and a selected Council member will review applications, interview applicants and recommend a candidate for appointment to the board, commission or committee.
 - b. If the interview subcommittee determines there are multiple qualified candidates, the subcommittee can recommend the Council establish an eligibility list that can be used to fill vacancies that occur in the following twelve (12) months.
 - c. At the interview subcommittee's discretion, the chair (or designee) of the board, committee or commission for which a member will be appointed, can participate in the interviews.
5. In the event there are not two or more applicants than vacancies on any board, commission or committee, the filing deadline may be extended by staff.
6. An individual already serving on a City of Tracy board, committee or commission may not be appointed to serve on an additional City of Tracy board, committee, or commission concurrently.

B. DEFINITION OF RESIDENCY REQUIREMENTS:

1. The following definitions shall be used to determine whether residency requirements are met for boards and commissions to which the Tracy City Council appoints members:
 - a. Tracy Planning Area means the geographical area defined in the City of Tracy General Plan and any amendments thereto.
 - b. City of Tracy means within the city limits of the City of Tracy.

- c. Citizen means a resident of the City of Tracy.
 - d. Tracy School District means the geographical area served by the Tracy Unified School District.
 - e. Sphere of Influence shall be the geographical area approved by the Local Agency Formation Commission (LAFCo) of San Joaquin County and any amendments thereto.
2. Residency, as defined above and as set forth in the applicable bylaws for each board or commission, shall be verified annually by the City Clerk. The residency must be verifiable by any of the following means:
- a. Voter registration,
 - b. Current California Driver's License or Identification,
 - c. Utility bill information (phone, water, cable, etc.),
 - d. Federal or State tax returns.
3. Members of boards or commissions shall notify the City Clerk in writing within thirty (30) days of any change in residency. If the change in residency results in the board member or commissioner no longer meeting the residency requirements, the member shall tender their resignation to the City Clerk who shall forward it to the City Council.

The foregoing Resolution 2004-152 was passed and adopted by the Tracy City Council on the 18th day of May, 2004, by the following vote:

AYES: COUNCIL MEMBERS: HUFFMAN, IVES, TOLBERT, TUCKER, BILBREY
NOES: COUNCIL MEMBERS: NONE
ABSENT: COUNCIL MEMBERS: NONE
ABSTAIN: COUNCIL MEMBERS: NONE



Mayor

ATTEST:



City Clerk