

**April 29, 2024, 6:00 p.m.**

City Hall, 333 Civic Center Plaza, Tracy

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

CALL TO ORDER – Chairperson Arriola called the meeting to order at 6:01 p.m.

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

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

1.A. Adoption of March 26, 2024, Meeting Minutes

1.B. Adoption of April 3, 2024, Special Meeting Minutes

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

3. REGULAR AGENDA

- 3A. Staff recommends that the Tracy Finance Committee recommend that (1) the City Council conduct a Public Hearing for City Council to receive and consider comments on the proposed Citywide Master Fee Schedule, and upon conclusion, (2) adopt a resolution (A) approving and adopting, effective as July 1, 2024, the proposed Citywide Master Fee Schedule with the proposed inflationary increase of 2.6%; and (B) rescinding, effective July 1, 2024, the current Citywide Master Fee Schedule that was approved by Resolution 2023-048.

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

Co-Chairperson Bedolla asked if there was a way to help new business with start-up costs through this fee schedule.

Assistant City Manager Karin Schnaider stated that through the budget augmentation process these options are being evaluated and recommended to allow that process in June to determine what the focus would be. \$400,000 have been dedicated for small programs and in addition the new Economic Development director will also be able to assist with this process.

Committee asked clarifying questions and committee discussion continued.

**ACTION:** Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola that the Tracy Finance Committee recommend that (1) the City Council conduct a Public Hearing for City Council to receive and consider comments on the proposed Citywide Master Fee Schedule, and upon conclusion, (2) adopt a resolution (A) approving and adopting, effective as July 1, 2024, the proposed Citywide Master Fee Schedule with the proposed inflationary increase of 2.6%; and (B) rescinding, effective July 1, 2024, the current Citywide Master Fee Schedule that was approved by Resolution 2023-048. Roll Call found all in favor; passed and so ordered.

- 3.B. Staff recommends that the Tracy Finance Committee make a recommendation to the City Council on specific amendments to chapter 6.04 (Business Taxes) of the Tracy Municipal Code that reduce taxes for one or more business categories.

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

Committee asked clarifying questions.

Chairperson Arriola thanked community members for attending the last meeting and for sharing their thoughts and concerns and asked if staff was able to identify any other industries not represented.

Assistant City Manager Karin Schnaider clarified that Finance Director Cowell worked diligently with the chamber of Commerce and stated that one manufacturing business reached out and stated that none of the options made a reduction that they were hoping for and were seeking a lower cap so that it actually affects them.

Mike Walsh, owner of Tracy Chevrolet, stated that his tax increased from \$1,500 to \$52,500. He stated that car dealerships are being punished and when the business does well that they pay more and when there is an economic downturn, they pay more tax. Mr. Walsh provided a business license tax handout from the City of Livermore (attached).

Dave Brown from Tracy Honda and Tracy Mazda stated that three percent net to sales is common, and Mazda is struggling to return a yield of one percent. Mr. Brown also stated that what is missed is the impact on the sales tax revenue for the City. If it comes to fleet business, they'll have to direct the customer to go to another city to purchase their vehicles to where their margin will be.

Michaela Toscas, Chair of the Government Relations Committee and Board Member with the City Chamber of Commerce stated that it's crucial to revisit the current business tax rates, these rates are pushing enterprises to the brink of collapse and noted that more business are considering leaving. The current tax

rate will lead to a loss of jobs and affect the City's sales tax revenue. A cap of \$250,000 and a 25% reduction is not enough.

Robin Lopez from Taylor Farms stated that she agrees that they should pay their fair share and asked for a compromise, a cap of \$100,000 and a percentage decrease. Ms. Lopez asked why a \$250,00 cap is a reasonable amount.

Gas Station owner, Edgar Rizkalli stated that his business tax went from \$1,200 to \$65,000 and that it isn't fair that 25% of businesses carry the cost for the other 75% of businesses and stated that the gas stations' margins are very thin.

Committee asked clarifying questions and discussion continued.

Chairperson Arriola and Co-Chairperson Bedolla agreed on:

- Flat rate for gas stations – option one
- Raw Materials Deduction
- 25% Reduction – with a sunset triggered by when e-commerce changes come into effect for the City.

Chairperson Arriola requested that staff please be ready for questions by City Council regarding analysis for 25%, 50% and 75% rate reductions.

**ACTION:** Motion was made by Chairperson Arriola and seconded by Co-Chairperson Bedolla that a proposal for (1) flat rate for gas stations, (2) a raw materials deduction and (3) a 25% rate reduction across all industries with a sunset to be when the e-commerce change takes effect, be moved forward to City Council. Motion found all in favor; passed and so ordered.

- 3.C. Staff recommends that the Tracy Finance Committee recommend that the City Council adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year ending June 30, 2024.

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

Co-Chairperson Bedolla asked (1) to bring back pavement management rehab, (2) requested a staff member dedicated to help with obtaining affordable housing in Tracy and (3) requested funding to beautify the City.

He would also like to see a program established where the underserved/homeless be employed by the City to help to beautify the City. Chairperson Arriola stated that he would be in support of such a program.

Chairperson Arriola stated that regarding securing a staff member dedicated to assist with securing affordable housing for the City, that it would be best to refer to policy to obtain definition.

Committee asked clarifying questions.

**ACTION:** Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola that the Tracy Finance Committee recommend that the City Council adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year ending June 30, 2024. Motion found all in favor; passed and so ordered.

1. STAFF ITEMS – None
2. COMMITTEE ITEMS – Chairperson Arriola requested to bring back policy to budget for full staffing levels for parks maintenance and roadway maintenance. Co-Chairperson Bedolla supported the request.
3. ADJOURNMENT – Time: 7:40 p.m.

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

The agenda was posted at City Hall on April 2, 2024. The above are action minutes. A recording is available on the City's website.

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Chairperson

ATTEST:

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Clerk

### 3.08.440 Retail sales business.

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A. Every person engaged in the business of selling any goods, wares or merchandise at retail within the City limits, including that of route salesman, and not otherwise specifically taxed by other business license provisions of this article and Article I of this chapter, shall pay an annual license fee of \$.80 for each \$1,000 of gross receipts.

B. For the purpose of this section, a "retail sale" or "sale at retail" means a sale of goods, wares or merchandise for any purpose other than resale in the regular course of business.

C. Fast-food Establishments. Every person engaged in the operation of a fast-food establishment shall pay a license fee of \$2.40 for each \$1,000 of gross receipts. For the purpose of this classification, "fast-food establishment" means a restaurant in a detached building primarily engaged in the business of providing food packaged and served in such a manner as to permit immediate consumption off the premises.

D. Grocers. Every person engaged in business as a grocer shall pay a license fee of \$.50 for each \$1,000 of gross receipts.

\* E. Motor Vehicle Sales. Every person engaged in the business of selling new or used motor vehicles at retail shall pay a license fee of \$.50 for each \$1,000 of gross receipts.

F. Real Property Sales. The sale of any more than two parcels of real property, improved or unimproved, in any one license tax year, shall be construed as a retail sale. (Ord. 2065 § 1(A), 2018; 1960 code § 12.23)

### 3.08.450 Wholesale businesses.

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A. For the purpose of this section, a "wholesale sale" or "sale at wholesale" means a sale of goods, wares or merchandise, including foodstuffs, for the purpose of resale in the regular course of business.

B. Every person engaged in the business of selling any goods, wares or merchandise at wholesale within the City limits, and delivered within the City, and not otherwise specifically taxed by other business license provisions of this article and Article I, shall pay an annual license fee of \$.80 for each \$1,000 of gross receipts.

C. Every person engaged in the business of selling any goods, wares or merchandise at wholesale within the City limits for delivery outside the City, where any element of the selling process has occurred within the City, and such transaction is not otherwise specifically taxed by other business license provisions of this article and Article I shall pay an annual license fee of \$.80 based on 50 percent of gross receipts from such sales, unless otherwise exempted. (Ord. 2065 § 1(A), 2018; 1960 code § 12.23.1)

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