

Tuesday, January 19, 2021, 7:00 P.M.

Tracy City Hall, 333 Civic Center Plaza, Tracy

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

**THIS REGULAR MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20 WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT**

**RESIDENTS ARE STRONGLY ENCOURAGED TO PARTICIPATE REMOTELY AT THE JANUARY 19, 2021 MEETING**

**Remote Access to City of Tracy Council Meeting:**

*In accordance with the guidelines provided in Executive Order N-29-20 on social distancing measures, the City of Tracy will allow for remote participation at the upcoming City Council meeting on Tuesday, January 19, 2021.*

*As always, the public may view the City Council meetings live on the City of Tracy's website at [www.CityofTracy.org](http://www.CityofTracy.org) or on Channel 26. To view from the City's website, select "Watch Live Council Meetings" from the drop down menu "Select an Online Service" at the top of the City's homepage. You will be directed to the "Council Meeting Videos" page where you may select the video for the appropriate date under "Upcoming Events."*

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

**Remote Public Comment:**

*Public comment, limited to 250 words or less, submitted via email **will be accepted for agenda items before the start of the Council meeting at 7:00 p.m.** Please send an email to [publiccomment@cityoftracy.org](mailto:publiccomment@cityoftracy.org) and identify the item you wish to comment on in your email's subject line.*

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

- *Comments via:*
  - **Phone** by dialing (209) 831-6010, or
  - **Online by visiting** <https://cityoftracyevents.webex.com> and using the following **Event Number:** 126 398 4395 and **Event Password:** TracyCC
  - ***If you would like to participate in the public comment anonymously***, you may submit your comment via phone or in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting [Anonymous@example.com](mailto:Anonymous@example.com) when prompted to provide an email address.

- **Protocols for submitting comments by phone:**
  - If you wish to discuss an item on the “Consent Calendar” identify the item when calling in. All requests to discuss an item on the “Consent Calendar” must be submitted before the Mayor announces that the time to submit such a request has expired.
  - Identify the item you wish to comment on to staff when calling in. Comments received by phone will be accepted for the “Items from the Audience/Public Comment” and “Regular Items” portions of the agenda.
  - Comments received by phone for the “Items from the Audience/Public Comment” portion of the agenda must be received by the time the Mayor opens that portion of the agenda for discussion.
  - Comments received by phone on each “Regular Item” will be accepted until the Mayor announces that public comment for that item is closed.
  
- **Protocols for commenting via WebEx:**
  - If you wish to comment on the “Consent Calendar”, “Items from the Audience/Public Comment” or “Regular Agenda” portions of the agenda:
    - Listen for the Mayor to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.
    - If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.
  - Comments for the “Consent Calendar” “Items from the Agenda/Public Comment” or “Regular Agenda” portions of the agenda will be accepted until the public comment for that item is closed.
  
- **The total allotted time for public comment will be as follows:**
  - Consent Calendar: **10 minutes**
  - Items from the Audience: **15 minutes**
  - Regular Items: **10 minutes**

Comments received by [publiccomment@cityoftracy.org](mailto:publiccomment@cityoftracy.org), phone call, or on Webex outside of the comment periods outlined above will not be included in the record.

**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.

Full copies of the agenda are available on the City's website: [www.ci.tracy.ca.us](http://www.ci.tracy.ca.us)

CALL TO ORDER  
PLEDGE OF ALLEGIANCE  
INVOCATION  
ROLL CALL

1. CONSENT CALENDAR

- 1.A. APPROVAL OF DECEMBER 15, 2020 REGULAR MEETING MINUTES, AND JANUARY 12, 2021 CLOSED SESSION MINUTES
- 1.B. APPROVE THE PLACEMENT OF A MEMORIAL BENCH AND PLAQUE FOR THE LATE LON AND MARILYN MOBLEY AT VETERANS PARK PER CITY STANDARD AND POLICY
- 1.C. AUTHORIZE THE APPROPRIATION OF \$417,070 FROM THE CITIZENS' OPTION FOR PUBLIC SAFETY (COPS) FUND BALANCE TO UPGRADE THE POLICE RADIO SYSTEM AS MANDATED BY CALIFORNIA DEPARTMENT OF JUSTICE AND THE FEDERAL BUREAU OF INVESTIGATION AND TO PURCHASE ADDITIONAL ESSENTIAL RADIO EQUIPMENT

- 1.D. APPROVE A GENERAL SERVICES AGREEMENT, NOT TO EXCEED \$455,995 ANNUALLY, WITH CLEAN STREET SWEEPING, INC., OF GARDENA, CA, TO PROVIDE SERVICES REQUIRED FOR STREET, ALLEY, AND PARKING LOT SWEEPING AND AUTHORIZE THE CITY MANAGER TO AMEND THE AGREEMENT TO EXECUTE EXTENSIONS AND TO MAKE ANY MINOR AMENDMENTS TO THE AGREEMENT
- 1.E. APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES AND AUTHORIZE THE CITY MANAGER TO AMEND THE AGREEMENT TO EXECUTE ANY EXTENSIONS AND TO INCREASE COMPENSATION UP TO THE CONTINGENCY AMOUNT AND ANY MINOR AMENDMENTS TO THE AGREEMENT
- 1.F. ADOPT A RESOLUTION ACCEPTING THE CITY OF TRACY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2020
- 1.G. 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) 21-22
- 1.H. ADOPT A RESOLUTION AMENDING THE CITY'S OPERATING AND CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2021, AS PROPOSED
2. ITEMS FROM THE AUDIENCE
3. REGULAR AGENDA
  - 3.A. DISCUSS CITY'S RESPONSE TO COVID-19 (VERBAL REPORT)
  - 3.B. DISCUSS AND PROVIDE DIRECTION REGARDING BANNING THE SALE AND DISCHARGE OF SAFE AND SANE FIREWORKS IN THE CITY OF TRACY
  - 3.C. REVIEW AND DETERMINE APPOINTMENTS TO COUNCIL COMMITTEES AND OTHER COMMITTEES, BOARDS AND COMMISSIONS
  - 3.D. CONSIDER DISPLAYING THE PAN-AFRICAN FLAG TO COMMEMORATE BLACK HISTORY MONTH
  - 3.E. DISCUSS LOCAL CONTROL OF COVID-19 BUSINESS RESTRICTIONS AND PROVIDE DIRECTION TO STAFF
4. ITEMS FROM THE AUDIENCE
5. STAFF ITEMS
6. COUNCIL ITEMS AND COMMENTS
7. ADJOURNMENT



December 15, 2020, 7:00 p.m.

City Hall, 333 Civic Center Plaza, Tracy

Web Site: [www.ci.tracy.ca.us](http://www.ci.tracy.ca.us)

Due to the COVID-19 emergency, the regular meeting was conducted pursuant to the provisions of the Governor's Executive Order N-29-20, which suspends certain requirements of the Ralph M. Brown Act. Residents participated remotely via email, phone and WebEx during the meeting.

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

Mayor Rickman led the Pledge of Allegiance.

Pastor Tim Heinrich, Crossroads Baptist Church offered the invocation.

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

1. CONSENT CALENDAR – Following the removal of consent item 1.A by Council Member Ransom, motion was made by Council Member Ransom and seconded by Mayor Pro Tem Young to adopt the Consent Calendar. Roll call vote found all in favor; passed and so ordered
  - 1.B. ADOPT RESOLUTION APPROVING THE CITY OF TRACY PUBLIC TRANSPORTATION AGENCY SAFETY PLAN AND AUTHORIZING THE PARKS & RECREATION DIRECTOR TO EXECUTE THE PUBLIC TRANSPORTATION AGENCY SAFETY PLAN – Resolution 2020-206 approved the Public Transportation Agency Safety Plan.
  - 1.C. APPROVE THE FEE DEFERRAL AGREEMENT FOR DEFERRAL OF CERTAIN IMPACT FEES FOR THE TRACY DESALINATION PLANT, AND AUTHORIZE THE CITY CLERK TO FILE THE FEE DEFERRAL AGREEMENT WITH OFFICE OF THE SAN JOAQUIN COUNTY RECORDER – Resolution 2020-207 approved the Fee Deferral Agreement for the Tracy Desalination Plant.
  - 1.D. REJECT ALL BIDS FOR THE GRAND THEATRE CENTER FOR THE ARTS EXTERIOR IMPROVEMENTS (CIP 71111), AND AUTHORIZE CITY STAFF TO MODIFY AND RE-BID THE PROJECT – Resolution 2020-208 rejected all bids for the Grand Theatre Centre for the Arts improvements and authorized rebidding the project.
  - 1.E. APPROVE SIDE LETTER OF AGREEMENT BETWEEN THE CITY OF TRACY AND THE TRACY MID-MANAGERS BARGAINING UNIT (TMMBU) CLARIFYING CONTRACT LANGUAGE IN PRIOR MEMORANDUM OF UNDERSTANDING - Resolution 2020-209 approved the Side Letter of Agreement with the Mid-Managers Bargaining Unit.
  - 1.F. REJECT REQUEST TO FILE LATE CLAIM AND REJECT CLAIM FILED BY BENJAMIN DRAKE, ON BEHALF OF HIS CLIENT SOPHIA AMAYA -

**Resolution 2020-210** rejected request to file late claim and reject claim filed by Benjamin Drake, on behalf of Sophia Amaya.

- 1.G. APPROVE THE ANNUAL REPORT ON DEVELOPMENT IMPACT FEE REVENUES, EXPENDITURES AND FINDINGS REGARDING UNEXPENDED FUNDS FOR FISCAL YEAR 2019-2020 IN ACCORDANCE WITH THE MITIGATION FEE ACT (AB 1600) - Resolution 2020-211 approved the Annual Report on Development Impact Fee Revenues, Expenditures and Findings regarding unexpected funds for Fiscal Year 2019-2020.
- 1.H. RECEIVE LIST OF PENDING REQUESTS FROM CITY COUNCIL – List of pending requests received.
- 1.I. AUTHORIZE EXTENDING THE TERM OF THE \$2 MILLION LOAN TO THE WATER ENTERPRISE FUND FROM THE WASTEWATER ENTERPRISE FUND FOR AN ADDITIONAL FOUR YEARS, WITH PAYMENTS STARTING IN FY2021-22 IN THE AMOUNT OF \$500,000 PER FISCAL YEAR, WITH INTEREST AT THE LOCAL AGENCY INVESTMENT FUND (LAIF) RATE - Resolution 2020-212 authorized extending the term of the \$2 million loan for additional four years.
- 1.A. APPROVAL OF NOVEMBER 24, 2020 SPECIAL MEETING MINUTES AND DECEMBER 1, 2020, CLOSED SESSION AND REGULAR MEETING MINUTES

Council Member Ransom pulled the item for clarification from the City Attorney about the language in the motion made by Council Member Arriola during the discussion on November 24, 2020 regarding declaring a sanctuary city.

Leticia Ramirez, City Attorney clarified it was a policy statement by the Council to minimize criminal enforcement of the COVID-19 restrictions and stay at home order in the City of Tracy.

Mayor Rickman clarified his vote at the December 1, 2020 meeting regarding the amendment to the contracts for the City Manager and City Attorney for cost of living adjustment, and stated he had voted yes on the City Attorney's contract amendment but had meant to vote no.

There was no public comment.

**ACTION:** Motion was made by Council Member Ransom and seconded by Mayor Pro Tem Young to adopt the special meeting minutes of November 24, 2020, closed session and regular meeting minutes of December 1, 2020. Roll call found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE – Robert Tanner stated he was conflicted about Tracy becoming a sanctuary city, asked about Atwater's death rate when they became a sanctuary city, spoke about the death rate in the County due to COVID, shared concerns regarding fireworks and asked when Council will outlaw fireworks except for the one the city does.

Claudia F. shared concerns about the lockdown due to COVID, fraud being perpetrated on the public, local health emergency order has no grounds in California law, tier impacts

to schools and small businesses, comments about Governor Newsom, focus should be on data and evidence, and would like for it to end and small businesses open up fully.

Lisa Roth requested the City of Tracy issue a proclamation acknowledging all the sacrificing and hardship the essential workers have endured due to the pandemic.

Alice English congratulated Mayor Rickman for being elected to the Board of Supervisors, and acknowledged Mayor Rickman's achievements while serving on City Council.

Savannah Wadsworth spoke about the negative effects on small businesses, and mental health due to the pandemic, and spoke about becoming a sanctuary city.

Monica Riley requested Council have a special meeting to deem Tracy a sanctuary city.

Pamela Spence shared her concerns regarding the business owners losing everything due to the pandemic, and asked if Council is willing to take a stand to help our community.

Heather Holbrook stated it is time to open businesses back up and let Tracy be a sanctuary city, and asked to have a special meeting and let people get back to work.

Anne Marie Fuller thanked Mayor Rickman for his service and leadership in the community as Council Member and Mayor.

Susan Golding asked Council to consider having Tracy become a sanctuary city, and small businesses need to be open even if the Governor's mandates are not enforced.

Lori Fountain spoke about the impacts of the lockdown as a business owner adding businesses are fighting to do everything they can lawfully, and did not support how the City is handling the issue and need a Council that supports us.

Ed Blake spoke in support of keeping the small businesses open and suggested Council could keep small businesses in a place that they can keep operating with safety rules.

Eric Wink stated he works for a big box company and did not understand why small businesses can't be open if they follow the same rules as big box companies. Mr. Wink welcomed the new Council, and expects them to work with small business owners to get something done.

Jennifer Rowell thanked and recognized Council Member Ransom for her service to the City of Tracy, and her work on the Tracy Community Homeless Task Force Council.

Neil Prescott asked if Council approved a local emergency in the seven days as required by Safety Code 8630, reapproved a local emergency every 30 days in the nine months as required by Safety Code 8630, and if not local emergency is not valid, and under what statutory law has the current health emergency orders been issued.

Brayden Malcolmsen spoke in support of all small businesses and if Walmart and Target can be open then would love to have small businesses open in downtown Tracy.

Dan Evans thanked Mayor Rickman for his service on Council. Mr. Evans stated there has been a vast majority of people that have been supporting our City, and hoped the new Council will put being a sanctuary city on the agenda and move for vote immediately.

Jenn expressed concern for the small business and support of the reopening of city businesses.

Claudia Fab shared concerns regarding Governor Newsom's lockdown, keeping kids out of school, and cases against the Governor.

Ashley Sotelo supported a sanctuary city for businesses.

Adrienne Richardson, City Clerk stated Tracy Thoming submitted an email comment supporting a sanctuary city, which exceeded the 250-word count. The comment was forwarded to Council and placed on the dais.

### 3. REGULAR AGENDA

#### 3.A. ADOPT A RESOLUTION RECITING THE FACTS AND DECLARING THE RESULTS OF THE NOVEMBER 3, 2020 CITY OF TRACY GENERAL MUNICIPAL ELECTION

Adrienne Richardson, City Clerk, provided the staff report.

There were no public comments.

City Council comments and questions followed.

**ACTION:** Motion was made by Council Member Ransom and seconded by Council Member Vargas, to adopt **Resolution 2020-213** reciting the facts and declaring the results of the November 3, 2020 City of Tracy General Municipal Election. Roll call vote found all in favor; passed and so ordered.

#### 3.B. OUTGOING COUNCIL MEMBER PRESENTATION AND UPDATE ON STRATEGIC PRIORITIES PRESENTATION

Jenny Haruyama provided a Strategic Priorities Update presentation showing City Council's accomplishments over the last year.

Mayor Elect Young invited outgoing Council Member Ransom to the podium for presentation.

Council Member Ransom provided comments about her time on City Council.

Mayor Elect Young invited outgoing Mayor Rickman to the podium for presentation.

Mayor Rickman provided comments about his time on City Council as Council Member and Mayor, and read a Proclamation for Free Exercise of Religion.

3.C. ADMINISTER OATH OF OFFICE AND SEAT NEWLY ELECTED COUNCIL MEMBERS

Adrienne Richardson, City Clerk, administered the Oath of Office and presented the Certificate of Election to Raymond McCray, Treasurer.

Treasurer Raymond McCray provided comments (pre-recorded).

Adrienne Richardson, City Clerk announced the following:

Maricela Morelos-Bedolla administered the Oath of Office and presented Certificate of Election to Council Member Bedolla (pre-recorded).

Council Member Bedolla provided comments regarding his election to City Council.

Mucie Lackey administered the Oath of Office and presented Certificate of Election to Council Member Davis (pre-recorded).

Council Member Davis provided comments regarding her election to City Council.

Former Mayor Brent Ives administered the Oath of Office and presented Certificate of Election to Mayor Young.

Mayor Young provided comments regarding her election as Mayor to City Council.

**ROLL CALL** – Adrienne Richardson, City Clerk roll called the new City Council. Roll call found Council Members Arriola, Bedolla, Davis, Vargas and Mayor Young present.

3.D. APPOINT MAYOR PRO TEMPORE

Adrienne Richardson, City Clerk, provided the staff report.

Ameni Alexander congratulated Mayor Young and suggested Council Member Arriola for Mayor Pro Tempore.

Dan Evans congratulated new Council Members and Mayor, and suggested Council Member Davis would be a good Mayor Pro Tempore.

Tyler Yoshio Higaki shared support for Council Member Bedolla for Mayor Pro Tempore.

Julie Gust shared support for Council Member Bedolla as Mayor Pro Tempore.

Mercedes Silveira-Gouveia congratulated the new City Council and shared support of Council Member Bedolla as Mayor Pro Tempore.

Andrea JuarezSmith submitted support for Council Member Bedolla as Mayor Pro Tempore.

Council Member Arriola nominated Council Member Vargas as Mayor Pro Tempore.

Council Member Bedolla expressed desire to be Mayor Pro Tempore.

City Council questions and comments followed.

**ACTION:** Motion was made by Mayor Young and seconded by Council Member Arriola to appoint Council Member Vargas as Mayor Pro Tempore to serve a two-year term ending in December 2022. Roll call vote found Council Members Arriola, Vargas, and Mayor Young in favor; passed and so ordered. Council Members Bedolla and Davis abstained.

3.E. DISCUSS CITY'S RESPONSE TO COVID-19 (VERBAL REPORT BY DR. MAGGIE PARK, SAN JOAQUIN PUBLIC HEALTH OFFICER)

Jenny Haruyama, City Manager introduced Dr. Maggie Park, San Joaquin County Public Health Officer who provided an update and presentation on the response by San Joaquin County's response to COVID-19.

City Council asked Dr. Park clarifying questions.

Claudia M. shared her concerns regarding forbidding opening businesses and the risks of wearing masks.

Heather Smiddy said she has spoken to Dr. Parks, and asked for the numbers for cause of death other than COVID in 2020.

Dotty Nygard, ER Nurse stated COVID is real, ICU is at capacity, hospitals are short staffed and asked Dr. Park to reiterate the importance of knowing the incubation period of COVID, all participation is needed to rid the virus, which means processing safety messages and guidelines that the Health Department is recommending we follow.

Dan Evans stated shutting small businesses will not stop the disease, was glad to get Tracy's death numbers, asked Dr. Parks about why the state is withholding city death count data, stop pretending the virus is the only thing that can hurt us, and bring back the sanctuary city discussion.

Mayor Young asked Dr. Park to respond to the questions from members of the public.

City Council comments continued before accepting the presentation and report.

Due to the late hour, Mayor Young asked Council if they wish to continue hearing the remaining agenda items.

**ACTION:** Motion made by Mayor Pro Tem Vargas and seconded by Council Member Davis to continue the meeting until all agenda items have been heard. Roll call found all in favor; passed and so ordered. Time 11:26 p.m.

3.F. AUTHORIZE THE CITY MANAGER TO EXECUTE AGREEMENTS TO FACILITATE THE OPERATION OF A WARMING CENTER UP TO A CUMULATIVE AMOUNT OF \$250,000 AND PROVIDE DIRECTION ON A POTENTIAL LOCATION

Midori Lichtwardt, Assistant City Manager provided the staff report, which given the urgent nature of the project, requested Council authorize the City Manager to execute agreements to facilitate the operation of a warming center and proposed two warming center locations – El Pescadero Park and Tracy Community Center.

Bubba Paris congratulated the new Council, added Tracy is the only city that provides no form of relief of shelter or warming station for the homeless, and strongly recommended that the City consider one of the two options to take people off the street.

City Council comments and questions followed.

Council consensus for warming center location:

- Council Member Arriola preferred the Community Center.
- Council Member Davis was not thrilled about the two locations (Tracy Community Center and El Pescadero Park), asked about Arbor Road location, but was open to the Community Center as long as COVID regulation language was addressed in the warming center operation agreements.
- Council Member Bedolla supported the Community Center.
- Mayor Young supported the Community Center.
- Mayor Pro Tem Vargas supported the majority.

Jenny Haruyama, City Manager clarified the service providers will be subject to State guidelines that are established for shelters legally and that language will be required in the agreement, and will be obligated to do that.

**ACTION:** Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Bedolla to adopt **Resolution 2020-214** authorizing the City Manager to execute agreements to facilitate the operation of a warming center up to a cumulative amount of \$250,000 with the potential location to be assigned to the Community Center. Roll call found all in favor; passed and so ordered.

3.G. RECEIVE UPDATE ON THE NEW COVID STRATEGIES COMMITTEE AND CITY EFFORTS TO SUPPORT LOCAL BUSINESSES, AND CONSIDER APPROVAL OF A NEW CITY OF TRACY SMALL BUSINESS RELIEF GRANT PROGRAM, AND AUTHORIZE CITY MANAGER TO MAKE PROGRAM AMENDMENT AS NEEDED, AND IF APPROVED, APPROPRIATE \$500,000 FROM MEASURE V GENERAL FUND

Andrew Malik, Assistant City Manager and Michael Nimon, Economic Development Manager, provided the staff report and presentation.



Council asked staff clarifying questions.

Jass Sangha congratulated the new Council and stated she appreciated what the City is doing with the grants as it shows the City cares.

Gabriela Machuca requested clarification on what full operation effective December 2020 means, as no business is in full operation, who is making the decisions of who will get the money, what is difference between grant and loan, and asked about eligibility for the grants.

Heather Smiddy congratulated the new Council, spoke about small business needs not being met, Council voted down sanctuary city a month ago and promised a committee. Ms. Smiddy added some will not qualify for the grant money and the handout will not last long and requested Council let business owners run their businesses, and begged Council to reach beyond their fear.

Savannah Wadsworth stated closing businesses down has no basis in the scientific data available and the City of Tracy should allow businesses to remain open provided they take precautions to keep the community safe.

City Council questions and comments followed.

**ACTION:** Motion made by Council Member Bedolla and seconded by Council Member Davis to adopt **Resolution 2020-215** approving the new Tracy Small Businesses Relief Grant Program with a carve out for new businesses as started before the COVID rules took affect and authorize the City Manager to make program amendments as needed and appropriate \$500,000 from Measure V.

Mayor Young asked Council whether they supported a repayment plan for the \$500,000 to Measure V. Mayor Pro Tem Vargas and Council Member Davis supported a repayment plan.

Council Member Bedolla said he would accept a friendly amendment to his motion regarding repayment of the \$500,000 to Measure V. Mayor Young clarified the friendly amendment to include having a repayment plan of the \$500,000 connected to it; however, that needs to be discussed in the budget. Council Members Bedolla and Davis supported the friendly amendment.

Mayor Young asked staff to respond to the questions from the public.

Mr. Malik provided responses to questions from the public regarding eligibility for funds: Must have active business license as of December 1, 2020, and staff to review financial statements to qualify applicant. Ms. Machuca would be eligible under this program and also County program, and regarding forgivable loan for CDBG – HUD looking to relax some of the requirements, and looking to convert CDBG loans to be forgivable grants, but still confirming with HUD.

Roll call found all in favor of the motion made by Council Member Bedolla; passed and so ordered.

3.H. APPOINT A COUNCIL MEMBER AND ALTERNATE TO REPRESENT THE CITY OF TRACY ON THE SAN JOAQUIN COUNCIL OF GOVERNMENTS

Adrienne Richardson, City Clerk, provided the staff report.

There was no public comment.

City Council questions and comments followed.

**ACTION:** Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola to appoint Mayor Young to represent the City of Tracy on the San Joaquin Council of Governments and Council Member Arriola as alternate. Roll call vote found Council Members Arriola, Bedolla, Mayor Pro Tem Vargas, and Mayor Young in favor, passed and so ordered. Council Member Davis abstained.

3.I. ESTABLISH A 2021 CALENDAR OF REGULAR CITY COUNCIL MEETINGS AND WORKSHOPS

Adrienne Richardson, City Clerk provided the staff report.

There was no public comment.

City Council questions and comments followed.

**ACTION:** Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Davis to adopt **Resolution 2020-216** establishing a 2021 calendar of regular City Council meetings and workshops and not establish the workshop/special meetings at this point, and address as needed. Roll call found Council Members Arriola, Davis, Mayor Pro Tem Vargas and Mayor Young all in favor; passed and so ordered. Council Member Bedolla abstained.

4. ITEMS FROM THE AUDIENCE – Gabriela Machuca stated small businesses need City Council to help, spoke about COVID cases not being attributed to restaurants, and requested standing up for Tracy and ask for modifications to the closure order.

Claudia spoke about Governor Newsom overstepping and being sued, State of Emergency gone past 60 days, Dr. Park not being forthcoming about wearing a mask, and negative effects of wearing mask, and goes against US Constitution.

Cindy Reece congratulated the new Council, and expressed appreciation for Rhodesia Ransom and her attention to the homeless, and stated she was proud of her accomplishments.

Michael Winsatt asked what steps will Council take to address why a vape shop opened directly next door to Tracy High School.

5. STAFF ITEMS – Jenny Haruyama, City Manager provided an update on the following actions taken by the City Manager during the COVID emergency:

- Approve OIA for Tracy Hills Phase 1 School Site Street modifications
- Approve OIA for Tracy Hills Phase 1 West Linne Road Widening at South Tracy Blvd

- Approve OIA for storm drain upgrade due to Kaiser Permanente parking lot expansion project
  - Accept subdivision improvements for Ellis Garden Phase 3 and authorize landscape maintenance in accordance with the CFD
  - Accept subdivision improvements for Ellis Garden Phase 1 and assume responsibility for their future maintenance and repair
  - Accept the Tracy Municipal Airport and replace existing automatic weather observing system on the existing tower and foundations
6. COUNCIL ITEMS – Council Member Arriola acknowledged COVID numbers from Dr. Park, including the 37 deaths in the city, and asked the community to take this seriously, abide by hygiene guidelines and do not add to that number. Council Member Arriola congratulated the new Council Members and Mayor and wished everyone a merry Christmas and happy new year.

Mayor Pro Tem Vargas provided an update on Valley Link, and requested a Proclamation on the agenda to support the farmers in India for the safe protest. Mayor Pro Tem Vargas to submit language. Council Member Arriola supported the request. Mayor Pro Tem Vargas asked to request from the State to modify the COVID orders for City of Tracy to allow restaurants to operate indoors, and can we do it through our lobbying staff. Council Member Davis seconded the request.

Jenny Haruyama, City Manager responded the next meeting is January 19, 2021, so if you are looking for staff to write something within the context of our legislative policy in the context of local control, we can accommodate that request.

Mayor Pro Tem Vargas congratulated her daughter for graduating college on December 17, 2020, and acknowledged her dedication of 18 months during that period to do a mission through the LDS Church in Spain, and wished everyone a merry Christmas.

Council Member Bedolla stated the City was not awarded recent grants from Continuum of Care and requested an update on that or options to see if there is a way to appeal. Council Member Davis supported the request. Council Member Bedolla requested an update on road conditions, pavement condition index, and needed repairs and replacement to surface stresses. Council Member Davis seconded the request. Jenny Haruyama, City Manager confirmed a memo would suffice for the response to Council Member Bedolla's requests.

Council Member Davis requested staff to bring back conversation regarding local control of all businesses within the City of Tracy. Mayor Young supported the request. Merry Christmas and happy new year to everyone.

Mayor Young announced the following: Outgoing San Joaquin Regional Rail Commission members due to retirement or term expirations: Andy Chesney (San Joaquin County Council of Governments), Bob Elliott (Board of Supervisors), John Marchand (Livermore Mayor), Doug Kuehne (Lodi Council Member), Scott Haggerty, (Alameda County Board of Supervisors), and Debby Moorhead (Manteca Council Member), reported on the contract between Valley Link and ACE stating ACE will be the operating entity for Valley Link. Mayor Young wished everyone a merry Christmas, happy Hanukkah, and happy Kwanzaa.

7. ADJOURNMENT – Time: 1:57 a.m. Date: December 16, 2020

**ACTION:** Motion was made by Mayor Pro Tem Vargas and seconded by Council Member Arriola 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 10, 2020. The above are action minutes. A recording is available at the office of the City Clerk.

---

Mayor

ATTEST:

---

City Clerk

TRACY CITY COUNCIL - SPECIAL MEETING MINUTES

January 12, 2021, 1:30 p.m.

Tracy City Hall, 333 Civic Center Plaza, Tracy

1. CALL TO ORDER – Mayor Young called the meeting to order at 1:31 p.m. for the purpose of a closed session to discuss the items outlined below.
2. ROLL CALL – Roll call found Council Members Arriola, Bedolla, Davis, Mayor Pro Tem Vargas, and Mayor Young present.
3. ITEMS FROM THE AUDIENCE – There was no public comment.
4. CLOSED SESSION
  - a. Conference with Legal Counsel – Existing Litigation (Gov. Code § 54956.9(d)(1))
    - i. *Mitracos v. City of Tracy* (San Joaquin County Superior Court Case No.: STK-CV-UWM-2018-5531)
5. RECESS TO CLOSED SESSION - Motion was made by Council Member Bedolla and seconded by Mayor Pro Tem Vargas to recess the meeting to closed session at 1:34 p.m. Roll call vote found all in favor; passed and so ordered.
6. RECONVENE TO OPEN SESSION – The meeting reconvened to open session at 2:52 p.m.
7. REPORT OF FINAL ACTION – City Council voted unanimously to pursue an appeal in this case.
8. ADJOURNMENT – Time: 2:53 p.m.

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

The agenda was posted at City Hall on January 7, 2021. The above are action minutes.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

AGENDA ITEM 1.B

REQUEST

**APPROVE THE PLACEMENT OF A MEMORIAL BENCH AND PLAQUE FOR THE LATE LON AND MARILYN MOBLEY AT VETERANS PARK PER CITY STANDARD AND POLICY**

EXECUTIVE SUMMARY

Mr. London Mobley, has submitted an application per the City standard policy and procedures to install a bench and plaque in Veterans Park to honor his parents, United States Navy Veterans Lon and Marilyn Mobley.

DISCUSSION

Mr. Lon Mobley is a lifelong Tracy resident, while Mrs. Marilyn Mobley resided in Tracy for over 50 years. The Mobleys come from a family that has resided in Tracy for over five generations. Mr. Lon and Mrs. Marilyn Mobley both served in the United States Navy and continued to serve the country by working at the Tracy Defense Depot until they both retired. The Mobleys believed in helping others before themselves, which is a belief they instilled into their children.

For more than two decades, the Mobleys contributed to the Tracy community through their volunteer efforts. Mr. Lon and Mrs. Marilyn Mobley regularly volunteered at the Tracy Portuguese Hall where they delivered sopas, a Portuguese soup to elderly friends and relatives. On one occasion, Mr. Lon and Mrs. Marilyn Mobley donated a car to a homeless family and in 1984 they helped raise funds for a local travel track and field team that supported runners from Tracy and Manteca. This team had runners that earned invitations to participate in the final Junior Olympics in Florida.

Mr. London Mobley, the Mobleys' son and bench applicant, would like to honor his parents by placing a bench and plaque at the War Memorial at Veterans Park. The location of the bench is significant as it is proposed to be installed facing the United States Navy plaque. The bench to honor Mr. Lon and Mrs. Marilyn Mobley would replace one of the existing park benches and the City would relocate that existing bench to another location in Veterans Park. The family feels a bench at Veterans Park, positively contributes to the environment of the park for future use, and is an appropriate way to honor and remember Mr. Lon and Mrs. Marilyn Mobley.

The Parks and Recreation Department has discussed this item with Mr. London Mobley, including the design and specifications of the bench and plaque, which is incorporated into the attached proposal. Mr. London Mobley will donate the bench, with the plaque pre-installed and will cover the installation fees for Public Works staff to install the bench. Mr. London Mobley agrees to maintain and replace the plaque and bench in the event it is vandalized, stolen, or damaged. Finally, the proposal meets the City standard for benches used in public spaces and parks.

At the December 3, 2020 Parks and Community Services Commission meeting, after hearing from the public, the request was reviewed and discussed as per policy and procedures. The Commission discussed the bench and plaque (Attachment A). The Commission recommended the item for approval of the City Council.

## STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority, which is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services and cultivating connections to promote positive change and progress in our community.

## FISCAL IMPACT

Approval of this item is expected to have minimal impact on the City General Fund. Mr. London Mobley will be donating the bench and plaque to the City and will cover the installation fees for Public Works staff to install the bench. Mr. London Mobley agrees to maintain and replace the bench and plaque in the event it is vandalized, stolen, or damaged.

## RECOMMENDATION

That the City Council, by resolution, approve the placement of a memorial bench and plaque for the late Lon and Marilyn Mobley at Veterans Park.

Prepared by: Justin Geibig, Recreation Program Coordinator

Reviewed by: Brian MacDonald, Parks & Recreation Director  
Richard Joaquin, Parks Planning & Development Manager  
Don Scholl, Public Works Director  
Karin Schnaider, Finance Director  
Midori Lichtwardt, Assistant City Manager

Approved by: Jennifer D. Haruyama, City Manager

## ATTACHMENTS

Attachment A – Bench Location and Draft of Plaque and Bench Honoring Lon and Marilyn Mobley



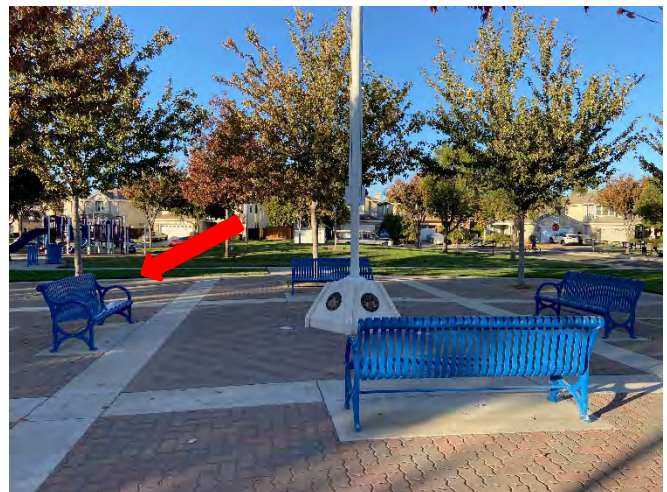
**Plaque Language**  
**(Draft)**

*Dedicated to our Heroes  
Lon and Marilyn Mobley  
Forever in our Hearts*

**Bench Sample**



**Bench Location**



**Navy Plaque**



RESOLUTION 2021-\_\_\_\_\_

APPROVING THE PLACEMENT OF A MEMORIAL BENCH AND PLAQUE FOR THE LATE LON AND MARILYN MOBLEY AT VETERANS PARK PER CITY STANDARD POLICY AND PROCEDURES

WHEREAS, London Mobley has submitted an application to the Parks and Recreation Department to place a bench and plaque in Veterans Park to honor his parents and United States Navy Veterans Lon and Marilyn Mobley, and

WHEREAS, London Mobley agrees to donate and maintain the bench and plaque, per City Standard, and will cover the installation fees for Public Works staff to install the bench, and

WHEREAS, The Parks and Community Services Commission reviewed and discussed London Mobley's request per the City Standard Policy and Procedures and recommended the City Council approve the request;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Tracy approves the placement of a bench and plaque honoring Lon and Marilyn Mobley in Veterans Park.

\* \* \* \* \*

The foregoing Resolution \_\_\_\_\_ was adopted by Tracy City Council on the 19<sup>th</sup> day of January 2021, 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

**AUTHORIZE THE APPROPRIATION OF \$417,070 FROM THE CITIZENS' OPTION FOR PUBLIC SAFETY (COPS) FUND BALANCE TO UPGRADE THE POLICE RADIO SYSTEM AS MANDATED BY CALIFORNIA DEPARTMENT OF JUSTICE AND THE FEDERAL BUREAU OF INVESTIGATION AND TO PURCHASE ADDITIONAL ESSENTIAL RADIO EQUIPMENT**

EXECUTIVE SUMMARY

The Police Department annually receives grant funding from the Supplemental Law Enforcement Services Funds (SLESF) and Citizens' Option for Public Safety (COPS).

Staff recommends the City Council authorize the appropriation of the SLESF to upgrade the police radio system as mandated by California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) and purchase additional essential police radio equipment.

DISCUSSION

The COPS funds are allocated to cities and counties that provide law enforcement services on a per capita basis through the State's SLESF. To utilize these funds under Government Code 30061, "...the City Council shall appropriate existing and anticipated moneys exclusively to fund frontline municipal police services, in accordance with the written requests submitted by the Chief of Police..." (California Government Code Section 30061(c)(2).)

California DOJ issued a mandate to all California law enforcement agencies on October 12, 2020 stating all agencies must adhere to the requirements detailed in the California Law Enforcement Telecommunications System (CLETS) Policies, Practices and Procedures and in the FBI Criminal Justice Information Services (CJIS) Security Policy to ensure the confidentiality and integrity of the Personally Identifiable Information (PII) is limited to authorized personnel. Furthermore, in order for provide PII information to our field units, information received from CLETS must be transmitted over an encrypted radio channel.

Staff has researched the feasibility and potential for temporary alternatives to comply with this order. There is no alternative that will not result in a compromise to public and officer safety, timely dissemination of critical information, and extra costs. In order to comply with this mandate and maintain interoperability with other law enforcement agencies for operational support and mutual aid, the Police Department's radio frequencies need to be upgraded to provide encryption. To accomplish this, the Police Department must upgrade all radios to include car radios, portable radios, and dispatch consoles, and replace outdated radios with newer models that allow for encryption.

An inventory of the Police Department's equipment and quotes provided by Delta Wireless Inc. revealed that the total cost to upgrade all current mobile radios, portable

radios and dispatch consoles, and replace 30 outdated portable radios and accessories is \$382,700.

A 10% contingency fund of approximately \$38,370 is also requested for necessary reprogramming costs which will occur as other agencies within San Joaquin County migrate to encryption, and for any unforeseen expenses.

<b>EQUIPMENT</b>	<b>QUANTITY</b>	<b>COSTS</b>
Encryption of all current radios	239	\$192,430
Encryption for dispatch consoles	6	\$4,892
Delta Wireless Labor Costs		\$21,465
Portable Radio Purchase	30	\$160,525
Portable Radio Charging Units	30	\$3,388
Contingency		\$38,370
<b>TOTAL:</b>		<b>\$421,070</b>

Staff is recommending the funding be used to fulfill the mandate of radio encryption by DOJ and FBI.

#### FISCAL IMPACT

The police department has sufficient fund balance as of June 30, 2020 in Supplemental Law Enforcement Services Funds to support the appropriation of \$417,070.

#### STRATEGIC PLAN

This agenda item supports the City of Tracy's Public Safety Strategic Priority, which is to enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education, and prevention, intervention, and suppression services that meet the needs of Tracy residents.

#### RECOMMENDATION

Staff recommends that the City Council, by resolution, approve the request to appropriate and expend the State COPS Funds for the aforementioned purchases.


Prepared by: Michele Clubb, Communications Unit Supervisor

Reviewed by: Beth Lyons-McCarthy, Support Operations Manager  
Sekou Millington, Chief of Police  
Karin Schnaider, Finance Director

Approved by: Jenny Haruyama, City Manager

Attachment A: DOJ Information Bulletin, Confidentiality of Information from California Law Enforcement Telecommunications System (CLETS)

Xavier Becerra, Attorney General

<p>California Department of Justice CALIFORNIA JUSTICE INFORMATION SERVICES DIVISION Joe Dominic, Chief</p> 	<h1>INFORMATION BULLETIN</h1>	
<p><i>Subject:</i></p> <p>Confidentiality of Information from the California Law Enforcement Telecommunications System (CLETS)</p>	<p><i>No.</i> 20-09-CJIS</p> <p><i>Date:</i> 10-12-2020</p>	<p><i>Contact for information:</i></p> <p>CLETS Administration Section <a href="mailto:CAS@doj.ca.gov">CAS@doj.ca.gov</a> (916) 210-4240</p>

**TO: ALL CLETS SUBSCRIBING AGENCIES**

Law enforcement and criminal justice agencies authorized by the California Department of Justice (CA DOJ) to access the CLETS must adhere to the requirements detailed in the CLETS Policies, Practices and Procedures (PPP) and in the Federal Bureau of Investigation (FBI) Criminal Justice Information Services (CJIS) Security Policy to ensure the confidentiality and integrity of the data therein.<sup>1</sup> More specifically, and as detailed further below, access to certain Criminal Justice Information (CJI) and Personally Identifiable Information (PII) must be limited to authorized personnel; and the transmission of such information must be encrypted. Although generally applicable, the information in this bulletin is particularly relevant to the radio transmission of protected data.

Allowable "access" to CJI and PII, derived from CLETS, is described in CLETS PPP section 1.6.4:

*Only authorized law enforcement, criminal justice personnel or their lawfully authorized designees may use a CLETS terminal or have access to information derived from CLETS. Any information from the CLETS is confidential and for official use only. Access is defined as the ability to hear or view any information provided through the CLETS.*

The FBI and the CA DOJ establish policies and procedures related to the usage and protection of CJI that govern the usage of the CLETS. The policies define CJI, classify them as restricted or unrestricted, and limit the amount and types of information that can be broadcast over unencrypted radio channels in order to protect sensitive CJI and PII.

Generally, PII is information that can be used to distinguish or trace an individual's identity, such as an individual's first name, or first initial, and last name in combination with any one or more specific data elements (see FBI CJIS Security Policy section 4.3.). Data elements include Social Security number, passport number, military identification (ID) number and other unique ID numbers issued on a government document. The most common data elements encountered during field operations include a driver license number or ID number.

The transmission of sensitive CJI and PII must be encrypted pursuant to the FBI CJIS Security Policy sections 5.10 and 5.13; and access may only be provided to authorized individuals as defined under the CLETS PPP and the FBI CJIS Security Policy.

<sup>1</sup> For reference, please refer to the CLETS PPP at <https://oag.ca.gov/sites/default/files/clcts-ppp%2012-2019.pdf> and the FBI CJIS Security Policy at [https://www.fbi.gov/file-repository/cjis\\_security\\_policy\\_v5-9\\_20200601.pdf/view](https://www.fbi.gov/file-repository/cjis_security_policy_v5-9_20200601.pdf/view). See also Government Code section 15150 et seq. and California Code of Regulations, title 11, section 703.

Compliance with these requirements can be achieved using any of the following:

- Encryption of radio traffic pursuant to FBI CJIS Security Policy sections 5.10.1.2, 5.10.1.2.1, and 5.13.1. This will provide the ability to securely broadcast all CJI (both restricted and unrestricted information) and all combinations of PII.
- Establish policy to restrict dissemination of specific information that would provide for the protection of restricted CJI database information and combinations of name and other data elements that meet the definition of PII. This will provide for the protection of CJI and PII while allowing for radio traffic with the information necessary to provide public safety.

If your agency is not currently in compliance with the requirements outlined herein, please submit an implementation plan to the CA DOJ, CLETS Administration Section, no later than December 31, 2020. The plan must be on agency letterhead and signed by the Agency Head (e.g., Sheriff, Chief); include a detailed description of how radio communications will be brought into compliance (e.g., encryption), or how the risks will be mitigated through policy if unable to implement the required technology; and must include the projected timeline as to when the issue will be resolved.

For questions about this bulletin, contact the CLETS Administration Section at [CAS@doj.ca.gov](mailto:CAS@doj.ca.gov) or (916) 210-4240.

Sincerely,



JOE DOMINIC, Chief  
California Justice Information Services Division

For XAVIER BECERRA  
Attorney General



RESOLUTION 2021- \_\_\_\_\_

AUTHORIZING THE APPROPRIATION OF \$417,070 FROM THE CITIZENS' OPTION FOR PUBLIC SAFETY (COPS) FUND BALANCE TO UPGRADE THE POLICE RADIO SYSTEM AS MANDATED BY CALIFORNIA DEPARTMENT OF JUSTICE AND THE FEDERAL BUREAU OF INVESTIGATIONS AND TO PURCHASE ADDITIONAL ESSENTIAL RADIO EQUIPMENT

WHEREAS, The Tracy Police Department annually receives funding from the Supplemental Law Enforcement Services Funds (SLESF) and Citizens' Option for Public Safety (COPS), and

WHEREAS, The Tracy Police Department will use the funds to upgrade the police radio system as mandated by California Department of Justice and the Federal Bureau of Investigations and to purchase additional essential radio equipment, and

WHEREAS, The Tracy Police Department has sufficient fund balance within the SLESF to support the appropriation of \$421,070 for the upgrade to the police radio system as mandated by California Department of Justice and the Federal Bureau of Investigations and to purchase additional essential radio equipment, and

WHEREAS, Staff is recommending the funding be used to come into compliance with California Department of Justice and Federal Bureau of Investigations mandate of radio encryption to protect Personally Identifiable Information;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Tracy authorizes \$421,070 to be appropriated from the COPS Grant Fund Balance for the upgrade to the police radio system as mandated by California Department of Justice and the Federal Bureau of Investigations and to purchase additional essential radio equipment.

\* \* \* \* \*

The foregoing Resolution \_\_\_\_\_ was passed and adopted by the Tracy City Council on the 19th day of January, 2021 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

AGENDA ITEM 1.D

REQUEST

**APPROVE A GENERAL SERVICES AGREEMENT, NOT TO EXCEED \$455,995 ANNUALLY, WITH CLEAN STREET SWEEPING, INC., OF GARDENA, CA, TO PROVIDE SERVICES REQUIRED FOR STREET, ALLEY, AND PARKING LOT SWEEPING AND AUTHORIZE THE CITY MANAGER TO AMEND THE AGREEMENT TO EXECUTE EXTENSIONS AND TO MAKE ANY MINOR AMENDMENTS TO THE AGREEMENT**

EXECUTIVE SUMMARY

Staff is seeking Council approval of a General Services Agreement to provide street, alley, and parking lot sweeping within the City of Tracy.

DISCUSSION

Street sweeping services are performed throughout the City to maintain clean streets, alleys, and parking lots, and reduce debris entering the City's storm drain system. The City currently has a total annual estimated 12,800 curb miles to be swept which include alleys and parking lots. Sweeping is completed every two weeks on all City streets, with the exception of the downtown business district, which is swept twice a week. Selected City paved alleys and parking lots are swept on a monthly basis.

The City currently contracts with Contract Sweeping Services for street sweeping services. The current contract is set to expire on September 30, 2021, however the vendor provided notice to the City in September 2020 that they would be cancelling the contract. Contract Sweeping Services cited increasing costs in business operations within the industry. They have agreed to continue through January 31, 2021, to allow time for the City to request bids for these services.

Staff composed a Request for Bids and issued a "Notice Inviting Bids" for street sweeping services in preparation of the end of the contract. The notice was published on December 17, 2020. As a result, two bids were received and the bid terms were reviewed by City staff. Clean Street Sweeping was the lowest responsible bidder and provides the required services at a cost of \$30.98 per curb mile.

The agreement includes an annual not-to-exceed amount of \$455,995. There is a potential for additional curb miles to be added during the life of this contract. Staff anticipates emergency services will arise that will be charged against the agreement, and has built in sufficient funds to cover these services annually. These estimated increases do not anticipate the addition of any substantial subdivisions or parking lots. Such additions will be negotiated separately and brought to Council for approval.

Also included in the overall annual amount is the option for the vendor to request an annual Consumer Price Index (CPI) rate increase each year after the initial two years of the agreement. Any such increase shall not exceed 3% and is based on the CPI for Urban Wage Earners for San Francisco-Oakland Bay Area as published by the U.S.

Department of Labor, Bureau of Labor Statistics. This increase is an optional request and approved by the City in its sole discretion.

Staff recommends that the General Services Agreement for street, alley, and parking lot sweeping be awarded to Clean Street Sweeping, Inc., of Gardena, California. Upon approval, the initial term of the Agreement will be from February 1, 2021 through January 31, 2023. In the event that the City determines Clean Street Sweeping, Inc. has satisfactorily performed all requirements in this Agreement, the City may extend the Agreement for four additional years, in any combination, not to exceed six (6) years.

#### STRATEGIC PLAN

This is a routine operational item and is not related to one of the City Council's Strategic Plans.

#### FISCAL IMPACT

Adequate funding is available in the Fiscal Year 2020/21 Operating Budget for street sweeping services. The budget is funded by the General Fund for \$27,359 (6%) and \$428,636 by the Solid Waste Fund (94%). This Agreement has an annual not to exceed amount of \$455,995.

#### RECOMMENDATION

Staff recommends Council approve, by resolution, a General Services Agreement with Clean Street Sweeping, Inc., of Gardena, CA, for services required for street, alley, and parking lot sweeping and authorize the City Manager to amend the agreement to execute extensions and to make any minor amendments to the agreement.

Prepared by: David Murphy, Public Works Superintendent  
Nancy Chapman, Management Analyst II

Reviewed by: Don Scholl, Public Works Director  
Karin Schnaider, Finance Director  
Midori Lichtwardt, Assistant City Manager

Approved by: Jennifer D. Haruyama, City Manager

#### ATTACHMENTS

Attachment A – General Services Agreement

**CITY OF TRACY**  
**GENERAL SERVICES AGREEMENT WITH**  
*Clean Street Sweeping, Inc.*

This General Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and Clean Street Sweeping, Inc., a California Corporation (**Contractor**). City and Contractor are referred to individually as “Party” and collectively as “Parties.”

**Recitals**

- A.** City desires to retain Contractor to perform street, alley and parking lot sweeping; and
- B.** On December 16, 2020, the City issued a Notice Inviting Bids for the Street, Alley, and Parking Lot Sweeping (**Project**). On December 28, 2020, Contractor submitted its bid for the Project to the City. City has determined that Contractor is the lowest responsible bidder.
- C.** After negotiations between the City and Contractor, 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. \_\_\_\_ approved by Tracy City Council on January 19, 2021.

**Now therefore, the Parties mutually agree as follows:**

- 1. Scope of Work.** Contractor shall perform the services described in Exhibit “A” attached and incorporated by reference. The services shall be performed by, or under the direct supervision of, Contractor’s Authorized Representative: Rick Anderson. Contractor shall not replace its Authorized Representative, nor shall Contractor use or replace any subcontractors or subconsultants, 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 may result in the termination of this Agreement.
- 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. Contractor shall begin performance, and shall complete all required services no later than the dates set forth in Exhibit “A.” Any services for which times for performance are not specified in this Agreement shall be started and completed by Contractor in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the Contractor. Contractor 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 February 1, 2021, and end on January 31, 2023, unless terminated in accordance with Section 6. The contract may be extended for an additional four (4) years, in any combination, not to exceed six (6) years, by the City Manager following a written determination that Contractor has satisfactorily met all the requirements of this Agreement.
- 3. Compensation.** City shall pay Contractor 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.** Contractor's total compensation under this Agreement shall not exceed \$455,995, annually. Contractor's billing rates shall cover all costs and expenses for Contractor's performance of this Agreement. No work shall be performed by Contractor in excess of the total compensation amount provided in this section without the City's prior written approval. Compensation for street sweeping will be based on the actual number of curb miles swept. Quantities submitted by the Contractor for payment by the City will be according to the Schedule of Prices set forth in Exhibit "B". Callout hours are subject to approval by the Public Works Superintendent or his/her designee. The Schedule of Prices contains the unit prices for the performance of services pursuant to the Agreement.

**3.2 Invoices.** The Contractor will submit invoices on a monthly basis. Payment for services rendered per the Specifications will be made within 30 days following the month during which services have been performed, provided that the specified performance reports and invoices have been submitted in a timely manner with adequate time to verify service.

**3.2.1.** Contractor's failure to submit invoices in accordance with these requirements may result in the City rejecting said invoices and thereby delaying payment to Contractor.

**3.3 Payment.** Within 30 days after the City's receipt of invoice, City shall make payment to the Contractor based upon the services described on the invoice and approved by the City.

**4. Indemnification.** Contractor 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 Contractor'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; "Contractor" means the Contractor, 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 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.** Contractor shall, throughout the duration of this Agreement, maintain insurance to cover Contractor, 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 Contractor in an amount not less than \$1,000,000 per claim.

**5.5 Endorsements.** Contractor 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, Contractor's coverage shall be primary insurance with respect to the City. Any insurance maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.

**5.6 Notice of Cancellation.** Contractor 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. Contractor shall immediately obtain a replacement policy.

**5.7 Authorized Insurers.** All insurance companies providing coverage to Contractor 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.** Contractor 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.** Contractor 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 Contractor's Obligation.** Maintenance of insurance by the Contractor as specified in this Agreement shall in no way be interpreted as relieving the Contractor of any responsibility whatsoever (including indemnity obligations under this Agreement), and the Contractor 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 Contractor. Upon termination, Contractor shall give the City all original documents, including preliminary drafts and supporting documents, prepared by Contractor for this Agreement. The City shall pay Contractor 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 Contractor that cannot be settled after engaging in good faith negotiations, City and Contractor 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 Contractor 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



Contractor's services, or upon demand from the City. No such documents shall be revealed or made available by Contractor to any third party without the City's prior written consent.

**9. Independent Contractor Status.** Contractor is an independent contractor and is solely responsible for the acts of its employees or agents, including any negligent acts or omissions. Contractor is not City's employee and Contractor 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. Contractor is free to work for other entities while under contract with the City. Contractor, and its agents or employees, are not entitled to City benefits.

**10. Conflicts of Interest.** Contractor (including its employees, agents, and subcontractors) shall not maintain or acquire any direct or indirect interest that conflicts with the performance of this Agreement. If Contractor maintains or acquires such a conflicting interest, the City may terminate any contract (including this Agreement) involving Contractor's conflicting interest.

**11. Rebates, Kickbacks, or Other Unlawful Consideration.** Contractor 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:  
Don Scholl  
Public Works Director  
City of Tracy  
520 Tracy Blvd.  
Tracy, CA 95376

To Contractor:  
Rick Anderson  
Clean Street Sweeping, Inc.  
1937 W 169<sup>th</sup> Street  
Gardena, CA 90247

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 Contractor'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.** Contractor 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.** Contractor 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.** Contractor 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. The California Department of Industrial Relations (DIR) has determined that the services being performed under this Agreement are not part of a "public works" or "maintenance" project. However, should the DIR determination change or if it is superseded by subsequent laws or court decision,, and if the total compensation is \$1,000 or more, Contractor 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>. Contractor 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 Hazardous Materials.** Contractor is responsible for all costs of clean up and/or removal of hazardous and toxic substances spilled as a result of performing their services.

**13.6.3 Non-discrimination.** Contractor represents and warrants that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Contractor 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.** Contractor 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 Contractor. By entering into this Agreement, Contractor represents that it is not a suspended corporation. If Contractor 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, Contractor shall obtain a City of Tracy Business License. Contractor 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 Contractor’s proposal (if any), the Agreement shall control. In the case of any conflict between the Exhibits hereto and the Contractor’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 Contractor represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of Contractor.

**[SIGNATURES ON FOLLOWING PAGE]**

The Parties agree to the full performance of the terms set forth here.

**City of Tracy**

\_\_\_\_\_  
By: Nancy Young  
Title: Mayor  
Date: \_\_\_\_\_


Attest:

\_\_\_\_\_  
Adrienne Richardson, City Clerk

Approved as to form:

\_\_\_\_\_  
Leticia Ramirez, City Attorney

**Contractor**

  
\_\_\_\_\_  
By: Rick Anderson  
Title: Director of Business Development  
Date: 1-4-2021

Federal Employer Tax ID No. 95-4147708

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibits:

- A Scope of Work
- B Compensation (See Agreement section 3.)



EXHIBIT A - Scope of Work  
SPECIFICATIONS  
FOR  
STREET, ALLEY AND PARKING LOT SWEEPING  
CITY OF TRACY  
SAN JOAQUIN COUNTY, CALIFORNIA

\*\*\*\*\*

**1. DESCRIPTION OF WORK:**

The intent and purpose of these specifications are to provide for the sweeping of city streets, curbs, alleyways, and parking lots as described in these specifications in a neat and workmanlike manner.

**2. SCOPE OF WORK:**

The Contractor will use and furnish at the Contractor's expense all labor, equipment, and materials necessary for the satisfactory performance of the street sweeping, alley sweeping, and parking lot sweeping work set forth herein. After sweeping, curbs and gutters must be left in a clean condition, free of litter and debris. The sweeping will include as many passes as necessary to leave the street in a clean condition. Contractor must maintain a log which indicates dates, times, streets, and miles swept. The log (preferred electronically) must be available for inspection upon request by the Public Works Superintendent or his/her designee.

**A. Schedule**

The sweeping schedule (including dates and times) to be utilized for residential and commercial streets, alleys, and parking lots to be provided by the Public Works Department. Any subsequent deviations from this route and schedule must be approved by the Public Works Superintendent or his/her designee. If deviations from the schedule are approved, the Contractor will be responsible for notifying individual households that are affected IN WRITING at least 15 days (and no more than 30 days) prior to beginning the new schedule. All street sweeping will be performed as follows:

**1. Residential and Commercial Streets**

All residential and commercial streets, including any center or median strips and bulb-outs/turn pockets therein, will be swept along the curb every two weeks or as agreed between the City and the Contractor. Residential streets will be swept between the hours of 7:00 a.m. and 5:00 p.m. Commercial streets will be swept between the hours of 5:00 a.m. and 8:00 p.m.

Exceptions:

The following downtown commercial streets will be swept twice per week (Mondays and Fridays from 5:00 a.m. and 6:30 a.m.):

- Tenth Street (Parker Avenue to E Street)
- Central Avenue (Eleventh Street to Fourth Street)
- Sixth Street Plaza (C Street to D Street east and west bound including parking areas)

2. Alleys

All City owned paved alleys must be swept on a monthly basis. Those alleys not having curbs must be swept along the edge of the pavement.

3. Intersections

The following intersections must be swept on a monthly basis:

- |                                    |                                    |
|------------------------------------|------------------------------------|
| Tracy Boulevard/Clover Road        | Eleventh Street/East Street        |
| Tracy Boulevard/Grant Line Road    | Eleventh Street/MacArthur Drive    |
| Tracy Boulevard/Eleventh Street    | Grant Line Road/Naglee Road        |
| Tracy Boulevard/Schulte Road       | Grant Line Road/Corral Hollow Road |
| Tracy Boulevard/Central Avenue     | Grant Line Road/Lincoln Boulevard  |
| Tracy Boulevard/Valpico Road       | Grant Line Road/Holly Drive        |
| Eleventh Street/Lammers Road       | Grant Line Road/MacArthur Drive    |
| Eleventh Street/Corral Hollow Road | Corral Hollow Road/Schulte Road    |
| Eleventh Street/Lincoln Boulevard  | Corral Hollow Road/Byron Road      |
| Eleventh Street/Central Avenue     | Corral Hollow Road/Valpico         |

4. Parking Lots

The following City parking lots must be swept on a monthly basis:

- |   |                                   |
|---|-----------------------------------|
| Downtown (adjacent to Tracy Inn)                                  | Tracy Ball Park                   |
| Downtown (adjacent to old Delta Disposal)                         | Tracy Sports Complex              |
| Downtown (9 <sup>th</sup> Street and B Street)                    | Tracy Library                     |
| Dr. Powers Park   | Community Center                  |
| El Pescadero Park   | City Hall                         |
| Lincoln Park  | Police Department                 |
| Tiago Park  | Plascencia Fields (upper & lower) |
| Legacy Fields entrance and exit to west end and roundabouts only  |                                   |
| Transit Station – Parking lots on east and south side of building |                                   |

Sweeping will normally be performed on the perimeter of the parking lot but additional sweeping on the interior of the parking lot must be completed as needed or as requested. Sweeping must be done after the normal operating hours of the facility so that no vehicles remain in the parking lot at the time sweeping is done. In the case of parks in residential neighborhoods, sweeping must be done at such time as to avoid noise complaints from adjacent residents. Sweeping days and times for all parking lots will be approved by the Public Works Superintendent or his/her designee.

5. Emergency Callouts

The Contractor must provide a 24-hour telephone number and/or list of employees, including contact numbers, who are available for 24-hour emergency callout service. Compensation for emergency callouts will be on an hourly basis according to the rates listed in the Schedule of Prices. The Contractor must respond within two hours of an emergency callout.

6. Holidays

Street Sweeping shall not be performed on the following City approved holidays:

Thanksgiving Day  
Christmas Day  
New Year's Day

When sweeping is not performed on the regular scheduled day due to the approved holidays, the Contractor must sweep the missed streets on the next business day. In addition, normal service routes will not be affected.

7. Delays in Sweeping Schedule

In the event of inclement weather, the Contractor will not be required to perform either the regular sweeping schedule or a makeup schedule. The Contractor will, if requested by the Public Works Superintendent or his/her designee, sweep any streets which become littered with storm debris. In the event of a mechanical breakdown, service will be provided by the Contractor with sufficient backup equipment. The Contractor must have at least two sweepers available for immediate use on a 24-hour basis.

8. Qualifications

*Contractor must demonstrate to the City the following:*

- a. A minimum of three years' experience in the municipal street sweeping business and provide five municipal references of the same.
- b. Evidence Contractor maintains an adequate number of street sweepers to complete each shift on a daily basis.
- c. Personnel must be available during normal business hours to respond to questions and service requests. Additional telephone numbers and personnel must be provided in case of an emergency.
- d. Certificate of liability insurance (minimum \$5,000,000) and workers' compensation insurance provided at time of contract approval.
- e. All equipment must meet minimum safety standards as outlined by the Department of Transportation (DOT) in regard to strobe lights, arrow board, and if applicable, use of a shadow vehicle with an arrow board and impact attenuator.
- f. Contractor must have a valid California General Contract License at the time of the bid and keep the license current throughout the length of the Agreement with the City.

*The Contractor's operators must meet the following requirements:*

- a. Possess a valid California commercial driver's license
- b. Possess a valid DOT medical card

- c. Pass a pre-hire drug screen
- d. Be subject to random drug and alcohol screening
- e. Have their Motor Vehicle Record (MVR) reviewed annually
- f. Be tested for cause on all accidents
- g. Must wear American National Standards Institute (ANSI) Class 3 safety vest at all times
- h. Participate in monthly safety meetings with their employer

**B. Estimated Miles to be Swept**

The total annual estimated curb miles to be swept are 12,500. This includes streets, alleys, and parking lots. Curb mileage is calculated according to actual miles swept and not machine odometer readings.

It is recognized that a need may arise to increase the frequency of sweeping during the heavy leaf-fall season. In the event that such a need does arise, the Contractor will increase the frequency of sweeping as directed by the Public Works Superintendent or his/her designee.

Any streets added to the City during the term of the Agreement, either by new construction or annexation, will be swept according to the appropriate schedule beginning as soon as said streets are officially accepted by the City.

**C. Street Sweeping Complaints**

The Contractor must investigate any complaints which may concern or involve the performance listed in these Specifications. The Contractor will report to the Public Works Superintendent or his/her designee, via email, on the following working day as to the action or procedure taken with reference to any complaints, and when necessary, complete the citizens' request form which will remain on file in the City offices. Care must be taken to avoid damage to existing installations and to all public and private property. Any such damage will be repaired at the Contractor's expense and to the satisfaction of the City.

**D. Disposal of Sweepings**

The City will be responsible for the costs associated with the disposal of street sweeper waste. The Contractor will dispose of all refuse collected by hauling the street sweeper waste to a legally established refuse disposal site or other site approved by the Public Works Superintendent or his/her designee. Refuse will not be stored on the street but will be loaded into trucks or in appropriately placed containers, acceptable to the Public Works Superintendent. If containers are used, they must be dumped upon completion of the sweeping cycle.

**E. Sweepers**

All sweepers utilized must be Certified PM10 Efficient. Sweeper capabilities will be no less than four cubic yards capacity and will be sufficient to perform the work required herein, and at an absolute minimum will include two primary sweepers and one back-up sweeper. The primary sweepers will not be more than three years old and the backup sweeper will not be more than five years old.

The Contractor's equipment will be subject to periodic inspection by the City. Copies of all equipment repair work will be sent to the Public Works Superintendent for his/her designee



within 15 days of repair(s). Machines must be equipped with an adequate water spray-system for dust control.

Attention is directed to the current California Air Resources Board, Environmental Protection Agency (EPA), San Joaquin Valley Pollution Control District, and Occupational Safety and Health Administration (OSHA) Standards. All equipment, tools, and materials that are furnished and/or installed as part of this Agreement must meet or exceed the aforementioned standards in order to be considered acceptable. The Contractor will need to have access to a broom-type sweeper in the event regenerative air sweepers are not capable of removing heavy debris.

The Contractor will supply all labor, equipment, supplies, and appurtenances to fulfill the requirements of this work. All equipment used for the performance of this Agreement will be heavy-duty mechanical broom sweeping and vacuum equipment necessary to properly clean streets.

Equipment will be properly maintained both as to condition and appearance so as to insure a high level of street sweeping services, and must meet all state regulations and requirements.

Quality and quantity of the equipment used by the Contractor for the sweeping of streets must be sufficient to perform the work required herein, within the hours of work specified herein, and an absolute minimum of two primary sweepers will be provided. In the event that the primary sweepers or operators are unable to perform, the Contractor will provide other sweepers with competent operators without interruption in service. No additional compensation will be provided for supplying other sweepers and/or operators.

All sweepers must be capable of performing to the minimum criteria outlined herein, and must be maintained both mechanically and visually throughout the term of this Agreement with capability to insure scheduled routine maintenance and proper adjustment for sweepers.

The Contractor must comply with the DOT regulations implementing the Federal Omnibus Transportation Employee Testing Act of 1991.

Sweepers must be capable of sweeping a minimum eight foot width as measured from the outside edge of the gutter broom in a single pass. Street sweepers must have a minimum hopper capacity of four cubic yards. Sweepers must also be equipped with a left-gutter broom for median work. Alternative street sweepers may be considered at the sole discretion of the Public Works Superintendent or his/her designee.

Sweeping equipment will be equipped with adequate warning devices and lights for safe operation and must meet all vehicle operation requirements of the State of California Department of Motor Vehicles and the California Highway Patrol.

All street sweepers must be equipped with an automatic vehicle location device (vehicle location and management system (e.g. GPS)) which will report all street sweeping activity to the Contractor and be accessible/available for viewing by the Public Works Superintendent or his/her designee.

All units must be clearly and prominently marked with the Contractor's name and unit number.



The Contractor must keep a sufficient supply of spare parts, including brooms, to ensure continuous operation.

Brooms must be replaced periodically and adjusted to ensure maximum efficiency. No additional compensation will be made for periodic maintenance or for the replacement of parts to the equipment.

All equipment must be properly registered and insured in accordance with state and local laws. The Contractor will submit proof of ownership or a signed lease for the machinery proposed to be used to perform work under this Agreement.

All units will have the capability of being contacted by their main office with radio or paging equipment.

#### F. Personnel

1. *Background/Security:* All Contractor personnel engaged in performance of this work must be employees of Contractor and as such will be warranted to possess sufficient experience and security records to perform this work. Contractor must conduct a thorough background investigation of each Contractor employee providing services under this Agreement, including but not limited to, investigation of employment and police records and must maintain copy of that request.
2. *Supervision:* The Contractor will provide a Supervisor who communicates effectively both in written and oral English and who will be available and randomly check the operators sweeping schedules and routes during Contract operations. Any order of communication given to the Supervisor shall be deemed as delivered to the Contractor.
3. *Identification:* Contractor must provide uniforms and name badges displaying company name for all field personnel which must be worn at all times during performance of the work.
4. *Conduct:* No workman will be employed on any work under these Specifications who is found to be incompetent, disorderly, troublesome, intemperate, or otherwise objectionable. Any employee who fails or refuses to perform the work properly and acceptably, as determined by the Contractor's Supervisor, will be discharged immediately and not be re-employed on the work. Contractor will effectuate removal of requested Contractor personnel within three business days.
5. *Sweeping Operators:* The same operators will be used throughout the Agreement period for uniformity and knowledge of areas. Contractor will attempt to provide adequately trained operators to minimize disruption of service. Contractor is responsible for ensuring that any and all new sweeping operators will be adequately trained by Contractor Supervisors.

#### **PERSONNEL PROBLEMS ARE NOT ACCEPTABLE REASONS FOR FAILURE TO COMPLY WITH SWEEPING SCHEDULES.**

#### G. Sweeper Operation

The sweeper must be operated at a safe speed, which will allow for maximum debris pick-up. Speeds should not exceed three to five miles per hour in heavy buildup of debris and six to eight miles per hour in light buildup.

#### H. Storage of Sweeping Equipment and Supplies

The Contractor will be responsible for storage of street sweeping equipment and supplies.

### 3. SUPERVISION BY PUBLIC WORKS SUPERINTENDENT

Performance of each provision of these Specifications will be under the supervision of the Public Works Superintendent or his/her designee.

The Contractor will faithfully and regularly provide service in accordance with these Specifications. The work must be done in a prompt, thorough, lawful, and workmanlike manner, according to the provisions of these Specifications.

The Contractor agrees to comply with all applicable provisions of federal, state, and local laws and regulations governing the duties and obligations of businesses and employers. The Contractor must comply with regulations of the Federal Highway Administration (FHWA) regarding drug and alcohol testing programs.

The Contractor will so conduct its operations as to cause the least possible obstruction and inconvenience to public traffic. Sweeping will be accomplished in the same direction as traffic flow at all times during sweeping.

Sweeping speed must be adjusted to street debris condition with a maximum speed of eight miles per hour. Contractor will not be compensated for streets swept while vehicle exceeds eight miles per hour.

The work performed by the Contractor will include sweeping all areas of the street, including a minimum eight-foot width as measured from the outside edge of the gutter broom in a single pass, as close as practicable to the face of curb, or to the edge of pavement where no curb exists for both street edge curb on both sides of the street and a curbed median will receive at least four passes with sweeping equipment to be considered swept. Noses or ends of curbed median areas and curb returns are to be maintained on the same frequency as the median or intersection for which they are associated.

Cul-de-sacs, curb returns (radii) and curb bulb-outs/turn-pockets, and gutters behind detached curb bulb-outs/turn-pockets of all streets will be swept along their entire length and free of debris on scheduled sweep days. Storm drain inlets are to remain free of debris and not collect sweeping debris during operations of the curb sweeping process.

The Contractor will remove all loose debris and material normally picked up and removable by a fully operational mechanical or vacuum street sweeper. This includes, but is not limited to: sand, gravel, glass, nails, bottles, cans, leaves, silt, mud, and litter. All debris along the sweeping path, no matter what quantity, is to be removed from the public right-of-way and properly disposed of. Sweeping will normally consist of a single pass over an area, however, the Contractor will make additional passes, or such *extra effort* as may be required to reasonably clean the street.

The Public Works Superintendent or his/her designee, must be notified immediately of the occurrence of unusually heavy debris that cannot be removed by extra effort sweeping. Extra effort will be required to remove dirt/silt smear remaining in the swept pathway. Extra effort is expected during bad weather. The cost for extra effort is included in the Agreement price, and no additional compensation will be given.

The Contractor must immediately remove debris swept onto driveway aprons, sidewalks, and access ramps. If debris cannot be removed with mechanical sweeping, the Contractor will collect debris manually. The cost for manually removing debris, except non-sweep-able items

(as defined below), swept from the roadway and onto driveway aprons, sidewalks, and access ramps is included in the Agreement price, and no additional compensation will be given.

Non-swept or non-sweep-able items such as small tree limbs, palm fronds, rocks, silt, mud, trash, and debris must be collected and removed by the Contractor from the normal sweeping path. Larger obstructions such as tree limbs, construction or landscape contractor debris, must be immediately reported to the Public Works Superintendent or his/her designee.

The street sweeper must leave designated areas of sweeping free of dirt, litter, debris, obstructions, smears, and visible dust to the maximum extent practicable. If streets do not meet maximum extent practicable standards for sweeping on the scheduled sweeping day, the Contractor must sweep the deficient street within 48 hours after the normal sweeping day at no cost to the City. The determination of maximum extent practicable will be at the sole discretion of the Public Works Superintendent or his/her designee.

The Contractor must immediately notify the Public Works Superintendent or his/her designee, when a street or section of streets will be or had been missed during regularly scheduled street sweeping. The Contractor will notify the Public Works Superintendent when re-sweeps are scheduled.

Dust suppression will be employed during all sweeping operations to comply with all state and local regulations for dust control. The sweeping of regularly scheduled routes without the use of dust control will result in a 50% reduction in compensation for each day that dust suppression was not used. The Contractor will properly obtain potable water (or water of similar quality) used for dust control, and no additional compensation will be allowed therefore.

The City will notify the Contractor of needed corrections and any re-sweeps required following complaints received by the City. In the event that the results of a sweep are considered to be unsatisfactory by the City, the City will notify the Contractor of the exact location and description of deficiency. The Contractor will re-sweep the unsatisfactory area at its sole expense within the time limits specified.

#### **4. COMPLIANCE WITH LAWS**

The Contractor, its agents, subcontractors and employees, must comply with all laws, ordinances, rules and regulations of the State, County, and the City of Tracy, and all governing bodies having jurisdiction applying to work done or to be done under these Specifications.

#### **5. PERFORMANCE BOND**

The Contractor must provide the City with a performance bond issued by a corporate surety authorized to conduct business as such by the State of California, or other equivalent security approved by the City Attorney, naming the City as obligee, in an amount equal to the estimated street sweeping charges for a full three month period. Said performance bond will be included as part of the Agreement with the City.

#### **6. DEFAULT BY CONTRACTOR**

The Agreement may be canceled by the City without liability for damage, when in the City's opinion the Contractor is not complying in good faith, is repeatedly charged liquidated damages pursuant to Section 6 for violations, has become insolvent, or has assigned or subcontracted any part of the work without the City's consent. In the event of such cancellation, the Contractor will be paid the actual amount due based on unit prices and the quantity of work completed at



the time of the cancellation. Damages caused to the City by acts of the Contractor will be subtracted from this said amount. The Contractor, in having tendered a Bid, will be deemed to have waived any and all claims for damages because of cancellation of the Agreement for any such reason. If the City declares the Agreement canceled for any of the above reasons, written notice to the effect will be served upon the Surety. The Surety will, within five business days, assume control and perform the works as successor to the Contractor.

If the Contractor fails to execute the work in the manner at such locations as specified, and carry out the intent of the Agreement, a written notice may be served upon the Contractor and the Surety on its performance bond or equivalent, as provided in Section 13 "Notices", demanding satisfactory compliance with the Agreement.

If the Contractor or its Surety does not comply with such notice within five business days after receiving it, or fails to continue after starting to comply, the City may exclude it from the premises and take possession of all material and equipment. The City may complete the work by its own forces, or by letting the unfinished work to another Contractor, or by a combination of such methods. In any event, the cost of completing the work will be charged against the Contractor and its Surety and may be deducted from any money due to becoming due from the City. If the sums due under the Agreement are insufficient, the Contractor or Surety must pay to the City, within five business days after the completion, all costs in excess of the sums due.

If the Surety assumes any part of the work, it will take the Contractor's place in all respects for that part and will be paid by the City for all work performed by it in accordance with the Agreement. If the Surety assumes the entire Agreement, all money due the Contractor at the time of its default will be payable to the Surety as the work progresses, subject to the terms of the Agreement.

The provisions of this section will be in addition to all other rights and remedies available to the City under law.

## **7. LIQUIDATED DAMAGES**

Failure of the Contractor to complete the work in accordance with these Specifications will result in damages being sustained by the City. Such damages are, and will continue to be, impracticable and extremely difficult to determine.

Following are cause for liquidated damages:

- a. Operation of sweeper without using sufficient water to control dust.
- b. Operation of sweeper exceeding the stated speed limits for operation.
- c. Missing scheduled sweeping days without providing prior notice to the Public Works Superintendent or his/her designee (excluding inclement weather).
- d. Any failure or refusal by the Contractor to perform in accordance with the terms of this Agreement.

When observed violating any of the foregoing on the first occurrence, the Contractor will be notified in writing by the City. The Contractor will respond within five business days with a written plan stating how compliance will be obtained. If the Contractor violates the same specification a second time, the City will have the right to withhold and retain, as a liquidated damages charge, payment of \$500, which is an estimate of one times the cost of the service, which was scheduled to that day. Each separate violation will result in a liquidated damages charge in the amount of \$500.

Execution of the Agreement will constitute an agreement between the City and the Contractor that estimates for liquidated damages are reasonable. Such liquidated damages will not be construed as a penalty, and may be deducted from payments due the Contractor during or after the billing cycle in which such delay occurs.

#### **8. PROTECTION OF EXISTING PROPERTY**

The Contractor will be responsible for the protection of public and private property adjacent to the work from damages and must exercise due caution to avoid damage to such property. The Contractor must repair or replace all damaged property as a result of its operations. The sweepers shall carry an emergency spill kit in the event of a mechanical leak and must report the event to the Public Works Superintendent as soon as possible.

#### **9. LICENSES**

The Contractor will do the following:

- a. Obtain and keep current a City of Tracy Business License.
- b. Possess the appropriate State of California driver's license prior to commencing the work.
- c. Possess the appropriate manufacturer certification, if necessary.
- d. Obtain all applicable permits.

#### **10. SUBCONTRACTORS**

The name, background, and experience of any and every firm to which any work outlined in these Specifications is to be subcontracted by the Contractor, must be submitted to the Public Works Director for his/her approval. Unless a subcontract is approved in writing by the Public Works Director, the Contractor must perform all work outlined in these Specifications using its own equipment and personnel. The City will require any such subcontractor to be notified that the subcontractor must obtain a payment bond for the full amount of the subcontract, which payment bond must be issued by a corporate surety authorized to issue such bonds by the State of California. It must be clearly understood that the Contractor, irrespective of any approved subcontract, will be held entirely responsible for the quality and quantity of the work done under the terms of the Agreement. No subcontract to do any work outlined in these Specifications is to run longer than the term of the Agreement, and the extension or renewal of any such subcontract agreement can only be made with the approval of the Public Works Director. The Agreement will not be assignable in all or part without the express written approval of the City.

EXHIBIT B - Compensation

SCHEDULE OF PRICES

The Contractor shall furnish all necessary tools and equipment, materials, labor and supervision (including cost of Worker’s Compensation Insurance and all payroll taxes on such labor) in accordance with the Specifications set forth in Exhibit “A” at the prices quoted below.

**UNIT PRICES FOR STREET SWEEPING SERVICES**

ITEM DESCRIPTION	UNIT OF MEASURE	ESTIMATED ANNUAL QUANTITY	PRICE PER CURB MILE	TOTAL ANNUAL BID PRICE
Street Sweeping (includes alleys and parking lots)	Curb Mile	12,800	\$30.98	\$396,544

**EMERGENCY CALLOUT**

<b>COST PER HOUR</b>	<b>\$120.00</b>
----------------------	-----------------

RESOLUTION \_\_\_\_\_

APPROVING A GENERAL SERVICES AGREEMENT, NOT TO EXCEED \$455,995 ANNUALLY, WITH CLEAN STREET SWEEPING, INC., OF GARDENA, CA, TO PROVIDE SERVICES REQUIRED FOR STREET, ALLEY, AND PARKING LOT SWEEPING AND AUTHORIZING THE CITY MANAGER TO EXECUTE EXTENSIONS AND TO MAKE ANY MINOR AMENDMENTS TO THE AGREEMENT

WHEREAS, The City of Tracy currently contracts for street, alley, and parking lot sweeping with the current contract expiring on September 30, 2021, and

WHEREAS, The current vendor, Contract Sweeping Services, will be cancelling the current contract as of January 31, 2021, and

WHEREAS, On December 17, 2020, staff published a Notice Inviting Bids, and reviewed two bids received, and

WHEREAS, After reviewing all bids, Clean Street Sweeping, Inc., of Gardena, CA, was found to be the lowest responsible bidder, and

WHEREAS, The agreement is for two years with the option to extend the agreement for up to an additional four years in any combination, not to exceed a total agreement length of six (6) years, with approval by the City Manager upon recommendation of the Public Works Director, based on the performance of the contractor, and

WHEREAS, The annual cost for the services provided by the vendor will not exceed \$405,140 annually for the first two years and the agreement value is not to exceed \$455,995 annually thereafter, including any additional curb miles, and requested annual increases as recommended by the Public Works Director;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The City Council of the City of Tracy approves a General Services Agreement (GSA) from February 1, 2021 through January 31, 2023 (with options to extend for four (4) additional one-year terms in any combination, for a total of six (6) years), not to exceed \$455,995 annually, for the life of the agreement, with Clean Street Sweeping, Inc., for services required for street, alley, and parking lot sweeping, and
2. The City Council authorizes the City Manager to execute extensions and any minor amendments associated with the GSA.

\*\*\*\*\*

The foregoing Resolution \_\_\_\_\_ was passed and adopted by the Tracy City Council on the 19th day of January 2021, by the following vote:

AYES:            COUNCIL MEMBERS:

NOES:           COUNCIL MEMBERS:

ABSENT:        COUNCIL MEMBERS:

ABSTAIN:       COUNCIL MEMBERS:

ATTEST:

\_\_\_\_\_  
MAYOR

\_\_\_\_\_  
CITY CLERK



AGENDA ITEM 1.E

REQUEST

**APPROVE A PROFESSIONAL SERVICES AGREEMENT WITH THE PUN GROUP, LLP FOR PROFESSIONAL AUDITING SERVICES AND AUTHORIZE THE CITY MANAGER TO AMEND THE AGREEMENT TO EXECUTE ANY EXTENSIONS AND TO INCREASE COMPENSATION UP TO THE CONTINGENCY AMOUNT AND ANY MINOR AMENDMENTS TO THE AGREEMENT**

EXECUTIVE SUMMARY

The City is required to have an annual audit of the City's financial records by a licensed Accounting firm. The City typically contracts for auditors for a period of 3 to 5 years with an option to extend the contract. In October 2020, the Finance Division issued a Request for Proposal (RFP) for Professional Auditing Services in which nine firms responded. After staff's review of the proposals received and interviews with seven firms, staff recommends that the Council approve a Professional Services Agreement with The Pun Group

DISCUSSION

The financial records of the City are required to be audited each year by a public accounting firm. In addition to the audit of City accounts, many grants and federal assistance programs also require a specific audit of these revenues and expenses. A Certified Public Accounting (CPA) firm in the past has been selected for a three-year period to complete the City's audits. This contract may be extended by the City Council. The City's last Auditors' contract was extended in 2017 for three additional years. This contract expired upon the completion of the FY 2019-20 annual audit and subsequent reporting.

In October, Finance staff prepared an RFP for auditing services. The RFP stipulates a three-year engagement through FY 2022-23 with an option to extend for an additional three years through FY 2025-26. The RFP was open for one month. A total of nine firms submitted proposals and seven firms interviewed with the Accounting staff. Each proposal has been evaluated in terms of the firm's experience, abilities, quality of proposal and price. The review and rating was conducted by Finance Division staff. The complete proposals received from each of the nine firms that responded are available for review in the City's Finance Department.

Staff is most impressed with the qualifications and proposal of The Pun Group. This firm has excellent qualifications and their understanding of the scope of the audit was best. The Pun Group's price for the three-year period was the second lowest of all bids received. The Pun Group has proposed a fee for the FY 2020-21 audit of \$96,500 and for the subsequent two years of \$198,830 for a three-year total of \$295,330. Based on this, staff is recommending the Council approve a Professional Services Agreement (Agreement) with The Pun Group for a three-year term with an option to extend it for another three years. If the City decides to exercise its option to extend the Agreement for an additional three years, the total amount for the Agreement will not exceed

\$608,737 (Attachment A). Therefore, staff requests Council authorize the City Manager to amend the Agreement to exercise the option to extend the Agreement and to increase the compensation amount that is contingent upon the extension of the Agreement, and to make any other minor amendments as needed.

#### STRATEGIC PLAN

This agenda item addresses Goal 3 of the Governance Strategy to ensure continued fiscal sustainability.

#### FISCAL IMPACT

The total fee proposed by The Pun Group for the FY 2020-21 audit is \$96,500 and for the subsequent two years \$198,830 for a three-year total of \$295,330. If the City decides to exercise its option to extend the Agreement for an additional three years, the total amount for the Agreement will not exceed \$608,737 (Attachment A). This is a general fund expense and audit fees are included in the current budget.

#### RECOMMENDATION

Staff recommends that the City Council approve, by resolution, a Professional Services Agreement with The Pun Group, LLP for professional auditing services for a three-year term at a cost of \$295,330, with an option to extend the Agreement for three years, and authorize the City Manager to execute any extensions and to increase compensation up to the contingency amount, and to make any minor amendments to agreement as needed.

Prepared by: Sara Cowell, Accounting Manager

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

Approved by: Jenny Haruyama, City Manager

#### ATTACHMENTS

Attachment A: Professional Services Agreement

**CITY OF TRACY**  
**PROFESSIONAL SERVICES AGREEMENT WITH**  
*The Pun Group, LLP*

This Professional Services Agreement (**Agreement**) is entered into between the City of Tracy, a municipal corporation (**City**), and The Pun Group, LLP, a Limited Liability Partnership (**Consultant**). City and Consultant are referred to individually as "Party" and collectively as "Parties."

**Recitals**

**A.** City desires to retain Consultant to perform professional auditing services (Project); and

**B.** On October 20, 2020, the City issued a Request for Proposals (RFP) for Professional Auditing Services. On November 20, 2020, 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. \_\_\_\_ approved by Tracy City Council on January 19, 2021.

**Now therefore, the Parties mutually agree as follows:**

**1. Scope of Work.** Consultant shall perform the services described in Exhibit "A" attached and incorporated by reference. The services shall be performed by, or under the direct supervision of, Consultant's Authorized Representative: Vanessa Burke, CPA CPFO. Consultant shall not replace its Authorized Representative, 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.

**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 Exhibit "A." Any services for which times for performance are not specified in this Agreement 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 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 February 1, 2021 and end on January 31, 2024, unless terminated in accordance with Section 6.

**2.1.1 Option to Extend.** This Agreement may be extended for an additional 3 years by the City Manager following a written determination that Consultant has satisfactorily met all the requirements of this Agreement.

**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 for the term provided in Section 2.1, above, shall not exceed \$295,329. Consultant's billing rates shall cover all costs and expenses for Consultant's performance of this Agreement. Effective February 1, 2022, Consultant's billing rates under this agreement may be annually increased in February of each year by 2%, as set forth in Exhibit "B". If the City exercises its option to extend the term of the Agreement in accordance with Section 2.1.1, above, then Consultant's total compensation under this Agreement shall not exceed \$608,737, as further specified in Exhibit "B". 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:

Karin Schnaider, Finance Director  
333 Civic Center Plaza  
Tracy, CA 95376

With a copy to:  
City Attorney  
333 Civic Center Plaza  
Tracy, CA 95376

To Consultant:

Vanessa Burke, CPA CPFA, Partner  
2121 North California Blvd., Ste. 290  
Walnut Creek, CA 94596

**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: Nancy D. Young  
Title: Mayor  
Date: \_\_\_\_\_

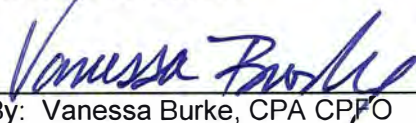
Attest:

\_\_\_\_\_  
Adrienne Richardson, City Clerk

Approved as to form:

\_\_\_\_\_  
Leticia Ramirez, City Attorney

**The Pun Group, LLP**

  
\_\_\_\_\_  
By: Vanessa Burke, CPA CPFO  
Title: Partner  
Date: 1/11/21

Federal Employer Tax ID No. 46-4016990

**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

Comprehensive Annual Financial Report (CAFR) and its component unit financial statements for the City of Tracy to be prepared by the Consultant and be fully compliant with all current Governmental Accounting Standards Board (GASB) pronouncements. The City will submit the CAFR to the Government Finance Officers Association (GFOA) for review in their Certificate of Achievement for Excellence in Financial Reporting program. The City has received this award annually for the past 30 years. The City further desires that the Consultant prepare the annual Cities Financial Transaction report and submits the report to the State Controller's Office.

The Consultant will be required to perform the following tasks:

1. Audit of the Basic Financial Statements and preparation of the Memorandum on Internal Control.
2. Audit of the footnote disclosures of the Successor Agency to the Community Development Agency included in the City's Comprehensive Annual Financial Report.
3. Testing of three programs for compliance with the Single Audit Act and applicable laws and regulations and issuance of the report.
4. Assistance with preparation of the Comprehensive Annual Financial Report.
5. Preparation of the City's Annual Report of Financial Transactions (Controller's Report) and issuance of a compilation report.
6. Preparation of the Tracy Public Financing Authority's (TPFA) Special Districts Financial Transactions Report (Controller's Report) and issuance of a compilation report.
7. Preparation of the Tracy Operating Partnership Joint Powers Authority (TOP JPA)'s Special Districts Financial Transactions Report (Controller's Report) and issuance of a compilation report.
8. Preparation of the City's Transit Operators Financial Transactions Report for General Services (Controller's Report) and issuance of a compilation report.
9. Preparation of the City's Transit Operators Financial Transactions Report for Specialized Service (Controller's Report) and issuance of a compilation report.
10. Perform procedures and issue agreed upon procedures report to comply with Proposition 111 Appropriation Limit increment requirements.
11. Preparation of Web-Ready PDF of CAFR (Bookmarked).
12. Perform procedures and issue agreed upon procedures report to meet the requirements of the Federal Transit Administration (FTA) Financial Data Review as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA). The procedures were developed by the FTA and the AICPA based on the 2018 NTD Policy Manual for Full Reporters and associated Federal Transit Administration Forms. (NTD Procedures).
13. Audit scope increase contingency.

A. Auditing Standards to be Followed

The audit shall be performed in accordance with:

1. Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants;
2. The standards applicable to financial audits contained in the most current version of the Generally Accepted Government Auditing Standards (Yellow Book), issued by the Comptroller General of the United States;
3. The provisions of the Single Audit Act as amended in 1996; and
4. The provisions of U. S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations.

B. Time Requirements

Audit planning, documentation of systems of internal control and compliance and transaction testing should be completed during the interim audit stage in May or June of each year. The City closes its book in September and will be ready for audit fieldwork to commence the first week of October each year. The Consultant shall provide all drafts and recommendations for improvements to the Accounting Manager by November 30. The Consultant should be available for any meetings that may be necessary to discuss the draft audit reports. Included in the contract price, is attendance by the Consultant at up to three (3) public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed CAFR, Single Audit report, and other reports shall be delivered to the Accounting Manager. This process will be completed and the final products shall be delivered prior to December 31 of each year.

C. Working Paper Retention

All working papers and reports must be retained at the auditor's expense for a minimum of seven (7) years, unless the firm is notified in writing by the City of Tracy of the need to extend the retention period. The Consultant will be required to make working papers available to the City of Tracy or any government agencies included in the audit of federal grants. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

D. Irregularities and Illegal Acts

Consultant shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: City Manager, City Attorney, and the Finance Director.

EXHIBIT B – Compensation

Service	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total
				(Optional)	(Optional)	(Optional)	
Audit Report w Management Letter	\$ 63,000	\$ 64,260	\$ 65,545	\$ 66,856	\$ 68,193	\$ 69,557	\$ 397,411
Preparation CAFR, Including Compliance w/ GFOA Award	\$ 2,500	\$ 2,550	\$ 2,601	\$ 2,653	\$ 2,706	\$ 2,760	\$ 15,770
Single Audit and Related Reports - up to 4 Major Programs	\$ 20,000	\$ 20,400	\$ 20,808	\$ 21,224	\$ 21,649	\$ 22,082	\$ 126,163
Agreed Upon Procedures Applied to Appropriations Limit Sched (GANN)	\$ 500	\$ 510	\$ 520	\$ 531	\$ 541	\$ 552	\$ 3,154
National Transit Database (NTD) Reporting	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 9,463
Preparation of State Controller's Reports:							
City of Tracy Annual Report of Financial Transactions	\$ 3,000	\$ 3,060	\$ 3,121	\$ 3,184	\$ 3,247	\$ 3,312	\$ 18,924
Tracy Public Financing Authority (TPFA)	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 9,463
Tracy Operating Partnership Joint Powers Authority (TOP JPA)	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 9,463
City Transit Operators Financial Transactions Report - General Svc	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 9,463
City Transit Operators Financial Transactions Report - Specialized Svc	\$ 1,500	\$ 1,530	\$ 1,561	\$ 1,592	\$ 1,624	\$ 1,656	\$ 9,463
<b>Total For Fiscal Years (Not to Exceed)</b>	<b>\$ 96,500</b>	<b>\$ 98,430</b>	<b>\$ 100,400</b>	<b>\$ 102,408</b>	<b>\$ 104,456</b>	<b>\$ 106,543</b>	<b>\$ 608,737</b>

Effective February 1, 2022 Consultant's billing rates under this Agreement may be annually increased in February of each year by 2% as reflected above.

RESOLUTION \_\_\_\_\_

AUTHORIZING A PROFESSIONAL SERVICES AGREEMENT WITH THE PUN GROUP, LLP  
FOR PROFESSIONAL AUDITING SERVICES AND AUTHORIZING THE CITY MANAGER  
TO AMEND THE AGREEMENT TO EXECUTE ANY EXTENSIONS AND TO  
INCREASE COMPENSATION UP TO THE CONTINGENCY AMOUNT AND ANY  
MINOR AMENDMENTS TO THE AGREEMENT

WHEREAS, The financial records of the City are audited each year by a public accounting firm and in the past this CPA firm has been selected for a five year period. With satisfactory performance, services of the firm are renewed each year for the five year period, and

WHEREAS, The contract with the City's previous auditing firm expired upon the completion of the FY 2019-20 annual audit and subsequent reporting, and

WHEREAS, In October, Finance staff prepared an Request for Proposals for auditing services, resulting in nine firms submitting proposals. Finance staff interviewed seven of those firms. Each proposal has been evaluated in terms of the firm's experience, abilities, quality of proposal and price, and

WHEREAS, The Pun Group has excellent qualifications and the best understanding of the scope of the audit, and

WHEREAS, A committee composed on finance staff rated each firm and recommends The Pun Group, and

WHEREAS, The total fee proposed by The Pun Group for the FY 2020-21 audit is \$96,500 and the subsequent two years cost is \$198,830. This is a general fund expense and audit fees are included in the current and proposed budget, and

WHEREAS, The proposed Professional Services Agreement with The Pun Group is for a three-year term with an option to extend it for another three years. If the City decides to exercise its option to extend the Agreement for an additional three years, the total amount for the Agreement will not exceed \$608,737;

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Tracy approves a Professional Services Agreement with The Pun Group to perform the annual audit of the City's financial records for a period of three years at a cost of \$295,330, with an option to extend the Agreement for three years and authorizes the City Manager to execute any extensions and to increase compensation up to the contingency amount, and to make any minor amendments to the agreement as needed.

\* \* \* \* \*

Resolution No. \_\_\_\_\_

Page 2

The foregoing Resolution \_\_\_\_\_ was passed and adopted by the Tracy City Council on the 19<sup>th</sup> day of January, 2021 by the following vote:

AYES:            COUNCIL MEMBERS:

NOES:            COUNCIL MEMBERS:

ABSENT:        COUNCIL MEMBERS:

ABSTAIN:       COUNCIL MEMBERS:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

January 19, 2021

AGENDA ITEM 1.F

REQUEST

**ADOPT A RESOLUTION ACCEPTING THE CITY OF TRACY'S COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2020**

EXECUTIVE SUMMARY

The City's auditor, Maze & Associates, has completed the review of the annual financial statements for the fiscal year ending June 30, 2020. 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, 2020 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 32 consecutive years.

At June 30, 2020, the City's governmental funds reported combined fund balances of \$196.6 million, which is a decrease of \$1.2 million or -.6%, from \$197.8 million at June 30, 2019. Total revenues increased by \$2.8 million or 2%, from \$138.9 million at June 30, 2019 to \$141.7 million at June 30, 2020. Of this total, \$83.1 million was in the General Fund. Total expenditures increased by \$24.3 million or 19.5%, from \$125 million at June 30, 2019 to \$149.3 million at June 30, 2020. Of this total, \$72.4 million was in the General Fund. Expenditures increased in relation to capital outlay for capital improvement projects and the addition of City staff. 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, 2020, the General Fund balance of \$20.6 million, was comprised of \$.04 million in non-spendable balances, \$14.5 million committed funds for Contingency/Emergency reserve (20% of operating revenues), and \$6.1 million in assigned funds. Included in this amount is \$5.6 million for Economic/Budget stability (7% of operating revenues) and \$0.4 million for carryover to balance FY21. There were no unassigned funds at June 30, 2020. Fund balances have been classified in accordance with generally accepted accounting principles.

(in thousands)	Fiscal Year				
	2020	2019	2018	2017	2016
General Fund:					
Nonspendable	\$ 40	\$ 470	\$ 1,525	\$ 5,117	\$ 5,873
Restricted		-	-	-	
Committed	14,479	14,883	14,961	11,716	
Assigned	6,112	15,213	20,997	11,455	358
Unassigned		-	842	12,483	34,425
Total General Fund	<u>\$ 20,631</u>	<u>\$ 30,566</u>	<u>\$ 38,325</u>	<u>\$ 40,771</u>	<u>\$ 40,656</u>

Fiscal Year 2019-20 was the fourth 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 2019-20 was \$10,735,035. 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.

*Measure V Capital Funded City Amenities*

Project	Accumulated Fund Balance as of June 30, 2020
Legacy Fields Phase 1D	\$1M
Aquatic Center	\$15M
Multi-Gen Rec Center	\$3.5M
Operations & Maintenance	\$.5M



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, 2020.

Prepared by: Felicia Galindo, Senior Accountant

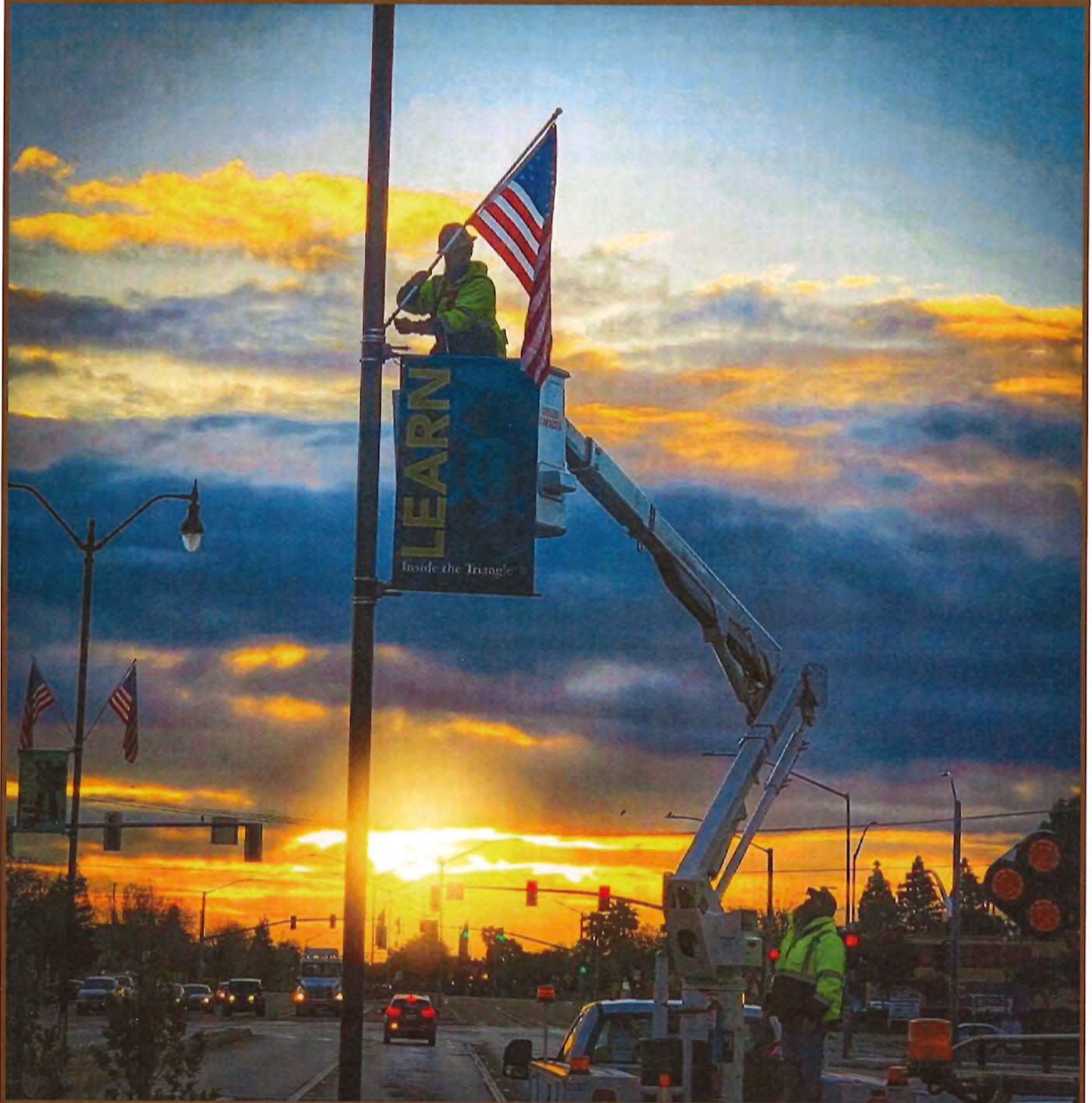
Reviewed by: Karin Schnaider, Finance Director  
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020 - Oversized: Available on the City of Tracy website:  
[https://www.cityoftracy.org/documents/Comprehensive Annual Financial Report Year Ended June 30 2020.pdf](https://www.cityoftracy.org/documents/Comprehensive%20Annual%20Financial%20Report%20Year%20Ended%20June%2030%202020.pdf)

# CITY OF TRACY CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

THIS PAGE INTENTIONALLY LEFT BLANK

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

of the  
CITY OF TRACY, CALIFORNIA

For the fiscal year ended  
June 30, 2020

Prepared by the  
Finance Department

KARIN SCHNAIDER  
Finance Director

SARA COWELL  
Accounting Manager

ROBERT HARMON, CPA (Inactive)  
Senior Accountant

FELICIA GALINDO  
Senior Accountant

GUADALUPE PENA  
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, 2020**

**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*.....3

**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, 2020**

**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

<b>Notes to Basic Financial Statements .....</b>	<b>45</b>
--	-----------

***Required Supplementary Information:***

Modified Approach to Reporting Street Pavement Costs.....	101
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan.....	103
Schedule of Contributions – Miscellaneous Plan .....	104
Schedule of Changes in Net Pension Liability and Related Ratios – Safety Plan.....	105
Schedule of Contributions – Safety Plan .....	106
Postemployment Benefit Plan Other Than Pensions (OPEB) Schedule of Changes in Total OPEB Liability and Related Ratios .....	107
Postemployment Benefit Plans Other Than Pensions (OPEB) - Schedule of Contributions .....	108
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund.....	109
Housing Successor Fund .....	110
TEA Grant Fund.....	111
South San Joaquin County Fire Authority Fund.....	112
Community Development Fees Fund .....	113
Notes to Required Supplementary Information .....	115

**CITY OF TRACY**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

**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 .....	119
---	-----

**Non-major Governmental Funds:**

Combining Balance Sheet .....	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	130
Schedule of Revenues, Expenditures and Changes in Fund Balances — Budget and Actual .....	136

**Internal Service Funds:**

Combining Statement of Net Position .....	144
Combining Statement of Revenues, Expenses and Changes in Fund Net Position.....	145
Combining Statement of Cash Flows .....	146

**Fiduciary Funds:**

Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	149
---	-----

**STATISTICAL SECTION:**

*Financial Trends:*

Net Position by Component – Last Ten Fiscal Years .....	161
Changes in Net Position – Last Ten Fiscal Years.....	162
Program Revenues by Function/Program – Last Ten Fiscal Years .....	164
Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	165
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years .....	166
General Revenue Taxes – Unrestricted – Last Ten Fiscal Years.....	167

**CITY OF TRACY**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2020**

**STATISTICAL SECTION (Continued)**

***Revenue Capacity:***

Assessed Value of Taxable Property – Last Ten Fiscal Years .....	168
Direct and Overlapping Property Tax Rates- Last Ten Fiscal Years.....	169
Principal Property Taxpayers – Current Fiscal Year and Nine Years Ago .....	170
Property Tax Levies and Collections – Last Ten Fiscal Years .....	171
Sales Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years.....	172
Taxable Sales by Category – Last Ten Calendar Years.....	173
Principal Sales Tax Producers – Current Fiscal Year and Ten Years Ago.....	174
Water and Wastewater Rates – Last Ten Fiscal Years .....	175

***Debt Capacity:***

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	176
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	177
Direct and Overlapping Governmental Activities Debt.....	178
Legal Debt Margin Information – Last Ten Fiscal Years .....	179
Pledged Revenue Coverage – Last Ten Fiscal Years .....	180

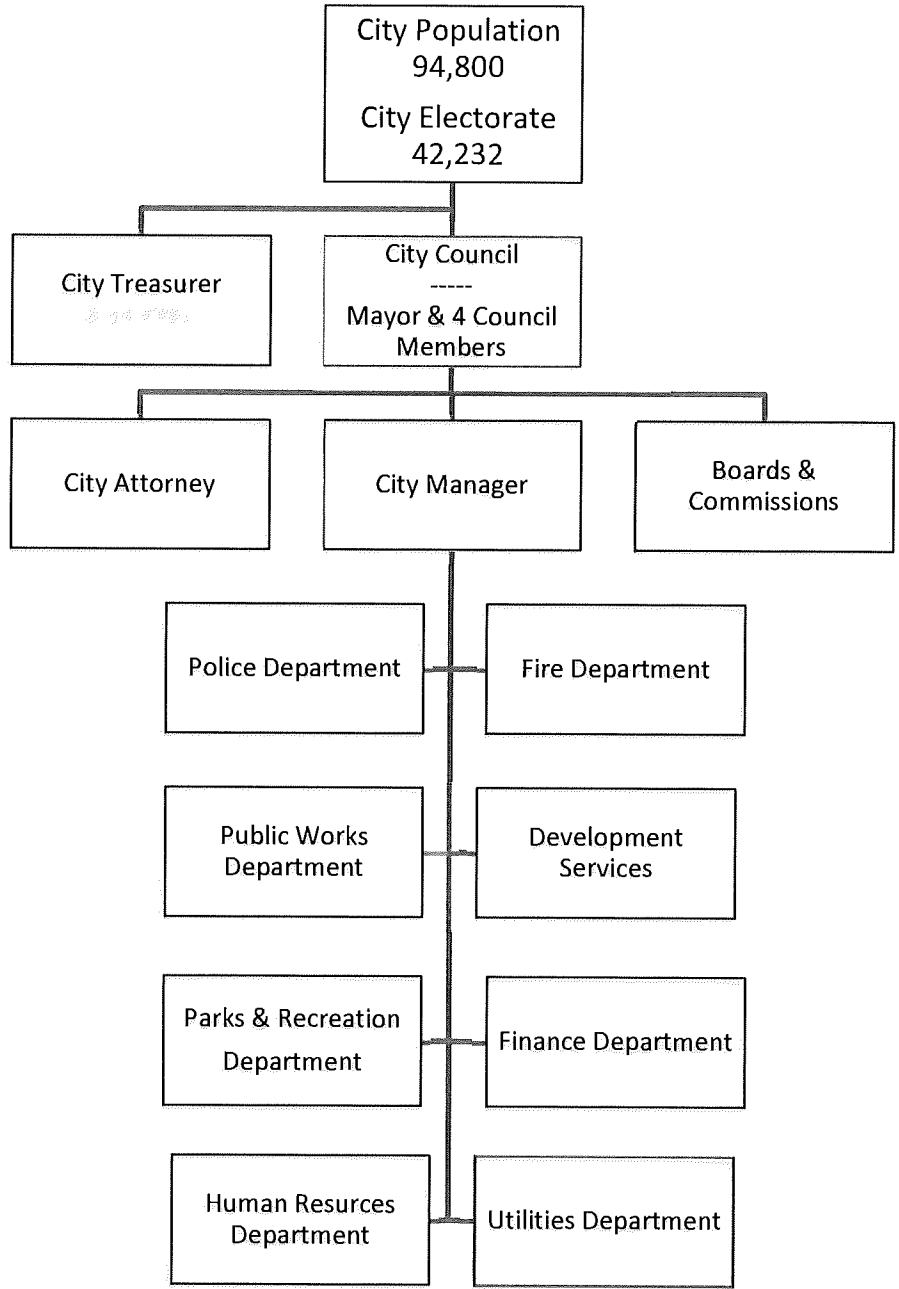
***Demographic and Economic Information:***

Demographic and Economic Statistics – Last Ten Years .....	181
Principal Employers – Current Fiscal Year and Fourteen Years Ago .....	182

***Operating Information:***

Full-Time and Part-Time City Employees by Function – Last Ten Fiscal Years.....	183
Operating Indicators by Function – Last Ten Fiscal Years .....	184
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	185

**CITY OF TRACY  
ORGANIZATIONAL CHART**



**CITY OF TRACY, CALIFORNIA**

**COUNCIL – MANAGER FORM OF GOVERNMENT**

June 30, 2020

**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*

**Sekou Millington**

*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, 2019

*Christopher P. Morill*

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](http://www.cityoftracy.org)

December 29, 2020

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, 2020. 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, 2020.

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, 2020 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.

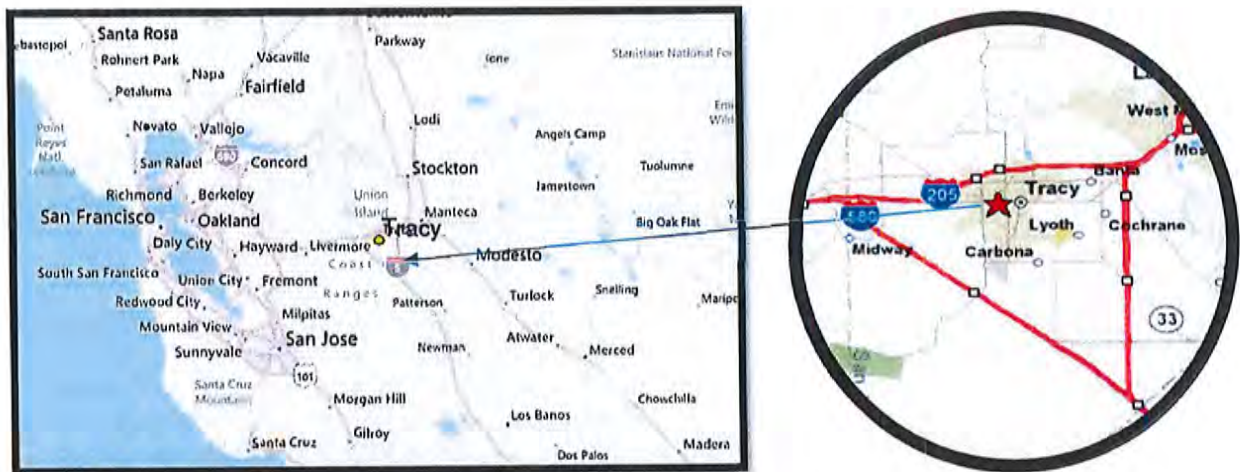
GAAP and Management require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements entitled, "Management Discussion & Analysis" (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the 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 2020. 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:** At the start of the FY 2019-20 fiscal year, Tracy's financial condition continued to show growth. Over the last several years, the City has executed various economic recruitment and retention strategies that have diversified the City's growing tax base, expanded the local housing options, and fostered job creation and advancement. 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 distribution facilities. In addition, the City's housing stock is growing as multiple housing developments are currently planned and under construction. The continuing vibrant outward growth of the San Francisco Bay Area has pushed industrial, warehousing, and logistics growth into the Northern San Joaquin Valley region. Tracy continues to be a strategic location, situated at the gateway between the Central Valley and the Tri Valley Area of the East Bay. This has made it an ideal location for residents to relocate while still easily accessible job centers throughout the Greater San Francisco Bay area.

The strengthening of the regional economy in the past few years, paired with the growth of the housing market, has led to a steady increase in local property values. The City estimates it will grow 5% annually over the next 3-5 years in property tax revenue. 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 of the San Joaquin County and eastern neighbors of the Central Valley. This trend provides a constant buyers' market from the Bay Area to more affordable housing in Tracy.

In addition, the City has increased new warehouse and commercial spaces throughout the City. 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 2018 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, and Zinus in more than 664,000 square feet. Kattera, a manufacturer of pre-fabricated residential and commercial office space, is currently constructing a new 577,000 square foot build for its west coast manufacturing plant. Combined, these facilities will bring more than 2,000 jobs and enhance property taxes from the industrial areas of the City.

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 residential 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 the costs associated with adding personnel to meet future population growth in the developing communities of Tracy. The CFD 2018-1 was written broadly to capture other project specific costs in an effort to mitigate the fiscal impacts of development of existing city resources.

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). During FY 2019-20, the City Council adopted Resolution 2019-232, which prioritized Measure V Sales Tax to fund three amenities, Aquatic Center, Multigenerational Gymnasium, and Legacy Fields Sports Complex, located in the City. Following the prioritization of the projects, the City Council adopted the Aquatic Center conceptual plan and established a not to exceed budget of \$65M, including a \$10M developer contribution. Measure V Sales Tax is expected to generate approximately \$9-10 million annually for the City of Tracy's General Fund. Below is the City Council's priorities and the projected timelines of the projects, based on a pay-as-you-go funding approach.

*Measure V Funded City Amenities*

<b>Project</b>	<b>Budget Amount</b>	<b>Accumulated Fund Balance as of June 30, 2020</b>	<b>Timeline*</b>
Legacy Fields Phase 1D	\$10M (\$9M spent)	\$1M	2018-2020
Aquatic Center	\$65M	\$15M	2019-2024
Multi-Gen Rec Center	\$40M	\$3.5M	2024-2028
Operations & Maintenance	\$40M	\$.5M	2024-2037

*Note: Timelines may shift based on future Council direction regarding pay-go projects.*

**Fiscal Challenges:** While the FY 2019-20 budget was adopted with optimism in June 2019, by March 2020, the City's fiscal picture became uncertain in light of the California's Stay at Home order related to a global pandemic known as COVID-19. This order closed all non-essential businesses, which shuttered most service and retail industries. This stayed in place for March-May until the State allowed businesses to slowly reopen as the summer months approached; however, under very limited levels of service. By December 2020, the State would once again close down as cases of COVID-19 reached record numbers.

Before the economic impacts of COVID-19 were felt, the City was working to close a \$5 million deficit projected in FY 2020-21 (approximately 5%). The General Fund ten-year forecast (FY 2020-2030) reflected revenues growing and closing that budget deficit in the short-term (three to five years), assuming all expenses remained flat. However, the City must account for continued pressures on the expense side which include the increasing costs of salaries, benefits, CalPERS retirement costs, retiree health costs, and state minimum wage increases affecting the City's contracts with suppliers. These inflationary expenses extend out the period under which the City's budget may break even to five or more years, FY 2025-26. To close the projected deficit in FY 2020-21, each department was asked to cut 5% from their operating budget. In all, over 15 positions were temporarily frozen or delayed starting the fourth quarter of FY 2019-20; as well as reductions in contract services.

The City was midway through the development of the FY 2020-21 budget when the California Stay at Home order began. Overnight, the City was faced with an emergency that created economic uncertainty and fiscal strain on the City's General Fund. This was a very fluid budget process; as data came in, staff adjusted budget projections. The City immediately amended FY 2019-20 budget estimates and the FY 2020-21 proposed budget to reflect assumptions that the

City's Sales Tax and Transient Occupancy Tax would come in 25% lower than adopted budget for FY 2019-20. In addition, it assumed that the City's FY 2021-22 forecast budget will also have lower revenue resulting from prolonged fiscal impacts of COVID-19. The pandemic is expected to pose a threat to the community until a vaccine was widely available; as is attested by a second Stay at Home order issued in December 2020.

On June 16, 2020, the City Council approved the FY 2020-21 Operating and Capital Budget after holding two budget workshops. During the budget workshops, the City Council considered both the upcoming budget adoption and proposed amendments to the FY 2019-20 budget; both of which were negatively impacted by the fiscal strain related to COVID-19 and the State's Stay at Home order that began in March 2020.

The final totals for FY 2019-20 reflect a slightly better position on the General Fund than was assumed in March 2020 at the onset of the COVID-19. The City's General Fund was projected to have a \$7 million deficit including the planned capital transfers to Measure V; of which, approximately half (\$3.5 million) would require funding appropriations from the 10% Economic/Budget Stabilization Reserves. While some of the 10% Economic/Budget Stabilization Reserves was needed to balance the deficit, there was improvement in both the revenues and greater savings in expenditures. The General Fund reserves dropped from \$30M in FY 2018-19 to \$20M at the close of FY 2019-20. However, the City's General Fund Capital Fund increased \$14M for Measure V CIPs and \$5M for Public Benefit-CIP. Without these transfers to capital, the City's General Fund would have increased to \$40M.

In total, the City's General Fund year-over-year revenues grew \$3M (or 4%); whereas, the City's operating and capital expenditures increased a modest \$1M (or 1%). Property Tax revenues remained strong during FY 2019-20 with a \$1.6M (or 7%) gain over the prior year. Sales Tax revenues were flat as compared to the prior year; however, since a gain of 5% was expected at the adoption of the budget, the City's operating budget had a projected loss of approximately \$1.3M and the City's Capital Fund budget had a loss of \$542,000. The second largest year-over-year gain was reflected in Charges for Services. This was a combination of revenue from market gains and interest earnings that proved well placed to see growth during FY 2019-20 and the final public benefit contribution from the Tracy Hills development. Like Sales Tax, the City experienced a loss due to regular fees associated with Recreation and Cultural Arts that were down nearly \$1M (or 50%). The General Fund's total expenditures including capital, but before other sources had a modest \$1M increase (or 1%). Without capital, the General Fund's operating expenditures increased approximately \$3M (or 4%); resulting primarily from the labor contract 4% salary increases that went into effect July 1, 2019.

Following the adoption of the FY 2020-21 budget, the City Council formed a two-member Fiscal Sustainability Council Ad Hoc Subcommittee. The purpose of the Subcommittee was to provide policy guidance as it relates to the development of budget principles and short and long term strategies to achieve fiscal sustainability. Next steps involve a presentation reflecting the proposed fiscal sustainability as part of its annual strategic priority setting and the FY 2021-22 budget development process.

**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.

**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 2019, 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.

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.

**City Council Strategic Priorities and Major Initiatives in 2019-2021:** In late 2019, our Tracy City Council came together to discuss a strategic vision for the community through FY 2020-21. The plan focused on growing our local economy, enhancing our quality of life, supporting good governance, and strengthening public safety. Little did we know that a global pandemic was on the horizon that would change the way we connect with one another and go about our day-to-day lives; but even in the midst of uncertainty, we never let go of our commitment to serve the community and help move Tracy forward. Our Strategic Priorities reflect what we aspire for Tracy, and what it takes to realize our dreams. They drive our goals and initiatives, and help us develop better ways to serve our residents. We're very proud of the work that we've done for our community and we would like to take this moment to highlight our accomplishments.

Tracy's continued success will heavily depend on our ability to work together and tackle challenges as a united front. Our goals cannot be achieved without the input and support of our residents, businesses, and non-profit organizations. We look forward to engaging with our community as we begin to shape our next set of strategic priorities in 2021.

*Economic Development:* The purpose of the Economic Development Strategic Plan is to enhance the competitiveness of the City while further developing a strong and diverse economic base.

- Conducted community meetings and council workshops on affordable housing policy and workforce housing needs.
- Issued a Community Retail and Entertainment Survey to understand the needs and desires of the community.
- Updated the Commercial Cannabis Ordinance, developed relationships with businesses, and established the Cannabis Application and Permit Process.
- Facilitated placement of Measure W, The Cannabis Business Tax, and Measure Y, the Transit Oriented Development Measure, on the November 2020 ballot.
- The City continues to collaborate with the San Joaquin Regional Rail Commission and Valley Link to enhance transportation connectivity from the Central Valley to the Bay Area and plan for new development around the station.
- We issued 4,456 building permits; completed 28,371 building inspections; performed 5,170 building plan reviews; processed 116 development permits for new development and subdivisions; and implemented new electronic permit tracking and plan review software.
- The City managed Five Major Development Projects including the Gateway Specific Plan and Environmental Impact Report, and four major annexations. We entitled a 35,000 square foot Class A: Office Building, a first of its kind in decades, to break ground in November at International Park of Commerce and engaged in business attraction efforts through a comprehensive marketing campaign and advertising, while also working with Santa Clara University to enhance local educational opportunities.

*Quality of life:* The purpose of the Quality of Life Strategic Plan is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services, and cultivating connections to promote positive change and progress in our community.

- Allocated \$350,000 in Housing and Community Development Block Grant (CDBG) funds to support homeless prevention and rehousing efforts and adopted Homeless Strategic plan; identified a location for a Temporary Emergency Homeless Shelter; and partnered with Tracy Community Connections to provide showers and social services to the homeless; secured Approximately \$4M in Housing Funds for Affordable Housing development; awarded \$450,000 in CDBG and HOME funds for community programs and projects; and secured \$30,000 in grant funding for the Utility Bill Payment Assistance Program.
- Adopted an urgency ordinance to support local businesses impacted by COVID-19; approved over \$175,000 in funding through the Small Business Forgivable Loan Program; launched the Downtown Tracy Outdoor Dining Program; and
- Completed the City's Short Range Transit Plan and launched TRACER On-Demand Bus Service.
- Received City Council approval on a Final Conceptual Plan for the Aquatics Center and committed General Fund: Measure V Sales Tax funding of \$55M plus an additional \$10M developer contribution with a goal of opening the facility in 2024.
- Completed the Senior Center Expansion Project and five park playground renovations, including construction of the MacDonald Park splash pad; celebrated Arbor Day with a weeklong tree planting event; completed exterior improvements at the Grand Theatre Center for the Arts; and installed portable hand washing stations and restrooms in specified City parks for unsheltered residents
- Updated landscape and design standards for new development.

Quality of life (continued):

- Developed and implemented Downtown Tracy Arts Week.
- Updated the City's Tobacco Ordinance to ban smoke shops from residential neighborhoods and near youth facilities.
- Focused on improving City mobility: completed construction of the MacArthur Drive Widening Project; initiated design and environmental review for the I-205 and I-580 Interchanges at Mountain House Parkway; improved 23 lane miles of streets through road resurfacing and repairs; added seven lane miles of residential streets; installed nearly three miles of new green bike lanes; modified nine traffic signals to improve commuter flow; installed nine new traffic signals; and performed 396 sidewalk repairs and 37 ADA ramp repairs.
- Completed the \$24M Recycled Water Pipeline Project; which included \$18M in State grants.
- Began construction of the new \$36M Wastewater effluent pipeline.
- Converted City Diesel Vehicles and Equipment to Renewable Diesel Fuel.
- Completed the upgrade of the Boyd Service Center Maintenance Building.
- Held three community recycling events.
- Maintained and cleaned 460 miles of sewer lines, 465 miles of water lines, and 175 miles of storm drains and maintained 5,168 trees throughout the city.

Governance: The purpose of the Governance Strategic Plan is to enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community.

- Adopted and implemented a Council Code of Conduct Policy Council Protocols and Procedures and a Council Vacancy Policy; adopted a Resolution in Support of Racial Justice and Declaring Black Lives Matter, and approved the Tracy Equity and Empowerment Initiative.
- Adopted the Fiscal Year 2020-21 Budget; updated internal Administrative Policies and Procedures; identified community funding priorities for Measure V tax dollars; explored strategies to support short and long-term fiscal sustainability and formed a Council Ad-hoc Subcommittee to Develop Long Term Fiscal Sustainability Plan.
- Approved a Master Tax Sharing Agreement with San Joaquin County.
- Completed the upgrade of the Council Chambers Audio/Visual System; launched virtual City Council meetings and streamed live meetings to social media; implemented the electronic Public Records Ask Request system; issued multiple City newsletters to increase public outreach and engagement; and produced over ten public service announcements on COVID-19.
- Gathered new aerial imagery of the City.
- Completed a Wall to Wall Employee Classification Study and facilitated leadership development training for staff.
- Issued \$16M in new Parity Community Facilities District (CFD) Bonds for Tracy Hills development (2016-1 CFD) (over \$60M from three parity bond issuances between 2018-2020); issued \$15M in new CFD Bonds for Ellis development (2016-2 CFD); refinanced \$8M in NEI II (2006-1 CFD) and \$18M in Lease Financing Debt (2007-Series A/B and 2008-Series A).
- Added four new subdivisions to the citywide services 2018-1 CFD.
- Implemented rate increase for Water Utilities and initiated rate studies for Solid Waste and Wastewater Utilities.
- Developed a Business Continuity Plan and implemented a Community Recovery Plan.

*Public Safety:* The purpose of the Public Safety Strategic Plan is to enhance community safety by promoting a responsive public safety system that includes civic engagement and partnerships, community involvement, public education and prevention, intervention, and suppression services that meet the needs of Tracy residents.

- Responded to the “Eight Can’t Wait Campaign” and “Campaign Zero” initiative which mirrored Tracy Police Department’s (TPD) contemporary policing policies and practices.
- Organized three Virtual Town Hall meetings on “Racial Injustice, Policing, and Our Youth”.
- Increased public safety presence at community events to connect with our residents and businesses and worked cooperatively with local community activists to ensure the safety and success of 6 Peaceful Demonstrations in Tracy.
- Enhanced TPD equipment and infrastructure to improve safety, operations, records management, and response capabilities; deployed the new Law Enforcement Wellness App, Cordico Shield; responded to over 80,000 calls for service; closed over 2,000 Code Enforcement Cases; and established Text to 911 capabilities.
- Performed monthly outreach visits to engage those we serve who are experiencing homelessness through Operation Helping Hands; collaborated with California Highway Patrol (CHP) and CalTrans to clean up homeless encampments at Clyde Bland Park and I-205 freeway frontage.
- Launched the new Park Camera Program to enhance safety and security at community parks.
- Amended the Tracy Municipal Code to heighten enforcement of illegal fireworks.
- Leveraged technology to enhance public safety awareness, response, and performance; and launched efforts to develop a city-wide Emergency Response Plan; adopted the City’s Hazard Mitigation Plan.
- Increased traffic enforcement in collaboration with other county law enforcement agencies.
- Realigned and enhanced the Tracy Police Department’s - Professional Standards & Training Division.
- Secured a \$42,500 Office of Traffic Safety grant to fund community outreach and enforcement of traffic issues.
- Established a Public Safety Youth Advisory Board.
- Awarded \$375,000 COPS Hiring Grant to fund a portion of the costs of three new officers over the next three years.
- Broke ground on Tracy Hills Fire Station number 95 funded through developer impact fees.
- Secured various FEMA grants, plus \$1.2M in CARES funds, to mitigate the some of the emergency response costs incurred by the City related to COVID-19; established and managed a virtual Emergency Operations Center in conjunction with public safety and County public health and emergency response agencies logging more than 5,000 hours in the first three months alone; successfully secured Personal Protective Equipment for our employees; provided logistical support for the first pop-up COVID-19 testing site in Tracy; delivered COVID-19 safety training to staff; Installed protective barriers at customer service counters and inside Council Chambers in preparation for the reopening of City Hall when it is deemed safe, and Communicated timely, regular and accurate COVID-nineteen updates to the public through various channels to ensure EVERYONE in our community had the information they needed.

**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, 2020

Non-spendable	Loans Receivable	\$ 40,000
Committed	20% reserve	14,479,022
Assigned	10% reserve (Economic Stability)	5,670,453
	Prior Year Re-Appropriations	419,564
	Animal Control	22,193
		<hr/>
		\$ 20,631,232

**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 2014-15.

Prior to FY 2014-15, 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 implemented GASB 75 in FY 2017-18.

**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 2019-20 amounted to \$69,054,298 and \$56,494,609 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.

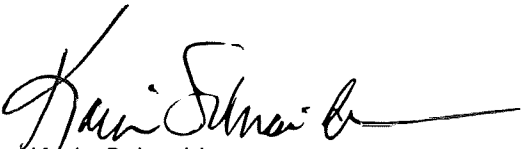
**Awards and Acknowledgements:** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tracy for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the 32<sup>nd</sup> 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, 2020, 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, 2020, 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.

**Accountancy Corporation**  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

T 925.930.0902  
F 925.930.0135  
E [maze@mazeassociates.com](mailto:maze@mazeassociates.com)  
W [mazeassociates.com](http://mazeassociates.com)

## ***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 29, 2020 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.



Pleasant Hill, California  
December 29, 2020

## **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, 2020. 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 2019-20 fiscal year by \$1,264 million Net Position. Of this amount, \$25.9 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 \$40.9 million, with \$0.4 million attributable to governmental activities and \$40.5 million attributable business-type activities.
- As of June 30, 2020, the City's combined governmental funds reported fund balance of \$196.6 million, of which \$196.6 million is available to meet the City's current and future needs.
- As of June 30, 2020 the fund balance for the General Fund was \$20.6 million of which \$40 thousand is designated as Non-Spendable for items such as deposits, prepaid assets, inter-fund advances, and inventory. Committed fund balance was \$14.5 million, designated for Contingency/Emergency. Assigned fund balance was \$6.1 million, designated for items such as prior reappropriation and fiscal sustainability. There were no unassigned funds as of June 30, 2020.

### **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 126 ("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 38 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 I 26 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 \$40.9 million or 3.3%, from \$1,223 million at June 30, 2019 to \$1,264 million at June 30, 2020. Restricted net position accounted for \$202 million restricted for capital projects, debt service and legally segregated taxes, grants, and fees. The unrestricted net position decreased by \$0.6 million, from \$26.6 million in at June 30, 2019 to \$26 million at June 30, 2020 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 \$86.9 million in accordance with Generally Accepted Accounting Principles.

The following table reflects the Summary of Net Position for the fiscal year ended June 30, 2020 with comparative data for the fiscal year ended June 30, 2019.

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Cash and Investments	\$ 217,276	\$ 224,116	\$ 63,062	\$ 46,999	\$ 280,338	\$ 271,115
Other Assets	42,211	45,193	18,514	18,906	60,725	64,099
Capital Assets	660,155	647,535	428,144	403,414	1,088,299	1,050,949
Total Assets	919,642	916,844	509,720	469,319	1,429,362	1,386,163
Deferred Outflows						
Related to Pensions	20,075	19,803	2,186	2,420	22,261	22,223
Current Liabilities	24,870	28,873	11,959	11,063	36,829	39,936
Non-Current Liabilities	107,781	99,869	39,158	40,451	146,939	140,320
Total Liabilities	132,651	128,742	51,117	51,514	183,768	180,256
Deferred Inflows						
Related to Pensions	3,729	4,947	288	277	4,017	5,224
Net Investment in Capital						
Assets	638,464	626,220	397,488	370,880	1,035,952	997,100
Restricted	201,439	199,212	517	1	201,956	199,213
Unrestricted	(36,566)	(22,474)	62,496	49,067	25,930	26,593
Total Net Position	\$ 803,337	\$ 802,958	\$ 460,501	\$ 419,948	\$ 1,263,838	\$ 1,222,906

The City's Government-wide Net Position as of June 30, 2020, comprised of the following:

- Cash and investments combined increased by \$9.2 million or 3.4%, from \$271.1 million at June 30, 2019 to \$280.3 million at June 30, 2020. The \$280.3 million of cash and investments is in the city treasury and investments. Cash and Investments with Fiscal Agents is \$525,805 at June 30, 2020. The increase is primarily attributable to capital projects activity.
- Receivables decreased by \$3.7 million or -6.1%, from \$60.8 million at June 30, 2019 to \$57.1 million at June 30, 2020. Receivables were comprised of \$37.4 million of current receivables and \$19.7 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 \$37.3 million or 3.6%, from \$1,051 million at June 30, 2019 to \$1,088 million at June 30, 2020. Net capital assets of \$1,088 million include the City's infrastructure in addition to all other City assets.

- Restricted Net Position increased \$2.8 million or 1.4%, from \$199.2 million at June 30, 2019 to \$202 million at June 30, 2020. Restricted Net Position is restricted for capital projects \$154.4 million; low-moderate income housing projects \$17.2 million; debt service \$7.5 million; and \$22.9 million may be spent on other projects as specified by funding source restrictions.
- Unrestricted Net Position decreased by \$0.7 million or -2.5%, from \$26.6 million at June 30, 2019 to \$25.9 million at June 30, 2020. 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, 2020 is 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	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 19,139	\$ 20,792	\$ 59,454	\$ 53,676	\$ 78,593	\$ 74,468
Operating Contributions and Grants	14,969	15,142	4,263	3,733	19,232	18,875
Capital Grants and Contributions	39,662	36,408	22,818	20,936	62,480	57,344
<b>Total Program Revenues</b>	<b>73,770</b>	<b>72,342</b>	<b>86,535</b>	<b>78,345</b>	<b>160,305</b>	<b>150,687</b>
General Revenues:						
Property Taxes	24,082	22,723			24,082	22,723
Other Taxes	44,669	44,331			44,669	44,331
Other General Revenues	1,629	1,846	1,845	1,642	3,474	3,488
<b>Total General Revenues</b>	<b>70,380</b>	<b>68,900</b>	<b>1,845</b>	<b>1,642</b>	<b>72,225</b>	<b>70,542</b>
<b>Total Revenues</b>	<b>144,150</b>	<b>141,242</b>	<b>88,380</b>	<b>79,987</b>	<b>232,530</b>	<b>221,229</b>
<b>Expenses</b>						
General Government	14,660	14,455			14,660	14,455
Police	36,551	31,808			36,551	31,808
Fire	23,573	22,267			23,573	22,267
Development & Engineering	11,815	11,511			11,815	11,511
Public Works	22,336	31,182			22,336	31,182
Parks & Community Services	4,044	3,920			4,044	3,920
Interest on Long-term Debt	1,339	1,271			1,339	1,271
Water			21,458	19,941	21,458	19,941
Wastewater			18,991	18,961	18,991	18,961
Solid Waste			25,275	22,289	25,275	22,289
Storm Drainage			2,610	2,558	2,610	2,558
Airport			1,363	1,123	1,363	1,123
Transit			5,485	5,017	5,485	5,017
<b>Total Expenses</b>	<b>114,318</b>	<b>116,414</b>	<b>75,182</b>	<b>69,889</b>	<b>189,500</b>	<b>186,303</b>
Changes in net position before transfers and Special Items	29,832	24,828	13,198	10,098	43,030	34,926
Transfers	(27,355)	(2,016)	27,355	2,016		
Special Item	(2,098)				(2,098)	
<b>Change in Net Position</b>	<b>379</b>	<b>22,812</b>	<b>40,553</b>	<b>12,114</b>	<b>40,932</b>	<b>34,926</b>
Net Position, Beginning**	802,958	780,146	419,948	407,834	1,222,906	1,187,980
<b>Net Position, Ending</b>	<b>\$ 803,337</b>	<b>\$ 802,958</b>	<b>\$ 460,501</b>	<b>\$ 419,948</b>	<b>\$ 1,263,838</b>	<b>\$ 1,222,906</b>

## Revenues

Total revenues increased by \$11.3 million or 5.1%, from \$221.2 million at June 30, 2019 to \$232.5 million at June 30, 2020. Total governmental activity revenues increased by \$2.9 million. Total governmental general revenues increased by \$1.5 million related to property tax and general sales tax.

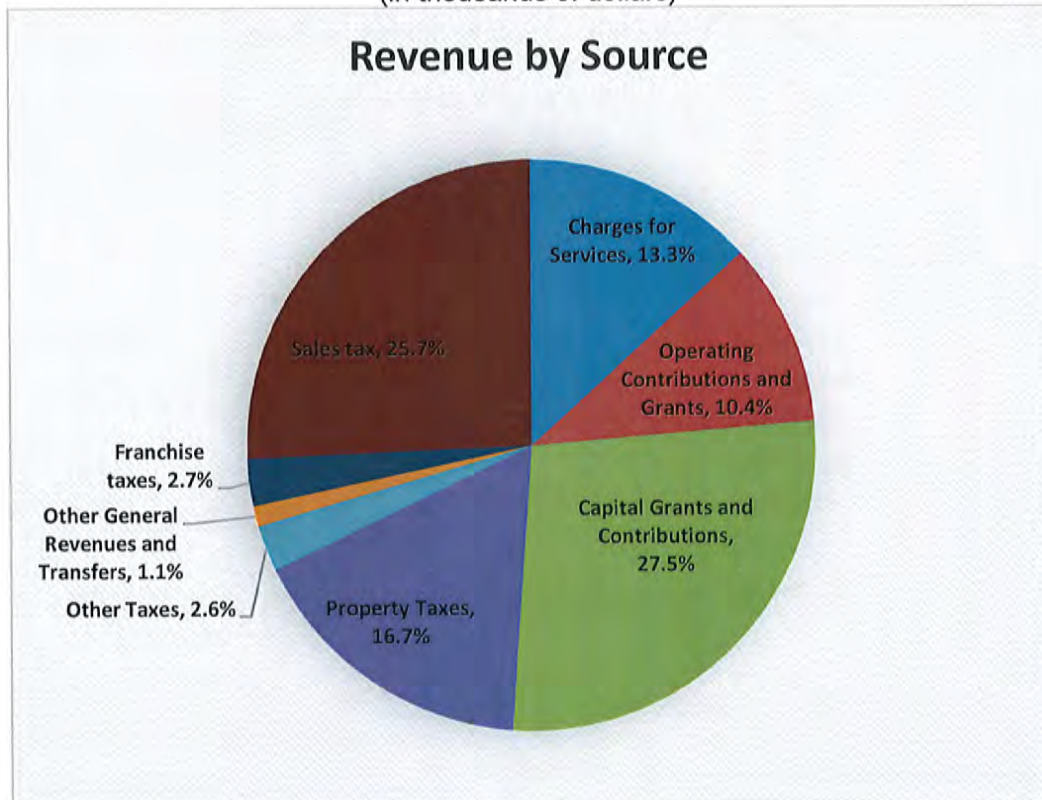
## Expenses

Total expenses for the City increased by \$3.2 million or 1.7%, from \$186.3 million at June 30, 2019 to \$189.5 million at June 30, 2020. Governmental activities incurred \$114.3 million of expenses while business-type activities incurred \$75.2 million. Of the Governmental Activities, the largest expenses were in Public Safety \$60.1 million; Public Works \$22.3 million; and General Government \$14.6 million.

## Governmental Activities

Total resources available during the year to finance governmental operations were \$917.6 million consisting of net position at June 30, 2019 of \$802.9 million, program revenues of \$73.8 million and general revenues and transfers of \$40.9 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**



**Business-Type Activities**

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

	Business-type Activities	
	2020	2019
<b>Net Revenue (Expense) from Business-type Activities</b>		
Water	\$9,676	\$366
Wastewater	3,592	10,375
Airport	1,019	602
Solid Waste	(2,141)	(736)
Transit	1,056	(1,103)
Drainage	(1,850)	(1,049)
<b>Total Business-type Activities</b>	<b>\$11,352</b>	<b>\$8,455</b>

Program revenues of Business-type Activities increased \$8.2 million or 10.5%, from a total of \$78.3 million at June 30, 2019 to a total of \$86.5 million at June 30, 2020. This was a result of an increase in revenues related to Charges for Services.

## **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, 2020, the City's governmental funds reported combined fund balances of \$196.6 million, which is a decrease of \$1.2 million or -.6%, from \$197.8 million at June 30, 2019. Total revenues increased by \$2.8 million or 2%, from \$138.9 million at June 30, 2019 to \$141.7 million at June 30, 2020. Of this total, \$83.1 million was in the General Fund. Total expenditures increased by \$24.3 million or 19.5%, from \$125 million at June 30, 2019 to \$149.3 million at June 30, 2020. Of this total, \$72.4 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, 2020, the General Fund balance of \$20.6 million, was comprised of \$.04 million in non-spendable balances, \$14.5 million committed funds for contingency/emergency reserve, and \$6.1 million in assigned funds. Included in this amount is \$5.6 million for Economic/Budget stability and \$0.4 million for reappropriation to balance FY20. There were no unassigned funds at June 30, 2020. 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, 2020, the fund balance of the Housing Successor Special Revenue Fund was comprised of \$4.2 million in cash and investments and \$0.7 million in loans to the Successor Agency.

### **TEA Grant Fund Special Revenue Fund**

The TEA Grant Fund had revenues of \$4.2 million and expenditures of \$3.6 million, all for capital projects. The fund balance increased from to (\$0.1) million at June 30, 2019 to \$0.3 million at June 30, 2020, as a result of outstanding grant receivables received in fiscal year ending June 30, 2020.

### **South San Joaquin County Fire Authority Special Revenue Fund**

The SSJCFA had revenues of \$9.1 million, and expenditures of \$6.4 million. The ending fund balance increased by \$2.6 million, from (\$5.4) million at June 30, 2019 to (\$2.8) million at June 30, 2020.

### **Community Development Fees Special Revenue Fund**

The Community Development Fees Special Revenue Fund had revenues of \$7.8 million and expenditures of \$11.2 million. The ending fund balance increased from (\$1.1) million at June 30, 2019 to (\$0.4) million at June 30, 2020.

### **2008 Lease revenue Bonds Debt Fund**

The fund balance of the 2008 Lease Revenue Bond Fund increased by \$0.9 million over the prior year. Fund balance was \$.62 million at June 30, 2019 comparable to \$1.5 million at June 30, 2020.

### **General Projects Capital Fund**

The General Projects Fund had revenues of \$.2 million, transfers in of \$18.6 million, and expenditures of \$4.8 million. The fund balance increased \$14 million from \$12.2 million at June 30, 2019 to \$26.2 million at June 30, 2020. Funding for the General Project Fund is transferred from the City's General Fund. Capital project expenses included Legacy Fields Phase 1D (CIP 78164), Corral Hollow Widening I580/Linne (CIP 73161), Boyd Service Center Phase 2 (CIP 71091). 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 \$12.7 million and expenditures of \$3.1 million. The fund balance decreased \$8.8 million from \$43.8 million at June 30, 2019 to \$35 million at June 30, 2020. TIMP Funds cover areas of the City not covered by their own financing plan. Project expenditures included, Over cross Upgrade at I205 and Mountain House Parkway (CIP 73146), Traffic Signal at Lammers and West Schulte (CIP 72068) and Boyd Service Center Phase 2 (CIP 71091). Future projects include fire stations 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 \$460.5 million at June 30, 2020. Enterprise operating revenues were \$59.5 million and operating expenses were \$73.9 million in fiscal year 2020. Operating expenses includes \$12.8 million in depreciation recognition. Future projects include the Waste Water treatment expansion.



## **Water Fund**

The net position of the Water Fund at June 30, 2020 was \$192.2 million, an increase of \$9.8 million over the prior fiscal year. The net position of the Water fund at June 30, 2019 was \$182.4. Approximately \$2.5 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$189.7 million. Activities for the year were comprised of \$20.3 million in operating revenues for the current year and \$21.2 million in operating expenses including \$4.5 million in depreciation expenses.

## **Wastewater Fund**

The net position of the Wastewater Fund at June 30, 2020 was \$173.4 million, an increase of \$23.7 million over the prior fiscal year. The net position of the Wastewater fund at June 30, 2019 was \$149.7 million. Approximately \$43.1 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$129.7 million. Activities for the year were comprised of \$14.6 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, 2020 was \$15.8 million, a decrease of \$1.7 million over the prior fiscal year. The net position of the Solid Waste fund at June 30, 2019 was \$17.5 million. Approximately \$15.8 million of the Fund's net position was unrestricted at the fiscal year end. Activities for the year were comprised of \$23.1 million in operating revenues for the current year and \$25.3 million in operating expenses.

## **Drainage Fund**

The net position of the Drainage Fund at June 30, 2020 was \$49 million, an increase of \$6.2 million over the prior fiscal year. The net position of the Drainage fund at June 30, 2019 was \$42.8 million. Approximately \$(0.7) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$50 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, 2020 was \$15.2 million, an increase of \$1.5 million over the prior fiscal year. The net position of the Airport fund at June 30, 2019 was \$13.7 million. Approximately \$(0.3) million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$15.5 million. Activities for the year were comprised of \$0.7 million in operating revenues, grants and transfers-in for the current year and \$1.4 million in operating expenses including \$0.4 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, 2020 was \$15.0 million, an increase of \$1.1 million over the prior fiscal year. The net position of the Transit fund at June 30, 2019 was \$13.9 million. Approximately \$2.2 million of the Fund's net position was unrestricted at the fiscal year end with a net investment in capital assets of \$12.8 million. Activities for the year were comprised of \$0.1 million in operating revenues and grants for the current year and \$5.5 million in operating expenses including \$0.9 million in depreciation expenses.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The final amended budget for the General Fund totaled \$79.8 million. The difference in appropriations between the original budget and the final amended budget was \$9.6 million, largely due to increases in capital outlay. At the end of the fiscal year, the total actual expenses of the General Fund were \$72.4 million; the General Fund's assigned fund balance reappropriations of \$1.6 million in items that began in 2020 but remained in progress in 2021.

## CAPITAL ASSETS

At the end of fiscal 2020, 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	
	2020	2019	2020	2019	2020	2019
<b>Non-depreciable assets</b>						
Land	\$ 177,773	\$ 177,266	\$ 18,292	\$ 10,007	\$ 196,065	\$ 187,273
Streets and Roads	305,042	303,950			305,042	303,950
Construction in-Progress	45,215	34,439	55,957	41,415	101,172	75,854
Total	528,030	515,655	74,249	51,422	602,279	567,077
<b>Depreciable assets</b>						
Buildings and Improvements	134,076	127,027	169,452	166,821	303,528	293,848
Improvements	46,556	46,556	3,571	3,571	50,127	50,127
Grading, Curbs & Gutters						
Sidewalks & Driveway	32,130	31,762			32,130	31,762
Approaches						
Traffic Signals	23,026	22,420			23,026	22,420
Equipment	34,366	33,333	44,703	45,222	79,069	78,555
Infrastructure	12,219	12,219	342,085	330,053	354,304	342,272
Intangible Assets	610	610	72,883	72,883	73,493	73,493
Less: accumulated depreciation	(150,858)	(142,048)	(278,799)	(266,558)	(429,657)	(408,606)
Net depreciable assets	132,125	131,879	353,895	351,992	486,020	483,871
Total Capital Assets	\$ 660,155	\$ 647,534	\$ 428,144	\$ 403,414	\$ 1,088,299	\$ 1,050,948

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 fiscal year 2020, the City expended \$6,666,870 to preserve its roads, and the condition index level was 69. The City estimates that it will be required to expend approximately \$9,866,151 in fiscal year 2021 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 increased by \$0.4 million or 1.8%, from \$21.3 million at June 30, 2019 to \$21.7 million at June 30, 2020, in debt associated with Governmental Activities. The City's long debt outstanding decreased by \$1.8 million or 5.8%, from \$32.5 million at June 30, 2019 to \$30.7 million at June 30, 2020, in debt associated with Business-Type Activities.

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

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
2008 Lease Revenue Bonds	\$ -	\$ 17,895	\$ -	\$ -	\$ -	\$ 17,895
2007 Lease Revenue Bonds-A		2,690				2,690
2007 Lease Revenue Bonds-B		730				730
2020 Lease Revenue Refunding Bonds 3%-4%	18,190				18,190	
2020 Lease Revenue Refunding Bonds Premium	3,501				3,501	
2004 Wastewater Revenue Bonds			22,050	22,890	22,050	22,890
State of California-Department of Health Services Loan			8,607	9,645	8,607	9,645
<b>Total Long Term Liabilities</b>	<b>\$ 21,691</b>	<b>\$ 21,315</b>	<b>\$ 30,657</b>	<b>\$ 32,535</b>	<b>\$ 52,348</b>	<b>\$ 53,850</b>

## **ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

Fiscal Year 2019-20 began with optimism and steady growth. Economic development efforts allowed for the continued expansion of several businesses and construction of new distribution facilities. Property tax revenues were steadily increasing as a result of new residential and commercial development and higher property values. However, by March 2020, the City's fiscal picture became uncertain when a state wide stay at home order related to the global pandemic known as COVID-19 closed all non-essential businesses. Despite the shutdown, the City's General Fund revenues increased by \$3M over the prior fiscal year while expenses increases by \$1M over the prior fiscal year. Property Tax revenues continued to grow with a 7% or \$1.6M increase over the prior year and sales tax remained flat. As the COVID-19 pandemic continued, the City adopted a FY2020-21 operating budget with a 5% cut to operating costs. During FY2019-20, the final 4% salary increases went into effect. The City also engaged in a citywide personnel classification study. Over the next year, staff will continue to evaluate many options to balance resources against rising personnel costs to ensure Council priorities are met. 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.

THIS PAGE INTENTIONALLY LEFT BLANK

**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, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 3)	\$217,267,536	\$62,545,042	\$279,812,578
Cash and investments with fiscal agents (Note 3)	8,279	517,526	525,805
Accounts receivable	16,142,311	20,132,292	36,274,603
Inventory (Note 1H)		570,994	570,994
Interest receivable	807,700	234,469	1,042,169
Prepaid items (Note 1H)	1,391,575	13,629	1,405,204
Internal balances (Note 4)	2,438,471	(2,438,471)	
Deposits (Note 5I)	1,000,000		1,000,000
Loans receivable (Note 5)	19,738,212		19,738,212
Advances to CDA successor agency (Note 5)	693,690		693,690
Capital assets, not being depreciated (Note 6)	528,030,555	74,249,214	602,279,769
Capital assets, being depreciated, net of accumulated depreciation (Note 6)	132,124,644	353,895,021	486,019,665
Total Assets	<u>919,642,973</u>	<u>509,719,716</u>	<u>1,429,362,689</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	19,615,110	2,122,550	21,737,660
Related to OPEB (Note 11)	459,870	64,035	523,905
Total Deferred Outflows	<u>20,074,980</u>	<u>2,186,585</u>	<u>22,261,565</u>
<b>LIABILITIES</b>			
Accounts payable	9,328,050	6,897,312	16,225,362
Salaries and benefits payable	1,801,010	409,142	2,210,152
Accrued interest payable	120,342	84,568	204,910
Deposits payable	11,462,367	2,092,760	13,555,127
Unearned revenue	157,541	282,126	439,667
Compensated absences (Note 1G):			
Due within one year	1,445,687	255,403	1,701,090
Due in more than one year	3,031,304	490,930	3,522,234
Long-term debt (Note 7):			
Due within one year	555,000	1,937,698	2,492,698
Due in more than one year	21,136,175	28,719,235	49,855,410
Net pension liability - due in more than one year (Note 10)	77,726,986	9,168,769	86,895,755
Total OPEB liability - due in more than one year (Note 11)	5,887,030	779,542	6,666,572
Total Liabilities	<u>132,651,492</u>	<u>51,117,485</u>	<u>183,768,977</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions (Note 10)	3,254,170	208,571	3,462,741
Related to OPEB (Note 11)	474,902	79,550	554,452
Total Deferred Inflows	<u>3,729,072</u>	<u>288,121</u>	<u>4,017,193</u>
<b>NET POSITION (Note 9)</b>			
Net investment in capital assets	638,464,024	397,487,302	1,035,951,326
Restricted for:			
Debt service	6,996,097	517,526	7,513,623
Public safety	1,640,181		1,640,181
Streets and roads	10,433,962		10,433,962
Community development	1,559,288		1,559,288
Special districts	9,262,501		9,262,501
Projects	154,378,815		154,378,815
Housing	17,168,873		17,168,873
Total Restricted Net Position	<u>201,439,717</u>	<u>517,526</u>	<u>201,957,243</u>
Unrestricted	(36,566,352)	62,495,867	25,929,515
Total Net Position	<u>\$803,337,389</u>	<u>\$460,500,695</u>	<u>\$1,263,838,084</u>

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government				
Economic development	\$1,111,061	\$66	\$140,035	\$1,212,975
General government	8,225,907	6,998,284		176,582
Finance	4,904,070			
Non-departmental	419,657	405,716	47,227	145,859
Public safety				
Police	36,551,069	262,899	1,375,583	495,281
Fire	23,573,605	498,197	5,910,655	3,930,000
Public ways and facilities/transportation				
Development and engineering	11,814,970	7,730,755	20,000	
Public works	22,335,954	2,721,400	7,475,627	32,833,488
Culture and leisure				
Parks and community services	4,044,178	521,826		868,177
Interest and fiscal charges	1,338,564			
<b>Total Governmental Activities</b>	<b>114,319,035</b>	<b>19,139,143</b>	<b>14,969,127</b>	<b>39,662,362</b>
<b>Business-type Activities:</b>				
Water	21,458,103	20,328,182		10,806,047
Wastewater	18,991,436	14,551,700		8,031,829
Airport	1,362,632	662,342		1,719,616
Solid waste	25,275,002	23,071,852		62,202
Transit	5,484,857	102,953	4,262,781	2,175,556
Drainage	2,610,093	737,022		23,103
<b>Total Business-type Activities</b>	<b>75,182,123</b>	<b>59,454,051</b>	<b>4,262,781</b>	<b>22,818,353</b>
<b>Total</b>	<b>\$189,501,158</b>	<b>\$78,593,194</b>	<b>\$19,231,908</b>	<b>\$62,480,715</b>
<b>General revenues:</b>				
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)				
Special item (Note 5F)				
Loss on reimbursement agreement amendment				
<b>Total general revenues, transfers and special item</b>				
Change in Net Position				
Net Position-Beginning				
Net Position-Ending				

See accompanying notes to basic financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$242,015		\$242,015
(1,051,041)		(1,051,041)
(4,904,070)		(4,904,070)
179,145		179,145
(34,417,306)		(34,417,306)
(13,234,753)		(13,234,753)
(4,064,215)		(4,064,215)
20,694,561		20,694,561
(2,654,175)		(2,654,175)
(1,338,564)		(1,338,564)
(40,548,403)		(40,548,403)
	\$9,676,126	9,676,126
	3,592,093	3,592,093
	1,019,326	1,019,326
	(2,140,948)	(2,140,948)
	1,056,433	1,056,433
	(1,849,968)	(1,849,968)
	11,353,062	11,353,062
(40,548,403)	11,353,062	(29,195,341)
24,082,470		24,082,470
3,864,335		3,864,335
37,038,772		37,038,772
1,447,897		1,447,897
850,991		850,991
1,392,908		1,392,908
73,447		73,447
33,298		33,298
53,671	9,165	62,836
1,542,936	1,835,390	3,378,326
(27,354,628)	27,354,628	
(2,098,146)		(2,098,146)
40,927,951	29,199,183	70,127,134
379,548	40,552,245	40,931,793
802,957,841	419,948,450	1,222,906,291
\$803,337,389	\$460,500,695	\$1,263,838,084

THIS PAGE INTENTIONALLY LEFT BLANK

<b>FUND FINANCIAL STATEMENTS</b>
----------------------------------

<b>MAJOR GOVERNMENTAL FUNDS</b>
---------------------------------

The funds described below were determined to be Major Funds by the City in fiscal 2020. 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 six functional categories.

CITY OF TRACY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>ASSETS</b>					
Cash and investments (Note 3)	\$5,668,536	\$4,154,515	\$445,556		\$3,838,448
Cash and investments with fiscal agents (Note 3)					
Accounts receivable	9,174,498		811,056	\$5,562,198	
Interest receivable	99,317	14,759	1,701		18,085
Due from other funds (Note 4)	8,427,230				
Deposits					
Loans receivable (Note 5)	67,270	12,304,226			
Advances to CDA successor agency (Note 5)		693,690			
Total Assets	<u>\$23,436,851</u>	<u>\$17,167,190</u>	<u>\$1,258,313</u>	<u>\$5,562,198</u>	<u>\$3,856,533</u>
<b>LIABILITIES</b>					
Accounts payable	\$1,726,320		\$440,006	\$8,604	\$1,296,134
Salaries and benefits payable	795,912		112	593,314	209,831
Due to other funds (Note 4)				4,889,898	
Deposits payable	176,035			24,994	2,720,691
Unearned revenue	80,082				
Total Liabilities	<u>2,778,349</u>		<u>440,118</u>	<u>5,516,810</u>	<u>4,226,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - accounts receivable			472,562	2,805,923	
Unavailable revenue - loans	27,270	\$12,304,226			
Total Deferred Inflows of Resources	<u>27,270</u>	<u>12,304,226</u>	<u>472,562</u>	<u>2,805,923</u>	
<b>FUND BALANCES</b>					
Fund balance (Note 9):					
Nonspendable					
Loans receivable	40,000				
Restricted		4,862,964	345,633		
Committed	14,479,022				
Assigned	6,112,210				
Unassigned				(2,760,535)	(370,123)
Total Fund Balances	<u>20,631,232</u>	<u>4,862,964</u>	<u>345,633</u>	<u>(2,760,535)</u>	<u>(370,123)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$23,436,851</u>	<u>\$17,167,190</u>	<u>\$1,258,313</u>	<u>\$5,562,198</u>	<u>\$3,856,533</u>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
\$1,480,780	\$27,769,583	\$38,780,931	\$118,921,596	\$201,059,945
8,202			77	8,279
			561,803	16,109,555
5,261	43,540	136,577	433,430	752,670
			2,174,474	10,601,704
			1,000,000	1,000,000
5,501,854			1,864,862	19,738,212
				693,690
<u>\$6,996,097</u>	<u>\$27,813,123</u>	<u>\$38,917,508</u>	<u>\$124,956,242</u>	<u>\$249,964,055</u>
	\$788,079	\$2,847,293	\$1,836,033	\$8,942,469
	2,976	5,208	84,228	1,691,581
		1,077,441	2,195,894	8,163,233
	829,042		7,704,847	11,455,609
			77,459	157,541
	<u>1,620,097</u>	<u>3,929,942</u>	<u>11,898,461</u>	<u>30,410,433</u>
				3,278,485
<u>\$5,501,854</u>			<u>1,864,862</u>	<u>19,698,212</u>
<u>5,501,854</u>			<u>1,864,862</u>	<u>22,976,697</u>
				40,000
1,494,243		34,987,566	113,367,393	155,057,799
	26,193,026			14,479,022
				32,305,236
			(2,174,474)	(5,305,132)
<u>1,494,243</u>	<u>26,193,026</u>	<u>34,987,566</u>	<u>111,192,919</u>	<u>196,576,925</u>
<u>\$6,996,097</u>	<u>\$27,813,123</u>	<u>\$38,917,508</u>	<u>\$124,956,242</u>	<u>\$249,964,055</u>



CITY OF TRACY  
 Reconciliation of the  
 GOVERNMENTAL FUNDS-- BALANCE SHEET  
 to the  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020

Fund balances of Governmental Funds \$196,576,925

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. 649,993,411

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	16,207,591
Accounts receivable	32,756
Interest receivable	55,030
Prepaid items	1,391,575
Capital assets (net of accumulated depreciation)	10,161,788
Accounts payable	(385,581)
Salaries and benefits payable	(109,429)
Deposits payable	(6,758)
Compensated absences	(304,441)
Net pension liability and pension-related deferred outflows/inflows of resources	(1,951,122)
Net OPEB liability and pension-related deferred outflows/inflows of resources	(224,737)

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. 22,976,697

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	(21,691,175)
Interest payable	(120,342)
Compensated absences	(4,172,550)
Net pension liability and pension-related deferred outflows/inflows of resources	(59,414,924)
Total OPEB liability and OPEB-related deferred outflows/inflows of resources	(5,677,325)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$803,337,389

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, 2020

	General	Housing Successor	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>REVENUES</b>					
Taxes	\$64,241,200				
Licenses, permits and fees	3,907,932				\$3,346,649
Fines and penalties	180,186				
Use of money and property	1,065,302	\$307,112	\$4,480		114,124
Intergovernmental	1,630,147		4,164,641	\$194,425	20,000
Charges for current services	11,525,274			8,917,803	4,268,120
Special assessments	452,110				
Contributions	145,859				
Other revenue		2,506			1,862
<b>Total Revenues</b>	<b>83,148,010</b>	<b>309,618</b>	<b>4,169,121</b>	<b>9,112,228</b>	<b>7,750,755</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Economic development	647,524				
General government	7,023,314			175,000	
Finance	4,890,254				
Non-departmental	599,975				952,753
Public safety					
Police	32,903,426				
Fire	15,714,615			6,194,122	
Public ways and facilities/transportation					
Development and engineering	201,974				10,250,058
Public works	7,043,632				
Culture and leisure					
Parks and community services	3,180,097				
Capital outlay	205,540		3,587,812	79,090	38,357
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>72,410,351</b>		<b>3,587,812</b>	<b>6,448,212</b>	<b>11,241,168</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,737,659</b>	<b>309,618</b>	<b>581,309</b>	<b>2,664,016</b>	<b>(3,490,413)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of property	33,298				
Issuance of debt (Note 7)					
Bond premium (Note 7)					
Contributions	3,930,000				
Transfers in (Note 4)	26,876				4,180,000
Transfers (Note 4)	(24,662,144)		(126,396)		
<b>Total Other Financing Sources (Uses)</b>	<b>(20,671,970)</b>		<b>(126,396)</b>		<b>4,180,000</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,934,311)</b>	<b>309,618</b>	<b>454,913</b>	<b>2,664,016</b>	<b>689,587</b>
<b>FUND BALANCES, JULY 1, 2019</b>	<b>30,565,543</b>	<b>4,553,346</b>	<b>(109,280)</b>	<b>(5,424,551)</b>	<b>(1,059,710)</b>
<b>FUND BALANCES, JUNE 30, 2020</b>	<b>\$20,631,232</b>	<b>\$4,862,964</b>	<b>\$345,633</b>	<b>(\$2,760,535)</b>	<b>(\$370,123)</b>

See accompanying notes to basic financial statements

2008 Lease Revenue Bonds	General Projects	Tracy Infrastructure Master Plans	Other Governmental Funds	Total Governmental Funds
			\$1,685,306	\$65,926,506
			163,319	7,417,900
			449,376	629,562
\$14,900	\$211,210	\$1,001,891	2,884,806	5,603,825
400,000			6,360,757	12,769,970
		11,726,058	5,403,819	41,841,074
			3,607,461	4,059,571
			3,288,737	3,434,596
	1,971		51,700	58,039
414,900	213,181	12,727,949	23,895,281	141,741,043
			463,537	1,111,061
				7,198,314
				4,890,254
			384,180	1,936,908
			804,985	33,708,411
				21,908,737
			805,689	11,257,721
			4,503,272	11,546,904
	4,842,704	3,060,304	17,885,613	3,180,097
17,895,000			3,420,000	21,315,000
1,406,514			158,729	1,565,243
19,301,514	4,842,704	3,060,304	28,426,005	149,318,070
(18,886,614)	(4,629,523)	9,667,645	(4,530,724)	(7,577,027)
18,190,000				33,298
3,547,244				18,190,000
				3,547,244
				3,930,000
958,300	19,000,000	16,557	3,419,239	27,600,972
(2,935,556)	(369,290)	(18,486,183)	(391,744)	(46,971,313)
19,759,988	18,630,710	(18,469,626)	3,027,495	6,330,201
873,374	14,001,187	(8,801,981)	(1,503,229)	(1,246,826)
620,869	12,191,839	43,789,547	112,696,148	197,823,751
\$1,494,243	\$26,193,026	\$34,987,566	\$111,192,919	\$196,576,925

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, 2020

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 (\$1,246,826)

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.	17,871,256
Developer dedicated infrastructure is added to fund balance	3,053,961
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,797,700 which has already been allocated to serviced funds).	(7,591,274)

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	21,315,000
Amortization of bond premium is added back to fund balance	46,069
Issuance of long-term debt is deducted from fund balance	(18,190,000)
Issuance of bond premium is deducted from fund balance	(3,547,244)
Special Item: Loss on reimbursement agreement amendment is deducted from fund balance	(2,098,146)

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	(335,457)
Interest payable	180,610
Accrued interest receivable on loans	(5,214,608)
Unavailable revenue	(3,446,990)
Compensated absences	(700,100)

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	283,297
---	---------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$379,548
---	-----------

See accompanying notes to basic financial statements

<b>MAJOR PROPRIETARY FUNDS</b>
--------------------------------

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 2020, 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, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>ASSETS</b>					
Current assets					
Cash and investments (Note 3)	\$5,706,864	\$41,902,593	\$160	\$14,826,159	\$9,270
Cash and investments with fiscal agents (Note 3)		517,526			
Accounts receivable	4,203,011	5,669,072	346,175	3,673,887	6,146,053
Inventory	570,994				
Interest receivable	20,885	156,821	45	53,721	2,581
Due from other funds (Note 4)		1,077,441			
Prepaid expenses					
Total current assets	<u>10,501,754</u>	<u>49,323,453</u>	<u>346,380</u>	<u>18,553,767</u>	<u>6,157,904</u>
Non-current assets					
Advances to other funds (Note 4)		2,029,400			
Capital assets, not being depreciated (Note 6)	4,852,435	48,162,372	5,473,000		1,428,759
Capital assets, being depreciated (Note 6)	<u>193,468,576</u>	<u>103,602,239</u>	<u>10,067,247</u>		<u>11,358,442</u>
Total non-current assets	<u>198,321,011</u>	<u>153,794,011</u>	<u>15,540,247</u>		<u>12,787,201</u>
Total Assets	<u>208,822,765</u>	<u>203,117,464</u>	<u>15,886,627</u>	<u>18,553,767</u>	<u>18,945,105</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	1,076,150	799,927	36,036	36,515	77,367
Related to OPEB (Note 11)	24,714	27,374	1,537	5,051	2,285
Total deferred outflows of resources	<u>1,100,864</u>	<u>827,301</u>	<u>37,573</u>	<u>41,566</u>	<u>79,652</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	664,327	3,592,689	22,182	2,364,901	245,866
Salaries and benefits payable	167,343	165,694	9,543	39,026	12,749
Accrued interest payable		84,568			
Deposit payable	834,516	516,815	51,812		
Due to other funds (Note 4)			432,653		3,083,259
Unearned revenue				2,020	280,106
Current portion- compensated absences (Note 1G)	102,513	104,006	6,874	25,919	9,519
Current portion- long-term debt (Note 7)	<u>1,062,698</u>	<u>875,000</u>			
Total current liabilities	<u>2,831,397</u>	<u>5,338,772</u>	<u>523,064</u>	<u>2,431,866</u>	<u>3,631,499</u>
Noncurrent liabilities					
Advances from other funds (Note 4)	2,029,400				
Notes payable (Note 7)	7,544,235				
Compensated absences (Note 1G)	200,461	203,382	14,362	50,685	9,188
Certificates of participation payable (Note 7)		21,175,000			
Net pension liability (Note 10)	4,602,669	3,474,263	167,810	285,752	336,838
Net OPEB liability (Note 11)	292,020	341,787	15,492	56,623	28,887
Total noncurrent liabilities	<u>14,668,785</u>	<u>25,194,432</u>	<u>197,664</u>	<u>393,060</u>	<u>374,913</u>
Total Liabilities	<u>17,500,182</u>	<u>30,533,204</u>	<u>720,728</u>	<u>2,824,926</u>	<u>4,006,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions (Note 10)	194,304	5,981	432	1,491	5,984
Related to OPEB (Note 11)	30,684	34,589	1,710	6,063	2,354
Total deferred inflows of resources	<u>224,988</u>	<u>40,570</u>	<u>2,142</u>	<u>7,554</u>	<u>8,338</u>
<b>NET POSITION (Note 9)</b>					
Net investment in capital assets	189,714,078	129,714,611	15,540,247		12,787,201
Restricted for debt service		517,526			
Unrestricted	<u>2,484,381</u>	<u>43,138,854</u>	<u>(338,917)</u>	<u>15,762,853</u>	<u>2,222,806</u>
Total Net Position	<u>\$192,198,459</u>	<u>\$173,370,991</u>	<u>\$15,201,330</u>	<u>\$15,762,853</u>	<u>\$15,010,007</u>

See accompanying notes to basic financial statements

Enterprise Funds		Governmental Activities- Internal Service Funds
Drainage	Totals	
\$99,996	\$62,545,042	\$16,207,591
	517,526	
94,094	20,132,292	32,756
	570,994	
416	234,469	55,030
	1,077,441	
13,629	13,629	1,391,575
208,135	85,091,393	17,686,952
	2,029,400	
14,332,648	74,249,214	
35,398,517	353,895,021	10,161,788
49,731,165	430,173,635	10,161,788
49,939,300	515,265,028	27,848,740
96,555	2,122,550	600,840
3,074	64,035	16,895
99,629	2,186,585	617,735
7,347	6,897,312	385,581
14,787	409,142	109,429
	84,568	
689,617	2,092,760	6,758
	3,515,912	
	282,126	
6,572	255,403	78,927
	1,937,698	
718,323	15,474,921	580,695
	2,029,400	
	7,544,235	
12,852	490,930	225,514
	21,175,000	
301,437	9,168,769	2,508,961
44,733	779,542	223,737
359,022	41,187,876	2,958,212
1,077,345	56,662,797	3,538,907
379	208,571	43,001
4,150	79,550	17,895
4,529	288,121	60,896
49,731,165	397,487,302	10,161,788
	517,526	
(774,110)	62,495,867	14,704,884
\$48,957,055	\$460,500,695	\$24,866,672



CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
OPERATING REVENUES					
Sales and charges for services	\$20,328,182	\$14,551,700	\$662,342	\$23,071,852	\$102,953
Other operating revenue	50	3,942	169	200	
Total Operating Revenues	<u>20,328,232</u>	<u>14,555,642</u>	<u>662,511</u>	<u>23,072,052</u>	<u>102,953</u>
OPERATING EXPENSES					
Purchase of water	4,768,828				
Maintenance and operation	9,711,727	10,602,205	866,577	23,195,141	4,165,626
Administration	2,281,316	2,004,074	85,044	2,079,861	406,942
Insurance costs and claims					
Depreciation	4,455,473	5,335,794	413,002		914,249
Total Operating Expenses	<u>21,217,344</u>	<u>17,942,073</u>	<u>1,364,623</u>	<u>25,275,002</u>	<u>5,486,817</u>
Operating Income (Loss)	<u>(889,112)</u>	<u>(3,386,431)</u>	<u>(702,112)</u>	<u>(2,202,950)</u>	<u>(5,383,864)</u>
NONOPERATING REVENUES (EXPENSES)					
Operating grants					4,262,781
Interest income	147,121	1,247,643	5	379,293	52,291
Interest (expense)	(249,059)	(1,050,665)			
Gain/loss on disposal of capital assets	8,300	1,302	1,991		1,960
Net Nonoperating Revenues (Expenses)	<u>(93,638)</u>	<u>198,280</u>	<u>1,996</u>	<u>379,293</u>	<u>4,317,032</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(982,750)</u>	<u>(3,188,151)</u>	<u>(700,116)</u>	<u>(1,823,657)</u>	<u>(1,066,832)</u>
Capital contributions and grants	10,806,047	8,031,829	1,719,616	62,202	2,175,556
Transfers in (Note 4)		18,851,051	519,290		
Net Contributions and Transfers	<u>10,806,047</u>	<u>26,882,880</u>	<u>2,238,906</u>	<u>62,202</u>	<u>2,175,556</u>
Change in net position	9,823,297	23,694,729	1,538,790	(1,761,455)	1,108,724
NET POSITION, JULY 1, 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>
NET POSITION, JUNE 30, 2020	<u>\$192,198,459</u>	<u>\$173,370,991</u>	<u>\$15,201,330</u>	<u>\$15,762,853</u>	<u>\$15,010,007</u>

See accompanying notes to basic financial statements

<u>Enterprise Funds</u>		Governmental Activities- Internal Service Funds
<u>Drainage</u>	<u>Totals</u>	
\$737,022	\$59,454,051	\$12,636,705
4,804	9,165	487,118
<u>741,826</u>	<u>59,463,216</u>	<u>13,123,823</u>
	4,768,828	
860,945	49,402,221	7,143,396
91,137	6,948,374	1,051,523
		3,580,659
<u>1,658,011</u>	<u>12,776,529</u>	<u>1,797,700</u>
<u>2,610,093</u>	<u>73,895,952</u>	<u>13,573,278</u>
<u>(1,868,267)</u>	<u>(14,432,736)</u>	<u>(449,455)</u>
	4,262,781	
9,037	1,835,390	357,296
	(1,299,724)	
	13,553	183,760
<u>9,037</u>	<u>4,812,000</u>	<u>541,056</u>
<u>(1,859,230)</u>	<u>(9,620,736)</u>	<u>91,601</u>
8,007,390	30,802,640	191,696
	19,370,341	
<u>8,007,390</u>	<u>50,172,981</u>	<u>191,696</u>
6,148,160	40,552,245	283,297
<u>42,808,895</u>	<u>419,948,450</u>	<u>24,583,375</u>
<u>\$48,957,055</u>	<u>\$460,500,695</u>	<u>\$24,866,672</u>

CITY OF TRACY  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Enterprise Funds				
	Water Utility	Wastewater Utility	Municipal Airport	Solid Waste	Municipal Transit
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$18,783,129	\$18,839,483	\$425,596	\$21,960,287	(\$4,214,742)
Receipt from interfund charges					
Payments to suppliers	(14,474,351)	(10,824,706)	(874,026)	(22,360,168)	(4,161,021)
Payments to employees	(1,843,949)	(1,590,945)	(50,923)	(1,959,908)	(366,119)
Net cash provided (used) by Operating Activities	<u>2,464,829</u>	<u>6,423,832</u>	<u>(499,353)</u>	<u>(2,359,789)</u>	<u>(8,741,882)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Receipts from grantors					3,998,279
Transfers in		18,851,051	519,290		
Due to/due from other funds		756,159	378,029		2,440,916
Net cash provided (used) by Noncapital Financing Activities		<u>19,607,210</u>	<u>897,319</u>		<u>6,439,195</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal payments - long-term debt	(1,038,261)	(840,000)			
Interest paid	(271,059)	(1,055,208)			
Capital contributions and grants received	992,617	8,031,829	1,719,616	62,202	2,175,556
Acquisition of capital assets	(182,429)	(17,259,249)	(2,170,920)		(1,533)
Proceeds from sale of capital assets	8,300	1,302	6,101		1,960
Net cash provided (used) by Capital and and Related Financing Activities	<u>(490,832)</u>	<u>(11,121,326)</u>	<u>(445,203)</u>	<u>62,202</u>	<u>2,175,983</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	146,192	1,292,583	80	424,334	53,806
Net cash provided (used) by Investing Activities	<u>146,192</u>	<u>1,292,583</u>	<u>80</u>	<u>424,334</u>	<u>53,806</u>
Net increase (decrease) in cash and cash equivalents	2,120,189	16,202,299	(47,157)	(1,873,253)	(72,898)
Cash and cash equivalents, July 1, 2019	3,586,675	26,217,820	47,317	16,699,412	82,168
Cash and cash equivalents, June 30, 2020	<u>\$5,706,864</u>	<u>\$42,420,119</u>	<u>\$160</u>	<u>\$14,826,159</u>	<u>\$9,270</u>
<b>Reconciliation of cash and cash equivalents to statement of net position</b>					
Cash and investments	\$5,706,864	\$41,902,593	\$160	\$14,826,159	\$9,270
Cash and investments with fiscal agents		517,526			
Total cash and investments	<u>\$5,706,864</u>	<u>\$42,420,119</u>	<u>\$160</u>	<u>\$14,826,159</u>	<u>\$9,270</u>
<b>Reconciliation of Operating Income (Loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	(\$889,112)	(\$3,386,431)	(\$702,112)	(\$2,202,950)	(\$5,383,864)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities</b>					
Depreciation	4,455,473	5,335,794	413,002		914,249
<b>Change in assets and liabilities:</b>					
Accounts receivable	(1,404,153)	3,767,026	(235,066)	(1,049,563)	(4,317,695)
Prepaid items					
Accounts payable	6,204	(222,501)	(7,449)	834,973	4,605
Salaries and benefits payable	57,918	46,232	3,081	10,776	2,644
Compensated absences	20,256	2,297	4,464	18,298	5,674
Deposits payable	(140,950)	516,815	(1,849)		
Unearned revenue				(62,202)	
Net pension liability and deferred outflows/inflows	352,308	357,615	25,823	89,139	30,774
Total OPEB liability and deferred outflows/inflows	6,885	6,985	753	1,740	1,731
Net cash provided (used) by Operating Activities	<u>\$2,464,829</u>	<u>\$6,423,832</u>	<u>(\$499,353)</u>	<u>(\$2,359,789)</u>	<u>(\$8,741,882)</u>
<b>NONCASH TRANSACTIONS:</b>					
Contributions of capital assets	<u>\$9,813,430</u>				
Retirement of capital assets			<u>(\$4,110)</u>		

See accompanying notes to basic financial statements

<u>Enterprise Funds</u>		<u>Governmental Activities- Internal Service Funds</u>
<u>Drainage</u>	<u>Totals</u>	
\$706,797	\$56,500,550	\$13,118,093
(832,268)	(53,526,540)	(12,045,883)
<u>(72,953)</u>	<u>(5,884,797)</u>	<u>(784,417)</u>
<u>(198,424)</u>	<u>(2,910,787)</u>	<u>287,793</u>
	3,998,279	
	19,370,341	
	<u>3,575,104</u>	
	<u>26,943,724</u>	
	(1,878,261)	
	(1,326,267)	
8,007,390	20,989,210	
(8,083,031)	(27,697,162)	(899,804)
	17,663	191,298
<u>(75,641)</u>	<u>(9,894,817)</u>	<u>(708,506)</u>
<u>8,621</u>	<u>1,925,616</u>	<u>397,163</u>
<u>8,621</u>	<u>1,925,616</u>	<u>397,163</u>
(265,444)	16,063,736	(23,550)
<u>365,440</u>	<u>46,998,832</u>	<u>16,231,141</u>
<u>\$99,996</u>	<u>\$63,062,568</u>	<u>\$16,207,591</u>
<u>\$99,996</u>	<u>\$62,545,042</u>	<u>\$16,207,591</u>
	517,526	
<u>\$99,996</u>	<u>\$63,062,568</u>	<u>\$16,207,591</u>
(\$1,868,267)	(\$14,432,736)	(\$449,455)
1,658,011	12,776,529	1,797,700
(37,891)	(3,277,342)	(5,730)
27,273	27,273	(1,391,575)
1,404	617,236	69,747
7,546	128,197	35,501
(12,441)	38,548	23,206
2,862	376,878	
	(62,202)	
22,638	878,297	196,315
441	18,535	12,084
<u>(\$198,424)</u>	<u>(\$2,910,787)</u>	<u>\$287,793</u>
	\$9,813,430	\$191,696
	<u>(\$4,110)</u>	<u>(\$7,538)</u>

THIS PAGE INTENTIONALLY LEFT BLANK

<b>FIDUCIARY FUNDS</b>
------------------------

***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, 2020

	Successor Agency Private-Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and investments (Note 3)	\$6,728,152	\$24,098,674
Cash and investments with fiscal agents (Note 3)	602,788	34,310,150
Accounts receivable		1,638
Interest receivable	26,042	23,716
Employee loans receivable (Note 5E)		762
	<u>7,356,982</u>	<u>762</u>
Total Assets	<u>7,356,982</u>	<u>\$58,434,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized loss on debt refunding	<u>2,034,330</u>	
Total Deferred Outflows of Resources	<u>2,034,330</u>	
<b>LIABILITIES</b>		
Accounts payable	1,025	\$314,520
Salaries and benefits payable	209	3,906,598
Accrued interest payable	562,625	
Deposits payable		12,581,270
Due to assessment district bondholders		41,632,552
Noncurrent liabilities (Note 16B):		
Due within one year	2,513,444	
Due in more than one year	<u>37,107,698</u>	
Total Liabilities	<u>40,185,001</u>	<u>\$58,434,940</u>
<b>NET POSITION (DEFICIT) (Note 9)</b>		
Unrestricted	<u>(30,793,689)</u>	
Total Net Position	<u>(30,793,689)</u>	

See accompanying notes to basic financial statements

CITY OF TRACY  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Successor Agency Private-Purpose Trust Fund
<b>ADDITIONS</b>	
Taxes and assessments	\$4,334,879
Interest income	138,663
Gain on sale of capital assets	15,061
	4,488,603
<b>DEDUCTIONS</b>	
Administration	27,045
Debt Service:	
Interest and fees	1,198,295
	1,225,340
Net change in net position before special item	3,263,263
<b>SPECIAL ITEM (Note 16B3)</b>	
Gain on reimbursement agreement amendment	2,098,146
<b>CHANGE IN NET POSITION</b>	5,361,409
Net Position July 1, 2019	(36,155,098)
Net Position June 30, 2020	(\$30,793,689)

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, 2020**

**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.

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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*.

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 six 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, 2020**

**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, 2020**

**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, 2020**

**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	\$3,753,685	\$707,785	\$4,461,470
Additions	4,468,516	648,088	5,116,604
Payments	(3,745,210)	(609,540)	(4,354,750)
Ending Balance	<u>\$4,476,991</u>	<u>\$746,333</u>	<u>\$5,223,324</u>
Current Portion	<u>\$1,445,687</u>	<u>\$255,403</u>	<u>\$1,701,090</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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. *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.

**L. *Closed Funds***

The 2007 Lease Revenue Bonds Debt Service Fund, the 2003-03 Assessment District Agency Fund and the Cultural Arts Agency Fund were closed during the fiscal year ended June 30, 2020.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)**

**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
<b>General Ffund</b>	
Finance	\$408,688
Non-departmental	116,202
Fire	534,110
<b>Community Development Fees Fund</b>	
Development and Engineering	594,745
<b>2008 Lease Revenue Bonds Debt Service Fund</b>	
Debt Service - Principal	17,645,000
Debt Service - Interest and fiscal charges	279,276
<b>Non-Major Funds:</b>	
<b>Special Revenue Funds</b>	
Transportation Development	
Development and Engineering	1,286
Capital Outlay	48,095
State Gas Tax Street	
Capital Outlay	92,928
Landscaping District	
Capital Outlay	149,057
CFD Services 2016-2	
Public Works	33,685
CFD Services 2018-1	
Public Works	2,029
<b>Debt Service Fund</b>	
2007 Lease Revenue Bonds	
Debt Service - Principal	3,305,000

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

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

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, 2020 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	\$279,812,578
Cash and investments with fiscal agents	525,805
Total City cash and investments of primary government	280,338,383
Cash and investments in Fiduciary Funds	65,739,764
Total cash and investments	\$346,078,147

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$8,944
Deposits with financial institutions	13,990,255
Investments	332,078,948
Total cash and investments	\$346,078,147

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, 2020**

**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% (A)
Negotiable Certificates of Deposit (NCDs)	5 years	A/A-1 or higher	30% (B)	5%
Federally Insured Non - Negotiable Certificates of Deposit	5 years	None	20% (C)	(D)
Collateralized Non-Negotiable Certificates of Deposit	5 years	None	20% (C)	No Limit
Certificate of Deposit Placement Service (CDARS)	5 years	None	30% (B)	No Limit
Repurchase Agreements	1 year	None	100%	10%
Local Agency Investment Fund	N/A	None	\$75 million	\$75 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% (E)
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) The City may purchase no more than 10% of the outstanding commercial paper of any single issuer.

(B) Combined limit for NCD and CDARS.

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

(D) The amount per institution is limited to the maximum covered under federal insurance.

(E) 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, 2020**

**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
<b>Held by City:</b>					
U.S. Treasury Notes	\$21,258,760	\$15,162,988	\$10,552,968	\$7,550,133	\$54,524,849
Federal Agency Obligations	10,179,271	23,766,476	46,517,319	16,132,843	96,595,909
Commercial Paper	2,796,236				2,796,236
California Local Agency Investment Fund	64,019,233				64,019,233
CAMP	4,030,834				4,030,834
Medium Term Corporate Notes	25,417,568	7,579,176	22,844,439	5,784,251	61,625,434
Money Market Funds	4,311,460				4,311,460
Asset-Backed Securities		1,243,843	3,049,818	4,442,589	8,736,250
<b>Held by Trustees:</b>					
Money Market Funds	35,438,743				35,438,743
<b>Total Investments</b>	<b>\$167,452,105</b>	<b>\$47,752,483</b>	<b>\$82,964,544</b>	<b>\$33,909,816</b>	<b>\$332,078,948</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, these investments have an average maturity of 191 days.

Money market funds are available for withdrawal on demand and at June 30, 2020 have an average maturity of 34 to 40 days.

The City is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2020, the fair value was approximate to the City's cost. At June 30, 2020 these investments had an average maturity of 53 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 3 - CASH AND INVESTMENTS (Continued)**

**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, 2020 for each investment type as provided by Standard and Poor's investment rating system.

Investment Type	AA+/ AA/AA-	A+/A/A-	AAA/AAA <sub>m</sub>	A-1+/A-1/A-2	Total
<i>Held by City:</i>					
Federal Agency Obligations	\$96,595,909				\$96,595,909
Commercial Paper				\$2,796,236	2,796,236
Medium Term Corporate Notes	13,228,278	\$36,904,336		11,492,820	61,625,434
Money Market Funds			\$4,311,460		4,311,460
Asset-Backed Securities			5,435,944		5,435,944
CAMP			4,030,834		4,030,834
<i>Held by Trustee:</i>					
Money Market Funds			35,438,743		35,438,743
<b>Total Rated Investments</b>	<b>\$109,824,187</b>	<b>\$36,904,336</b>	<b>\$49,216,981</b>	<b>\$14,289,056</b>	<b>210,234,560</b>
<i>Not rated:</i>					
California Local Agency Investment Fund					64,019,233
Asset-Backed Securities					3,300,306
<i>Exempt from credit rating disclosure:</i>					
U.S. Treasury Notes					54,524,849
<b>Total Investments</b>					<b>\$332,078,948</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020:

<u>Investment Type</u>	<u>Level 2</u>	<u>Total</u>
<b>Investments by Fair Value:</b>		
Held by City:		
U.S. Treasury Notes	\$54,524,849	\$54,524,849
Federal Agency Obligations	96,595,909	96,595,909
Asset-Backed Securities	8,736,250	8,736,250
Commercial Paper	2,796,236	2,796,236
Medium Term Corporate Notes	61,625,434	61,625,434
<b>Subtotal</b>	<u>\$224,278,678</u>	224,278,678
<b>Investments Measured at Net Asset Value Per Share:</b>		
CAMP		4,030,834
<b>Investments Measured at Amortized Cost:</b>		
Held by City:		
Money Market Funds		4,311,460
Held by Trustee:		
Money Market Funds		35,438,743
<b>Investments Exempt from Fair Value Hierarchy:</b>		
California Local Agency Investment Fund		64,019,233
<b>Total Investments</b>		<u>\$332,078,948</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>
<b>Entity Wide:</b>	Federal Home Loan Mortgage Corporation	Federal Agency Obligations	\$30,601,227
	Federal Farm Credit Bureau	Federal Agency Obligations	28,362,417
	Federal Home Loan Bank	Federal Agency Obligations	23,547,387
	Federal National Mortgage Association	Federal Agency Obligations	14,084,878



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, the transfers were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
<b>Major Funds:</b>		
General Fund	Community Development Fees Special Revenue Fund	\$4,180,000 (A)
General Fund	2008 Lease Revenue Bonds Debt Service Fund	958,300 (B)
General Fund	General Projects Capital Projects Fund	14,000,000 (C)
General Fund	Municipal Airport Enterprise Fund	150,000 (A)
General Fund	2007 Lease Revenue Bonds Debt Service Fund	280,100 (B)
General Fund	General Projects Capital Projects Fund	5,000,000 (D)
General Fund	Landscaping District Special Revenue Fund	93,744 (E)
TEA Grant Special Revenue Fund	State Gas Tax Street Special Revenue Fund	109,839 (C)
TEA Grant Special Revenue Fund	Tracy Infrastructure Master Plans Capital Projects Fund	16,557 (C)
2008 Lease Revenue Bonds Debt Service Fund	2007 Lease Revenue Bonds Debt Service Fund	2,935,556 (F)
General Projects Capital Projects Fund	Municipal Airport Enterprise Fund	369,290 (C)
Tracy Infrastructure Master Plans Capital Projects Fund	Wastewater Utility Enterprise Fund	18,486,183 (C)
<b>Non-Major Funds:</b>		
CFD Services 2018-1 Special Revenue Fund	General Fund	26,876 (C)
North East Industrial Plan Area #2 Capital Projects Fund	Wastewater Utility Enterprise Fund	226,670 (C)
Ellis Area Capital Projects Fund	Wastewater Utility Enterprise Fund	138,198 (C)
		<u>\$46,971,313</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 for the funds responsible for payments as debt service payments become due.
- (C) To move restricted revenues collected to joint finance projects.
- (D) To transfer developer community benefit funds.
- (E) To move revenues collected to the correct fund.
- (F) To close fund.

In addition, governmental funds made capital contributions of \$7,984,287 to the Drainage Enterprise Fund, which have been reported as transfers in the Statement of 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, 2020 were as follows:

Due From Funds	Due To Funds	Amount
General Fund	South San Joaquin County Fire Authority Special Revenue Fund	\$4,889,898
	Community Development Block Grant Special Revenue Fund	21,420
	Municipal Airport Enterprise Fund	432,653
	Municipal Transit Enterprise Fund	3,083,259
North East Industrial Plan Area #1 Capital Projects Fund	North East Industrial Plan Area #2 Capital Projects Fund	2,174,474
Wastewater Utility Fund	Tracy Infrastructure Master Plans Capital Projects Fund	1,077,441
	Total Current Interfund Balances	<u>\$11,679,145</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 4 - INTERFUND TRANSACTIONS (Continued)**

**C. Long-Term Interfund Advances**

At June 30, 2020 the fund below had made an advance that is not expected to be repaid within the next year. This long-term interfund advance is expected to be repaid when sufficient cash is available in the borrowing fund.

(Asset) Fund Making Advance	(Liability) Fund Receiving Advance	Amount of Advance
Wastewater Utility Enterprise Fund	Water Utility Enterprise Fund	\$2,029,400

**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.

**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, 2020**

**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, 2020, these loans totaled:

Housing Successor Loans:	
Commercial Rehabilitation Program	\$165,832
Mountain View Townhomes	1,020,075
Eden Housing Inc.	2,569,106
Habitat for Humanity	56,958
Down Payment Assistance Program	853,080
Tracy Place Associates	4,921,440
DHI Tracy Garden Associates, LP	2,717,735
Development Loan	67,270
Successor Agency Reimbursement Agreement	5,501,854
Tracy Mall Partners, LP	1,864,862
Total Loans Receivable	<u>\$19,738,212</u>
CDA Successor Agency SERAF Loan	<u>\$693,690</u>
Employee Loan Receivable	<u>\$762</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 \$165,832 at June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, principal and accrued interest totaled \$1,020,075.

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, 2020, principal and accrued interest totaled \$2,569,106.

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, 2020 is \$56,958.

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, 2020, principal and accrued interest totaled \$853,080.

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, 2020, the developer owes \$4,921,440, 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, 2020 is \$2,717,735.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020, including principal and accrued interest, is \$67,270.

**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 outstanding loan balance of \$429,979 was fully repaid during fiscal year 2020.

**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 outstanding for one employee as of June 30, 2020 is \$762.

**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 indicated 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. During fiscal year 2020, the City refunded the 2008 Lease Revenue Bonds and the Reimbursement Agreement was amended to reduce the annual payments to \$289,571 and extend the repayment date by one year. The Reimbursement Agreement does not bear interest and annual principal payments are due through 2039. The balance of the loan as of June 30, 2020 is \$5,501,854. As a result, the City reported a Special Item-loss on reimbursement agreement amendment in the amount of \$2,098,146.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)**

**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 2020 did not exceed the threshold, therefore only \$74,074 of the annual repayment was forgiven. The cumulative shortage of sales tax collections was \$281,968 as of June 30, 2020 and the balance of the loan is \$1,864,862 at that date.

**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 starting 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, 2020, there were nine loans outstanding in the amount of \$3,262,252, 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, 2020 was \$783,055 and the unused balance of the capitalization contribution was \$216,945.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 5 - REDEVELOPMENT AGREEMENTS AND LOANS RECEIVABLE (Continued)**

*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 \$3,332,939 to the Corporation during the year ended June 30, 2020.

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 \$1,514,273 to the Corporation during the year ended June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020**

**NOTE 6 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets activities for the year ended June 30, 2020 were as follows:

*Governmental Activities*

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$177,266,041	\$507,479			\$177,773,520
Roads accounted for using the modified approach	303,950,387	1,092,023			305,042,410
Construction in progress	34,439,492	17,871,257		(\$7,096,124)	45,214,625
Total capital assets not being depreciated	<u>515,655,920</u>	<u>19,470,759</u>		<u>(7,096,124)</u>	<u>528,030,555</u>
Capital assets being depreciated:					
Buildings and improvements	127,026,569	1,094,561		5,954,918	134,076,048
Improvements	46,556,349				46,556,349
Grading, curb & gutter, sidewalk and driveway approaches	31,762,205			368,215	32,130,420
Traffic signals and street lights	22,420,547	359,900		245,490	23,025,937
Equipment	33,332,960	1,091,497	(\$586,452)	527,501	34,365,506
Infrastructure and drainage	12,218,531				12,218,531
Intangibles	609,656				609,656
Total capital assets being depreciated	<u>273,926,817</u>	<u>2,545,958</u>	<u>(586,452)</u>	<u>7,096,124</u>	<u>282,982,447</u>
Less accumulated depreciation for:					
Buildings and improvements	(52,227,862)	(4,224,334)			(56,452,196)
Improvements	(36,160,658)	(1,252,847)			(37,413,505)
Grading, curb & gutter, sidewalk and driveway approaches	(15,048,638)	(703,331)			(15,751,969)
Traffic signals and street lights	(14,970,872)	(665,766)			(15,636,638)
Equipment	(18,818,126)	(2,272,776)	578,914		(20,511,988)
Infrastructure and drainage	(4,252,267)	(244,371)			(4,496,638)
Intangibles	(569,320)	(25,549)			(594,869)
Total accumulated depreciation	<u>(142,047,743)</u>	<u>(9,388,974)</u>	<u>578,914</u>		<u>(150,857,803)</u>
Net capital assets being depreciated	<u>131,879,074</u>	<u>(6,843,016)</u>	<u>(7,538)</u>	<u>7,096,124</u>	<u>132,124,644</u>
Governmental activities capital assets, net	<u>\$647,534,994</u>	<u>\$12,627,743</u>	<u>(\$7,538)</u>		<u>\$660,155,199</u>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 6 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$10,007,443	\$8,284,287			\$18,291,730
Construction in progress	41,414,509	19,692,440		(\$5,149,465)	55,957,484
Total capital assets not being depreciated	<u>51,421,952</u>	<u>27,976,727</u>		<u>(5,149,465)</u>	<u>74,249,214</u>
Capital assets being depreciated:					
Infrastructure	330,053,442	9,513,430		2,518,275	342,085,147
Buildings	166,820,813			2,631,190	169,452,003
Improvements	3,570,581				3,570,581
Equipment	45,222,305	20,435	(\$539,922)		44,702,818
Intangibles	72,882,813				72,882,813
Total capital assets being depreciated	<u>618,549,954</u>	<u>9,533,865</u>	<u>(539,922)</u>	<u>5,149,465</u>	<u>632,693,362</u>
Less accumulated depreciation for:					
Infrastructure	(152,434,369)	(6,484,303)			(158,918,672)
Buildings	(91,363,132)	(4,397,972)			(95,761,104)
Improvements	(2,014,387)	(214,426)			(2,228,813)
Equipment	(20,715,887)	(1,677,798)	535,812		(21,857,873)
Intangibles	(29,849)	(2,030)			(31,879)
Total accumulated depreciation	<u>(266,557,624)</u>	<u>(12,776,529)</u>	<u>535,812</u>		<u>(278,798,341)</u>
Net capital assets being depreciated	<u>351,992,330</u>	<u>(3,242,664)</u>	<u>(4,110)</u>	<u>5,149,465</u>	<u>353,895,021</u>
Total Business-type activities capital assets, net	<u>\$403,414,282</u>	<u>\$24,734,063</u>	<u>(\$4,110)</u>		<u>\$428,144,235</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, 2020**

**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:

<b>Governmental Activities</b>	
General government	\$233,906
Police	233,634
Fire	109,144
Development and engineering	3,734
Public works	6,279,570
Parks and community services	731,286
Internal service funds	<u>1,797,700</u>
<b>Total Governmental Activities</b>	<b><u>\$9,388,974</u></b>
 <b>Business-Type Activities</b>	
Water utility	\$4,455,473
Wastewater utility	5,335,794
Municipal airport	413,002
Municipal transit	914,249
Drainage	<u>1,658,011</u>
<b>Total Business-Type Activities</b>	<b><u>\$12,776,529</u></b>

**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 2020, the City expended \$6,666,870 to preserve its roads. The City estimates that it will be required to expend approximately \$9,866,151 million in the fiscal year 2021 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, 2020**

**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, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
<b>Governmental Activity Debt:</b>						
<b>Lease Revenue Bonds</b>						
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	730,000		730,000		
2008 Lease Revenue Bonds, 3% - 6.375%	19,765,000	17,895,000		17,895,000		
2020 Lease Revenue Refunding Bonds, 3% - 4%	18,190,000		\$18,190,000		\$18,190,000	\$555,000
2020 Lease Revenue Refunding Bonds Premium	3,593,313		3,547,244	46,069	3,501,175	
<b>Total Governmental Activity Debt</b>		<u>\$21,315,000</u>	<u>\$21,737,244</u>	<u>\$21,361,069</u>	<u>\$21,691,175</u>	<u>\$555,000</u>
<b>Business-type Activity Debt:</b>						
<b>Certificates of Participation</b>						
2004 Wastewater Certificates of Participation, 2% - 4.75%	\$30,955,000	\$22,890,000		\$840,000	\$22,050,000	\$875,000
<b>Loans Payable (Direct Borrowing)</b>						
State of California Department of Public Health, 2.34%	\$20,000,000	9,645,194		1,038,261	8,606,933	1,062,698
<b>Total Business-type Activity Debt</b>		<u>\$32,535,194</u>		<u>\$1,878,261</u>	<u>\$30,656,933</u>	<u>\$1,937,698</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. The 2007 Series A Lease Revenue Bonds were refunded on a current basis in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds, as discussed below.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 - LONG -TERM DEBT (Continued)**

**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. The 2007 Series B Lease Revenue Bonds were refunded in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds.

**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). The 2008 Lease Revenue Bonds were refunded on a current basis in fiscal year 2020 with the issuance of the 2020 Lease Revenue Refunding Bonds, as discussed below.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 - LONG -TERM DEBT (Continued)**

***E. 2020 Lease Revenue Refunding Bonds***

On February 28, 2020, the City, under the Tracy Operating Partnership (TOP), issued \$18,190,000 of 2020 Lease Revenue Refunding Bonds. The proceeds from the bonds were used to refund, on a current basis, the 2007 Lease Revenue Bonds Series A, the 2007 Lease Revenue Bonds Series B, and the 2008 Lease Revenue Bonds. The TOP has pledged revenue pursuant to amended site and facility leases between the City and the TOP for the Fire Station 91, the Police Department Headquarters and the Fire Administration Building. Interest payments are due semi-annually each November 1 and May 1 at rates of 3% and 4%. Principal is due annually each November 1 through 2038. The refunding resulted in an overall debt service savings of \$9,888,414. The net present value of the debt service savings is called an economic gain and amounted to \$8,617,218. The 2020 Bonds maturing on or before November 1, 2029 are not subject to annual redemption prior to maturity. The 2020 Bonds maturing on or after November 1, 2030 are subject to optional redemption prior to maturity on or after May 1, 2030 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 2020 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium. In the event of default, the TOP may not terminate the respective lease agreements or release the leased properties, but the City remains liable to pay all lease payments as they come due.

***F. 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 2020 net revenues amounted to \$3,713,482 which represented coverage of 196% over the \$1,891,480 of debt service. The pledge of net revenues ends upon repayment of the City's repayment of the remaining balance of \$34,110,433 which is scheduled to occur in 2037.

***G. 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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 7 - LONG -TERM DEBT (Continued)**

**H. Debt Service Requirements**

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

For the Year Ending June 30	Business-type Activities					
	Governmental Activities		2004 Certificates of Participation		Loan Payable From Direct Borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$555,000	\$713,725	\$875,000	\$1,014,818	\$1,062,698	\$195,222
2022	595,000	693,500	915,000	975,418	1,087,710	170,209
2023	635,000	668,900	955,000	932,865	1,113,312	144,607
2024	670,000	642,800	1,000,000	887,900	1,139,516	118,404
2025	705,000	615,300	1,050,000	840,750	1,166,337	91,583
2026-2030	4,220,000	2,603,600	6,025,000	3,941,413	3,037,360	107,438
2031-2035	5,590,000	1,627,200		2,667,130		
2036-2039	5,220,000	413,600	11,230,000	800,139		
Total	<u>\$18,190,000</u>	<u>\$7,978,625</u>	<u>\$22,050,000</u>	<u>\$12,060,433</u>	<u>\$8,606,933</u>	<u>\$827,463</u>

**I. 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, 2020**

**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, 2020, is as follows:

Description	Fiscal Year		Underlying Assessment District Bonds	Outstanding June 30, 2020
	Issue Year	Maturity Year		
1996A Tax Bonds (93-1 Community Facilities District - I-205 Parcel GL-17)	1997	2027		\$595,000
2002 Special Tax Bonds (93-1 Community Facilities District - 1-205 Parcel GL-17)	2003	2033		1,620,000
2003-01 Assessment District Limited Obligation Improvement Bonds (Berg Avenue)	2003	2029		495,000
2005A TOP JPA Revenue Bonds (Senior Lien) (98-1 Plan C)	2006	2029		36,020,000
2005B TOP JPA Revenue Bonds (Junior Lien) (98-3 Plan C)	2006	2036		1,290,000
2005C TOP JPA Revenue Bonds	2006	2036		10,170,000
2006 Special Tax Bonds (2006-1 Community Facilities District - NE Industrial Phase II)	2007	2037		9,535,000
2011A TOP JPA Revenue Bonds:				
98-4 Morrison Homes and 2000-02 Heartland Three	2011	2026	\$940,000	
2011-1 Reassessment Bonds	2011	2027	160,000	
99-2 South MacArthur Plan Area (2000 and 2002)	2011	2028	6,710,000	
Total 2011A TOP JPA Revenue Bonds				7,810,000
2014A Tracy Public Financing Authority Revenue Bonds:				
89-1 Community Facilities District	2014	2021	950,000	
99-1 Community Facilities District - Northeast Industrial Area	2014	2025	2,865,000	
2014-1 Reassessment Bonds	2014	2023	1,445,000	
Total 2014A Tracy Public Financing Authority Revenue Bonds				5,260,000
2018 Series Tracy Hills Special Tax Bonds				
Community Facilities District No. 2016-1	2019	2048		32,625,000
2019 Series Tracy Hills Phase I Special Tax Bonds				
Community Facilities District No. 2016-1	2020	2050		14,850,000
2019 Series ECFD Special Tax Bonds				
Community Facilities District No. 2016-2	2020	2050		15,385,000
2019 Series NEI Phase II Special Tax Refunding Bonds				
Community Facilities District No. 2006-01	2020	2037		8,230,000
<b>Total</b>				<b>\$143,885,000</b>



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

*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.

Detailed classifications of the City's Fund Balances, as of June 30, 2020, are below:

Fund Balance Classifications	General Fund	Special Revenue			
		Housing Successor Fund	TEA Grant	South San Joaquin County Fire Authority	Community Development Fees
<b>Nonspendable:</b>					
Items not in spendable form:					
Loans receivable	\$40,000				
<b>Total Nonspendable Fund Balances</b>	<u>40,000</u>				
<b>Restricted for:</b>					
Housing		\$4,862,964			
Special area projects					
Public safety					
Debt service					
Community development					
Asset forfeiture					
Streets and roads			\$345,633		
Landscaping district					
Fire authority					
Cable TV					
Drainage					
Tracy GROW					
<b>Total Restricted Fund Balances</b>		<u>4,862,964</u>	<u>345,633</u>		
<b>Committed to:</b>					
Contingency/Emergency	14,479,022				
<b>Total Committed Fund Balances</b>	<u>14,479,022</u>				
<b>Assigned to:</b>					
Animal Control Trust	22,193				
Economic/Budget Stability	5,670,453				
Prior year reappropriations	419,564				
Capital Projects					
<b>Total Assigned Fund Balances</b>	<u>6,112,210</u>				
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances				(\$2,760,535)	(\$370,123)
<b>Total Unassigned Fund Balances</b>				<u>(2,760,535)</u>	<u>(370,123)</u>
<b>Total Fund Balances</b>	<u>\$20,631,232</u>	<u>\$4,862,964</u>	<u>\$345,633</u>	<u>(\$2,760,535)</u>	<u>(\$370,123)</u>

(Continued)

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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	
<b>Nonspendable:</b>					
Items not in spendable form:					
Loans receivable					\$40,000
<b>Total Nonspendable Fund Balances</b>					<b>40,000</b>
<b>Restricted for:</b>					
Housing					4,862,964
Special area projects			\$34,987,566	\$92,297,577	127,285,143
Public safety				583,286	583,286
Debt service	\$1,494,243				1,494,243
Community development				212,002	212,002
Asset forfeiture				1,008,640	1,008,640
Streets and roads				9,615,767	9,961,400
Landscaping district				5,890,021	5,890,021
Fire authority					
Cable TV				347,286	347,286
Drainage				2,412,814	2,412,814
Tracy GROW				1,000,000	1,000,000
<b>Total Restricted Fund Balances</b>	<b>1,494,243</b>		<b>34,987,566</b>	<b>113,367,393</b>	<b>155,057,799</b>
<b>Committed to:</b>					
Contingency/Emergency					14,479,022
<b>Total Committed Fund Balances</b>					<b>14,479,022</b>
<b>Assigned to:</b>					
Animal Control Trust					22,193
Economic/Budget Stability					5,670,453
Prior year reappropriations					419,564
Capital Projects		\$26,193,026			26,193,026
<b>Total Assigned Fund Balances</b>		<b>26,193,026</b>			<b>32,305,236</b>
<b>Unassigned:</b>					
Unassigned					
Other Residual Deficit Fund Balances				(2,174,474)	(5,305,132)
<b>Total Unassigned Fund Balances</b>				<b>(2,174,474)</b>	<b>(5,305,132)</b>
<b>Total Fund Balances</b>	<b>\$1,494,243</b>	<b>\$26,193,026</b>	<b>\$34,987,566</b>	<b>\$111,192,919</b>	<b>\$196,576,925</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 \$15,811,345 at June 30, 2020, 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, 2020**

**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 \$2,843,207 at June 30, 2020, 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, 2020**

**NOTE 9 - NET POSITION AND FUND BALANCES (Continued)**

**D. Deficit Fund Balances and Accumulated Deficits**

At June 30, 2020, the South San Joaquin County Fire Authority Special Revenue Fund, Community Development Fees Special Revenue Fund, North East Industrial Plan Area #2 Capital Projects Fund, Central Garage Internal Service Fund and Central Services Internal Service Fund had deficit fund or net position balances of \$2,760,535, \$370,123, \$2,174,474, \$151,263 and \$264,379, 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 \$30,793,689, which will be eliminated by future revenues.

**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, 2020, are summarized as follows:

	<b>Miscellaneous</b>		
	Classic Tier I	Classic Tier II	PEPRA
	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	9.665%	9.665%	9.665%
Required UAL contribution		\$3,022,200	

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 - PENSION PLANS (Continued)**

	<b>Safety - Police</b>		
	<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%	13%
Required employer contribution rates	21.647%	21.647%	21.647%
Required UAL contribution (Police and Fire)	\$2,730,581		

	<b>Safety - Fire</b>	
	<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%	13%
Required employer contribution rates	21.647%	21.647%
Required UAL contribution (Police and Fire)	Included in Safety-Police total above	

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 for the year ended June 30, 2020 were \$3,022,200, and \$2,730,581, respectively, which were made under the lump sum payment option, as shown in the tables above.

**Employees Covered** – At the June 30, 2018 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	309	160
Inactive employees entitled to but not yet receiving benefits	261	55
Active employees	323	159
Total	<u>893</u>	<u>374</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 \$5,566,882 and \$6,437,044, respectively, for the year ended June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 - PENSION PLANS (Continued)**

**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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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.

**Actuarial Assumptions** – For the measurement period ended June 30, 2019, the total pension liabilities were determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous and Safety (1)
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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)
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% 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 expenses, including inflation
- (4) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.



**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 - PENSION PLANS (Continued)**

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 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.

**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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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 rounded 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 equal 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.

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, 2020**

**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)
<b>Balance at June 30, 2018 (Measurement Date)</b>	\$154,491,854	\$116,720,879	\$37,770,975
<b>Changes in the year:</b>			
Service cost	3,979,362		3,979,362
Interest on the total pension liability	11,084,143		11,084,143
Differences between actual and expected experience	1,781,080		1,781,080
Changes in assumptions			
Changes in benefit terms			
Net Plan to Plan Resource Movement			
Contribution - employer		4,774,139	(4,774,139)
Contribution - employee		1,907,660	(1,907,660)
Net investment income		7,724,741	(7,724,741)
Administrative expenses		(83,295)	83,295
Other Miscellaneous Income/(Expense)		272	(272)
Benefit payments, including refunds of employee contributions	(6,479,285)	(6,479,285)	
<b>Net changes</b>	<b>10,365,300</b>	<b>7,844,232</b>	<b>2,521,068</b>
<b>Balance at June 30, 2019 (Measurement Date)</b>	<b>\$164,857,154</b>	<b>\$124,565,111</b>	<b>\$40,292,043</b>

*Safety Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2018 (Measurement Date)</b>	\$181,251,666	\$139,511,458	\$41,740,208
<b>Changes in the year:</b>			
Service cost	5,341,283		5,341,283
Interest on the total pension liability	13,132,663		13,132,663
Differences between actual and expected experience	3,440,318		3,440,318
Changes in assumptions			
Net Plan to Plan Resource Movement			
Changes in benefit terms			
Contribution - employer		5,822,621	(5,822,621)
Contribution - employee		2,104,947	(2,104,947)
Net investment income		9,222,427	(9,222,427)
Administrative expenses		(99,558)	99,558
Other Miscellaneous Income/ (Expense)		323	(323)
Benefit payments, including refunds of employee contributions	(7,378,049)	(7,378,049)	
<b>Net changes</b>	<b>14,536,215</b>	<b>9,672,711</b>	<b>4,863,504</b>
<b>Balance at June 30, 2019 (Measurement Date)</b>	<b>\$195,787,881</b>	<b>\$149,184,169</b>	<b>\$46,603,712</b>
<b>Total Balance at June 30, 2019 (Measurement Date)</b> <b>(Miscellaneous and Safety Plans)</b>	<b>\$360,645,035</b>	<b>\$273,749,280</b>	<b>\$86,895,755</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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	\$62,599,295	\$76,239,672	\$138,838,967
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$40,292,043	\$46,603,712	\$86,895,755
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$21,846,560	\$22,529,536	\$44,376,096

*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, 2020, the City recognized pension expense of \$14,670,995 for the Miscellaneous Plan and \$15,626,077 for Safety Plans, for total pension expense of \$30,297,072. At June 30, 2020, 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	\$5,566,882	
Differences between actual and expected experience	1,921,416	
Changes in assumptions	760,232	(\$513,824)
Net differences between projected and actual earnings on plan investments		(675,695)
<b>Total</b>	<b>\$8,248,530</b>	<b>(\$1,189,519)</b>

*Safety Plan:*

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,437,044	
Differences between actual and expected experience	2,920,450	(\$941,189)
Changes in assumptions	4,131,636	(706,155)
Net differences between projected and actual earnings on plan investments		(625,878)
<b>Total</b>	<b>\$13,489,130</b>	<b>(\$2,273,222)</b>
<b>Total Miscellaneous and Safety Plans</b>	<b>\$21,737,660</b>	<b>(\$3,462,741)</b>

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 10 - PENSION PLANS (Continued)**

\$12,003,926 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, 2021. 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
2021	\$1,688,024	\$2,237,241	\$3,925,265
2022	(499,464)	1,343,701	844,237
2023	179,136	356,839	535,975
2024	124,433	841,083	965,516
2025	0	0	0
Thereafter	0	0	0
<b>Total</b>	<b>\$1,492,129</b>	<b>\$4,778,864</b>	<b>\$6,270,993</b>

**E. Subsequent Event - CalPERS Pension Contribution Rates**

The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the City's contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

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

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, 2020, those costs for 86 retirees totaled \$660,068 and the total liability amount in the medical leave bank is \$3,189,083.

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 the actuarial valuation included Medicare eligible retirees, 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, 2020, 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, 2020**

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

For the measurement period ended June 30, 2019, the total OPEB liabilities were determined by rolling forward the June 30, 2018 total OPEB liability. The June 30, 2019 total OPEB liability was based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	2.79%
Inflation	2.75%
Projected Salary Increase	3.25%
Healthcare Trend	7.00% in 2020, declining to 5.0% for 2024
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 2.98% at June 30, 2018 to 2.79% at June 30, 2019, to reflect the bond index rate.

**D. Discount Rate**

The discount rate used to measure the total OPEB liability 2.79%. 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 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, 2020**

**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:

	<b>Increase (Decrease)</b>
	<b>Total OPEB Liability</b>
Balance at June 30, 2018 (Measurement Date)	\$6,150,884
Changes Recognized for the Measurement Period:	
Service Cost	417,193
Interest on the total OPEB liability	192,818
Changes in benefit terms	
Difference between expected and actual experience	
Changes of assumptions	101,040
Contributions from the employer	
Net investment income	
Administrative expenses	
Benefit payments and refunds	(195,363)
Net Changes during July 1, 2018 to June 30, 2019	515,688
Balance at June 30, 2019 (Measurement Date)	\$6,666,572

**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%
(1.79%)	Rate (2.79%)	(3.79%)
\$7,223,735	\$6,666,572	\$6,151,157

**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%
\$6,097,691	\$6,666,572	\$7,395,960

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Employer contributions made subsequent to the measurement date	\$209,370	
Differences between Expected and Actual Experience	222,877	
Changes of assumptions	91,658	(\$554,452)
Total	\$523,905	(\$554,452)

\$209,370 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, 2021. 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
2021	(\$34,565)
2022	(34,565)
2023	(34,565)
2024	(34,565)
2025	(34,565)
Thereafter	(67,092)

**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, 2020**

**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)	\$54,000,000
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, 2020, the City contributed \$3,580,659 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, and the City as of June 30, 2020 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
2018	\$112,494	(\$112,494)	\$0	\$0
2019	0	0	0	0
2020	0	0	0	0

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 were as follows:

	<u>Amount</u>
General Fund	\$419,565
TEA Grant Special Revenue Fund	38,531
Community Development Fees Special Revenue Fund	169,423
General Projects Capital Projects Fund	1,228,048
Tracy Infrastructure Master Plan Capital Projects Fund	2,754,907
Non-Major Governmental Funds	4,248,782
	<u>\$8,859,256</u>

**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, 2020 was \$10,735,036. 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.

**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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

*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, 2019 had an excess surplus balance of \$137,971. 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 2021.

**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.

During fiscal year 2020, the SSJCFA incurred costs of \$6.4 million, of which \$5.8 million is to be paid by Tracy Rural Fire Protection District. At June 30, 2020, the South San Joaquin County Fire Authority Special Revenue Fund had deficit fund balance of \$2,760,535 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 2021.

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

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.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**NOTE 16 - COMMUNITY DEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY  
ACTIVITIES (Continued)**

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, 2020 are discussed in Note 3. Information presented in the following footnotes represents other assets and liabilities of the Successor Agency as of June 30, 2020.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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, 2020 consisted of the following:

	Original Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
2016 Refunding Tax Allocation Bonds, 2% - 5%	\$33,720,000	\$30,605,000		\$1,445,000	\$29,160,000	\$1,510,000
Add: Unamortized bond premium		4,570,284		304,686	4,265,598	
Reimbursement Agreement, 0%	12,200,000	8,000,000		8,000,000		
2020 Reimbursement Agreement, %0	5,501,854		\$5,501,854		5,501,854	309,754
Loans from Housing Successor, 0%	2,803,520	1,748,605		1,054,915	693,690	693,690
<b>Total</b>		<u>\$44,923,889</u>	<u>\$5,501,854</u>	<u>\$10,804,601</u>	<u>\$39,621,142</u>	<u>\$2,513,444</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. As discussed in Note 7E, the City refunded the 2008 Lease Revenue Bonds and amended the Reimbursement Agreement on March 1, 2020. Under the terms of the amendment, the Agency reimburses the City for a portion of lease payments made by the City under the property lease for the 2020 Lease Revenue Bonds. The terms of the Reimbursement Agreement indicate that the Agency is required to make annual payments to the City, 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. As a result, the Successor Agency reported a Special Item-Gain on reimbursement agreement amendment in the amount of \$2,098,146.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 began 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 \$44,534,475 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 2020 calculated by the County Auditor-Controller was \$8,526,336, and the total received by the Successor Agency for fiscal year 2020 debt service was \$4,334,879, which the Agency used to pay the \$2,738,609 of fiscal year debt service.

**CITY OF TRACY**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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
2021	\$2,513,444	\$1,312,550
2022	1,870,300	1,235,300
2023	1,949,400	1,154,300
2024	2,028,300	1,069,300
2025	2,111,900	980,300
2026-2030	11,964,000	3,409,125
2031-2035	11,771,400	736,275
2036-2039	1,146,800	
Total	35,355,544	\$9,897,150
Plus Unamortized Bond Premium	4,265,598	
Gross Long-Term Debt	\$39,621,142	

**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 EVENT**

In October 2020, the City issued infrastructure financing bonds for 2016-1 Community Facilities District, Tracy Hills, in the principal amount of \$18,160,000. The CFD is an additional parity bond related with the first bond issuance in September 2019 and the second bond issuance in August 2019. The bonds will be repaid through tax increment collected on the parcels within the district.



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).

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
---

**Modified Approach to Reporting Street Pavement Costs (Continued)**

The City's preservation costs are budgeted to be \$9,866,151 in fiscal year 2021. 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	6,666,870
2021	69	9,866,151	

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 \$6,666,870 for street preservation for fiscal year 2020.

**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	June 30, 2019
<b>Total Pension Liability</b>						
Service Cost	\$3,019,742	\$2,892,504	\$2,910,705	\$3,555,373	\$3,700,689	\$3,979,362
Interest	8,760,895	9,030,774	9,339,655	9,859,228	10,406,741	11,084,143
Differences between expected and actual experience	-	(3,592,113)	(3,013,865)	70,396	1,406,163	1,781,080
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)	(6,479,285)
Net change in total pension liability	7,332,910	1,265,058	4,279,709	16,401,681	7,686,572	10,365,300
Total pension liability - beginning	117,525,924	124,858,834	126,123,892	130,403,601	146,805,282	154,491,854
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>	<u>\$164,857,154</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$2,699,952	\$2,793,345	\$3,466,879	\$3,873,007	\$4,065,966	\$4,774,139
Contributions - employee	1,374,066	1,346,337	1,461,861	1,552,617	1,720,800	1,907,660
Net investment income (I)	14,281,310	2,132,844	487,393	10,997,746	9,323,836	7,724,741
Benefit payments, including refunds of employee contributions	(4,447,727)	(4,804,924)	(4,956,786)	(5,445,878)	(6,628,099)	(6,479,285)
Net Plan to Plan Resource Movement	-	8,501	-	-	31,823	-
Other Miscellaneous Income/ (Expense)	-	-	-	-	(321,657)	272
Administrative Expense	-	(109,805)	(59,400)	(144,490)	(169,381)	(83,295)
Net change in plan fiduciary net position	13,907,601	1,366,298	399,947	10,833,002	8,023,288	7,844,232
Plan fiduciary net position - beginning	82,190,743	96,098,344	97,464,642	97,864,589	108,697,591	116,720,879
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>	<u>\$124,565,111</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>	<u>\$40,292,043</u>
Plan fiduciary net position as a percentage of the total pension liability	76.97%	77.28%	75.05%	74.04%	75.55%	75.56%
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>	<u>\$25,887,652</u>
Net pension liability as percentage of covered payroll	150.34%	150.59%	168.13%	186.20%	157.45%	155.64%

**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 2018, and 2019 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**  
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$3,460,280	\$3,499,868	\$3,873,007	\$4,050,711	\$4,749,293	\$5,566,882
Contributions in relation to the actuarially determined contributions	(3,460,280)	(3,499,868)	(3,873,007)	(4,050,711)	(4,749,293)	(5,566,882)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$19,031,601	\$19,352,925	\$20,465,522	\$23,989,506	\$25,887,652	\$27,601,313
Contributions as a percentage of covered payroll	18.18%	18.08%	18.92%	16.89%	18.35%	20.17%
Notes to Schedule: Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.73% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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**

*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	June 30, 2019
<b>Total Pension Liability</b>						
Service Cost	\$4,767,092	\$4,491,843	\$4,239,783	\$4,863,739	\$5,100,415	\$5,341,283
Interest	9,861,726	10,281,540	10,762,768	11,508,306	12,156,431	13,132,663
Differences between expected and actual experience	-	(3,530,865)	(2,662,887)	433,771	(9,610)	3,440,318
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)	(7,378,049)
<b>Net change in total pension liability</b>	9,612,475	2,964,816	6,422,018	21,102,678	9,535,378	14,536,215
<b>Total pension liability - beginning</b>	131,614,301	141,226,776	144,191,592	150,613,610	171,716,288	181,251,666
<b>Total pension liability - ending (a)</b>	\$141,226,776	\$144,191,592	\$150,613,610	\$171,716,288	\$181,251,666	\$195,787,881
<b>Plan fiduciary net position</b>						
Contributions - employer	\$4,341,816	\$4,171,390	\$4,433,276	\$4,604,350	\$5,132,782	\$5,822,621
Contributions - employee	1,458,951	1,380,651	1,421,949	1,590,493	1,985,924	2,104,947
Net investment income (1)	16,826,945	2,531,449	584,528	12,957,627	10,913,236	9,222,427
Benefit payments, including refunds of employee contributions	(5,016,343)	(5,470,177)	(5,917,646)	(6,358,409)	(6,949,949)	(7,378,049)
Plan to Plan resource movement	-	-	-	-	(32,418)	-
Other Miscellaneous Income/ (Expense)	-	-	-	-	(381,868)	323
Administrative Expenses	-	(130,531)	(70,678)	(171,890)	(201,087)	(99,558)
<b>Net change in plan fiduciary net position</b>	17,611,369	2,482,782	451,429	12,622,171	10,466,620	9,672,711
<b>Plan fiduciary net position - beginning</b>	95,877,087	113,488,456	115,971,238	116,422,667	129,044,838	139,511,458
<b>Plan fiduciary net position - ending (b)</b>	\$113,488,456	\$115,971,238	\$116,422,667	\$129,044,838	\$139,511,458	\$149,184,169
<b>Net pension liability - ending (a)-(b)</b>	\$27,738,320	\$28,220,354	\$34,190,943	\$42,671,450	\$41,740,208	\$46,603,712
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	80.36%	80.43%	77.30%	75.15%	76.97%	76.20%
<b>Covered payroll</b>	\$15,506,642	\$15,225,341	\$15,414,995	\$15,512,824	\$16,743,454	\$18,413,297
<b>Net pension liability as percentage of covered payroll</b>	178.88%	185.35%	221.80%	275.07%	249.29%	253.10%

**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 2018, and 2019 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	2020
Actuarially determined contribution	\$3,522,006	\$4,477,450	\$4,604,350	\$5,148,037	\$5,643,974	\$6,437,044
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>	<u>(6,437,044)</u>
Contribution deficiency (excess)	<u>\$0</u>	<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>	<u>\$19,725,873</u>
Contributions as a percentage of covered payroll	23.13%	29.05%	29.68%	30.75%	30.65%	32.63%
Notes to Schedule						
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

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% for 2015 to 2019, and 2.875% for 2020
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, and 7.25% for 2020, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.

Mortality

The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 and 2020, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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

<b>REQUIRED SUPPLEMENTARY INFORMATION</b>
---

*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	2018-19
<b>Total OPEB liability</b>			
Service cost	\$ 343,641	\$ 318,114	\$ 417,193
Interest	153,933	192,889	192,818
Differences between expected and actual experience	-	273,705	-
Assumption changes	(334,977)	(391,232)	101,040
Benefit payments, including refunds of employee contributions	(138,947)	(174,114)	(195,363)
<b>Net change in total OPEB liability</b>	23,650	219,362	515,688
<b>Total OPEB liability - beginning</b>	5,907,872	5,931,522	6,150,884
<b>Total OPEB liability - ending</b>	\$ 5,931,522	\$ 6,150,884	\$ 6,666,572
 <b>Covered-employee payroll</b>	 \$ 23,997,600	 \$ 34,519,846	 \$ 36,634,298
<b>Plan total OPEB liability as a percentage of covered-employee payroll</b>	24.72%	17.82%	18.20%

\* 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	2020
Actuarially determined contribution	\$ 764,705	\$ - (1)	\$ - (1)
Contractually Required Contributions		195,363 (1)	209,370 (1)
Contributions in relation to the actuarially determined or contractually required contribution	<u>174,114</u>	<u>195,363</u>	<u>209,370</u>
Contribution deficiency (excess)	<u>\$ 590,591</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	<u>\$ 34,519,846</u>	<u>\$ 36,634,298</u>	<u>\$ 36,576,729</u>
Contributions as a percentage of covered-employee payroll	0.50%	0.53%	0.57%

**Notes to Schedule:**

- (1) The City did not obtain an actuarially determined contribution in fiscal year 2019 or 2020, 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	26 years remaining as of June 30, 2020
Asset Valuation Method	Market value of assets (\$0, no OPEB Trust has been established)
Discount Rate	2.79% for June 30, 2019 and 2.98% for June 30, 2018
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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$60,645,864	\$61,023,441	\$64,241,200	\$3,217,759
Licenses, permits and fees	3,740,255	3,663,700	3,907,932	244,232
Fines and forfeitures	173,626	135,268	180,186	44,918
Use of money and property	740,832	621,148	1,065,302	444,154
Intergovernmental	1,398,420	1,123,866	1,630,147	506,281
Charges for current services	10,850,140	10,233,620	11,525,274	1,291,654
Special assessments	429,468	339,506	452,110	112,604
Contributions	147,221	145,859	145,859	
Other revenue	9,355	67,190		(67,190)
<b>Total Revenues</b>	<b>78,135,181</b>	<b>77,353,598</b>	<b>83,148,010</b>	<b>5,794,412</b>
<b>EXPENDITURES:</b>				
Current:				
General government				
Economic development	689,333	678,529	647,524	31,005
General government	7,200,342	7,113,272	7,023,314	89,958
Finance	5,053,818	4,481,566	4,890,254	(408,688)
Non-departmental	376,482	483,773	599,975	(116,202)
Public safety				
Police	31,584,512	33,059,100	32,903,426	155,674
Fire	14,931,241	15,180,505	15,714,615	(534,110)
Public works				
Development and engineering	313,307	209,327	201,974	7,353
Public works	6,656,457	7,103,127	7,043,632	59,495
Culture and leisure				
Parks and community services	3,435,298	3,248,240	3,180,097	68,143
Capital outlay		8,263,638	205,540	8,058,098
<b>Total Expenditures</b>	<b>70,240,790</b>	<b>79,821,077</b>	<b>72,410,351</b>	<b>7,410,726</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,894,391</b>	<b>(2,467,479)</b>	<b>10,737,659</b>	<b>13,205,138</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets		33,298	33,298	
Contributions			3,930,000	3,930,000
Transfers in			26,876	26,876
Transfers (out)	(1,238,400)	(1,482,144)	(24,662,144)	(23,180,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,238,400)</b>	<b>(1,448,846)</b>	<b>(20,671,970)</b>	<b>(19,223,124)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$6,655,991</b>	<b>(\$3,916,325)</b>	<b>(9,934,311)</b>	<b>(\$6,017,986)</b>
<b>BEGINNING FUND BALANCE</b>			<b>30,565,543</b>	
<b>ENDING FUND BALANCE</b>			<b>\$20,631,232</b>	

CITY OF TRACY  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 HOUSING SUCCESSOR FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	<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	\$107,974	\$124,077	\$307,112	\$183,035
Other revenue		2,506	2,506	
Total Revenues	<u>107,974</u>	<u>126,583</u>	<u>309,618</u>	<u>183,035</u>
NET CHANGE IN FUND BALANCE	<u>\$107,974</u>	<u>\$126,583</u>	309,618	<u>\$183,035</u>
BEGINNING FUND BALANCE			<u>4,553,346</u>	
ENDING FUND BALANCE			<u>\$4,862,964</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property		(\$3,330)	\$4,480	\$7,810
Intergovernmental		3,734,216	4,164,641	430,425
Total Revenues		<u>3,730,886</u>	<u>4,169,121</u>	<u>438,235</u>
EXPENDITURES:				
Capital outlay		3,939,589	3,587,812	351,777
Total Expenditures		<u>3,939,589</u>	<u>3,587,812</u>	<u>351,777</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		<u>(208,703)</u>	<u>581,309</u>	<u>790,012</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out		(22,879)	(126,396)	(103,517)
Total Other Financing Sources (Uses)		<u>(22,879)</u>	<u>(126,396)</u>	<u>(103,517)</u>
NET CHANGE IN FUND BALANCE		<u><u>(\$231,582)</u></u>	454,913	<u><u>\$686,495</u></u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(109,280)</u>	
ENDING FUND BALANCE			<u><u>\$345,633</u></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, 2020

	<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			\$194,425	\$194,425
Charges for current services	\$6,096,400	\$6,774,227	8,917,803	2,143,576
 Total Revenues	 6,096,400	 6,774,227	 9,112,228	 2,338,001
EXPENDITURES:				
Current:				
General government		175,000	175,000	
Public safety				
Fire	5,720,732	6,446,719	6,194,122	252,597
Capital outlay		100,470	79,090	21,380
 Total Expenditures	 5,720,732	 6,722,189	 6,448,212	 273,977
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	375,668	52,038	2,664,016	2,611,978
NET CHANGE IN FUND BALANCE	<u>\$375,668</u>	<u>\$52,038</u>	2,664,016	<u>\$2,611,978</u>
BEGINNING FUND BALANCE			<u>(5,424,551)</u>	
ENDING FUND BALANCE (DEFICIT)			<u><u>(\$2,760,535)</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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Licenses, permits and fees	\$4,931,871	\$2,559,489	\$3,346,649	\$787,160
Use of money and property		(46,831)	114,124	160,955
Intergovernmental		20,000	20,000	
Charges for current services	6,203,404	3,882,435	4,268,120	385,685
Other revenue	3,185	1,862	1,862	
	<u>11,138,460</u>	<u>6,416,955</u>	<u>7,750,755</u>	<u>1,333,800</u>
<b>EXPENDITURES:</b>				
Current:				
General government				
Non-departmental		952,753	952,753	
Public works				
Development and engineering	12,715,580	9,655,313	10,250,058	(594,745)
Capital outlay		38,357	38,357	
	<u>12,715,580</u>	<u>10,646,423</u>	<u>11,241,168</u>	<u>(594,745)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,577,120)	(4,229,468)	(3,490,413)	739,055
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in			4,180,000	4,180,000
NET CHANGE IN FUND BALANCE	<u>(\$1,577,120)</u>	<u>(\$4,229,468)</u>	689,587	<u>\$4,919,055</u>
BEGINNING FUND BALANCE (DEFICIT)			<u>(1,059,710)</u>	
ENDING FUND BALANCE (DEFICIT)			<u>(\$370,123)</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, 2020

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Use of money and property	\$1,913	\$14,900	\$12,987
Intergovernmental	400,000	400,000	
Total Revenues	401,913	414,900	12,987
EXPENDITURES:			
Debt service:			
Principal	250,000	17,895,000	(17,645,000)
Interest and fiscal charges	1,127,238	1,406,514	(279,276)
Total Expenditures	1,377,238	19,301,514	(17,924,276)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(975,325)	(18,886,614)	(17,911,289)
OTHER FINANCING SOURCES (USES)			
Issuance of debt		18,190,000	18,190,000
Bond premium		3,547,244	3,547,244
Transfers in	958,300	958,300	
Transfers out		(2,935,556)	(2,935,556)
Total Other Financing Sources (Uses)	958,300	19,759,988	18,801,688
NET CHANGE IN FUND BALANCE	(\$17,025)	873,374	\$890,399
BEGINNING FUND BALANCE		620,869	
ENDING FUND BALANCE		\$1,494,243	

THIS PAGE INTENTIONALLY LEFT BLANK

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
-------------------------------------

**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.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
---

**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, 2020

	SPECIAL REVENUE FUNDS			
	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation Tax
<b>ASSETS</b>				
Cash and investments	\$1,683	\$1,003,601	\$932,413	\$2,668,897
Cash and investments with fiscal agents				
Accounts receivables				373,894
Interest receivable		5,039	3,312	9,481
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$1,683	\$1,008,640	\$935,725	\$3,052,272
<b>LIABILITIES</b>				
Accounts payable			\$183,101	\$29,163
Salaries and benefits payable			61	6,516
Due to other funds				
Deposits payable				
Unearned revenue			77,459	
Total Liabilities			260,621	35,679
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	\$1,683	\$1,008,640	675,104	3,016,593
Unassigned				
Total Fund Balances (Deficit)	1,683	1,008,640	675,104	3,016,593
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,683	\$1,008,640	\$935,725	\$3,052,272

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
\$6,029,439		\$6,094,929	\$211,252	\$307,348	
115,725 22,709	\$22,275	9,190 21,639	750	40,719 1,090	
					\$1,000,000
<u>\$6,167,873</u>	<u>\$22,275</u>	<u>\$6,125,758</u>	<u>\$212,002</u>	<u>\$349,157</u>	<u>\$1,000,000</u>
\$217,898 25,905	\$855 21,420	\$195,180 40,557		\$1,871	
<u>243,803</u>	<u>22,275</u>	<u>235,737</u>		<u>1,871</u>	
5,924,070		5,890,021	\$212,002	347,286	\$1,000,000
<u>5,924,070</u>		<u>5,890,021</u>	<u>212,002</u>	<u>347,286</u>	<u>1,000,000</u>
<u>\$6,167,873</u>	<u>\$22,275</u>	<u>\$6,125,758</u>	<u>\$212,002</u>	<u>\$349,157</u>	<u>\$1,000,000</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
<b>ASSETS</b>				
Cash and investments	\$588,178	\$2,857	\$722,039	\$819,585
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	2,090	10	2,565	2,912
Due from other funds				
Deposits				
Loans receivable				
Total Assets	\$590,268	\$2,867	\$724,604	\$822,497
<b>LIABILITIES</b>				
Accounts payable			\$2,159	
Salaries and benefits payable	\$6,982			
Due to other funds				
Deposits payable			485,276	\$100,000
Unearned revenue				
Total Liabilities	6,982		487,435	100,000
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	583,286	\$2,867	237,169	722,497
Unassigned				
Total Fund Balances (Deficit)	583,286	2,867	237,169	722,497
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$590,268	\$2,867	\$724,604	\$822,497

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
\$2,404,273		\$9,405,196	\$35,844	\$5,021,504	\$12,311,511
8,541		41,137 2,174,474		17,959	43,737
<u>\$2,412,814</u>		<u>\$11,620,807</u>	<u>\$35,844</u>	<u>\$5,039,463</u>	<u>\$12,355,248</u>
		\$40		\$568	
			\$2,174,474 35,844		\$915,441
		40	2,210,318	568	915,441
\$2,412,814		11,620,767	(2,174,474)	5,038,895	11,439,807
<u>2,412,814</u>		<u>11,620,767</u>	<u>(2,174,474)</u>	<u>5,038,895</u>	<u>11,439,807</u>
<u>\$2,412,814</u>		<u>\$11,620,807</u>	<u>\$35,844</u>	<u>\$5,039,463</u>	<u>\$12,355,248</u>

(Continued)

CITY OF TRACY  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2020

	CAPITAL PROJECTS FUNDS			
	Urban Management Plan Facilities	Capital Projects Deposit	South MacArthur Plan Area	Industrial Specific Plan South
<b>ASSETS</b>				
Cash and investments	\$6,649,308	\$3,920,164	\$11,696,957	\$2,797,248
Cash and investments with fiscal agents				
Accounts receivables				
Interest receivable	23,622	13,927	41,554	9,937
Due from other funds				
Deposits				
Loans receivable				
Total Assets	<u>\$6,672,930</u>	<u>\$3,934,091</u>	<u>\$11,738,511</u>	<u>\$2,807,185</u>
<b>LIABILITIES</b>				
Accounts payable	\$873,274			\$316,277
Salaries and benefits payable	1,271			
Due to other funds				
Deposits payable	1,056,498	\$3,896,347		
Unearned revenue				
Total Liabilities	<u>1,931,043</u>	<u>3,896,347</u>		<u>316,277</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue- loans				
Total Deferred Inflows of Resources				
<b>FUND BALANCE</b>				
Fund balance:				
Restricted	4,741,887	37,744	\$11,738,511	2,490,908
Unassigned				
Total Fund Balances (Deficit)	<u>4,741,887</u>	<u>37,744</u>	<u>11,738,511</u>	<u>2,490,908</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$6,672,930</u>	<u>\$3,934,091</u>	<u>\$11,738,511</u>	<u>\$2,807,185</u>

CAPITAL PROJECTS FUNDS

Presidio Plan Area	Redevelopment Obligations	Tracy Gateway Area	Plan "C"	Residential Specific Plan Project	Ellis Area	Total Nonmajor Governmental Funds
\$6,406,177 77	\$2,005,775	\$2,135,800	\$24,405,407	\$2,897,043	\$7,447,168	\$118,921,596 77
22,758	7,126	7,588	86,706	10,292	26,949	561,803 433,430 2,174,474 1,000,000 1,864,862
<u>\$6,429,012</u>	<u>\$2,012,901</u>	<u>\$2,143,388</u>	<u>\$24,492,113</u>	<u>\$4,772,197</u>	<u>\$7,474,117</u>	<u>\$124,956,242</u>
	\$180 1,067	\$624	\$13,684 1,245		\$1,783	\$1,836,033 84,228 2,195,894 7,704,847 77,459
\$825,000	3,000				387,441	
<u>825,000</u>	<u>4,247</u>	<u>624</u>	<u>14,929</u>		<u>389,224</u>	<u>11,898,461</u>
				\$1,864,862		1,864,862
				1,864,862		1,864,862
5,604,012	2,008,654	2,142,764	24,477,184	2,907,335	7,084,893	113,367,393 (2,174,474)
<u>5,604,012</u>	<u>2,008,654</u>	<u>2,142,764</u>	<u>24,477,184</u>	<u>2,907,335</u>	<u>7,084,893</u>	<u>111,192,919</u>
<u>\$6,429,012</u>	<u>\$2,012,901</u>	<u>\$2,143,388</u>	<u>\$24,492,113</u>	<u>\$4,772,197</u>	<u>\$7,474,117</u>	<u>\$124,956,242</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, 2020

	SPECIAL REVENUE FUNDS			
	Business Improvement District	Asset Forfeiture	Transportation Development	Proposition K Transportation Tax
REVENUES				
Taxes			\$75,000	\$1,610,306
Licenses, permits and fees				
Fines and penalties		\$449,376		
Use of money and property		25,986	29,189	58,241
Intergovernmental				2,315,927
Charges for current services	\$122,680			
Special assessments				
Contributions				
Other revenue				
Total Revenues	<u>122,680</u>	<u>475,362</u>	<u>104,189</u>	<u>3,984,474</u>
EXPENDITURES				
Current:				
General government				
Economic development	122,261			
Non-departmental			119	
Public safety				
Police		584,285		
Public ways and facilities/transportation				
Development and engineering			8,438	
Public works				
Capital outlay			2,243,981	2,441,058
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>122,261</u>	<u>584,285</u>	<u>2,252,538</u>	<u>2,441,058</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>419</u>	<u>(108,923)</u>	<u>(2,148,349)</u>	<u>1,543,416</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	419	(108,923)	(2,148,349)	1,543,416
BEGINNING FUND BALANCES (DEFICITS)	<u>1,264</u>	<u>1,117,563</u>	<u>2,823,453</u>	<u>1,473,177</u>
ENDING FUND BALANCES (DEFICITS)	<u>\$1,683</u>	<u>\$1,008,640</u>	<u>\$675,104</u>	<u>\$3,016,593</u>

SPECIAL REVENUE FUNDS

State Gas Tax Street	Community Development Block Grant	Landscaping District	Residential and Commercial Rehabilitation Loan	Community Access CTV	Grow Tracy
				\$163,319	
\$150,266		\$140,715	\$5,095	10,362	
3,577,185	\$300,579			145	
		3,225,084			
47,395		1,700			
<u>3,774,846</u>	<u>300,579</u>	<u>3,367,499</u>	<u>5,095</u>	<u>173,826</u>	
	284,980				
97,771		272,183			
1,315,462		3,064,028			
715,346		175,602		459,323	
<u>2,128,579</u>	<u>284,980</u>	<u>3,511,813</u>		<u>459,323</u>	
<u>1,646,267</u>	<u>15,599</u>	<u>(144,314)</u>	<u>5,095</u>	<u>(285,497)</u>	
109,839		93,744			
<u>109,839</u>		<u>93,744</u>			
1,756,106	15,599	(50,570)	5,095	(285,497)	
<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>\$5,924,070</u>		<u>\$5,890,021</u>	<u>\$212,002</u>	<u>\$347,286</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, 2020

	SPECIAL REVENUE FUNDS			
	COPS Grant	FEMA Grant	CFD Services 2016-2	CFD Services 2018-1
<b>REVENUES</b>				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$14,301	\$10	\$16,157	\$16,321
Intergovernmental	167,066			
Charges for current services				
Special assessments			90,375	292,002
Contributions				
Other revenue				
Total Revenues	<u>181,367</u>	<u>10</u>	<u>106,532</u>	<u>308,323</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental				
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering				
Public works				
Capital outlay				
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>234,807</u>	<u></u>	<u>115,985</u>	<u>7,797</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(53,440)</u>	<u>10</u>	<u>(9,453)</u>	<u>300,526</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)	<u></u>	<u></u>	<u></u>	<u>(26,876)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(53,440)</u>	<u>10</u>	<u>(9,453)</u>	<u>273,650</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>636,726</u>	<u>2,857</u>	<u>246,622</u>	<u>448,847</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u>\$583,286</u>	<u>\$2,867</u>	<u>\$237,169</u>	<u>\$722,497</u>

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
North East Industrial Plan Area Storm Drain	2007 Lease Revenue Bonds	North East Industrial Plan Area #1	North East Industrial Plan Area # 2	Infill Projects	I-205 Area Improvements
(\$5,558)	\$7,481	\$295,683	\$4	\$119,433	\$296,871
			441,553	1,698,337	
3,214,976					
<u>3,209,418</u>	<u>7,481</u>	<u>295,683</u>	<u>441,557</u>	<u>1,817,770</u>	<u>296,871</u>
7,994,287			7,760	1,041,364	5,285
	3,420,000 158,729				
<u>7,994,287</u>	<u>3,578,729</u>		<u>7,760</u>	<u>1,041,364</u>	<u>5,285</u>
<u>(4,784,869)</u>	<u>(3,571,248)</u>	<u>295,683</u>	<u>433,797</u>	<u>776,406</u>	<u>291,586</u>
	3,215,656				
			<u>(226,670)</u>		
	<u>3,215,656</u>		<u>(226,670)</u>		
<u>(4,784,869)</u>	<u>(355,592)</u>	<u>295,683</u>	<u>207,127</u>	<u>776,406</u>	<u>291,586</u>
<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>\$2,412,814</u>		<u>\$11,620,767</u>	<u>(\$2,174,474)</u>	<u>\$5,038,895</u>	<u>\$11,439,807</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, 2020

	CAPITAL PROJECTS FUNDS			
	Urban Management Plan Facilities	Capital Projects Deposits	South MacArthur Plan Area	Industrial Specific Plan South
<b>REVENUES</b>				
Taxes				
Licenses, permits and fees				
Fines and penalties				
Use of money and property	\$159,183	\$34,270	\$283,489	\$65,678
Intergovernmental				
Charges for current services	744,099		436,282	351,820
Special assessments				
Contributions	26,366			
Other revenue				
Total Revenues	<u>929,648</u>	<u>34,270</u>	<u>719,771</u>	<u>417,498</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Economic development				
Non-departmental				
Public safety				
Police				
Public ways and facilities/transportation				
Development and engineering	797,251			
Public works				
Capital outlay			2,658	529,167
Debt service:				
Principal payments				
Interest and fiscal charges				
Total Expenditures	<u>797,251</u>		<u>2,658</u>	<u>529,167</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>132,397</u>	<u>34,270</u>	<u>717,113</u>	<u>(111,669)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in				
Transfers (out)				
Total Other Financing Sources (Uses)				
<b>NET CHANGE IN FUND BALANCES</b>	132,397	34,270	717,113	(111,669)
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<u>4,609,490</u>	<u>3,474</u>	<u>11,021,398</u>	<u>2,602,577</u>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<u><u>\$4,741,887</u></u>	<u><u>\$37,744</u></u>	<u><u>\$11,738,511</u></u>	<u><u>\$2,490,908</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
						\$1,685,306
						163,319
						449,376
\$154,549	\$48,969	\$51,510	\$598,308	\$126,710	\$181,583	2,884,806
			235,923		1,372,980	6,360,757
						5,403,819
						3,607,461
						3,288,737
				50,000		51,700
<u>154,549</u>	<u>48,969</u>	<u>51,510</u>	<u>834,231</u>	<u>176,710</u>	<u>1,554,563</u>	<u>23,895,281</u>
						463,537
				56,296		384,180
						804,985
						805,689
2,790	241,738	14,307	1,773,402	212,752	24,793	4,503,272
						17,885,613
						3,420,000
						158,729
<u>2,790</u>	<u>241,738</u>	<u>14,307</u>	<u>1,773,402</u>	<u>269,048</u>	<u>24,793</u>	<u>28,426,005</u>
<u>151,759</u>	<u>(192,769)</u>	<u>37,203</u>	<u>(939,171)</u>	<u>(92,338)</u>	<u>1,529,770</u>	<u>(4,530,724)</u>
						3,419,239
					(138,198)	(391,744)
					(138,198)	3,027,495
151,759	(192,769)	37,203	(939,171)	(92,338)	1,391,572	(1,503,229)
<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>\$5,604,012</u>	<u>\$2,008,654</u>	<u>\$2,142,764</u>	<u>\$24,477,184</u>	<u>\$2,907,335</u>	<u>\$7,084,893</u>	<u>\$111,192,919</u>

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, 2020

	BUSINESS IMPROVEMENT DISTRICT			ASSET FORFEITURE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and penalties				\$421,890	\$449,376	\$27,486
Use of money and property				(11,775)	25,986	37,761
Intergovernmental						
Charges for current services	\$122,680	\$122,680				
Special assessments						
Contributions						
Other revenue						
<b>Total Revenues</b>	<u>122,680</u>	<u>122,680</u>		<u>410,115</u>	<u>475,362</u>	<u>65,247</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development	125,647	122,261	\$3,386			
General government						
Non-departmental						
Public safety						
Police				616,129	584,285	31,844
Public works						
Development and engineering						
Public works						
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>125,647</u>	<u>122,261</u>	<u>3,386</u>	<u>616,129</u>	<u>584,285</u>	<u>31,844</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(2,967)</u>	<u>419</u>	<u>3,386</u>	<u>(206,014)</u>	<u>(108,923)</u>	<u>97,091</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in						
Transfers out						
<b>Total Other Financing Sources (Uses)</b>						
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$2,967)</u>	<u>419</u>	<u>\$3,386</u>	<u>(\$206,014)</u>	<u>(108,923)</u>	<u>\$97,091</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>1,264</u>			<u>1,117,563</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$1,683</u>			<u>\$1,008,640</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)
\$75,000	\$75,000		\$1,280,028	\$1,610,306	\$330,278			
(27,615)	29,189	\$56,804	(8,312)	58,241	66,553	(\$36,578)	\$150,266	\$186,844
			645,812	2,315,927	1,670,115	2,917,547	3,577,185	659,638
						47,395	47,395	
<u>47,385</u>	<u>104,189</u>	<u>56,804</u>	<u>1,917,528</u>	<u>3,984,474</u>	<u>2,066,946</u>	<u>2,928,364</u>	<u>3,774,846</u>	<u>846,482</u>
119	119					97,771	97,771	
7,152	8,438	(1,286)						
2,195,886	2,243,981	(48,095)	2,567,315	2,441,058	126,257	1,358,040	1,315,462	42,578
						622,418	715,346	(92,928)
<u>2,203,157</u>	<u>2,252,538</u>	<u>(49,381)</u>	<u>2,567,315</u>	<u>2,441,058</u>	<u>126,257</u>	<u>2,078,229</u>	<u>2,128,579</u>	<u>(50,350)</u>
<u>(2,155,772)</u>	<u>(2,148,349)</u>	<u>7,423</u>	<u>(649,787)</u>	<u>1,543,416</u>	<u>2,193,203</u>	<u>850,135</u>	<u>1,646,267</u>	<u>796,132</u>
						39,436	109,839	70,403
						39,436	109,839	70,403
<u>(\$2,155,772)</u>	<u>(2,148,349)</u>	<u>\$7,423</u>	<u>(\$649,787)</u>	<u>1,543,416</u>	<u>\$2,193,203</u>	<u>\$889,571</u>	<u>1,756,106</u>	<u>\$866,535</u>
	<u>2,823,453</u>			<u>1,473,177</u>			<u>4,167,964</u>	
	<u>\$675,104</u>			<u>\$3,016,593</u>			<u>\$5,924,070</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, 2020

	COMMUNITY DEVELOPMENT BLOCK GRANT			LANDSCAPING DISTRICT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and penalties						
Use of money and property				(\$60,580)	\$140,715	\$201,295
Intergovernmental	\$225,186	\$300,579	\$75,393			
Charges for current services				3,225,084	3,225,084	
Special assessments						
Contributions						
Other revenue				1,700	1,700	
<b>Total Revenues</b>	<u>225,186</u>	<u>300,579</u>	<u>75,393</u>	<u>3,166,204</u>	<u>3,367,499</u>	<u>201,295</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development	690,504	284,980	405,524			
General government						
Non-departmental				272,183	272,183	
Public safety						
Police						
Public works						
Development and engineering						
Public works				3,292,626	3,064,028	228,598
Capital outlay	1,650		1,650	26,545	175,602	(149,057)
Debt service:						
Principal payments						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>692,154</u>	<u>284,980</u>	<u>407,174</u>	<u>3,591,354</u>	<u>3,511,813</u>	<u>79,541</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(466,968)</u>	<u>15,599</u>	<u>482,567</u>	<u>(425,150)</u>	<u>(144,314)</u>	<u>280,836</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in				93,744	93,744	
Transfers out						
<b>Total Other Financing Sources (Uses)</b>				<u>93,744</u>	<u>93,744</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u>(\$466,968)</u>	<u>15,599</u>	<u>\$482,567</u>	<u>(\$331,406)</u>	<u>(50,570)</u>	<u>\$280,836</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>(15,599)</u>			<u>5,940,591</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>					<u>\$5,890,021</u>	

COMMUNITY ACCESS CTV			COPS GRANT			FEMA GRANT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$87,453	\$163,319	\$75,866						
(5,777)	10,362	16,139	(\$5,830)	\$14,301	\$20,131		\$10	\$10
145	145		161,607	167,066	5,459			
<u>81,821</u>	<u>173,826</u>	<u>92,005</u>	<u>155,777</u>	<u>181,367</u>	<u>25,590</u>		<u>10</u>	<u>10</u>
			14,107	14,107				
			221,014	220,700	314			
586,374	459,323	127,051						
<u>586,374</u>	<u>459,323</u>	<u>127,051</u>	<u>235,121</u>	<u>234,807</u>	<u>314</u>			
<u>(504,553)</u>	<u>(285,497)</u>	<u>219,056</u>	<u>(79,344)</u>	<u>(53,440)</u>	<u>25,904</u>		<u>10</u>	<u>10</u>
<u>(\$504,553)</u>	(285,497)	<u>\$219,056</u>	<u>(\$79,344)</u>	(53,440)	<u>\$25,904</u>		10	<u>\$10</u>
	<u>632,783</u>			<u>636,726</u>			<u>2,857</u>	
	<u>\$347,286</u>			<u>\$583,286</u>			<u>\$2,867</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, 2020

	CFD Services 2016-2			CFD Services 2018-1		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes						
Licenses, permits and fees						
Fines and penalties						
Use of money and property	(\$5,456)	\$16,157	\$21,613	(\$5,503)	\$16,321	\$21,824
Intergovernmental						
Charges for current services						
Special assessments	220,873	90,375	(130,498)	154,761	292,002	137,241
Contributions						
Other revenue						
<b>Total Revenues</b>	<u>215,417</u>	<u>106,532</u>	<u>(108,885)</u>	<u>149,258</u>	<u>308,323</u>	<u>159,065</u>
<b>EXPENDITURES</b>						
Current:						
General government						
Economic development						
General government						
Non-departmental						
Public safety						
Police						
Public works						
Development and engineering						
Public works	82,300	115,985	(33,685)	5,768	7,797	(2,029)
Capital outlay						
Debt service:						
Principal payments						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>82,300</u>	<u>115,985</u>	<u>(33,685)</u>	<u>5,768</u>	<u>7,797</u>	<u>(2,029)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>133,117</u>	<u>(9,453)</u>	<u>(142,570)</u>	<u>143,490</u>	<u>300,526</u>	<u>157,036</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt						
Transfers in						
Transfers out					(26,876)	(26,876)
<b>Total Other Financing Sources (Uses)</b>					<u>(26,876)</u>	<u>(26,876)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$133,117</u>	<u>(9,453)</u>	<u>(\$142,570)</u>	<u>\$143,490</u>	<u>273,650</u>	<u>\$130,160</u>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>		<u>246,622</u>			<u>448,847</u>	
<b>ENDING FUND BALANCES (DEFICITS)</b>		<u>\$237,169</u>			<u>\$722,497</u>	

NORTH EAST INDUSTRIAL PLAN AREA STORM DRAIN			2007 LEASE REVENUE BONDS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
(\$72,164)	(\$5,558)	\$66,606	\$1,959	\$7,481	\$5,522
	3,214,976	3,214,976			
<u>(72,164)</u>	<u>3,209,418</u>	<u>3,281,582</u>	<u>1,959</u>	<u>7,481</u>	<u>5,522</u>
7,994,287	7,994,287				
			115,000	3,420,000	(3,305,000)
			164,780	158,729	6,051
<u>7,994,287</u>	<u>7,994,287</u>		<u>279,780</u>	<u>3,578,729</u>	<u>(3,298,949)</u>
<u>(8,066,451)</u>	<u>(4,784,869)</u>	<u>3,281,582</u>	<u>(277,821)</u>	<u>(3,571,248)</u>	<u>(3,293,427)</u>
3,214,976		(3,214,976)			
			280,100	3,215,656	2,935,556
<u>3,214,976</u>		<u>(3,214,976)</u>	<u>280,100</u>	<u>3,215,656</u>	<u>2,935,556</u>
<u>(\$4,851,475)</u>	<u>(4,784,869)</u>	<u>\$66,606</u>	<u>\$2,279</u>	<u>(355,592)</u>	<u>(\$357,871)</u>
	<u>7,197,683</u>			<u>355,592</u>	
	<u>\$2,412,814</u>				

THIS PAGE INTENTIONALLY LEFT BLANK

## **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, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>ASSETS</b>						
Current Assets:						
Cash and investments	\$408,353	\$856,095	\$9,654,786	\$2,777,883	\$2,510,474	\$16,207,591
Accounts receivable			32,756			32,756
Interest receivable	1,451	2,300	33,524	9,265	8,490	55,030
Prepaid expenses			1,391,575			1,391,575
<b>Total Current Assets</b>	<b>409,804</b>	<b>858,395</b>	<b>11,112,641</b>	<b>2,787,148</b>	<b>2,518,964</b>	<b>17,686,952</b>
Depreciables:						
Capital assets (net of accumulated depreciation)	7,860		10,150,075	3,853		10,161,788
<b>Total capital assets</b>	<b>7,860</b>		<b>10,150,075</b>	<b>3,853</b>		<b>10,161,788</b>
<b>Total Assets</b>	<b>417,664</b>	<b>858,395</b>	<b>21,262,716</b>	<b>2,791,001</b>	<b>2,518,964</b>	<b>27,848,740</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Related to pensions	109,131	273,922		137,383	80,404	600,840
Related to OPEB	3,350	7,648		3,474	2,423	16,895
<b>Total Deferred Outflows of Resources</b>	<b>112,481</b>	<b>281,570</b>		<b>140,857</b>	<b>82,827</b>	<b>617,735</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts payable	73,159	23,812	184,526	50,839	53,245	385,581
Salaries and benefits payable	25,417	38,915		25,435	19,662	109,429
Deposits payable				6,758		6,758
Compensated absences	20,059	32,167		13,859	12,842	78,927
<b>Total Current Liabilities</b>	<b>118,635</b>	<b>94,894</b>	<b>184,526</b>	<b>96,891</b>	<b>85,749</b>	<b>580,695</b>
Long-term Liabilities:						
Compensated absences	49,282	106,411		27,819	42,002	225,514
Net pension liabilities	460,659	1,079,912		568,720	399,670	2,508,961
Net OPEB liability	48,220	93,874		50,306	31,337	223,737
<b>Total Long-Term Liabilities</b>	<b>558,161</b>	<b>1,280,197</b>		<b>646,845</b>	<b>473,009</b>	<b>2,958,212</b>
<b>Total Liabilities</b>	<b>676,796</b>	<b>1,375,091</b>	<b>184,526</b>	<b>743,736</b>	<b>558,758</b>	<b>3,538,907</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Related to pensions	887	22,109		3,024	16,981	43,001
Related to OPEB	3,725	7,144		4,922	2,104	17,895
<b>Total Deferred Inflows of Resources</b>	<b>4,612</b>	<b>29,253</b>		<b>7,946</b>	<b>19,085</b>	<b>60,896</b>
<b>NET POSITION</b>						
Net investment in capital assets	7,860		10,150,075	3,853		10,161,788
Unrestricted	(159,123)	(264,379)	10,928,115	2,176,323	2,023,948	14,704,884
<b>Total Net Position</b>	<b>(\$151,263)</b>	<b>(\$264,379)</b>	<b>\$21,078,190</b>	<b>\$2,180,176</b>	<b>\$2,023,948</b>	<b>\$24,866,672</b>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>REVENUES</b>						
Charges for services	\$1,930,543	\$1,988,343	\$2,228,276	\$1,954,810	\$4,534,733	\$12,636,705
Other revenues	2,669				484,449	487,118
<b>Total Operating Revenues</b>	<b>1,933,212</b>	<b>1,988,343</b>	<b>2,228,276</b>	<b>1,954,810</b>	<b>5,019,182</b>	<b>13,123,823</b>
<b>EXPENSES</b>						
Maintenance and operation	1,974,302	2,058,988	701,631	1,508,423	900,052	7,143,396
Administration	197,198	244,664	4,362	196,591	408,708	1,051,523
Insurance costs and claims					3,580,659	3,580,659
Depreciation	499		1,796,940	261		1,797,700
<b>Total Expenses</b>	<b>2,171,999</b>	<b>2,303,652</b>	<b>2,502,933</b>	<b>1,705,275</b>	<b>4,889,419</b>	<b>13,573,278</b>
<b>Operating Income (Loss)</b>	<b>(238,787)</b>	<b>(315,309)</b>	<b>(274,657)</b>	<b>249,535</b>	<b>129,763</b>	<b>(449,455)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	5,150	15,023	226,057	62,835	48,231	357,296
Gain/loss on disposal			183,760			183,760
<b>Total Nonoperating Revenues (Expenses)</b>	<b>5,150</b>	<b>15,023</b>	<b>409,817</b>	<b>62,835</b>	<b>48,231</b>	<b>541,056</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(233,637)</b>	<b>(300,286)</b>	<b>135,160</b>	<b>312,370</b>	<b>177,994</b>	<b>91,601</b>
<b>Capital Contributions</b>			<b>191,696</b>			<b>191,696</b>
<b>Change in Net Position</b>	<b>(233,637)</b>	<b>(300,286)</b>	<b>326,856</b>	<b>312,370</b>	<b>177,994</b>	<b>283,297</b>
<b>BEGINNING NET POSITION</b>	<b>82,374</b>	<b>35,907</b>	<b>20,751,334</b>	<b>1,867,806</b>	<b>1,845,954</b>	<b>24,583,375</b>
<b>ENDING NET POSITION</b>	<b>(\$151,263)</b>	<b>(\$264,379)</b>	<b>\$21,078,190</b>	<b>\$2,180,176</b>	<b>\$2,023,948</b>	<b>\$24,866,672</b>

CITY OF TRACY  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2020

	Central Garage	Central Services	Equipment Acquisition	Building Maintenance	Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers/interfund charges	\$1,933,212	\$1,988,343	\$2,195,520	\$1,981,836	\$5,019,182	\$13,118,093
Payments to suppliers and users	(1,945,160)	(2,055,551)	(2,121,841)	(1,481,271)	(4,442,060)	(12,045,883)
Payments to employees	(136,792)	(140,676)	(4,398)	(151,003)	(351,548)	(784,417)
Net cash provided (used by) Operating Activities	<u>(148,740)</u>	<u>(207,884)</u>	<u>69,281</u>	<u>349,562</u>	<u>225,574</u>	<u>287,793</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets			(899,804)			(899,804)
Proceeds from sale of capital assets			191,298			191,298
Net cash used by Capital and Related Financing Activities			<u>(708,506)</u>			<u>(708,506)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	6,812	18,766	251,515	67,471	52,599	397,163
Net cash provided (used) by Investing Activities	<u>6,812</u>	<u>18,766</u>	<u>251,515</u>	<u>67,471</u>	<u>52,599</u>	<u>397,163</u>
Net increase (decrease) in cash and cash equivalents	(141,928)	(189,118)	(387,710)	417,033	278,173	(23,550)
Cash and cash equivalents, July 1, 2019	550,281	1,045,213	10,042,496	2,360,850	2,232,301	16,231,141
Cash and cash equivalents, June 30, 2020	<u>\$408,353</u>	<u>\$856,095</u>	<u>\$9,654,786</u>	<u>\$2,777,883</u>	<u>\$2,510,474</u>	<u>\$16,207,591</u>
Reconciliation of cash and cash equivalents to statement of net position						
Cash and investments	<u>\$408,353</u>	<u>\$856,095</u>	<u>\$9,654,786</u>	<u>\$2,777,883</u>	<u>\$2,510,474</u>	<u>\$16,207,591</u>
Total cash and investments	<u>\$408,353</u>	<u>\$856,095</u>	<u>\$9,654,786</u>	<u>\$2,777,883</u>	<u>\$2,510,474</u>	<u>\$16,207,591</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	(\$238,787)	(\$315,309)	(\$274,657)	\$249,535	\$129,763	(\$449,455)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	499		1,796,940	261		1,797,700
Change in assets, deferred inflows, liabilities and deferred outflows:						
Accounts receivable			(32,756)	27,026		(5,730)
Prepaid expenses			(1,391,575)			(1,391,575)
Accounts payable	29,142	3,437	(28,635)	27,152	38,651	69,747
Salaries and benefits payable	8,700	13,085	(36)	7,848	5,904	35,501
Compensated absences	(3,505)	17,163		(8,952)	18,500	23,206
Deposits payable						
Net pension liability and deferred outflows/inflows	53,058	66,499		46,692	30,066	196,315
Total OPEB liability and deferred outflows/inflows	2,153	7,241			2,690	12,084
Net cash provided (used) by Operating Activities	<u>(\$148,740)</u>	<u>(\$207,884)</u>	<u>\$69,281</u>	<u>\$349,562</u>	<u>\$225,574</u>	<u>\$287,793</u>
<b>NONCASH TRANSACTIONS:</b>						
Contributions of capital assets			<u>\$191,696</u>			<u>\$191,696</u>
Retirement of capital assets			<u>(\$7,538)</u>			<u>(\$7,538)</u>

<b>AGENCY FUNDS</b>
---------------------

**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.



<b>AGENCY FUNDS</b>
---------------------

**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, 2020

<u>89-1 Community Facilities District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$973,708	\$783,408	\$445,632	\$1,311,484
Cash and investments with fiscal agents	1,567,533		896,906	670,627
Accounts receivable	685,414		685,414	
Interest receivable	5,792	4,436	5,792	4,436
<b>Total Assets</b>	<u>\$3,232,447</u>	<u>\$787,844</u>	<u>\$2,033,744</u>	<u>\$1,986,547</u>
<b>Liabilities</b>				
Accounts payable	\$343,529		\$343,529	
Due to assessment district bond holders	2,888,918	\$787,844	1,690,215	\$1,986,547
<b>Total Liabilities</b>	<u>\$3,232,447</u>	<u>\$787,844</u>	<u>\$2,033,744</u>	<u>\$1,986,547</u>
 <u>94-1 Assessment District</u>				
<b>Assets</b>				
Cash and investments	\$114,350	\$314,476	\$186,185	\$242,641
Cash and investments with fiscal agents	1,397,247		120,452	1,276,795
Accounts receivable				
Interest receivable	678	434	678	434
<b>Total Assets</b>	<u>\$1,512,275</u>	<u>\$314,910</u>	<u>\$307,315</u>	<u>\$1,519,870</u>
<b>Liabilities</b>				
Accounts payable	\$243		\$243	
Due to assessment district bondholders	1,512,032	\$314,910	307,072	\$1,519,870
<b>Total Liabilities</b>	<u>\$1,512,275</u>	<u>\$314,910</u>	<u>\$307,315</u>	<u>\$1,519,870</u>
 <u>93-1 Community Facilities District</u>				
<b>Assets</b>				
Cash and investments	\$3,525,640	\$372,353	\$271,500	\$3,626,493
Cash and investments with fiscal agents	903,769	4,845		908,614
Interest receivable	20,993	12,853	20,993	12,853
<b>Total Assets</b>	<u>\$4,450,402</u>	<u>\$390,051</u>	<u>\$292,493</u>	<u>\$4,547,960</u>
<b>Liabilities</b>				
Accounts payable	\$801		\$801	
Due to assessment district bond holders	4,449,601	\$390,051	291,692	\$4,547,960
<b>Total Liabilities</b>	<u>\$4,450,402</u>	<u>\$390,051</u>	<u>\$292,493</u>	<u>\$4,547,960</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>98-1 Community Facilities District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$144,555	\$5,701,927	\$5,209,531	\$636,951
Cash and investments with fiscal agents	5,445,561		235,287	5,210,274
Accounts receivable	632		632	
Interest receivable	856	527	856	527
<b>Total Assets</b>	<u>\$5,591,604</u>	<u>\$5,702,454</u>	<u>\$5,446,306</u>	<u>\$5,847,752</u>
<b>Liabilities</b>				
Accounts payable	\$2,115	\$1,731	\$2,115	\$1,731
Due to assessment district bondholders	5,589,489	5,700,723	5,444,191	5,846,021
<b>Total Liabilities</b>	<u>\$5,591,604</u>	<u>\$5,702,454</u>	<u>\$5,446,306</u>	<u>\$5,847,752</u>
 <b>98-3 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$266,261	\$69,207	\$331,848	\$3,620
Cash and investments with fiscal agents	594,680	257,274		851,954
Interest receivable	1,585		1,585	
<b>Total Assets</b>	<u>\$862,526</u>	<u>\$326,481</u>	<u>\$333,433</u>	<u>\$855,574</u>
<b>Liabilities</b>				
Accounts payable	\$978		\$978	
Due to assessment district bond holders	861,548	\$326,481	332,455	\$855,574
<b>Total Liabilities</b>	<u>\$862,526</u>	<u>\$326,481</u>	<u>\$333,433</u>	<u>\$855,574</u>
 <b>99-1 Community Facilities District</b>				
<b>Assets</b>				
Cash and investments	\$166,396	\$517,889	\$650,037	\$34,248
Cash and investments with fiscal agents	832,338	154,731		987,069
Interest receivable	991	230	991	230
<b>Total Assets</b>	<u>\$999,725</u>	<u>\$672,850</u>	<u>\$651,028</u>	<u>\$1,021,547</u>
<b>Liabilities</b>				
Accounts payable	\$799		\$799	
Due to assessment district bond holders	998,926	\$672,850	650,229	\$1,021,547
<b>Total Liabilities</b>	<u>\$999,725</u>	<u>\$672,850</u>	<u>\$651,028</u>	<u>\$1,021,547</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2000-01 Assessment District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$236,889	\$910,311	\$1,049,466	\$97,734
Cash and investments with fiscal agents	798,521	187,192		985,713
Interest receivable	1,410	528	1,410	528
<b>Total Assets</b>	<u>\$1,036,820</u>	<u>\$1,098,031</u>	<u>\$1,050,876</u>	<u>\$1,083,975</u>
<b>Liabilities</b>				
Accounts payable	\$1,057		\$1,057	
Due to assessment district bond holders	1,035,763	\$1,098,031	1,049,819	\$1,083,975
<b>Total Liabilities</b>	<u>\$1,036,820</u>	<u>\$1,098,031</u>	<u>\$1,050,876</u>	<u>\$1,083,975</u>
 <u>2006-01 NE Industrial # 2</u>				
<b>Assets</b>				
Cash and investments	\$1,181,055	\$1,629,793	\$1,573,401	\$1,237,447
Cash and investments with fiscal agents	4,788,328		2,212,176	2,576,152
Interest receivable	7,031	3,297	7,031	3,297
<b>Total Assets</b>	<u>\$5,976,414</u>	<u>\$1,633,090</u>	<u>\$3,792,608</u>	<u>\$3,816,896</u>
<b>Liabilities</b>				
Accounts payable	\$1,313		\$1,313	
Due to assessment district bond holders	5,975,101	\$1,633,090	3,791,295	\$3,816,896
<b>Total Liabilities</b>	<u>\$5,976,414</u>	<u>\$1,633,090</u>	<u>\$3,792,608</u>	<u>\$3,816,896</u>
 <u>1999 I205 Residential Reassessment District</u>				
<b>Assets</b>				
Cash and investments		\$419,082	\$419,082	
Cash and investments with fiscal agents	\$2,579,490		400,370	\$2,179,120
<b>Total Assets</b>	<u>\$2,579,490</u>	<u>\$419,082</u>	<u>\$819,452</u>	<u>\$2,179,120</u>
<b>Liabilities</b>				
Accounts payable	\$120,692		\$120,692	
Due to assessment district bondholders	2,458,798	\$419,082	698,760	\$2,179,120
<b>Total Liabilities</b>	<u>\$2,579,490</u>	<u>\$419,082</u>	<u>\$819,452</u>	<u>\$2,179,120</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2000-03 Assessment District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$17,132	\$527	\$17,659	
Interest receivable	102		102	
<b>Total Assets</b>	<u>\$17,234</u>	<u>\$527</u>	<u>\$17,761</u>	
<b>Liabilities</b>				
Due to assessment district bond holders	\$17,234	\$527	\$17,761	
<b>Total Liabilities</b>	<u>\$17,234</u>	<u>\$527</u>	<u>\$17,761</u>	
 <u>2003-01 Assessment District</u>				
<b>Assets</b>				
Cash and investments	\$14,985	\$386,430	\$92,448	\$308,967
Cash and investments with fiscal agents	132,744		4,576	128,168
Interest receivable	89	1,080	89	1,080
<b>Total Assets</b>	<u>\$147,818</u>	<u>\$387,510</u>	<u>\$97,113</u>	<u>\$438,215</u>
<b>Liabilities</b>				
Accounts payable	\$267		\$267	
Deposits payable	14,729	\$298,184	14,729	\$298,184
Due to assessment district bondholders	132,822	89,326	82,117	140,031
<b>Total Liabilities</b>	<u>\$147,818</u>	<u>\$387,510</u>	<u>\$97,113</u>	<u>\$438,215</u>
 <u>Cultural Arts</u>				
<b>Assets</b>				
Cash and investments	\$65		\$65	
<b>Total Assets</b>	<u>\$65</u>		<u>\$65</u>	
<b>Liabilities</b>				
Deposits payable	\$65		\$65	
<b>Total Liabilities</b>	<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, 2020

<u>Regional Transportation Impact</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$10,092,067	\$787,279	\$64,020	\$10,815,326
<b>Total Assets</b>	<u>\$10,092,067</u>	<u>\$787,279</u>	<u>\$64,020</u>	<u>\$10,815,326</u>
<b>Liabilities</b>				
Accounts payable	\$64,020	\$305,646	\$64,020	\$305,646
Deposits payable	10,028,047	481,633		10,509,680
<b>Total Liabilities</b>	<u>\$10,092,067</u>	<u>\$787,279</u>	<u>\$64,020</u>	<u>\$10,815,326</u>
<hr/> <b>Medical Leave Bank</b> <hr/>				
<b>Assets</b>				
Cash and investments	\$1,594,943	\$178,463		\$1,773,406
<b>Total Assets</b>	<u>\$1,594,943</u>	<u>\$178,463</u>		<u>\$1,773,406</u>
<b>Liabilities</b>				
Deposits payable	\$1,594,943	\$178,463		\$1,773,406
<b>Total Liabilities</b>	<u>\$1,594,943</u>	<u>\$178,463</u>		<u>\$1,773,406</u>
<hr/> <b>Post Employment Benefit Trust</b> <hr/>				
<b>Assets</b>				
Cash and investments	\$2,949	\$894,781	\$892,225	\$5,505
Accounts receivable	393	1,638	393	1,638
<b>Total Assets</b>	<u>\$3,342</u>	<u>\$896,419</u>	<u>\$892,618</u>	<u>\$7,143</u>
<b>Liabilities</b>				
Accounts payable	\$3,342	\$896,419	\$892,618	\$7,143
<b>Total Liabilities</b>	<u>\$3,342</u>	<u>\$896,419</u>	<u>\$892,618</u>	<u>\$7,143</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2011 TOP JPA Revenue Bonds</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$18	\$1,339,017	\$1,339,035	
Cash and investments with fiscal agents	<u>3,482,811</u>		<u>196,277</u>	<u>\$3,286,534</u>
<b>Total Assets</b>	<u>\$3,482,829</u>	<u>\$1,339,017</u>	<u>\$1,535,312</u>	<u>\$3,286,534</u>
<b>Liabilities</b>				
Accounts payable	\$225,354		\$225,354	
Due to assessment district bondholders	<u>3,257,475</u>	<u>\$1,339,017</u>	<u>1,309,958</u>	<u>\$3,286,534</u>
<b>Total Liabilities</b>	<u>\$3,482,829</u>	<u>\$1,339,017</u>	<u>\$1,535,312</u>	<u>\$3,286,534</u>
 <u>2011-01 CFD Tracy 580 Business Park</u>				
<b>Assets</b>				
Cash and investments	\$73,905	\$2,405		\$76,310
Cash and investments with fiscal agents	20,244		\$20,244	
Interest receivable	<u>440</u>	<u>271</u>	<u>440</u>	<u>271</u>
<b>Total Assets</b>	<u>\$94,589</u>	<u>\$2,676</u>	<u>\$20,684</u>	<u>\$76,581</u>
<b>Liabilities</b>				
Due to assessment district bondholders	<u>\$94,589</u>	<u>\$2,676</u>	<u>\$20,684</u>	<u>\$76,581</u>
<b>Total Liabilities</b>	<u>\$94,589</u>	<u>\$2,676</u>	<u>\$20,684</u>	<u>\$76,581</u>
 <u>Payroll Clearing</u>				
<b>Assets</b>				
Cash and investments	\$2,364,485	\$3,905,836	\$2,364,485	\$3,905,836
Employee loans receivable	<u>79,917</u>	<u>762</u>	<u>79,917</u>	<u>762</u>
<b>Total Assets</b>	<u>\$2,444,402</u>	<u>\$3,906,598</u>	<u>\$2,444,402</u>	<u>\$3,906,598</u>
<b>Liabilities</b>				
Salaries and benefits payable	<u>\$2,444,402</u>	<u>\$3,906,598</u>	<u>\$2,444,402</u>	<u>\$3,906,598</u>
<b>Total Liabilities</b>	<u>\$2,444,402</u>	<u>\$3,906,598</u>	<u>\$2,444,402</u>	<u>\$3,906,598</u>

(Continued)

CITY OF TRACY  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

<u>2016-02 Community Facilities District</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<b>Assets</b>				
Cash and investments	\$1,147,525	\$866,866	\$1,996,012	\$18,379
Cash and investments with fiscal agents		15,304,280	9,629,917	5,674,363
Interest receivable	6,823	60	6,823	60
<b>Total Assets</b>	<u>\$1,154,348</u>	<u>\$16,171,206</u>	<u>\$11,632,752</u>	<u>\$5,692,802</u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$1,154,348	\$16,171,206	\$11,632,752	\$5,692,802
<b>Total Liabilities</b>	<u>\$1,154,348</u>	<u>\$16,171,206</u>	<u>\$11,632,752</u>	<u>\$5,692,802</u>
 <u>2016-01 Tracy Hills Community Facilities District Fund</u>				
<b>Assets</b>				
Cash and investments	\$16	\$12,121,046	\$12,116,735	\$4,327
Cash and investments with fiscal agents	19,340,347	508,512	10,274,092	9,574,767
<b>Total Assets</b>	<u>\$19,340,363</u>	<u>\$12,629,558</u>	<u>\$22,390,827</u>	<u>\$9,579,094</u>
<b>Liabilities</b>				
Due to assessment district bondholders	\$19,340,363	\$12,629,558	\$22,390,827	\$9,579,094
<b>Total Liabilities</b>	<u>\$19,340,363</u>	<u>\$12,629,558</u>	<u>\$22,390,827</u>	<u>\$9,579,094</u>
 <u>Total - All Agency Funds</u>				
Cash and investments	\$21,916,944	\$31,201,096	\$29,019,366	\$24,098,674
Cash and investments with fiscal agents	41,883,613	16,416,834	23,990,297	34,310,150
Accounts receivable	686,439	1,638	686,439	1,638
Interest receivable	46,790	23,716	46,790	23,716
Employee loans receivable	79,917	762	79,917	762
<b>Total Assets</b>	<u>\$64,613,703</u>	<u>\$47,644,046</u>	<u>\$53,822,809</u>	<u>\$58,434,940</u>
<b>Liabilities</b>				
Accounts payable	\$764,510	\$1,203,796	\$1,653,786	\$314,520
Salaries and benefits payable	2,444,402	3,906,598	2,444,402	3,906,598
Deposits payable	11,637,784	958,280	14,794	12,581,270
Due to assessment district bondholders	49,767,007	41,575,372	49,709,827	41,632,552
<b>Total Liabilities</b>	<u>\$64,613,703</u>	<u>\$47,644,046</u>	<u>\$53,822,809</u>	<u>\$58,434,940</u>



THIS PAGE INTENTIONALLY LEFT BLANK

# Statistical Section



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

<b>STATISTICAL SECTION (Continued)</b>
--

***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
<b>Governmental activities</b>										
Net investment in capital assets	\$ 638,464	\$ 609,080	\$ 581,394	\$ 553,914	\$ 526,467	\$ 518,181	\$ 512,728	\$ 510,323	\$ 490,053	\$ 490,053
Restricted	201,440	183,594	155,947	145,381	152,380	100,403	111,131	105,425	118,367	118,367
Unrestricted	(36,566)	(10,576)	(1,272)	(5,343)	(11,671)	42,063	35,606	32,898	33,347	33,347
<b>Total Governmental activities net assets</b>	<b>\$ 803,338</b>	<b>\$ 782,098</b>	<b>\$ 736,069</b>	<b>\$ 693,952</b>	<b>\$ 667,176</b>	<b>\$ 660,647</b>	<b>\$ 659,465</b>	<b>\$ 648,646</b>	<b>\$ 641,767</b>	<b>\$ 641,767</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 397,487	\$ 359,213	\$ 357,628	\$ 302,888	\$ 314,492	\$ 327,065	\$ 328,985	\$ 340,536	\$ 345,554	\$ 345,554
Restricted	518	-	350	348	346	247	237	232	227	227
Unrestricted	62,495	48,068	41,657	39,357	31,221	31,101	31,283	29,148	40,621	40,621
<b>Total business-type activities</b>	<b>\$ 460,500</b>	<b>\$ 407,829</b>	<b>\$ 399,635</b>	<b>\$ 342,593</b>	<b>\$ 346,059</b>	<b>\$ 358,413</b>	<b>\$ 360,505</b>	<b>\$ 369,916</b>	<b>\$ 386,402</b>	<b>\$ 386,402</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 1,035,951	\$ 968,293	\$ 939,022	\$ 856,802	\$ 840,959	\$ 845,246	\$ 841,713	\$ 850,859	\$ 835,607	\$ 835,607
Restricted	201,958	183,594	156,297	145,729	152,726	100,650	111,368	105,657	118,594	118,594
Unrestricted	25,929	38,040	40,385	34,014	19,550	73,164	66,889	62,046	73,968	73,968
<b>Total primary government</b>	<b>\$ 1,263,838</b>	<b>\$ 1,189,927</b>	<b>\$ 1,135,704</b>	<b>\$ 1,036,545</b>	<b>\$ 1,013,235</b>	<b>\$ 1,019,060</b>	<b>\$ 1,019,970</b>	<b>\$ 1,018,562</b>	<b>\$ 1,028,169</b>	<b>\$ 1,028,169</b>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Governmental activities:										
General Government	\$ 14,661	\$ 14,455	\$ 13,480	\$ 12,412	\$ 13,629	\$ 7,907	\$ 6,412	\$ 6,572	\$ 6,283	\$ 18,296
Public safety	60,125	54,075	52,785	41,326	37,858	37,562	37,974	37,248	37,602	35,509
Public works	34,151	42,693	34,183	26,330	31,874	27,572	32,358	25,954	52,418	24,371
Culture and leisure	4,044	3,920	3,395	2,830	3,268	3,268	4,668	4,709	5,097	5,143
Interest on long-term debt	1,338	1,271	1,288	1,304	1,345	1,337	1,342	1,399	1,925	4,121
Unallocated depreciation	-	-	-	-	-	-	586	520	566	617
<b>Total Governmental Activities Expenses</b>	<b>\$ 114,319</b>	<b>\$ 116,414</b>	<b>\$ 105,131</b>	<b>\$ 84,202</b>	<b>\$ 87,840</b>	<b>\$ 77,866</b>	<b>\$ 83,340</b>	<b>\$ 76,402</b>	<b>\$ 103,891</b>	<b>\$ 88,057</b>
Business-type Activities:										
Water	\$ 21,458	\$ 19,941	\$ 19,087	\$ 18,980	\$ 22,659	\$ 23,610	\$ 22,300	\$ 21,765	\$ 22,295	\$ 21,229
Wastewater	18,991	18,961	18,601	15,079	16,522	17,040	16,442	14,970	18,980	17,133
Airport	1,363	1,123	1,475	901	775	703	629	590	686	705
Solid waste	25,275	22,289	20,958	20,541	20,899	19,477	18,923	18,820	18,585	17,473
Transit	5,485	5,017	5,571	3,953	3,169	2,968	2,556	2,404	2,436	2,291
Drainage	2,610	2,558	2,791	3,027	3,485	3,436	3,404	3,232	3,351	3,402
<b>Total Business-Type Activities</b>	<b>\$ 75,182</b>	<b>\$ 69,889</b>	<b>\$ 68,483</b>	<b>\$ 62,481</b>	<b>\$ 67,509</b>	<b>\$ 67,234</b>	<b>\$ 64,254</b>	<b>\$ 61,781</b>	<b>\$ 66,333</b>	<b>\$ 62,233</b>
<b>Total Primary Governmental Expenses</b>	<b>\$ 189,501</b>	<b>\$ 186,303</b>	<b>\$ 173,614</b>	<b>\$ 146,683</b>	<b>\$ 155,349</b>	<b>\$ 144,900</b>	<b>\$ 147,594</b>	<b>\$ 138,183</b>	<b>\$ 170,224</b>	<b>\$ 150,290</b>
Program revenues:										
Governmental activities:										
Charges for Services:										
Development fees	\$ 7,731	\$ 10,068	\$ 8,784	\$ 8,769	\$ 6,816	\$ 6,124	\$ 3,039	\$ 2,460	\$ 1,617	\$ 1,805
Other public works	2,721	2,831	2,722	2,721	3,093	2,968	5,040	5,300	5,204	3,800
Parks and community services	522	666	762	701	1,047	940	838	878	789	757
Other activities	8,165	7,227	7,252	1,805	1,864	1,104	1,879	1,665	2,566	2,634
Operating grants and contributions	14,969	15,142	14,191	12,680	12,811	13,097	10,964	12,723	9,482	10,065
Capital grants and contributions	39,662	36,408	68,535	39,966	37,084	40,451	18,166	22,596	15,527	19,080
<b>Total Governmental Activities Program Revenues</b>	<b>\$ 73,770</b>	<b>\$ 72,342</b>	<b>\$ 102,246</b>	<b>\$ 66,642</b>	<b>\$ 62,715</b>	<b>\$ 64,684</b>	<b>\$ 39,926</b>	<b>\$ 45,622</b>	<b>\$ 35,185</b>	<b>\$ 38,141</b>
Business-type Activities:										
Charges for Services:										
Water	\$ 20,328	\$ 16,497	\$ 16,307	\$ 14,935	\$ 13,101	\$ 14,379	\$ 18,700	\$ 15,672	\$ 14,433	\$ 14,641
Wastewater	14,552	14,168	14,836	14,034	13,616	13,086	12,940	11,978	11,480	12,032
Airport	662	658	732	478	403	504	395	272	375	342
Solid waste	23,072	21,550	20,973	23,333	25,156	22,356	21,521	20,352	18,852	16,321
Transit	103	117	117	116	96	109	1,631	818	822	899
Drainage	737	666	691	644	609	603	546	564	564	553
Operating grants and contributions	4,263	3,733	6,397	1,516	2,041	1,608	-	-	-	-
Capital grants and contributions	22,818	20,936	9,181	4,268	3,302	8,652	6,337	2,528	2,801	3,678
<b>Total Business-Type Activities Program Revenues</b>	<b>\$ 86,535</b>	<b>\$ 78,345</b>	<b>\$ 69,234</b>	<b>\$ 59,324</b>	<b>\$ 58,324</b>	<b>\$ 61,287</b>	<b>\$ 62,070</b>	<b>\$ 52,184</b>	<b>\$ 49,327</b>	<b>\$ 48,466</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 160,305</b>	<b>\$ 150,687</b>	<b>\$ 171,480</b>	<b>\$ 125,966</b>	<b>\$ 121,039</b>	<b>\$ 125,981</b>	<b>\$ 101,996</b>	<b>\$ 97,806</b>	<b>\$ 84,512</b>	<b>\$ 86,607</b>

(Continued)

CITY OF TRACY  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(In thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
Net (expense)/revenue										
Governmental activities	\$ (40,549)	\$ (44,072)	\$ (2,885)	\$ (17,560)	\$ (25,125)	\$ (12,982)	\$ (43,414)	\$ (30,780)	\$ (68,706)	\$ (49,916)
Business-type activities	11,353	8,456	751	(3,157)	(9,185)	(5,937)	(2,184)	(9,597)	(17,006)	(13,767)
<b>Total primary government net (expense) revenue</b>	<b>\$ (29,196)</b>	<b>\$ (35,616)</b>	<b>\$ (2,134)</b>	<b>\$ (20,717)</b>	<b>\$ (34,310)</b>	<b>\$ (18,919)</b>	<b>\$ (45,598)</b>	<b>\$ (40,377)</b>	<b>\$ (85,712)</b>	<b>\$ (63,683)</b>
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Taxes:										
Property taxes	\$ 24,082	\$ 22,723	\$ 20,857	\$ 20,393	\$ 19,638	\$ 17,709	\$ 15,700	\$ 14,946	\$ 18,527	\$ 22,533
Franchise taxes	3,864	3,545	3,558	2,829	2,776	2,728	2,583	2,500	2,443	2,474
Sales and use taxes	37,039	37,083	30,761	23,291	24,371	24,280	22,722	20,553	18,422	11,408
Other taxes	3,692	3,703	3,756	2,719	2,562	2,304	1,952	1,839	1,702	1,621
Unrestricted motor vehicle in lieu	73	44	48	40	34	35	36	43	41	376
Investment earnings	1,543	1,395	545	435	1,000	610	1,129	165	801	1,280
Miscellaneous	87	407	1,926	2,022	3,497	1,311	1,634	1,595	1,760	1,663
Transfers	(27,355)	(2,016)	(8,692)	(4,968)	(5,141)	-	-	(42)	-	(384)
Gain on Transfer of assets'	-	-	-	-	-	-	-	-	-	-
Special item - Transfer of assets	(2,098)	-	(3,347)	-	3,162	-	-	-	31,889	-
<b>Total governmental activities</b>	<b>\$ 40,927</b>	<b>\$ 66,884</b>	<b>\$ 49,412</b>	<b>\$ 46,761</b>	<b>\$ 51,899</b>	<b>\$ 48,977</b>	<b>\$ 45,766</b>	<b>\$ 41,599</b>	<b>\$ 75,585</b>	<b>\$ 40,971</b>
Business-type activities:										
Interest earnings	\$ 1,835	\$ 1,576	\$ 531	\$ 626	\$ 551	\$ 565	\$ 264	\$ 144	\$ 520	\$ 109
Miscellaneous	9	66	84	24	25	42	-	-	-	-
Transfers	27,355	2,016	8,692	4,968	5,141	-	-	42	-	385
<b>Total business-type activities</b>	<b>\$ 29,199</b>	<b>\$ 3,658</b>	<b>\$ 9,307</b>	<b>\$ 5,618</b>	<b>\$ 5,717</b>	<b>\$ 627</b>	<b>\$ 264</b>	<b>\$ 186</b>	<b>\$ 520</b>	<b>\$ 494</b>
<b>Total primary government</b>	<b>\$ 70,126</b>	<b>\$ 70,542</b>	<b>\$ 58,719</b>	<b>\$ 52,379</b>	<b>\$ 57,616</b>	<b>\$ 49,604</b>	<b>\$ 46,030</b>	<b>\$ 41,785</b>	<b>\$ 76,105</b>	<b>\$ 41,465</b>
<b>Change in net position</b>										
Governmental activities	\$ 380	\$ 22,812	\$ 46,527	\$ 29,201	\$ 26,774	\$ 35,995	\$ 2,352	\$ 10,819	\$ 6,879	\$ (8,945)
Business-type activities	40,552	12,114	10,059	2,461	(3,488)	(5,310)	(1,920)	(9,411)	(16,486)	(13,273)
<b>Total primary government</b>	<b>\$ 40,932</b>	<b>\$ 34,926</b>	<b>\$ 56,586</b>	<b>\$ 31,662</b>	<b>\$ 23,306</b>	<b>\$ 30,685</b>	<b>\$ 432</b>	<b>\$ 1,408</b>	<b>\$ (9,607)</b>	<b>\$ (22,218)</b>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental activities:</b>										
General Government	\$ 9,126	\$ 8,988	\$ 11,204	\$ 2,700	\$ 3,099	\$ 3,850	\$ 2,892	\$ 1,908	\$ 2,682	\$ 9,871
Police	2,134	2,277	3,085	1,972	2,052	2,847	1,775	2,330	1,390	1,365
Fire	10,339	6,445	7,172	6,556	6,539	6,792	6,980	8,692	4,765	6,302
Development and engineering	7,751	10,585	9,363	9,213	7,209	6,505	3,410	2,871	1,974	2,148
Public works	43,031	43,510	70,310	45,234	42,437	43,198	23,621	28,367	23,224	17,397
Parks, recreation, and community services	1,390	1,000	1,112	967	1,380	1,492	1,248	1,454	1,150	1,058
Interest in long-term debt	-	-	-	-	-	-	-	-	-	-
<b>Subtotal governmental activities</b>	<b>\$ 73,771</b>	<b>\$ 72,805</b>	<b>\$ 102,246</b>	<b>\$ 66,642</b>	<b>\$ 62,716</b>	<b>\$ 64,684</b>	<b>\$ 39,926</b>	<b>\$ 45,622</b>	<b>\$ 35,185</b>	<b>\$ 38,141</b>
<b>Business-type activities:</b>										
Water	\$ 31,134	\$ 20,307	\$ 21,397	\$ 15,220	\$ 13,801	\$ 17,659	\$ 16,877	\$ 15,672	\$ 14,501	\$ 14,658
Wastewater	22,584	29,337	16,610	14,805	13,849	14,533	13,438	12,131	12,669	14,766
Airport	2,382	1,725	2,906	1,514	2,622	4,060	731	607	417	402
Solid Waste	23,134	21,553	20,973	23,354	25,156	22,356	20,352	20,352	18,858	16,321
Transit	6,543	3,914	6,540	3,787	2,210	2,030	1,171	2,858	2,018	1,677
Drainage	760	1,509	808	644	686	659	3,424	564	864	640
<b>Subtotal business-type activities</b>	<b>\$ 86,537</b>	<b>\$ 78,345</b>	<b>\$ 69,234</b>	<b>\$ 59,324</b>	<b>\$ 58,324</b>	<b>\$ 61,297</b>	<b>\$ 55,993</b>	<b>\$ 52,184</b>	<b>\$ 49,327</b>	<b>\$ 48,464</b>
<b>Total primary government</b>	<b>\$ 160,308</b>	<b>\$ 151,150</b>	<b>\$ 171,480</b>	<b>\$ 125,966</b>	<b>\$ 121,040</b>	<b>\$ 125,981</b>	<b>\$ 95,919</b>	<b>\$ 97,806</b>	<b>\$ 84,512</b>	<b>\$ 86,605</b>

CITY OF TRACY  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)  
 (in thousands)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund:										
Nonspendable	\$ 40	\$ 470	\$ 1,525	\$ 5,117	\$ 5,873	\$ 6,640	\$ 782	\$ 781	\$ 791	\$ 820
Restricted	-	-	-	-	-	-	346	333	445	613
Committed	14,479	14,883	14,961	11,716	-	-	-	-	-	-
Assigned	6,112	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
<b>Total General Fund</b>	<b>\$ 20,631</b>	<b>\$ 30,566</b>	<b>\$ 38,325</b>	<b>\$ 40,771</b>	<b>\$ 40,656</b>	<b>\$ 37,653</b>	<b>\$ 35,071</b>	<b>\$ 28,894</b>	<b>\$ 26,934</b>	<b>\$ 26,987</b>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	155,058	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	26,193	12,192	5,909	4,438	-	-	-	-	-	4,131
Unassigned	-	-	-	-	5,588	13,360	-	-	15,339	20,043
Special revenue funds	(5,305)	(6,609)	(8,192)	(517)	-	-	-	-	-	-
Capital projects funds	-	(2,382)	-	-	(4,431)	(610)	(1,278)	(159)	(1,071)	(2,099)
Debt service funds	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 175,946</b>	<b>\$ 167,258</b>	<b>\$ 151,312</b>	<b>\$ 128,853</b>	<b>\$ 111,348</b>	<b>\$ 125,818</b>	<b>\$ 96,181</b>	<b>\$ 108,222</b>	<b>\$ 109,421</b>	<b>\$ 124,817</b>

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Taxes	\$ 65,927	\$ 65,931	\$ 59,838	\$ 47,540	\$ 49,118	\$ 46,915	\$ 43,804	\$ 40,503	\$ 41,393	\$ 36,334
Licenses, permits and fees	7,418	8,161	7,792	7,191	5,236	4,706	4,008	3,564	3,174	3,092
Fines and forfeits	630	880	1,559	510	673	972	863	568	1,552	1,570
Use of money and property	5,604	6,003	1,462	1,356	2,936	1,277	1,699	700	1,459	2,792
Intergovernmental	12,770	16,733	21,127	27,127	20,413	16,235	12,928	16,038	11,992	17,758
Charges of services	41,841	34,752	54,269	9,472	9,997	9,165	8,894	9,147	8,388	10,110
Special assessments	4,060	4,646	3,597	24,886	14,977	29,899	7,181	13,406	4,095	4,933
Contributions from assessment districts	3,434	1,697	5,121	3,372	3,574	3,444	4,346	1,887	5,404	4,448
Other	58	147	1,589	3,460	3,501	1,410	1,767	1,124	1,294	1,148
<b>Total revenues</b>	<b>\$ 141,742</b>	<b>\$ 138,950</b>	<b>\$ 156,354</b>	<b>\$ 124,914</b>	<b>\$ 110,425</b>	<b>\$ 114,023</b>	<b>\$ 85,490</b>	<b>\$ 86,937</b>	<b>\$ 78,751</b>	<b>\$ 82,185</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	\$ 15,136	\$ 14,544	\$ 13,579	\$ 13,763	\$ 14,900	\$ 7,748	\$ 7,050	\$ 6,434	\$ 6,854	\$ 17,599
Police	33,708	30,575	27,078	24,690	23,717	22,012	21,592	21,488	21,902	20,943
Fire	21,909	21,404	22,251	18,483	16,692	16,033	15,869	15,305	15,205	14,027
Community development	11,258	11,327	13,549	8,828	9,042	7,793	6,467	6,449	6,273	6,066
Public works	11,547	13,391	10,156	9,292	9,372	9,093	8,471	8,091	7,530	7,285
Parks and recreation	3,181	3,245	2,683	2,287	3,110	3,019	3,113	3,330	3,599	3,509
Intergovernmental	-	-	-	-	-	-	-	-	-	2,691
Debt Service:										
Debt service-principal	21,315	405	434	398	368	328	245	220	195	1,315
Debt service-interest	1,565	1,276	1,292	1,308	1,322	1,334	1,345	1,352	2,623	3,945
Debt service-issue costs	-	-	-	-	-	-	-	-	-	-
Capital Outlay	29,699	28,802	38,631	28,645	41,456	20,582	27,179	23,465	19,829	18,731
<b>Total expenditures</b>	<b>\$ 149,318</b>	<b>\$ 124,969</b>	<b>\$ 129,653</b>	<b>\$ 107,694</b>	<b>\$ 119,979</b>	<b>\$ 87,942</b>	<b>\$ 91,331</b>	<b>\$ 86,134</b>	<b>\$ 84,010</b>	<b>\$ 96,111</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ (7,576)</b>	<b>\$ 13,981</b>	<b>\$ 26,701</b>	<b>\$ 17,220</b>	<b>\$ (9,554)</b>	<b>\$ 26,081</b>	<b>\$ (5,841)</b>	<b>\$ 803</b>	<b>\$ (5,259)</b>	<b>\$ (13,926)</b>
<b>Other financing sources (uses):</b>										
Issuance of debt (including premium)	21,737	-	-	-	-	248	-	-	-	-
Contributions	3,930	-	-	-	-	-	-	-	-	-
Transfers in	27,601	36,154	13,040	5,226	6,009	11,723	1,214	20,600	2,699	3,836
Transfers out	(46,971)	(40,004)	(16,731)	(5,226)	(8,750)	(11,745)	(1,236)	(20,642)	(2,699)	(4,221)
Proceeds from sale of property	33	8	350	5	829	420	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>\$ 6,330</b>	<b>\$ (3,842)</b>	<b>\$ (3,341)</b>	<b>\$ 5</b>	<b>\$ (1,912)</b>	<b>\$ 646</b>	<b>\$ (22)</b>	<b>\$ (42)</b>	<b>\$ -</b>	<b>\$ (385)</b>
<b>Net change in fund balances</b>	<b>\$ (1,246)</b>	<b>\$ 10,139</b>	<b>\$ 23,360</b>	<b>\$ 17,225</b>	<b>\$ (11,466)</b>	<b>\$ 26,727</b>	<b>\$ (5,863)</b>	<b>\$ 761</b>	<b>\$ (5,259)</b>	<b>\$ (14,311)</b>
<b>Debt service as a percentage of non-capital expenditures</b>	<b>17.41%</b>	<b>1.56%</b>	<b>1.70%</b>	<b>1.97%</b>	<b>1.94%</b>	<b>2.34%</b>	<b>2.12%</b>	<b>2.33%</b>	<b>4.22%</b>	<b>6.25%</b>

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
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	20,848,493	3,508,816	30,760,699	1,597,341	847,027	1,311,406	58,873,782
2019	22,259,306	3,545,578	37,082,569	1,638,102	934,793	1,130,147	66,590,495
2020	24,082,470	3,864,335	37,038,773	1,447,897	850,991	1,392,908	68,677,373

Source: Finance Department, City of Tracy

CITY OF TRACY  
 ASSESSED VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS

Category	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Residential	\$ 5,316,839,097	\$ 5,014,246,784	\$ 4,941,891,425	\$ 5,483,285,494	\$ 6,338,819,597	\$ 6,659,567,812	\$ 7,068,856,191	\$ 7,507,417,694	\$ 8,039,865,942	\$ 8,555,296,590
Commercial	757,822,180	762,602,990	759,270,908	780,671,922	809,032,343	813,724,348	885,051,665	929,006,663	947,333,003	955,735,852
Industrial	726,397,066	707,411,399	710,743,366	643,307,116	731,830,288	729,448,654	985,768,289	1,096,123,367	1,174,162,150	1,317,064,070
Agricultural	12,051,472	12,121,912	12,310,276	15,845,815	50,838,834	64,987,156	16,157,722	16,512,544	14,680,140	13,112,309
Govt. Owned	51,251	51,637	52,669	53,723	1,213,712	1,095,359	55,884	57,001	58,141	383,006
Institutional	8,421,272	8,854,601	8,457,785	8,872,850	9,692,380	9,515,260	5,720,691	14,530,172	13,108,380	14,022,064
Miscellaneous	35,735,578	34,602,445	34,534,323	31,765,357	31,703,360	32,517,596	904,446	1,000,531	1,020,538	1,040,944
Recreational	15,157,409	14,887,781	14,215,180	16,461,155	16,557,457	16,769,125	12,877,664	13,135,180	13,397,875	13,655,823
Vacant	104,839,707	114,584,285	114,511,579	132,775,224	130,690,678	298,360,191	245,602,494	237,333,513	224,337,103	390,395,541
SBE Nonunitary	11,041,870	11,041,870	11,041,870	12,164,031	12,164,031	12,164,031	11,939,960	11,939,960	11,939,960	11,939,960
Cross Reference	6,276,414	5,062,316	5,128,442	5,285,640	5,447,560	6,166,763	6,326,367	6,436,773	6,538,593	6,625,995
Unsecured	308,076,927	283,655,648	285,483,775	283,642,728	362,915,054	385,687,795	514,650,372	577,931,679	537,094,969	558,315,419
Exempt	(6,220,615)	(9,157,458)	(9,161,948)	(10,494,903)	(11,108,238)	(13,653,324)	(14,691,821)	(14,741,007)	-	-
Unknown	3,726,159	-	-	65,332,242	-	-	-	-	692,500	336,600
TOTALS	\$ 7,306,436,402	\$ 6,969,123,668	\$ 6,897,641,588	\$ 7,479,463,297	\$ 8,500,905,274	\$ 9,030,005,090	\$ 9,753,911,745	\$ 10,411,425,077	\$ 10,984,229,294	\$ 11,837,934,173
Total Direct Rate	0.25010	0.24937	0.25021	0.15266	0.15031	0.14895	0.14564	0.14394	0.14291	0.13869

\*Table updated as of FY19-20

Source: The HdL Company

**CITY OF TRACY**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**(RATE PER \$100 OF TAXABLE VALUE)**  
**LAST TEN FISCAL YEARS**

Agency	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Basic Levy <sup>1</sup>	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Banta Elementary	0.00210	0.00270	0.00350	0.00510	0.00700	0.00870	0.00820	0.00890	0.00860	0.00920
Jefferson Elementary	0.02590	0.02730	0.02640	0.02690	0.02710	0.02900	0.02850	0.02410	0.02450	0.00000
Lammersville Joint Usd 2016A	0.04870	0.05500	0.05340	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
San Joaquin Delta College District	0.01990	0.02250	0.01800	0.01800	0.01980	0.02330	0.01940	0.02020	0.02000	0.01940
Tracy Unified School District	0.06470	0.06420	0.03320	0.06690	0.07010	0.02120	0.03270	0.03450	0.03500	0.02390
Tracy-Lammersville School District	0.01510	0.01620	0.01720	0.01850	0.02010	0.02130	0.01480	0.01570	0.01600	0.01480
<b>Total Direct &amp; Overlapping<sup>2</sup> Tax Rates</b>	<b>1.17640</b>	<b>1.18790</b>	<b>1.15170</b>	<b>1.13540</b>	<b>1.14410</b>	<b>1.10350</b>	<b>1.10360</b>	<b>1.10340</b>	<b>1.10410</b>	<b>1.06730</b>
City's Share of 1% Levy Per Prop 13 <sup>3</sup>	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903	0.16903
<b>Voter Approved City Debt Rate</b>										
Redevelopment Rate <sup>4</sup>										
Total Direct Rate <sup>5</sup>	0.13669	0.14291	0.14394	0.14564	0.14895	0.15031	0.15266	0.25021	1.00000	0.25010

\*Table updated as of FY19-20

Notes:

<sup>1</sup>In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

<sup>2</sup>Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

<sup>3</sup>City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

<sup>4</sup>Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

<sup>5</sup>Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

CITY OF TRACY  
 PRINCIPAL PROPERTY TAX PAYERS  
 CURRENT FISCAL YEAR AND NINE YEARS AGO

		2020		2011		
Taxpayer Name	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Prologis	\$ 378,320,718	1	3.20%	\$ 99,176,714	1	1.36%
Golden State FC LLC	154,854,090	2	1.31%	97,731,558	2	1.34%
Fedex Ground Package System Inc	127,710,054	3	1.08%	62,491,461	3	0.86%
Lennar Homes of California Inc	101,059,070	4	0.85%	50,776,866	4	0.69%
Leprino Foods Company Corporation	98,065,662	5	0.81%	47,541,776	5	0.65%
West Valley Realty LLC	89,370,895	6	0.75%	44,153,559	6	0.60%
Tracy 300 LP	67,624,011	7	0.57%	36,751,578	7	0.50%
Medline Cordes Ranch Eat LLC	64,419,178	8	0.54%	31,207,665	8	0.43%
IPT Tracy DC LP	63,817,312	9	0.54%	30,763,728	9	0.42%
Pac Corporate Center Tracy Etal	59,233,222	10	0.50%	29,785,517	10	0.41%
TOP TEN TOTAL	\$ 1,202,574,212		10.16%	\$ 530,380,422		7.26%
TOTAL TAXABLE ASSESSED VALUE	\$ 11,837,934,173		100%	\$ 7,306,436,402		100%

Source: The HdL Company

**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
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
2020	15,247,629	15,247,629	100.00%	0.00	15,247,629	100.00%	11,837,934,173

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
	Rate	Rate			Rate	Rate	Rate	Rate			
2011	1%				0.50%		0.25%		1%	6%	8.75% (a)
2012	1%	0.50%			0.50%		0.25%		1%	5%	8.25%
2013	1%	0.50%			0.50%		0.25%		1%	5%	8.50% (b)
2014	1%	0.50%			0.50%		0.25%		1%	5.25%	8.50% (b)
2015	1%	0.50%			0.50%		0.25%		1%	5.25%	8.50% (b)
2016	1%	0.50%			0.50%		0.25%		1%	5.25%	8.50% (b)
2017	1%		0.50%	(c)	0.50%		0.25%		1%	5.00%	8.25%
2018	1%		0.50%		0.50%		0.25%		1%	5.00%	8.25%
2019	1%		0.50%		0.50%		0.25%		1%	5.00%	8.25%
2020	1%		0.50%		0.50%		0.25%		1%	5.00%	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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Apparel Stores	\$ 45,863	\$ 48,498	\$ 44,760	\$ 42,756	\$ 37,205	\$ 40,152	\$ 40,690	\$ 44,353	\$ 44,201	\$ 43,308
General Merchandise	215,649	212,792	210,820	203,460	194,528	192,657	187,434	181,099	175,484	162,641
Food Stores	44,890	41,342	39,602	39,953	42,526	56,254	53,794	56,881	48,819	46,934
Eating and Drinking Places	176,257	169,434	162,261	155,560	143,887	128,827	116,414	106,888	102,047	96,823
Building Materials	190,441	180,713	159,799	140,715	130,449	71,129	68,049	60,879	53,955	48,572
AutoDealers and Supplies	349,716	369,499	379,058	343,861	321,977	299,869	277,155	215,269	171,430	152,558
Service Stations	178,037	183,856	159,778	144,048	160,104	187,653	193,770	186,978	184,707	152,205
Other Retail Stores	156,467	163,611	155,252	160,573	154,697	75,167	75,202	66,452	57,598	56,267
All Other Outlets	1,807,673	1,344,089	1,091,917	601,684	524,513	198,209	200,048	168,710	112,575	99,552
<b>Total</b>	<b>\$ 3,154,993</b>	<b>\$ 2,713,834</b>	<b>\$ 2,403,247</b>	<b>\$ 1,832,610</b>	<b>\$ 1,709,886</b>	<b>\$ 1,387,153</b>	<b>\$ 1,339,394</b>	<b>\$ 1,199,306</b>	<b>\$ 1,056,404</b>	<b>\$ 928,740</b>
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%	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**

2020		2011	
Taxpayer Name	Business Type	Taxpayer Name	Business Type
Arco AMI PM	Service Stations	American Truck & Trailer Body Co	Trailers/Auto Parts
Barbosa Cabinets	Contractors	Arco AMI PM	Service Stations
Best Buy	Electronics/Appliance Store	Best Buy	Electronics/Appliance Stores
Bunzl Distribution California		Chevron	Service Stations
Chevron	Service Stations	Costco	Discount Dept Stores
Costco	Discount Dept Stores	Country Nissan	New Motor Vehicle Dealers
County Nissan	New Motor Vehicle Dealers	Crate & Barrel	Fulfillment Centers
Crate & Barrel	Fulfillment Centers	Home Depot	Building Materials
Fisher Scientific	Medical/Biotech	Macys	Department Stores
Glassfab Tempering Services	Trailers/Auto Parts	Nixon Egli Equipment	Warehouse/Farm/Const. Equip.
Home Depot	Building Materials	Safeway	Grocery Stores
Independent Electric Supply	Plumbing/Electrical Supplies	Safeway Fuel	Service Stations
McLane Foodservice	Food Service Equip./Supplies	Save Mart	Grocery Stores
Medline Industries	Medical/Biotech	Shell	Service Stations
Nixon Egli Equipment	Warehouse/Farm/Const. Equip.	Target	Discount Dept Stores
Premier Chrysler Dodge Jeep Ram	New Motor Vehicle Dealers	Tracy Chevrolet	New Motor Vehicle Dealers
Safeway Fuel	Service Stations	Tracy Chrysler Jeep Dodge	New Motor Vehicle Dealers
Target	Discount Dept Stores	Tracy Ford	New Motor Vehicle Dealers
Tracy Chevrolet	New Motor Vehicle Dealers	Tracy Honda	New Motor Vehicle Dealers
Tracy Ford	New Motor Vehicle Dealers	Tracy Hyundai	New Motor Vehicle Dealers
Tracy Honda	New Motor Vehicle Dealers	Tracy Mazda	New Motor Vehicle Dealers
Tracy Toyota	New Motor Vehicle Dealers	Tracy Petro	Service Stations
Tracy Truck & Auto Stop	Service Stations	Tracy Toyota	New Motor Vehicle Dealers
Tracy Volkswagon	New Motor Vehicle Dealers	Tracy Truck & Auto Stop	Service Stations
Walmart Supercenter	Discount Dept Stores	Walmart Supercenter	Discount Dept Stores

Sources: The HdL Companies

**CITY OF TRACY  
WATER AND WASTEWATER RATES  
LAST TEN FISCAL YEARS**

Fiscal Year	Water		Wastewater Monthly Base Rate
	Monthly Base Rate	Per 100 cubic feet	
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
2020	30.90	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				Per Capita (b)	Population (b)
	Lease Revenue Bonds (a)	Capital Leases and Loans (a)	Water Revenue Bonds (a)	Water/Sewer Notes Payable (a)	Sewer Revenue Bonds (a)	Airport Notes Payable (a)	Total Primary Government			
2011	\$ 23,660,000	\$ 137,879	\$ -	\$ 23,402,994	\$ 29,580,000	\$ -	\$ 76,872,414	\$	922	83,418
2012	23,465,000	70,293	-	19,274,382	28,630,000	-	71,512,617		852	83,900
2013	23,245,000	-	-	18,392,152	27,645,000	-	69,335,630		825	84,060
2014	23,000,000	908,546	-	14,489,157	26,630,000	-	65,060,852		764	85,146
2015	22,726,000	1,021,108	-	13,564,909	25,935,000	-	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
2020	18,190,000	-	-	8,606,933	22,050,000	-	48,846,933		509	95,931

Note: Special Assessment Bonds have no City commitment.

Source:

- (a) Finance Department, City of Tracy
- (b) The HdL Company

**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
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
2020	18,190,000	-	18,190,000	0.17%	190

Source: Finance Department, City of Tracy

**CITY OF TRACY**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
 June 30, 2020

2019-2020 Assessed Valuation: \$ 11,837,934,173

	Total Debt 6/30/20	% Applicable (a)	City's Share of Debt 06/30/2020
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
San Joaquin Delta Community College District	\$ 199,370,000	13.700%	\$ 27,313,680
Lammersville Joint Unified School District	56,000,000	10.768%	6,030,080
Tracy Unified School District	34,620,000	60.988%	21,114,046
Tracy Unified School District School Facilities Improvement District No. 3	106,300,900	91.882%	97,671,393
Banila School District	460,000	16.662%	76,645
Jefferson School District	32,259,515	71.538%	23,077,812
City of Tracy Community Facilities District No. 87-1	290,000	100%	290,000
City of Tracy Community Facilities District No. 89-1	950,000	100%	950,000
City of Tracy Community Facilities District No. 93-1	2,215,000	100%	2,215,000
City of Tracy Community Facilities District No. 98-1	35,155,000	100%	35,155,000
City of Tracy Community Facilities District No. 98-3	1,230,000	100%	1,230,000
City of Tracy Community Facilities District No. 99-1	2,865,000	100%	2,865,000
City of Tracy Community Facilities District No. 99-2	6,710,000	100%	6,710,000
City of Tracy Community Facilities District No. 2000-1	9,870,000	100%	9,870,000
City of Tracy Community Facilities District No. 2006-1	8,230,000	100%	8,230,000
City of Tracy Community Facilities District No. 2016-1 LA No. 1	47,475,000	100%	47,475,000
City of Tracy Community Facilities District No. 2016-2 LA No. 1	15,385,000	100%	15,385,000
City of Tracy 1915 Act Bonds	2,875,000	100%	2,875,000
California Statewide Community Development Authority 1915 Act Bonds	6,627,677	100%	6,627,677
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 568,888,092</b>		<b>\$ 315,161,343</b>

<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Joaquin County Certificates of Participation	70,545,000	14.834%	\$ 10,535,190
Lammersville Joint Unified School District General Fund Obligations	31,300,000	10.768%	3,370,385
<b>City of Tracy General Fund Obligations</b>	<b>18,190,000</b>	<b>100%</b>	<b>\$ 18,190,000</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			<b>\$ 32,095,574</b>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	<b>\$ 29,160,000</b>	<b>100%</b>	<b>\$ 29,160,000</b>

<b>TOTAL DIRECT DEBT</b>	<b>\$ 18,190,000</b>
<b>TOTAL OVERLAPPING DEBT:</b>	<b>\$ 358,226,917</b>
<b>COMBINED TOTAL DEBT</b>	<b>\$ 376,416,917</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.

<b>Ratios to 2019-20 Assessed Valuation:</b>	
Total Overlapping Tax and Assessment Debt.....	2.66%
<b>Total Direct Debt (\$18,190,000).....</b>	<b>15.00%</b>
Combined Total Debt.....	3.18%
<b>Ratios to redevelopment Incremental Valuation (\$1,139,185,590)</b>	
Total Overlapping Tax Incremental Debt.....	2.56%

Source: CallMuni - Avenu Insights & Analytics  
 City of Tracy

**CITY OF TRACY**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
(In Billions)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assessed Value	\$ 11,837	\$ 10,984	\$ 10,336	\$ 10,495	\$ 8,941	\$ 8,387	\$ 7,341	\$ 6,757	\$ 6,827	\$ 7,307
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,959	2,746	2,584	2,624	2,235	2,097	1,835	1,689	1,707	1,827
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	444	412	388	394	335	315	275	253	256	274
Total net debt applicable to limit	51	54	56	58	60	63	65	69	71	121
Legal debt margin	\$ 393	\$ 358	\$ 332	\$ 336	\$ 275	\$ 252	\$ 210	\$ 184	\$ 185	\$ 153

**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**  
**PLEGDED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water revenue bonds/State Loan</b>										
Water revenue	\$ 20,475,353	\$ 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
Less: Operating Expenses	(16,761,871)	(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)
Net available revenue	3,713,482	1,592,149	2,106,502	1,762,129	2,058,655	3,699,423	5,928,620	2,545,995	2,363,099	2,201,569
Debt service:										
Principal	1,014,385	991,059	968,269	946,003	924,249	902,995	882,230	861,943	4,128,612	1,099,165
Interest	249,059	266,861	289,651	311,917	33,671	354,925	375,690	395,977	531,639	637,999
Total Debt Service	1,263,444	1,257,922	1,257,920	1,257,920	1,132,923	1,390,419	1,257,919	1,347,920	4,660,251	1,737,164
Coverage	2.94	1.27	1.67	1.40	1.82	2.66	4.71	1.89	0.51	1.27
<b>Wastewater revenue bonds:</b>										
Wastewater revenue	23,835,114	24,825,340	15,196,599	14,434,402	14,092,302	14,558,438	13,030,930	12,025,189	11,713,538	12,038,615
Less: Operating expenses	(12,606,279)	(12,340,258)	(12,467,159)	(8,003,091)	(7,449,704)	(7,823,215)	(7,211,266)	(6,378,330)	(7,617,428)	(7,784,380)
Net available revenue	11,228,835	12,485,082	2,729,440	6,431,311	6,642,598	6,735,223	5,819,664	5,646,859	4,096,110	4,254,235
Debt service:										
Principal	840,000	805,000	775,000	745,000	720,000	695,000	1,015,000	985,000	950,000	993,010
Interest	1,050,665	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
Total Debt Service	1,890,665	1,891,235	1,894,028	1,898,480	1,902,670	1,903,468	2,251,956	2,270,258	2,263,920	2,335,767
Coverage	5.94	6.60 (b)	1.44	3.39	3.49	3.54	2.58	2.49	1.81	1.82
<b>Tax allocation bonds:</b>										
Tax increment	-	-	-	-	-	-	-	-	4,359,166	7,594,352
Debt service:										
Principle	-	-	-	-	-	-	-	-	1,195,000	1,145,000
Interest	-	-	-	-	-	-	-	-	1,262,289	2,576,992
Total Debt Service	-	-	-	-	-	-	-	-	2,457,289	3,721,992
Coverage	-	-	-	-	-	-	-	-	1.77	2.04

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 Rate (1)	Unemployment Number (1)	Population (2)	Labor Force (1)	Employment (1)	Unemployment Rate (1)	Unemployment Number (1)
2011	82,107	32,900	29,800	9.6%	3,100	682,660	295,300	244,000	16.70%	51,300
2012	83,900	32,900	29,800	9.5%	3,100	695,750	300,300	254,800	15.10%	45,500
2013	84,060	32,700	29,600	9.5%	3,100	692,997	298,500	253,200	15.20%	45,300
2014	85,146	33,100	30,500	8.0%	2,600	701,745	298,800	260,400	12.80%	38,400
2015	84,937	41,200	38,100	7.4%	3,050	719,511	309,800	282,600	8.80%	27,200
2016	89,208	42,000	38,800	7.5%	3,000	733,383	316,900	288,800	8.90%	28,100
2017	90,890	42,100	39,200	6.8%	2,900	733,709	318,000	293,700	7.60%	24,168
2018	92,553	44,700	43,100	3.7%	1,700	745,424	332,400	315,700	5.00%	16,700
2019	92,800	43,700	41,800	4.4%	1,900	752,660	324,500	305,800	5.80%	18,800
2020	95,931	43,700	38,800	11.3%	4,900	762,148	322,100	283,700	11.90%	38,400

Sources:

1. California Employment Development Department-Labor Market Information
2. Finance Department, City of Tracy
3. The HdL Companies
4. U.S. Census Bureau

CITY OF TRACY  
 PRINCIPAL EMPLOYERS  
 CURRENT FISCAL YEAR AND FOURTEEN YEARS AGO

Taxpayer Name	2020			2007		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
AMAZON.COM	3,950	1	14.67%	-	-	-
AMAZON.COM	901	2	3.35%	-	-	-
FEDEX GROUND PACKAGE SYSTEM, INC	596	3	2.21%	-	-	-
THE HOME DEPOT #6641	484	4	1.80%	-	-	-
WALMART #2025	370	5	1.37%	-	-	-
LEPRINO FOODS	344	6	1.28%	-	-	-
RESTORATION HARDWARE #903	279	7	1.04%	-	-	-
DHL SUPPLY CHAIN	250	8	0.93%	370	1	2.62%
COSTCO WHOLESAL #658	245	9	0.91%	-	-	-
DHL SUPPLY CHAIN	231	10	0.86%	-	-	-
DHL SUPPLY CHAIN	229	11	0.85%	-	-	-
RANDSTAD INHOUSE SERVICES LLC	217	12	0.81%	-	-	-
SELECT STAFFING	212	13	0.79%	-	-	-
PACIFIC MEDICAL INC	211	14	0.78%	136	11	0.96%
RANDSTAD INHOUSE SERVICES LP	208	15	0.77%	-	-	-
Y R C	201	16	0.75%	-	-	-
BMD SERVICES INC	200	17	0.74%	-	-	-
INTERNATIONAL PAPER	191	18	0.71%	-	-	-
RANDSTAD INHOUSE SERVICES LP	185	19	0.69%	231	5	1.63%
OLIVE GARDEN #1582	182	20	0.68%	120	8	0.85%
TEXAS ROADHOUSE	179	21	0.66%	92	14	0.65%
RANDSTAD INHOUSE SERVICES LLC	168	22	0.62%	-	-	-
THE HOME DEPOT #1020	165	23	0.61%	-	-	-
TARGET STORES T738	159	24	0.59%	125	6	0.88%
GLASSFAB TEMPERING	152	25	0.56%	-	-	-
ROSS DRESS FOR LESS INC #1389	-	-	-	-	-	-
PACIFIC MEDICAL INC	-	-	-	136	11	0.96%
WALMART #2025	-	-	-	-	-	-
ORCHARD SUPPLY COMPANY LLC	-	-	-	234	2	1.66%
TAYLOR FARMS PACIFIC INC	-	-	-	-	-	-
SAFEMART INC #2600	-	-	-	200	6	1.42%
ORCHARD SUPPLY COMPANY	-	-	-	50	25	0.35%
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%
GERHIG 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%
LAP 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%
WE STAFF (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%
<b>Total Top 25 Employers</b>	<b>10,509</b>		<b>39.02%</b>	<b>3,567</b>		<b>25.26%</b>
<b>Total Citywide Employees</b>	<b>26,931</b>		<b>100.00%</b>	<b>14,133</b>		<b>100.00%</b>

Source: The HdL Companies

Note: No information is available for FY2010-11, 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City Attorney	4	3	4	4	4	4	4	4	5	4
City Council	5	5	5	5	5	5	5	5	5	5
City Manager's Office	31.5									
City Clerk Office										
Cultural Arts Division										
Economic Development Division										
Community Engagement and										
Public Information Division										
Information Technology										
Development Services	55.5	66	61	61	39	37	40	38	48	41
Finance	25	30	34	32	26	27	24	23	23	23
City Treasurer	1	1	1	1	1	1	1	1	1	1
South County Fire Authority	83	89	82	81	80	79	78	80	82	78
Human Resources	10	9	10	9	6	6	5	5	6	6
Parks and Recreation	15	48	(a)	13	23	38	35	41	50	59
Administration										
Parks Planning and Development										
Recreation										
Community Facilities										
Transit		3	3	3	3	2	2	2	2	2
Airport		2	2	2	2	2	2	2	1	2
Police	157	144	143	139	133	136	135	135	134	133
Public Works	96	92	85	84	61	46	46	46	59	59
Administrative Services		9	8	8	7	7	7	7	7	7
Solid Waste and Recycling		4	1	1	1	1	1	1	2	1
Internal										
Aquatics										
Utilities Maintenance										
Water		31	31	30	35	39	39	39	40	40
Wastewater		43	25	25	26	26	27	26	28	28
Street, Community										
Preservation, Concrete and										
Traffic Maintenance		5	3	3	3	3	3	3	2	2
<b>Total</b>	<b>483</b>	<b>586</b>	<b>515</b>	<b>504*</b>	<b>458</b>	<b>462</b>	<b>456</b>	<b>460</b>	<b>499</b>	<b>499</b>

Note 1: Table updated as of FY19-20

Note 2: 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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Government</b>										
Building Permits Issued	3,184	3,050	2,988	2,904	2,736	2,852	1,924	1,435	1,293	915
Building Inspections requested	22,337	20,384	18,028	16,260	17,025	13,824	9,128	6,189	4,568	2,975
<b>Police:</b>										
Arrests	1,859	2,705	2,768	2,894	2,732	2,502	2,541	2,765	2,896	2,941
Parking citations issued	618	1,291	1,022	1,335	1,685	1,160	1,454	1,472	2,196	3,153
Traffic violations	2,524	4,063	3,320	4,630	6,341	5,450	3,798	3,519	5,281	6,668
<b>Fire:</b>										
Number of emergency calls	9,014	9,031	8,811	7,351	6,924	6,811	6,443	6,322	5,951	5,570
Inspections	2,005	3,002	3,374	3,785	5,164	4,071	3,333	3,114	3,416	2,383
<b>Water:</b>										
Water Mains (miles)	465	452	440	431	426	426	420	410	410	402
New connections	383	295	256	1,173	228	74	45	23	20	20
Maximum Daily Capacity (gallons)										
(millions of gallons)	57	57	57	57	57	57	57	57	57	57
Average daily consumptions (gallons)										
(millions of gallons)	18	15	17	16	13	14	15	15	15	14
<b>Sewer:</b>										
Sanitary Sewer (miles)	460	450	440	426	421	421	415	410	410	400
New connections	373	285	256	650	227	74	45	22	14	20
Average daily treatment (gallons)										
(millions of gallons)	10	9	8.88	10	10.0	9.5	9.5	10	9	9
<b>Airport:</b>										
Hangar rentals	69	68	76	76	62	76	76	76	76	76
<b>Solid waste:</b>										
Refuse collected (tons per day)	285	278	266	264	252	221	211	205	198	194
Recyclables collected (tons per day)	86	86	81	86	76	69	66	65	64	66
<b>Transit:</b>										
Average daily passengers	432	552	546	585	505	519	444	418	357	325
Total fixed route miles	272,622	344,724	341,126	302,039	358,405	313,380	228,817	237,089	226,808	152,284

Source: City of Tracy Departments

CITY OF TRACY  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Police:</b>										
Number of stations	1	1	1	1	1	1	1	1	1	1
<b>Fire:</b>										
Number of stations	6	6	6	6	6	7	7	7	7	7
<b>Public works:</b>										
Number of street lights	6,142	6,141	6,141	6,110	6,110	6,004	5,430	5,430	5,430	5,430
Number of traffic signals	76	75	75	85	85	84	84	78	78	78
<b>Parks and recreation:</b>										
Number of parks	77	77	77	77	77	76	76	76	76	76
Number of community centers	3	3	3	3	3	3	3	3	3	3
<b>Water:</b>										
Water mains (miles)	465	450	440	431	426	426	420	410	410	395
<b>Wastewater</b>										
Sanitary sewers (miles)	460	452	440	426	421	421	415	410	410	395
<b>Airport:</b>										
Number of hangars	69	68	76	76	62	76	76	76	76	76
<b>Transit:</b>										
Number of vehicles	15	15	15	15	15	15	15	15	15	15

Source: City of Tracy Departments

THIS PAGE INTENTIONALLY LEFT BLANK

RESOLUTION \_\_\_\_\_

ACCEPTING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

WHEREAS, The financial statements of the City of Tracy for the fiscal year ended June 30, 2020, 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, 2020 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, 2020, 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, 2020.

\* \* \* \* \*

The foregoing Resolution \_\_\_\_\_ was passed and adopted by the Tracy City Council on the 19<sup>th</sup> day of January 2021 by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK



January 19, 2021

AGENDA ITEM 1.G

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) 21-22**

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, 2021, through June 30, 2022, 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 21-22 for the period July 1, 2021 through June 30, 2022.

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.

Description	Maturity	Total
2016 Tax Allocation Bonds – Principal	2033	1,660,000
2016 Tax Allocation Bonds – Interest	2033	1,195,800
2008 Lease Revenue Bonds	2038	289,571
Debt Service Fees		2,000
Administrative Costs		20,000
<b>Total RPTTF Request</b>		<b>3,167,371</b>

STRATEGIC PLAN

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

FISCAL IMPACT

The 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, 2021, through June 30, 2022.

Prepared by: Robert Harmon, Senior Accountant

Reviewed by: Karin Schnaider, Finance Director

Approved by: Jenny Haruyama, Executive Director

ATTACHMENTS

Attachment A – ROPS 21-22

**ATTACHMENT A**

**Recognized Obligation Payment Schedule (ROPS 21-22) - Summary  
Filed for the July 1, 2021 through June 30, 2022 Period**

**Successor Agency:** Tracy

**County:** San Joaquin

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>	<b>21-22A Total (July - December)</b>	<b>21-22B Total (January - June)</b>	<b>ROPS 21-22 Total</b>
<b>A Enforceable Obligations Funded as Follows (B+C+D)</b>	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)</b>	<b>\$ 3,157,371</b>	<b>\$ 10,000</b>	<b>\$ 3,167,371</b>
F RPTTF	3,147,371	-	3,147,371
G Administrative RPTTF	10,000	10,000	20,000
<b>H Current Period Enforceable Obligations (A+E)</b>	<b>\$ 3,157,371</b>	<b>\$ 10,000</b>	<b>\$ 3,167,371</b>

**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 21-22) - ROPS Detail  
July 1, 2021 through June 30, 2022

A Item #	B Project Name	C Obligation Type	F Payee	G Description	I Total Outstanding Obligation	J Retired	K ROPS 21-22 Total	O ROPS 21-22A (Jul - Dec)		Q 21-22A Total	V ROPS 21-22B (Jan - Jun)		W 21-22B Total
								Fund Sources			Fund Sources		
								RPTTF	Admin RPTTF		Admin RPTTF		
					\$39,565,054		\$3,167,371	\$3,147,371	\$10,000	\$3,157,371	\$10,000	\$10,000	
5	2008 Lease Revenue Bonds	Bonds Issued On or Before 12/31/10	City of Tracy	Agency Share of City debt thru 2038	-	Y	\$-	-	-	\$-	-	\$-	
7	Successor Agency Admin Costs	Admin Costs	City of Tracy	Successor Agency Administration	20,000	N	\$20,000	-	10,000	\$10,000	10,000	\$10,000	
10	2016 TAB Refunding Bonds	Refunding Bonds Issued After 6/27/12	BNY Mellon	Debt Principle Thru 2033	26,070,000	N	\$1,660,000	1,660,000	-	\$1,660,000	-	\$-	
11	2016 TAB Refunding Bonds	Refunding Bonds Issued After 6/27/12	BNY Mellon	Debt Interest Thru 2033	7,947,200	N	\$1,195,800	1,195,800	-	\$1,195,800	-	\$-	
12	2016 TAB Refunding Bonds	Fees	BNY Mellon	Payee and trustee expenses	26,000	N	\$2,000	2,000	-	\$2,000	-	\$-	
15	2020 LRB Refunding Bonds	Refunding Bonds Issued After 6/27/12	City of Tracy	Agency share of City debt thru 2038	5,501,854	N	\$289,571	289,571	-	\$289,571	-	\$-	

ATTACHMENT A

Tracy  
**Recognized Obligation Payment Schedule (ROPS 21-22) - Report of Cash Balances**  
 July 1, 2018 through June 30, 2019  
 (Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (i), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
		<b>Fund Sources</b>					
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>	
	<b>ROPS 18-19 Cash Balances (07/01/18 - 06/30/19)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	<b>Comments</b>
1	<b>Beginning Available Cash Balance (Actual 07/01/18)</b> RPTTF amount should exclude "A" period distribution amount.	-	-	2,835,250	50,171	700,960	2016 TAB Refunding agreement requires retention of next years payments
2	<b>Revenue/Income (Actual 06/30/19)</b> RPTTF amount should tie to the ROPS 18-19 total distribution from the County Auditor-Controller				61,151	4,425,307	
3	<b>Expenditures for ROPS 18-19 Enforceable Obligations (Actual 06/30/19)</b>			2,835,250		1,470,869	
4	<b>Retention of Available Cash Balance (Actual 06/30/19)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					-	
5	<b>ROPS 18-19 RPTTF Prior Period Adjustment</b> RPTTF amount should tie to the Agency's ROPS 18-19 PPA form submitted to the CAC			No entry required		135,473	
6	<b>Ending Actual Available Cash Balance (06/30/19)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$-	\$111,322	\$3,519,925	

ATTACHMENT A

**Tracy**  
**Recognized Obligation Payment Schedule (ROPS 21-22) - Notes**  
**July 1, 2021 through June 30, 2022**

Item #	Notes/Comments
5	REFUNDED - See 2020 LRB Refunding Bonds
7	
10	
11	
12	
15	Initial setup of refunding bonds to replace 2008 LRB's

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 of the City of Tracy, acting as the Governing Board of the Successor Agency, hereby approves the ROPS 21-22 which contains the Successor Agency Administrative Cost Estimates.

BE IT FURTHER RESOLVED, That the City Council of the City of Tracy, 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 Governing Board of the Successor Agency to the Community Development Agency of the City of Tracy, on the 19th day of January, 2021, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

\_\_\_\_\_  
Chair

ATTEST:

\_\_\_\_\_  
Successor Agency Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Successor Agency Counsel



January 19, 2021

AGENDA ITEM 1.H

REQUEST

**ADOPT A RESOLUTION AMENDING THE CITY'S OPERATING AND CAPITAL IMPROVEMENT PROJECTS (CIP) BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2021, AS PROPOSED**

EXECUTIVE SUMMARY

On June 16, 2020, the Council adopted the FY 2020-21 Operating and Capital Budget. This report provides an update of the City's current financial performance, for Second Quarter (Q2) through December 31, 2020. This financial summary identifies Q2 General Fund revenue and expenditure actuals and encumbrances, minor amendments to the FY 2020-21 budget, and provides an update of current Capital Improvement Projects (CIPs).

DISCUSSION

Quarterly, staff prepares a report to the City Council on the year-to-date revenues and expenditures as compared to the amended budget as of December 31, 2020 (Second Quarter-Q2). For comparison, FY 2019-20 Q2 actuals are also provided.

**FY 2020-21 General Fund Budget to Actuals**

As of December 31, 2020, the General Fund expenditures are approximately 40-48% of the approved operating budget. City personnel costs are reporting similarly to prior year trends (approximately 2% over prior year Q2). This actually represents a lower trend as the employee's received a 4% cost of living adjustment on July 1, 2020. The employee raises are offset by the personnel decreases resulting from the City's current hiring freeze and vacancies in place throughout the City. Personnel costs are \$28M as of December 31 (48% of budget). Non-personnel expenses total \$6.3M (39% of budget). These expenses do not include transfers out and debt which are reported in Q4. As of December 31, the General Fund has expended \$34M of the \$83M General Fund's amended budget (41%).

General Fund revenues collected in Q2 (as of September 30, 2020), reflect approximately 38% of estimated revenues. City revenues tend to lag a quarter behind and many revenues will appear low or zero as a result. The City received a portion of their Property Tax, the majority of the revenue is reported in April (Q4) after the next County apportionment. The City's Sales Tax are one-quarter in arrears; therefore, the revenue reported at Q2 is approximately 4 months of the annual tax. General Fund revenues in Franchise Fees and Business Licensees are typically reported in the Q3 and Q4 of the fiscal calendar. As of December 31, the General Fund has collected \$30M of the \$79M General Fund's estimated revenues budget (38%).

Staff is making the following request for additional appropriations for Purchased Services:

**SUMMARY OF PROPOSED AMENDMENTS**

Fund Name	Dept	Amount	Reason
General Fund	Transfers Out	\$ 95,000	Transfers to Landscape Maintenance District
ISC-Building Maintenance	Public Works	\$100,000	Various maintenance items
ISC-Information Technology	IT	\$100,000	Computer Replacement

1. The General Fund provides funding for the Landscape Maintenance District.
2. Public Works has experienced unexpected repairs to various buildings, particularly to HVAC systems. This funding is available in fund balance.
3. Information Technology is replacing various computers and laptops throughout the City. This funding is available in fund balance.

**SUMMARY OF REVENUES AND EXPENDITURES FOR THE GENERAL FUND  
 AS OF DECEMBER 31, 2020 (Q2)**

<u>REVENUES (in thousands)</u>	<u>FY 19/20</u> <u>Q2</u>	<u>FY 20/21</u> <u>Adopted</u>	<u>FY20/21</u> <u>Amended</u>	<u>FY20/21</u> <u>Q2</u>	<u>% OF</u> <u>Budget</u>
PROPERTY TAX	\$ 7,599	\$ 25,776	\$ 26,776	\$ 8,103	30.3%
SALES TAX	9,180	24,000	25,000	9,483	37.9%
SALES TAX (MEASURE V)	3,517	7,967	7,967	4,083	51.2%
OTHER TAXES	227	353	353	226	64.1%
OTHER REVENUES	9,346	20,832	18,832	8,277	44.0%
<b>TOTAL REVENUES</b>	<b>\$ 29,869</b>	<b>\$ 78,927</b>	<b>\$ 78,927</b>	<b>\$ 30,172</b>	<b>38.2%</b>
<u>EXPENDITURES (in thousands)</u>	<u>FY 19/20</u> <u>Q2</u>	<u>FY 20/21</u> <u>Adopted</u>	<u>FY20/21</u> <u>Amended</u>	<u>FY20/21</u> <u>Q2</u>	
PERSONNEL	\$ 27,809	\$ 58,846	\$ 58,924	\$ 28,350	48.1%
PURCHASED SERVICES AND SUPPLIES	5,516	13,151	13,819	5,347	38.7%
UTILITIES	784	1,735	1,955	930	47.6%
CAPITAL	135	-	6	-	0.0%
DEBT	-	1,276	1,101	-	0.0%
NET TRANSFERS (IN)/OUT	-	7,096	7,191	-	0.0%
<b>TOTAL EXPENDITURES</b>	<b>\$ 34,245</b>	<b>\$ 82,103</b>	<b>\$ 82,996</b>	<b>\$ 34,627</b>	<b>41.7%</b>
<b>Total Change in Net Position</b>	<b>\$ (4,376)</b>	<b>\$ (3,176)</b>	<b>\$ (4,069)</b>	<b>\$ (4,455)</b>	

**STRATEGIC PLAN**

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

**FISCAL IMPACT**

Staff is recommending minor amendments to the City Operating and Capital Budget for FY 2020-21. A comprehensive fiscal update will be returning with the mid-year report to the City Council. There are sufficient funds available for this request.

**SUMMARY OF PROPOSED AMENDMENTS**

<b>Fund Name</b>	<b>Department</b>	<b>Amount</b>	<b>Reason</b>
General Fund	Transfers Out	\$ 95,000	Transfers to Landscape Maintenance District
ISC-Building Maintenance	Public Works	\$100,000	Various maintenance items
ISC-Information Technology	IT	\$100,000	Computer Replacement

**RECOMMENDATION**

The City Council, by resolution, adopt the Amended Municipal Budget for Fiscal Year 2020-21.

Prepared by: Karin Schnaider, Finance Director

Reviewed by: Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

**ATTACHMENT**

Attachment A - FY 20-21 Q2 CIP Update

GENERAL GOVERNMENT PUBLIC SAFETY PROJECT BUDGET UPDATE  
FY2020-21 Q2

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
71027-Retrofit Water Tower 6th St	\$ 5,711	\$ 210,000	3%					Pending discussions with cell phone licensess
71078-New Radio Tower - Station 96	\$ 6,939	\$ 118,080	6%	X				Engineering/Geotechnical Review of existing reports underway
71089-Council Chamber Audio/Visual Systems	\$ 606,386	\$ 755,317	80%			X		CH26/Engineering working on project close out
71107-Public Facilities Master Plan Update	\$ 163,247	\$ 500,000	33%	X				Task 1 Facility Eval75% complete, Estimated Completion Oct 2021
71108-Public Safety Master Plan Update	\$ 8,295	\$ 420,000	2%	X				Kick off held, Estimated Completion Dec 2021
71109-Fire Training Tower Site	\$ 104,722	\$ 450,000	23%	X				Advertising on hold pending additional funding
71110-Multipurpose Reality Based Training Facility	\$ 46,319	\$ 400,000	12%	X				RFP Proposal under review
71111-Grand Theater Repair	\$ 37,679	\$ 355,000	11%		X			Additional engineering investigation in progress
71112-Temporary Emergency Housing	\$ 10,220	\$ 899,000	1%	X				
71113-Station 91 Renovations	\$ 2,583	\$ 300,000	1%		X			30% Plan submittal recived and reviewed

**TRAFFIC SAFETY PROJECT BUDGET UPDATE  
FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
72068-Traffic Signal - Lammers & West Schulte	\$ 1,142,424	\$ 1,298,900	88%			X		Project is 95% Complete, Estimated Completion Nov 2020
72074-Intersection Improvements - Tracy Blvd & Valpico Road	\$ 3,479	\$ 25,000	14%	X				
72095-Traffic Signal - Corral Hollow & Valpico	\$ 25,052	\$ 300,000	8%		X			Design expected to complete 02/21
72098-Adaptive Traffic System - 11th Street	\$ 5,282	\$ 100,163	5%		X			Design in Progress
72104-Intersection Improvements - Corral Hollow & Linne	\$ 3,160	\$ 300,000	1%		X			RFP Out for Design, Due Jan 20
72113-Adaptive Traffic System - Corral Hollow Road	\$ -	\$ 100,000	0%		X			Consultant Selected, Agreement is getting drafted
72116-Crosswalk Safety Enhancement on 11th St at F St	\$ 9,857	\$ 280,000	4%	X				Design Anticipated to begin 02/21
72117-Traffic Cameras Repair/Replacement	\$ 518	\$ 275,000	0%	X				Developing Scope of Work.
72118-Upgrade & Maintenance of Traffic Management Center Software	\$ 723	\$ 140,000	1%		X			To be completed along with CIP 72113
72119-Local Roadway Safety Plan	\$ 620	\$ 80,000	1%	X				RFP to be issued in Feb/March
<b>COMPLETED PROJECTS</b>								
72073-Intersection Improvements - MacArthur Drive & Valpico Road	\$ 306,100	\$ 306,100	100%					Project Construction Accepted by CM
72111-Replacement of Traffic Loops	\$ 175,145	\$ 176,000	100%					Project Construction Accepted by CM
72115-Vehicular Detection Loops Installation at Lauriana and Schulte	\$ 149,854	\$ 278,976	54%					Project Construction Accepted by CM



**STREETS AND HIGHWAYS PROJECT BUDGET UPDATE  
FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
73084-New Interchange - I-205 & Lammers Road - Ph I, EIR Study	\$ 434,385	\$ 1,008,000	43%	X				EIR Revalidation in progress
73103-Widening - Corral Hollow, 11th to Schulte	\$ 191,010	\$ 740,829	26%	X				Project is currently on hold
73109-I-205 at Chrisman Road Interchange	\$ 240,988	\$ 696,290	35%		X			Design is complete, project is on hold
73144-Widening - Corral Hollow, Linne to Old Schulte	\$ 4,782,219	\$ 6,111,938	78%		X			Dependent on the ROW acquisitions
73146-I-205/Mountain House Overcrossing	\$ 2,802,803	\$ 1,256,715	223%		X			Environmental in Progress
73147-I-580/Mountain House Overcrossing	\$ 207,663	\$ 2,486,298	8%		X			Environmental in Progress
73148-Bridge Widening Over Delta Mendota Canal on Mountain House Parkway	\$ 16,707	\$ 101,205	17%	X				Under Design by Prologis
73149-Bridge Widening Over California Aqueduct on Mountain House Parkway	\$ 10,858	\$ 101,716	11%	X				EIR in Progress
73150-Bridge Widening Over Delta Mendota Canal on Old Schulte Road	\$ 25,786	\$ 101,716	25%	X				Under Design by Prologis
73161-Reconstruction - Corral Hollow Road from Linne to I-580	\$ 1,002,657	\$ 2,210,231	45%		X			Currently funded for the design phase, 30% completed.
73166-Street Patch & Overlay Program FY19	\$ 2,416,836	\$ 3,224,190	75%			X		Phase 1 and Phase 2 Construction Complete, needs to be accepted thru City Council
73168-Reconstruction 6th St, west of Tracy Blvd	\$ 80,354	\$ 400,000	20%		X			Project Advertised for Construction. Bid Opening Jan 12
73171-Sidewalk and Curb Ramp Project – West St & 6th St/West St & South St	\$ 14,943	\$ 250,000	6%		X			In Progress; Advertise in December 2020
73172-Cherry Blossom Ct Pedestrian	\$ 15,093	\$ 60,000	25%	X				Bids Received, Contract to be awarded
73173-Transportation Master Plan	\$ 302,985	\$ 700,000	43%		X			In Progress
73175-Tracy Boulevard Sidewalk	\$ 15,728	\$ 724,581	2%		X			CC to approve Right of Way acquisition 1-19, design in progress
73176-Street Patch & Overlay Program FY20	\$ 89,858	\$ 2,175,000	4%		X			In Progress
73177-ADA Accessibility Improvements	\$ 2,292	\$ 265,000	1%		X			In Progress; Advertise in December 2020
73178-Overlay Program FY21	\$ 11,622	\$ 3,311,862	0%		X			Design Consultant Selected. Agreement in Progress.
73179-Pavement Management System Update	\$ 128	\$ 50,000	0%	X				RFP for Update planned to be issued in May 2021
73180-Sidewalk, Curb, and Gutter Repair	\$ 129	\$ 250,000	0%		X			Design is expected to begin November 2020
73181-Asphalt Concrete Pedestrian Path Installation on Lammers Road	\$ -	\$ 80,581	0%					Project approved CC August 18, 2020 RESO 2020-152
73182-Street Patch FY21	\$ -	\$ 400,000	0%		X			Design in Progress
<b>COMPLETED PROJECTS</b>								
73126-Widening - MacArthur Drive, Schulte to Valpico, Phase II	\$ 9,337,484	\$ 9,542,554	98%					Project Construction Accepted by CM

**WASTEWATER IMPROVEMENTS PROJECT BUDGET UPDATE**  
**FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
74083-New Outfall Pipeline WW Treatment Plant- Larch Road & Holly Drive	\$ 19,743,868	\$ 39,900,000	49%			X		Estimated Completion Jun 2023
74084-WW Line Upgrades - East Side Sewer mains on Grant Line Rd	\$ 34,987	\$ 755,910	5%		X			4000 feet of 24" wastewater pipe in MacArthur, parallel to existing pipe, is required to address choke points and accommodate future development
74091-Wastewater Recycling, Phase I	\$ 23,559,623	\$ 24,000,000	98%				X	Construction has been completed, project awaiting close out w/DWR
74107-Wastewater Treatment Plant Expansion - Phase 2	\$ 3,574,427	\$ 6,000,000	60%		X			Design in progress
74128-Security Upgrades at WWTP	\$ 7,793	\$ 264,000	3%		X			Design in progress
74159-Wastewater Master Plan Update	\$ 449,972	\$ 781,200	58%	X				

WATER IMPROVEMENTS PROJECT BUDGET UPDATE  
FY2020-21 Q2

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
75130-SCADA Replacement	\$ 326,212	\$ 610,000	53%				X	
75153-Luis Manner Well Rehab	\$ 95,978	\$ 964,973	10%			X		In progress
75156-WTP UV Upgrade	\$ 70,736	\$ 400,000	18%		X			
75159-Water Master Plan Update	\$ 396,022	\$ 659,767	60%	X				
75160-Water Lines Lammers Rd	\$ 130,253	\$ 4,800,000	3%		X			70% Design Complete, UPRR easement in progress, WSID Easements still needed



**DRAINAGE IMPROVEMENTS PROJECT BUDGET UPDATE**  
**FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
76059-South MacArthur, Ph 2-From Northern Boundary of Ellsagaray Ranch to Connection at Eastside Channel	\$ 53,461	\$ 554,007	9.6%			X		
76066-Detention Basin 2B - Blue Zone, Zone 1 - South Central area	\$ 1,979,361	\$ 1,989,893	99.5%			X		Land Purchase Approved by CC 12/01/2020, escrow closed.
76070-Detention Basin 10 Storm Water Pump Station Upgrade	\$ 57,638	\$ 300,000	19.2%	X				
76082-Arbor Ave. - MacArthur to Outfall Ditch	\$ 24,783	\$ 710,000	3.5%			X		Design 90% complete
76086-Storm Drain Master Plan Update	\$ 643,411	\$ 664,550	96.8%	X				Pending City Review and completion of other infrastructure master plan updates.

**AIRPORT TRANSIT PROJECT BUDGET UPDATE  
FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
77560-Paratransit Bus Replacement	\$ 145,464	\$ 1,000,000	14.5%			X		Purchase approved by CC June 16, 2020
77561-Fixed Route Transit Bus Replacement	\$ -	\$ 2,300,000	0.0%			X		Purchase approved by CC August 18, 2020
77564-Transit Station Security Cameras	\$ 1,533	\$ 140,000	1.1%	X				
77582-Airport RDA Improvements	\$ 806,278	\$ 1,502,717	53.7%		X			Construction Contract Awarded by CC August 18, 2020
77583-Airport Layout Plan/Geospatial Info	\$ 95,095	\$ 241,200	39.4%	X				
77584-Transit Station Rehab	\$ 6,117	\$ 400,000	1.5%	X				Preliminary Design in progress
77585-Tracer Bus Stop Improvements	\$ -	\$ 500,000	0.0%					Not yet started
77586-Transit Maintenance & Storage Yard (Land Acquisition)	\$ -	\$ 1,000,000	0.0%					Not yet started
<b>COMPLETED PROJECTS</b>								
77552-PAPI Installation and Retrofit and AWOS Replacement	\$ 369,760	\$ 478,794	77%					Project Construction Accepted by CM

**PARKS RECREATION IMPROVEMENTS PROJECT BUDGET UPDATE**  
**FY2020-21 Q2**

CIP	Expenses	Budget	% Budget Expended	Planning	Design	Construction	Close out	Status Update and Timeline
<b>ACTIVE PROJECTS</b>								
78054-Aquatics Center	\$ 1,212,092	\$ 65,000,000	1.9%	X				Final conceptual plan is approved, working on phasing plan & design, funding & construction agreement, design will start soon
78149-Park Renovation - LMZ 17, Sullivan and Huck Parks	\$ 441,793	\$ 525,200	84%			X		Construction is wrapping up, at punch list stage
78170-Gretchen Tally Park Phase III	\$ 494,962	\$ 2,956,571	17%		X			Currently in design
78171-Bikeways Master Plan Update	\$ 48,830	\$ 100,000	49%	X				Ongoing
78173-Playground Replacements Alden & Yasul Parks	\$ 26,167	\$ 690,000	4%		X			Currently in design, going out to bid soon
78178-Multi-Generational Recreation Center	\$ 82,557	\$ 4,000,000	2%	X				Planning stage
78179-Parks Master Plan Update	\$ 258,839	\$ 426,000	61%	X				Ongoing, estimated Spring 2021 for CC adoption
78180-Nature Park	\$ 78,339	\$ 471,000	17%	X				Currently in planning phase, estimated Winter 20/21 fo CC adoption
78181-Lincoln Park Landscape Improvements	\$ 9,840	\$ 200,000	5%	X				In Progress
78182-American Legion Parking Lot	\$ 30,000	\$ 30,000	100%			X		Project Included in CIP 73166 Phase 2 - Parking lot work completed
78183-Bikeways Improvements	\$ 88,308	\$ 155,000	57%		X			Design Completed
<b>COMPLETED PROJECTS</b>								
78157-Playground Replacement Larsen Park	\$ 328,095	\$ 327,750	100%					Project Construction Accepted by CM
78164-Legacy Field Site Phase 1D	\$ 8,811,901	\$ 9,711,132						Project Construction Accepted by CM

RESOLUTION \_\_\_\_\_

AMENDING THE CITY OPERATING AND CAPITAL BUDGET FOR FISCAL YEAR 2020-21

WHEREAS, The City Council, on June 16, 2020, adopted the FY 2020-21 Operating and Capital Budget for the City of Tracy, and

WHEREAS, Based upon a review of revenues and expenditures, the City Manager has prepared and proposed additional amendments to the FY 2020-21 budget, and

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

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

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Tracy hereby adopts the Amended Municipal Budget for the Fiscal Year 2020-21 as evidenced by the attached summary of FY 2020-21 Revised General Fund Budget and Capital Improvement Projects Exhibit A.

\*\*\*\*\*

The foregoing Resolution 2021\_\_\_\_\_was passed and adopted by the Tracy City Council on the 19<sup>th</sup> day of January, 2021, by the following vote:

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

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Fund	<u>FY 19/20 Q1</u>	<u>FY 20/21 Adopted</u>	<u>FY20/21 Amended</u>	<u>FY20/21 Q1</u>
<b>REVENUES</b>				
GENERAL FUND	7,625,308	78,927,054	78,927,054	7,378,136
DEVELOPMENT SERVICES	2,115,084	9,310,959	9,310,959	2,549,354
SCFA	2,420	6,672,294	6,672,294	122,225
GAS TAX	444,549	3,163,139	3,163,139	556,391
SPECIAL REVENUE	155,340	12,092,236	12,092,236	491,316
DEBT	(49,008)	6,142,815	6,142,815	166,024
GEN FUND CAPITAL	0	9,993	9,993	958
CAPITAL	3,437,316	14,272,634	14,272,634	3,451,774
INTERNAL SERVICES FUND	2,426,153	12,895,102	12,895,102	2,713,920
AIRPORT	1,283,263	1,021,806	1,021,806	261,640
TRANSIT	57,205	5,555,883	5,555,883	839,733
SOLID WASTE	4,852,167	21,730,862	21,730,862	4,057,119
WASTEWATER	2,672,221	14,916,509	14,916,509	2,150,496
WATER	4,049,151	18,368,267	18,368,267	4,763,055
STORM DRAIN	152,250	718,683	718,683	133,158
<b>TOTAL REVENUES</b>	<b>29,223,419</b>	<b>205,798,236</b>	<b>205,798,236</b>	<b>29,635,299</b>
<b>EXPENSES</b>				
GENERAL FUND	12,215,324	82,103,037	82,722,601	12,276,402
DEVELOPMENT SERVICES	2,133,830	10,692,978	10,862,401	1,999,706
SCFA	3,997,286	6,672,294	6,672,294	4,515,623
GAS TAX	349,042	4,090,046	5,262,033	401,631
SPECIAL REVENUE	2,447,910	6,889,269	7,949,122	1,285,345
DEBT	1,563,875	5,138,131	5,138,131	2,496,334
GEN FUND CAPITAL	2,076,804	455,178	2,096,568	427,450
CAPITAL	8,907,729	9,688	4,406,719	1,950,725
INTERNAL SERVICES FUND	2,995,995	13,591,095	13,980,788	4,171,187
AIRPORT	1,883,145	864,117	1,035,706	239,465
TRANSIT	783,302	7,008,346	7,876,761	728,427
SOLID WASTE	3,785,930	24,304,162	24,324,862	4,415,777
WASTEWATER	4,865,556	15,658,642	44,113,524	6,526,343
WATER	3,018,733	18,787,678	19,839,524	3,499,844
STORM DRAIN	109,523	684,666	684,666	128,678
<b>TOTAL EXPENSES</b>	<b>51,133,983</b>	<b>196,949,327</b>	<b>236,965,700</b>	<b>45,062,935</b>
<b>INCREASE/(DECREASE)</b>	<b>(21,910,564)</b>	<b>8,848,909</b>	<b>(31,167,464)</b>	<b>(15,427,636)</b>



AGENDA ITEM 3.B

REQUEST

**DISCUSS AND PROVIDE DIRECTION REGARDING BANNING THE SALE AND DISCHARGE OF SAFE AND SANE FIREWORKS IN THE CITY OF TRACY**

EXECUTIVE SUMMARY

Mayor Pro Tem Veronica Vargas, seconded by Council Member Dan Arriola, requested to place an item on the Council's agenda to discuss banning the sale and discharge of "Safe and Sane" fireworks within the City of Tracy.

DISCUSSION

At the October 6, 2020, City Council meeting, then-Council Member Vargas, seconded by Council Member Arriola requested to place on the Council Agenda, an item to discuss banning the sale and discharge of "Safe and Sane" fireworks in the City of Tracy. This item was requested to be placed on the agenda for Council discussion given community complaints about the discharge of legal and illegal fireworks within City limits.

Background

Since June 17, 2011, the sale and discharge of "Safe and Sane" fireworks has been legal in the City of Tracy. The California State Fire Marshal (CFSM) evaluates fireworks for compliance with State laws and regulations. Fireworks that meet the standard of CFSM are designated as "Safe and Sane" fireworks are approved for sale and use in California and considered to be "legal" to discharge in California, subject to approval of the local authority having jurisdiction. Fireworks that do not meet CFSM standards are designated as "dangerous" fireworks by CFSM and illegal to discharge in California. Prior to 2011, the sale, use, and discharge of all fireworks were unlawful within the City limits with the exception of the annual commercial fireworks display held on the 4<sup>th</sup> of July.

In Spring 2011, the City received multiple requests from non-profit organizations and vendors to allow the sale and discharge of "Safe and Sane" fireworks. Many non-profit and community organizations expressed an interest in selling the fireworks as it would serve as an opportunity to raise funds for various community activities, programs, and services.

On April 19, 2011, Council considered and discussed the sale and use of legal "Safe and Sane" fireworks and directed staff to develop and propose an ordinance that would, if adopted, permit the sale and discharge of "Safe and Sane" fireworks within the City's limits. On May 3, 2011, Council approved a draft ordinance allowing the sale and discharge of "Safe and Sane" fireworks within the City of Tracy. The ordinance became effective June 17, 2011. Given the time constraints in relation to July 4, 2011, the ordinance included an expedited process for selecting non-profit organizations to obtain fireworks sale permits in time for the 2011 fireworks season.



Currently, the sale of all fireworks including “Safe and Sane” fireworks, are banned in unincorporated San Joaquin County. However, the cities of Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy all allow the sale and use of “Safe and Sane” fireworks within specified timeframes around July 4<sup>th</sup>. Per the Tracy municipal code, “Safe and Sane” fireworks may be discharged within the City limits of the City of Tracy during the period from noon and ending at 10:00 pm on the twenty-eighth day of June through the third day of July and from noon to midnight on the fourth of July, each year.

#### Lottery Process

In November 2011, Council adopted an annual lottery process for the selection of non-profit organizations to obtain “Safe and Sane” fireworks sale permits. The procedure for the sale of fireworks is documented in Tracy Municipal Code Chapter 3.04 entitled Fireworks.

Eligible non-profit organizations are selected for permit eligibility via a lottery process determined by resolution of the City Council. The number of “Safe and Sane” Fireworks Sales Permits issued to non-profit organizations is determined by the resident population of the City of Tracy. The “Fireworks” ordinance specifies one “Safe and Sane” Fireworks Sales Permit per 10,000 residents or fraction thereof. With the City’s current population in excess of 90,000 residents, only ten permits are issued annually to non-profit organizations in Tracy. Due to the number of non-profits exceeding the number of permits available, it was necessary to determine an equitable, objective lottery process by which eligible non-profits may be eligible to receive a “Safe and Sane” fireworks sales permit.

Each year, the organizations that receive a sales permit attend a mandatory fireworks safety meeting as required. Some local non-profit organizations rely on the sale of fireworks as an annual fundraiser.

#### Current Status

The sale and discharge of “Safe and Sane” fireworks are permissible within the City limits per Tracy Municipal Code Chapter 3.04 Fireworks. The “Safe and Sane” fireworks sales permit application process is overseen by the City Manager’s Office. Personnel from the Tracy Police Department and South San Joaquin County Fire Authority (SSJCFA) work together to educate the public about safe, appropriate, and permissible use of “Safe and Sane” fireworks. Education is accomplished through press releases with the local media, public service announcements, and a safety seminar for all non-profit organizations selling “Safe and Sane” fireworks. Additionally, in October 2020 the Tracy Municipal Code was amended to provide greater flexibility to law enforcement by allowing the City to issue administrative citations to a person caught in possession, selling, or discharging “dangerous” (illegal) fireworks.

Due to the established timelines within the ordinance pertaining to the lottery and permitting process, the City began accepting 2021 “Safe and Sane” fireworks sales permit applications on November 1, 2020. There are currently 58 nonprofit applications that have been reviewed and deemed eligible to participate in this year’s lottery. The lottery selection process was scheduled for the second Thursday in January; however, it has been temporarily postponed pending the outcome of Council discussion. If Council prohibits the sale of “Safe and Sane” fireworks within the City limits, staff will contact the applicants and advise them accordingly. If Council continues to allow safe and sane fireworks sales, staff will move forward with the lottery process in time for the July 4, 2021 season.



### Complaints and Enforcement

Over the past several years, the City of Tracy has experienced an increase in illegal fireworks complaints and calls for services related to the use of fireworks. As early as last year, the City experienced a 90% increase in fireworks-related calls for service compared to 2019.

Fireworks-related complaints typically fall in two categories. The first category, being the most dangerous, is the fact that misused or out of control fireworks start fires that result in significant damage or loss of property. This danger is experienced with primarily illegal (“dangerous”) fireworks, but may result from misuse of legal (“safe and sane”) fireworks as well. Although not all vegetation fires can be directly attributed to fireworks, the Fire Department tends to experience a marked increase in calls for service to vegetation fires in the week prior and week after the Fourth of July.

The second category of complaints are related to the noise and disturbances inherent to only illegal fireworks, which represent the vast majority of the calls received in the Police Department’s dispatch center. These noise complaints not only represent a reduction in the quality of life to the members of the community, but during peak time the volume of calls coming into the dispatch center can be overwhelming, taking away resources from higher priority needs.

The possession, sale, or discharge of dangerous fireworks is currently charged as a misdemeanor. As an alternative to charging the possession, sale, or discharge as a misdemeanor, the City may issue an administrative citation to the person caught in possession of, or selling and/or discharging dangerous fireworks. However, because officers need to witness the selling or discharging of fireworks, or witness the possession of illegal fireworks, enforcement becomes challenging.

In response to the increased complaints and calls for service, City Council adopted an ordinance on October 6, 2020 to amend the Tracy Municipal Code to allow law enforcement personnel to issue administrative citations to the “responsible party” of private property where dangerous fireworks have been possessed, sold, or discharged (Attachment C). The ordinance serves as an additional enforcement tool to mitigate challenges with the noise and hazard of dangerous fireworks being discharged within their communities.

In addition to amending the municipal code, the City has developed several guiding principles to assist in the implementation of responses to illegal fireworks:

1. An ongoing educational campaign should inform the public of both the dangers of illegal fireworks but also possible enforcement steps available. The goal is to reach a voluntary reduction in the possession and use of illegal fireworks.
2. The use of technology will be prioritized to reduce the number of calls going directly to the Police Department dispatch center. Smartphone apps or other points of input to receive complaints will be established to respond to calls for service regarding illegal fireworks.

3. Proactive operations conducted by Tracy Police Department personnel will focus on high level users, importers or sellers of dangerous fireworks, with potential prosecution of violators through the District Attorney's office.

4. A combination of personnel from the Police and Fire departments will focus on responses to "hot zones" during peak times, as established by call data from prior periods as well as reports from the community. To further decrease the possession, sale, or use of dangerous fireworks, the City will use other enforcement methods through administrative citations.

#### FISCAL IMPACT

Should the City Council choose to ban the sale and discharge of "Safe and Sane" fireworks, additional enforcement staffing and/or resources would likely be required. While this cost is not known at this time, staff could provide Council with an order of magnitude as part of its FY 2021/22 budget discussions mid-Spring.

#### STRATEGIC PLAN

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

#### RECOMMENDATION

Staff recommends Council discuss banning the sale and discharge of "Safe and Sane" fireworks and provide direction to staff.

Prepared by: Midori Lichtwardt, Assistant City Manager

Reviewed by: Randall Bradley, SSJCFA Fire Chief  
Sekou Millington, Chief of Police

Approved by: Jenny Haruyama, City Manager

#### ATTACHMENTS:

Attachment A: Tracy Municipal Code Chapter 3.04 Fireworks

Attachment B: Ordinance No. 1297 (Amended Chapter 3.04)

Attachment C: October 6, 2020 Staff Report

Chapter 3.04 - FIREWORKS<sup>1</sup>

## Footnotes:

--- (1) ---

**Editor's note**— Former Ch. 3.04, entitled "Fire Protection and Fire Prevention" §§ 3.04.010—3.04.170 was repealed by Ord. No. 1116, effective Mar. 5, 2008, which derived from: Prior code §§ 3-1.102—3-1.112, 3-1.201—3-1.204 and Ord. Nos. 1100 and 1111.

## 3.04.010 - Definitions.

*"Dangerous fireworks"* means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks classified as such as defined by Sections 12505 and 12561 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to dangerous fireworks which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

*"Fireworks sales stand"* means any building, counter, or other structure of a temporary nature used in the sale, offering for sale, or display for sale of safe and sane fireworks.

*"Nonprofit organization"* means the applicant is a local nonprofit organization which shall mean any nonprofit association, club, or corporation organized for veteran, patriotic, welfare, religious, civic betterment, youth or charitable purposes as defined by Section 501(c) of the Internal Revenue Code of the United States. A local nonprofit organization must have its principal and permanent meeting place within the City of Tracy, or be within a one-mile radius of the city limits of the City of Tracy, or be a school with a student body that includes City of Tracy residents and is within the Tracy Unified School District or the Jefferson School District. Non-school organizations that have their principal meeting place outside the City limits as allowed above, must show documented proof that a majority of its members are City of Tracy residents. The organization must have nonprofit status and have been organized and established for a minimum of two (2) continuous years preceding the filing of the application for permit. The organization must have a bona fide membership of at least twenty (20) members who reside in the City, which will be verified each year. The organization must also provide direct and regular community services and benefits to the residents of the City.

*"Public display of fireworks"* means an entertainment feature where the public or private group is admitted or permitted to view the display or discharge of dangerous fireworks.

*"Principal and permanent meeting place"* means a location that serves as the nonprofit organization's primary, fixed site for meetings.

*"Safe and sane fireworks"* also known as "state-approved fireworks" means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks which do not come within the definition of "dangerous fireworks" or "exempt fireworks" as defined by Section 12505 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to "safe and sane fireworks" which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1215, § 1, 5-3-2016; Ord. No. 1263, § 1, 9-18-2018)

3.04.020 - Public displays; permits required.

- (a) Notwithstanding the prohibitions on dangerous and safe and sane fireworks set forth in this chapter, this section shall not prohibit public display of fireworks which may be allowed upon issuance of a permit therefore under the provisions of the Health and Safety Code of the State of California. This chapter also does not prohibit the use by railroad or other transportation agencies, for signal purposes or illumination, of torpedoes, flares or fuses; nor the sale or use of blank cartridges for theatrical or ceremonial purposes, athletic events, or military ceremonials or demonstrations.
- (b) Fireworks display permits are required to conduct a public display of fireworks as required by local and state regulations. Permit application shall be made not less than sixty (60) days prior to the scheduled date of the display. The permit application shall be in accordance with the California Fire Code and the National Fire Protection Association codes and standards 1123 and 1124 and include a diagram of the grounds on which the display is to be held showing the point at which the fireworks are to be discharged; the location of buildings, highways and other lines of communication; the lines behind which the audiences will be restrained; and the location of nearby overhead obstructions. At the time of permit application, the City Manager or designee shall be consulted regarding reasonable conditions or requirements for standby personnel and fire apparatus. Fireworks display permits shall only be granted to licensed pyrotechnic operators.
- (c) Fireworks display permits may be secured by application to the City Manager or designee. The City Manager or designee may deny issuance of such permits, provided such denial is reasonably based on public health and safety concerns, including, but not limited to, an application for another event to be held on the same date as that requested has been previously filed or approved, and the other event is so close in time and location to the event proposed as to cause undue traffic congestion or to place the City in a position of being unable to meet the needs for Fire, Police or Public Works services for both events. Any decision regarding such permits may be appealed to the City Council as set forth in section 1.12.020 of this Code.
- (d) A public display of fireworks may also require a special events permit pursuant to chapter 4.40 of this Code.
- (e) The fireworks display permit fee, requisite deposits, time of payment, and insurance requirements shall be set by resolution of the City Council.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.030 - Sale, discharge, time limit, dangerous fireworks.

- (a) Subject to the permitting provisions of this chapter, the California Fire Code, the provisions of the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the State of California and any regulations promulgated thereunder, safe and sane fireworks may be discharged within the City limits of the City of Tracy during the period from noon and ending at 10:00 p.m. on the twenty-eighth day of June through the third day of July and from noon to midnight on the fourth of July, each year.
- (b) It is unlawful and shall be a misdemeanor to possess, sell or discharge dangerous fireworks within the City of Tracy.
- (c) As an alternative to charging possession, sale, or discharge of dangerous fireworks as a misdemeanor as provided under subsection (b) of this section, the City may issue administrative citations pursuant to chapter 1.28 of this Code.

- (d) Safe and sane fireworks may only be sold between the hours of 12:00 p.m. and 8:00 p.m. on June 28, between 8:00 a.m. and 8:00 p.m. from June 29 through July 3, and 8:00 a.m. and 9:00 p.m. on July 4.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.040 - Permit to sell and store safe and sane fireworks.

- (a) The City Council shall establish, by resolution, the process by which the City will issue annual permits to sell safe and sane fireworks and the conditions to protect health, safety, aesthetics, and such other conditions the City Council finds reasonably necessary that applicants must satisfy to receive the permits.
- (b) The City Council shall establish, by resolution, an application fee for the lottery to be eligible for an annual permit to store or sell safe and sane fireworks.
- (c) It is unlawful for any person to engage in the sale or distribution of safe and sane fireworks within the City of Tracy without first having secured an operational fire permit and a temporary use permit to do so from the City Manager or designee.
- (d) It is unlawful to store safe and sane fireworks within the City of Tracy without first having secured an operational fire permit and a temporary use permit to do so from the City Manager or designee.
- (e) The annual permit fee for the sale of safe and sane fireworks shall be set by resolution of the City Council and payable prior to permit issuance.
- (f) A temporary use permit and City business license is required pursuant to this Code.
- (g) Lottery awardees and alternates, as defined by the process set forth in a Council resolution pursuant to section 3.04.050(b), may apply for an operational fire permit prior to the end of April of each year.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.050 - Maximum number of safe and sane fireworks permits issued—Selection procedure.

- (a) The maximum number of permits to sell safe and sane fireworks, which the City may issue during any one calendar year, shall not exceed one permit for each 10,000 resident population or portion thereof. No more than one safe and sane fireworks stand can be operated under each permit. Only nonprofit organizations, as defined in this chapter, are eligible for such permits.
- (b) City Council shall provide, by City Council resolution, a process for a lottery to determine which nonprofit organizations, including alternates, will be eligible to apply for an annual permit to sell and store safe and sane fireworks.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.060 - Applications for safe and sane fireworks sales permit lottery.

Applications for the lottery to be eligible to apply for a permit to store or sell safe and sane fireworks may be filed during normal business hours from November 1st of each year up to and including the first Thursday of December of the same year, at which time the filing period for that year will close. All applications shall be submitted in writing to the City Manager or designee, on forms provided by the City and meet the following conditions:

- (a) The applicant is a nonprofit organization as defined in this chapter. Each nonprofit organization shall establish status as a 501(c) tax-exempt organization and provide a certificate of good

status from the California Secretary of State and an entity status letter showing good status with the California Franchise Tax Board at the time of application. The letters shall be dated within sixty (60) days of application. The letters are required to be submitted with the application and if not submitted, the application will be rejected.

- (1) Public school organizations shall provide current written verification of an affiliation from the school each year. Public school organizations shall establish status as a 501(c) tax-exempt organization as a separate entity from the school and must possess a nonprofit identification number.
  - (2) Each nonprofit organization may file an application for one sales permit for which there is only one tax ID number.
- (b) The nonprofit organization must possess a nonprofit identification number. However, a given identification number may not be used by more than one organization. Should the City Manager or designee determine that more than one organization has submitted the same nonprofit identification number, the City Manager or designee shall notify the organizations in writing and give each of them the opportunity to correct the situation prior to the deadline provided in this section to ensure compliance with this section. If such compliance is not achieved, none of the affected nonprofit organizations shall be eligible to receive a permit.
- (c) Applications shall be signed by two (2) bona fide officers of the eligible nonprofit organization, wherein the officer, on behalf of the organization and its agents, agrees to abide by state laws, administrative regulations, and all requirements of this Code and the permit if permission to operate a safe and sane fireworks stand is granted to the organization, and both:
- (1) Has not been found by any court of competent jurisdiction or City administrative hearing officer to be in violation of any civil or criminal, local, state or federal law relating to fireworks within twenty-four (24) calendar months prior to the organization's submittal of an application for a permit to sell safe and sane fireworks, and
  - (2) Has not had a permit to sell safe and sane fireworks revoked within twenty-four (24) calendar months prior to the organization's submittal of an application for a permit to sell.
- (d) (1) Should the City Manager or designee determine that a lottery awardee does not satisfy these requirements or otherwise comply with requirements of this Chapter, the lottery awardee's application shall be denied.
- (2) If an awardee is found to have falsified or misrepresented its status as an eligible organization as defined by this Chapter, or provided false information on the approved application, the organization will be ineligible to apply for a safe and sane fireworks sales permit for a period of two (2) years.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1215, § 2, 5-3-2016; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.070 - Documents and fees required for fireworks sales permit issuance.

- (a) In addition to all other requirements contained in this chapter, each lottery awardee shall comply with each of the following requirements:
- (1) Apply for an operational fire permit to store or sell safe and sane fireworks on a form approved by the City Manager or designee with the required permit fee as established by City Council resolution paid prior to permit issuance.
  - (2) State of California Fire Marshal's firework retail license.
  - (3) Provide proof of a temporary sellers permit from the State Board of Equalization.
  - (4) Sign a form provided by the City, whereby the lottery awardee agrees to indemnify and hold harmless the City, its officers, employees, volunteers and agents from any and all claims,

damages, demands, liability, costs, losses, and expenses, including, without limitation, court costs and reasonable attorneys' fees arising out of or in connection with the permittee's sale of safe and sane fireworks, except such loss or damage which was solely caused by the active negligence, sole negligence, or willful misconduct of the City, its officers, employees, or agents.

- (5) Furnish to the City proof of coverage by a policy of public liability and property damage insurance. The policy shall provide limits of bodily injury and property damage liability of not less than five million dollars (\$5,000,000.00) combined single limit for each occurrence annually as payment for damages to persons or property which may result from or be caused by the public sale or storage of safe and sane fireworks, or any negligence on the part of the permittee or his or her agents, servants, employees or subcontractors relating thereto.
  - (6) Obtain a temporary use permit from the City of Tracy and provide any other information as may be required by the City Manager or designee.
  - (7) A site plan of the fireworks sales stand area, to scale, shall be provided. The site plan shall include site location, fireworks sales stand location, parking areas, access to and from the fireworks sales stand area, all equipment to be used at the fireworks sales stand and the locations for the equipment, location of trash area, location of trailer parking area, and any additional information as requested by the City Manager or designee, in compliance with the operational fire permit requirements.
- (b) The City Manager or designee may revoke, immediately and without notice or hearing, the safe and sane fireworks sales permit of any organization when any of the provisions of this Code, the Health and Safety Code, the Uniform Fire Code, the California Code of Regulations, or any other applicable law or regulation are violated. The decision of the City Manager, or designee, shall be final.
  - (c) Revocation of any permit will be effective for that calendar year.
  - (d) Permits for retail sales of safe and sane fireworks issued pursuant to the provisions of this section are not transferable to any other person or organization and are issued for the purpose of operating a single safe and sane fireworks sales booth at the approved location. The permit may be used only by the organization to which it is issued.
  - (e) Each applicant that has been granted a permit shall have no less than two (2) members of its sales staff attend an operator safety seminar approved and supervised by the City Manager or designee.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011)

#### 3.04.080 - Operation of safe and sane fireworks stand only by permittee.

- (a) It is unlawful for the permittee organization to allow any person or entity other than the permittee organization to operate the safe and sane fireworks sales stand for which the permit is issued, whether by agreement, assignment or otherwise. Violations will result in the immediate loss of the organization's permit.
- (b) It is unlawful for any nonprofit organization to pay any consideration to any person for selling or otherwise participating in the sale of safe and sane fireworks at such fireworks sales stand, except the hiring of a night watchman or security officer.
- (c) Each fireworks sales stand must have a minimum of one adult twenty-one (21) years of age or older in attendance and in charge thereof while safe and sane fireworks are stored therein.
- (d) No person may sleep in or remain in the fireworks sales stand after close of business.
- (e) All unsold safe and sane fireworks must be removed from the fireworks sales stand during nonsale hours and stored in a centrally located, locked metal container or other secure and fire-safe structure during nonsale periods. Each permittee shall provide a storage location and container for storage of its stand's fireworks. The container shall be approved by the City Manager or designee and located in an M-1 or M-2 zoned location approved by the Development and Engineering Services Director

and the City Manager or designee. Such storage shall comply with all requirements of this Code, including applicable additional permit requirements. Permittees may satisfy these storage requirements through the use of a safe and sane fireworks wholesaler, provided such wholesaler also complies with all requirements of this Code, including additional permit requirements.

- (f) Each fireworks sales stand must have on duty at all times during the sales period at least one salesperson who attended the City of Tracy operator safety seminar, required pursuant to section 3.04.070.
- (g) Permittees shall require all persons who appear to be under the age of thirty (30) years to provide proof of age and shall make no sales of safe and sane fireworks to persons younger than eighteen (18) years of age.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.090 - Requirements of safe and sane fireworks sales stand.

All retail sales of safe and sane fireworks shall be made from within a temporary fireworks sales stand only, and sales from any other building or structure are hereby prohibited. Safe and sane fireworks sales stands are subject to the following requirements:

- (a) No fireworks sales stand shall be put in place by the permittee any earlier than 8:00 a.m. on June 20 of each year, provided there is no sale or storage of safe and sane fireworks prior to the time periods set forth in section 3.04.030.
- (b) No fireworks sales stand shall be located within twenty-five (25) feet of any building or structure, within five (5) feet of any curb line, or within 100 feet of any gasoline pump.
- (c) A minimum of 100 feet shall be maintained from any building used as a school, day care, hospital, place of detention, public garage or place of assembly that can accommodate 300 or more occupants and the fireworks sales stand.
- (d) A minimum of twenty (20) feet of separation shall be provided between the fireworks sales stand and the parked vehicles of the public.
- (e) No fireworks sales stand shall interfere with required site access, circulation, fire lanes or fire hydrants.
- (f) No weeds or other combustible materials are permitted within twenty-five (25) feet of any fireworks sales stand.
- (g) No generators shall be allowed within twenty-five (25) feet of any fireworks sales stand.
- (h) Smoking and the consumption of alcoholic beverages shall not be allowed within fifty (50) feet of any fireworks sales stand and "No Smoking" signs shall be displayed on and in the fireworks sales stand.
- (i) Each fireworks sales stand shall be provided with two (2), two and one-half (2.5) gallon pressurized water-type fire extinguishers, or two (2) 2A10BC dry chemical/powder-type fire extinguishers, in good working order, and easily accessible for use.
- (j) The permit to sell safe and sane fireworks shall be displayed in a prominent place within the fireworks sales stand and shall at all times be visible to members of the public.
- (k) Fireworks sales stands shall be either twenty-four (24) or thirty-two (32) feet long by eight (8) feet wide. Fireworks sales stands twenty-four (24) feet in length shall have two (2) exits and a maximum occupancy of six (6) people. Firework sales stands thirty-two (32) feet in length shall have three (3) exits and a maximum occupancy of eight (8) people.
- (l) All fireworks sales stands shall be built and maintained in accordance with the safety requirements of the City prior to opening for business.



- (m) All unsold safe and sane fireworks and accompanying litter shall be cleared from the location by 5:00 p.m. on July 5, and the fireworks sales stand shall be removed from the temporary location by 12:00 p.m. on July 9 of each year. If the permittee does not remove the fireworks sales stand and/or clean the sales site as required, the City may do so, or cause the same to be done, and the reasonable cost thereof shall be charged against the permittee.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.100 - Locations for discharge.

- (a) It shall be unlawful and a misdemeanor to discharge any dangerous or safe and sane fireworks, on public, semipublic or private open areas such as parking lots, vacant properties, or open commercial or industrial areas, except in those areas approved by the City Manager or designee as provided in section 3.04.020 of this chapter.
- (b) It is unlawful for any person to ignite, explode, project, or otherwise fire or use, any safe and sane fireworks, or to permit the ignition, explosion or projection thereof, upon or over or onto the property of another without his or her consent, or to ignite, explode, project, or otherwise fire or make use of, any safe and sane fireworks within ten (10) feet of any residential dwelling or other structure.
- (c) It is unlawful for any person to discharge any safe and sane fireworks within 100 feet of a fireworks sales stand.
- (d) When discharging safe and sane fireworks, a water source must be within 100 feet of the discharge location.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.110 - Sales and use by minors.

- (a) It is unlawful for any person under the age of eighteen (18) to sell, or handle for sale, any classification of fireworks.
- (b) It is unlawful for any person under the age of eighteen (18) to purchase or be allowed to purchase any classification of fireworks.
- (c) It is unlawful for any person having the care, custody or control of a minor under the age of eighteen (18) to permit such minor to discharge, explode, fire, or set off any safe and sane fireworks, as defined herein, unless such minor does so under the direct supervision of a parent or guardian, or such other person having care, custody or control of such minor.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.120 - State law.

The provisions of this chapter are in addition to applicable state and federal law, including, but not limited to, the State Fireworks Law (California Health and Safety Code, Sections 12500 through 12726), the State Fireworks Regulations (Title 19, California Code Regulations, Chapter 6), the California Fire Code and any and all other state or federal laws or regulations pertaining to the sale or use of fireworks.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.130 - Violation.

Any violation of any of the provisions of this chapter is a misdemeanor, and may be enforced by any of the methods provided in chapter 1.04 of this Code.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.140 - Enforcement.

Sworn Peace Officers and other City staff with training in the powers of arrest and designated by the Police Chief or Fire Chief are authorized to enforce this chapter pursuant to section 3.04.130, above.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

## ATTACHMENT B

### ORDINANCE 1297

#### AN ORDINANCE OF THE CITY OF TRACY AMENDING SECTIONS 3.04.010 AND 3.04.030 OF CHAPTER 3.04 OF THE TRACY MUNICIPAL CODE, "FIREWORKS," REGARDING ADMINISTRATIVE CITATIONS FOR DANGEROUS FIREWORKS ENFORCEMENT

WHEREAS, The City of Tracy currently prohibits the possession, sale, or discharge of dangerous fireworks, specified as such by the Tracy Municipal Code and state law, which are commonly referred to as illegal fireworks, within City limits, and

WHEREAS, Illegal fireworks pose a serious risk to the public's safety, given the potential for personal bodily injury and property damage and loss, and the unknown material composition of these fireworks and lack of safeguards, and

WHEREAS, Despite the prohibition against illegal fireworks, City fire and law enforcement personnel continue to respond to calls for service and issue citations for the use of illegal fireworks during certain holidays such as the Fourth of July and New Year's Eve, and

WHEREAS, The City has experienced a 75% increase in fireworks-related calls for service and 15 fire calls on the July 14, 2020, three of which were directly attributed to fireworks, and

WHEREAS, The City recognizes the need to adopt further restrictions and increase penalties to hold responsible parties accountable for the possession, sale, or discharge of illegal fireworks on their properties, and

WHEREAS, It is the intent of the City Council to reasonably regulate the possession, sale, or discharge of dangerous fireworks within the City to protect the public health, safety, and general welfare of its residents;

NOW THEREFORE, the City Council of the City of Tracy does ordain as follows:

SECTION 1: Amended Sections. Sections 3.04.010 and 3.04.030 of Chapter 3.04 of Title 3 (Public Safety) of the Tracy Municipal Code are hereby amended to read as follows:

#### **"3.04.010 - Definitions.**

*"Dangerous fireworks"* means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks classified as such as defined by Sections 12505 and 12561 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to dangerous fireworks which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

*"Fireworks sales stand"* means any building, counter, or other structure of a temporary nature used in the sale, offering for sale, or display for sale of safe and sane fireworks.

*"Nonprofit organization"* means the applicant is a local nonprofit organization which shall mean any nonprofit association, club, or corporation organized for veteran, patriotic, welfare,

religious, civic betterment, youth or charitable purposes as defined by Section 501(c) of the Internal Revenue Code of the United States. A local nonprofit organization must have its principal and permanent meeting place within the City of Tracy, or be within a one-mile radius of the city limits of the City of Tracy, or be a school with a student body that includes City of Tracy residents and is within the Tracy Unified School District or the Jefferson School District. Non-school organizations that have their principal meeting place outside the City limits as allowed above, must show documented proof that a majority of its members are City of Tracy residents. The organization must have nonprofit status and have been organized and established for a minimum of two continuous years preceding the filing of the application for permit. The organization must have a bona fide membership of at least twenty (20) members who reside in the City, which will be verified each year. The organization must also provide direct and regular community services and benefits to the residents of the City.

*"Public display of fireworks"* means an entertainment feature where the public or private group is admitted or permitted to view the display or discharge of dangerous fireworks.

*"Principal and permanent meeting place"* means a location that serves as the nonprofit organization's primary, fixed site for meetings.

*"Safe and sane fireworks"* also known as *"state-approved fireworks"* means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks which do not come within the definition of "dangerous fireworks" or "exempt fireworks" as defined by Section 12505 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to "safe and sane fireworks" which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

*"Private property"* means any real property, place, or premises (including, but not limited to, residential, commercial, or industrial) whether occupied on a temporary or permanent basis, whether or not occupied as a dwelling, and whether owned, leased, or rented, or used with or without compensation, including, but not limited to, a home, yard, garage, apartment, condominium, hotel or motel room, or other dwelling unit, or a warehouse, hall, or meeting room.

*"Responsible party"* includes, but it is not limited to:

- (1) The person(s) who owns, rents, leases, or otherwise has possession of the private property;
- (2) The person(s) in immediate control of the private property; and
- (3) The person(s) who organizes, supervises, sponsors, conducts, allows, controls, or controls access to the possession, sale, or discharge of dangerous fireworks.

If the private property is rented or leased, the landlord or lessor is not covered by this chapter unless he or she falls within the category of persons described under paragraph 2 or 3 of this definition. A landlord or lessor can only be held responsible under paragraph 3 of this definition if he or she has knowledge that dangerous fireworks (including a public display) are being possessed at, or discharged on the private property without obtaining a permit therefor as provided in section 3.04.020 of this Code.

**3.04.030 - Sale, discharge, time limit, dangerous fireworks.**

- (a) Subject to the permitting provisions of this chapter, the California Fire Code, the provisions of the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the State of California and any regulations promulgated thereunder, safe and sane fireworks may be discharged within the City limits of the City of Tracy during the period from noon and ending at 10:00 p.m. on the twenty-eighth day of June through the third day of July and from noon to midnight on the fourth of July, each year.
- (b) It is unlawful and shall be a misdemeanor to possess, sell or discharge dangerous fireworks within the City of Tracy.
- (c) As an alternative to charging possession, sale, or discharge of dangerous fireworks as a misdemeanor as provided under subsection (b) of this section, the City may issue administrative citations pursuant to chapter 1.28 of this Code.
  - (1) An administrative citation may be issued to any person or responsible party for violating subsection (b) of this section.
  - (2) A responsible party need not be present at the time dangerous fireworks are possessed, sold, or discharged for the City to issue an administration citation under subsection (b) of this section.
  - (3) Nothing in this Section shall be intended to limit any of the penalties provided for in this chapter or the California Health and Safety Code or Penal Code.
- (d) Safe and sane fireworks may only be sold between the hours of 12:00 p.m. and 8:00 p.m. on June 28, between 8:00 a.m. and 8:00 p.m. from June 29 through July 3, and 8:00 a.m. and 9:00 p.m. on July 4.

SECTION 2: Title, chapter, and section headings contained herein shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of any title, chapter, or section hereof.

SECTION 3: If any provision or the application of this Ordinance is for any reason held to be unconstitutional, invalid, or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each subsection or provision of this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance enforced.

SECTION 4: This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 5: 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 1297 was introduced at a regular meeting of the Tracy City Council on the 6th day of October, 2020, and finally adopted on the 20th day of October, 2020, by the following vote:

AYES: COUNCIL MEMBERS: ARRIOLA, RANSOM, YOUNG, RICKMAN

NOES: COUNCIL MEMBERS: NONE

ABSENT: COUNCIL MEMBERS: VARGAS

ABSTAIN: COUNCIL MEMBERS: NONE

  
MAYOR

ATTEST:

  
CITY CLERK

AGENDA ITEM 3.F

REQUEST

**INTRODUCE AN ORDINANCE AMENDING VARIOUS SECTIONS OF CHAPTER 3.04  
“FIREWORKS” OF THE TRACY MUNICIPAL CODE REGARDING ADMINISTRATIVE  
CITATIONS FOR DANGEROUS FIREWORKS ENFORCEMENT**

EXECUTIVE SUMMARY

This agenda item is in response to an increase in the use of illegal fireworks in the City of Tracy, resulting in numerous calls for service and increased fire activity. Under the Tracy Municipal Code (“TMC”) the possession, sale, or discharge of dangerous (illegal) fireworks in Tracy is prohibited and is charged as a misdemeanor or the City may issue an administrative citation to a person as an alternative to charging a misdemeanor. The proposed ordinance intends to enhance enforcement against the possession, sale, or discharge of dangerous fireworks within Tracy by holding the “responsible party” of private property liable for the dangerous fireworks through issuance of an administrative citation.

DISCUSSION

The Tracy community has been experiencing a significant increase in the use of illegal fireworks. So far in 2020, the Police Department received 701 fireworks-related calls for service, a 75% increase compared to the total for the year 2018 and a 90% increase vs. the total for 2019. This number is expected to increase as we approach New Year’s Eve, which is the second most popular season for the use of fireworks, with the period around Fourth of July being by far the most popular.

Complaints related to the use of fireworks fall in two categories. The first category, being the most dangerous, is the fact that misused or out of control fireworks start fires that result in significant damage or loss of property. This danger is experienced with primarily illegal (“dangerous”) fireworks, but may result from misuse of legal (“safe and sane”) fireworks as well. Although not all vegetation fires can be directly attributed to fireworks, the Fire Department experiences a marked increase in calls for service to vegetation fires in the week prior and week after the Fourth of July. In the year 2020 alone, Tracy Police Department dispatch referred seven (7) fireworks-related calls to the Fire Department for response. This represents an increase from five (5) calls in 2018 and three (3) calls in 2019. The Fire Department responded to 15 fire calls on July 4, 2020, three of which were directly attributable to fireworks, while the cause of others remain undetermined.

<b>South County Fire – Fire Responses July 4, 2020</b>	
Building Fires	2
Vegetation (Grass) Fires	10
Mobile Property Fire	1
Outside Rubbish	2
<b>Total Fires</b>	<b>15</b>

The second category of complaints are related to the noise and disturbances inherent to only illegal fireworks, which represent the vast majority of the calls received in the Police Department's dispatch center. These noise complaints not only represent a reduction in the quality of life to the members of the community, but during peak time the volume of calls coming into the dispatch center can be overwhelming, taking away resources from higher priority needs.

"Dangerous fireworks," as defined in TMC Section 3.04.010, "means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks classified as such as defined by Sections 12505 and 12561 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to dangerous fireworks which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as "cap pistol caps, party poppers or snap caps."

In order to address these issues, a workgroup was formed including members from the Police and Fire departments, the City Attorney's office, the City Manager's office and a Deputy District Attorney specializing in fireworks-related enforcement. The workgroup conducted research covering possible approaches to reduce the risks mentioned above and scanned other agencies in the region to evaluate their enforcement measures. As a result, the workgroup established several principles that should guide the implementation of responses to illegal fireworks:

1. An educational campaign should inform the public of both the dangers of illegal fireworks but also possible enforcement steps available. The goal is to reach a voluntary reduction in the possession and use of illegal fireworks.
2. The use of technology will be prioritized to reduce the number of calls going directly to the Police Department dispatch center. Smartphone apps or other points of input to receive complaints will be established to respond to calls for service regarding illegal fireworks.
3. Proactive operations conducted by Tracy Police Department personnel will focus on high-level users, importers or sellers of dangerous fireworks, with potential prosecution of violators through the District Attorney's office.
4. A combination of personnel from the Police and Fire departments will focus on responses to "hot zones" during peak times, as established by call data from prior periods as well as reports from the community. To further decrease the possession, sale, or use of dangerous fireworks, the City will use other enforcement methods through administrative citations. Staff proposes to amend the TMC to include a provision to hold the "responsible party" of private property liable for the dangerous fireworks through issuance of an administrative citation.

### **Proposed Ordinance Regarding Administrative Citations for Dangerous Fireworks Enforcement**

Under TMC Section 3.04.030, the possession, sale, or discharge of dangerous fireworks is charged as a misdemeanor. As an alternative to charging the possession, sale, or discharge as a misdemeanor, the City may issue an administrative citation to the person caught in possession, selling, or discharging dangerous fireworks. To augment law enforcement's efforts to decrease the possession, sale, or discharge of dangerous fireworks in Tracy, staff proposes to amend the TMC to allow law enforcement personnel to issue administrative citations to the "responsible party" of private property where dangerous fireworks have been possessed, sold, or discharged.



(See Attachment A). Based on research, staff determined that the proposed ordinance would be an enforcement response that is similar to other jurisdictions in the region (e.g. Manteca and Modesto) to address the challenges with the noise and hazard of dangerous fireworks being discharged within their communities. Law enforcement still maintains, if necessary, prosecution authority using the existing legal process.

The proposed ordinance defines “responsible party” as (See also, Attachment A):

“*Responsible party*” includes, but it is not limited to:

- (1) The person(s) who owns, rents, leases, or otherwise has possession of the private property;
- (2) The person(s) in immediate control of the private property; and
- (3) The person(s) who organizes, supervises, sponsors, conducts, allows, controls, or controls access to the possession, sale, or discharge of dangerous fireworks.

If the private property is rented or leased, the landlord or lessor is not covered by this chapter unless he or she falls within the category of persons described under paragraph 2 or 3 of this definition. A landlord or lessor can only be held responsible under paragraph 3 of this definition if he or she has knowledge that dangerous fireworks (including a public display) are being possessed at, or discharged on the private property without obtaining a permit therefore as provided in section 3.04.020 of this Code.

If the proposed ordinance is adopted, law enforcement personnel will be able to exercise their discretion based on the specific facts and circumstances to issue citations to responsible parties.

#### FISCAL IMPACT

There is no fiscal impact associated with this item. Funding for educational campaign products may be available through specific grants. Additional minor costs can be included in the current operational budget.

#### STRATEGIC PLAN

This item is related to the Council’s Public Safety goal #3, “Strengthen Community Safety through Crime Prevention Reduction Activities,” subpoints 1 (Leverage technology to enhance public safety awareness, response and performance) and 2 (Strengthen community connection and collaboration, and crime prevention activities).

#### RECOMMENDATION

That the City Council introduce and waive the full reading of an ordinance amending various sections of Chapter 3.04 “Fireworks” of the Tracy Municipal Code regarding administrative citations for dangerous fireworks enforcement.

Prepared by: Alex Neicu, Police Captain  
Bianca Rodriguez, Assistant City Attorney

Reviewed by: Sekou Millington, Chief of Police

Approved by: Jenny Haruyama, City Manager

Attachment(s):

Attachment A – Redline copy of amendments to Chapter 3.04 of the Tracy Municipal Code

Chapter 3.04 - FIREWORKS<sup>[1]</sup>

Footnotes:

--- (1) ---

**Editor's note**— Former Ch. 3.04, entitled "Fire Protection and Fire Prevention" §§ 3.04.010—3.04.170 was repealed by Ord. No. 1116, effective Mar. 5, 2008, which derived from: Prior code §§ 3-1.102—3-1.112, 3-1.201—3-1.204 and Ord. Nos. 1100 and 1111.

3.04.010 - Definitions.

"*Dangerous fireworks*" means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks classified as such as defined by Sections 12505 and 12561 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to dangerous fireworks which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

"*Fireworks sales stand*" means any building, counter, or other structure of a temporary nature used in the sale, offering for sale, or display for sale of safe and sane fireworks.

"*Nonprofit organization*" means the applicant is a local nonprofit organization which shall mean any nonprofit association, club, or corporation organized for veteran, patriotic, welfare, religious, civic betterment, youth or charitable purposes as defined by Section 501(c) of the Internal Revenue Code of the United States. A local nonprofit organization must have its principal and permanent meeting place within the City of Tracy, or be within a one-mile radius of the city limits of the City of Tracy, or be a school with a student body that includes City of Tracy residents and is within the Tracy Unified School District or the Jefferson School District. Non-school organizations that have their principal meeting place outside the City limits as allowed above, must show documented proof that a majority of its members are City of Tracy residents. The organization must have nonprofit status and have been organized and established for a minimum of two (2) continuous years preceding the filing of the application for permit. The organization must have a bona fide membership of at least twenty (20) members who reside in the City, which will be verified each year. The organization must also provide direct and regular community services and benefits to the residents of the City.

"*Public display of fireworks*" means an entertainment feature where the public or private group is admitted or permitted to view the display or discharge of dangerous fireworks.

"*Principal and permanent meeting place*" means a location that serves as the nonprofit organization's primary, fixed site for meetings.

"Private property" means any real property, place, or premises (including, but not limited to, residential, commercial, or industrial) whether occupied on a temporary or permanent basis, whether or not occupied as a dwelling, and whether owned, leased, or rented, or used with or without compensation, including, but not limited to, a home, yard, garage, apartment, condominium, hotel or motel room, or other dwelling unit, or a warehouse, hall, or meeting room.

"Responsible party" includes, but it is not limited to:

- (1) The person(s) who owns, rents, leases, or otherwise has possession of the private property;
- (2) The person(s) in immediate control of the private property; and
- (3) The person(s) who organizes, supervises, sponsors, conducts, allows, controls, or controls access to the possession, sale, or discharge of dangerous fireworks.

If the private property is rented or leased, the landlord or lessor is not covered by this chapter unless he or she falls within the category of persons described under paragraph 2 or 3 of this definition. A landlord or lessor can only be held responsible under paragraph 3 of this definition if he or she has knowledge that dangerous fireworks (including a public display) are being possessed at, or discharged on the private property without obtaining a permit therefor as provided in section 3.04.020 of this Code.

"*Safe and sane fireworks*" also known as "state-approved fireworks" means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks which do not come within the definition of "dangerous fireworks" or "exempt fireworks" as defined by Section 12505 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to "safe and sane fireworks" which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1215, § 1, 5-3-2016; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.020 - Public displays; permits required.

- (a) Notwithstanding the prohibitions on dangerous and safe and sane fireworks set forth in this chapter, this section shall not prohibit public display of fireworks which may be allowed upon issuance of a permit therefore under the provisions of the Health and Safety Code of the State of California. This chapter also does not prohibit the use by railroad or other transportation agencies, for signal purposes or illumination, of torpedoes, flares or fuses; nor the sale or use of blank cartridges for theatrical or ceremonial purposes, athletic events, or military ceremonials or demonstrations.
- (b) Fireworks display permits are required to conduct a public display of fireworks as required by local and state regulations. Permit application shall be made not less than sixty (60) days prior to the scheduled date of the display. The permit application shall be in accordance with the California Fire Code and the National Fire Protection Association codes and standards 1123 and 1124 and include a diagram of the grounds on which the display is to be held showing the point at which the fireworks are to be discharged; the location of buildings, highways and other lines of communication; the lines behind which the audiences will be restrained; and the location of nearby overhead obstructions. At the time of permit application, the City Manager or designee shall be consulted regarding reasonable conditions or requirements for standby personnel and fire apparatus. Fireworks display permits shall only be granted to licensed pyrotechnic operators.
- (c) Fireworks display permits may be secured by application to the City Manager or designee. The City Manager or designee may deny issuance of such permits, provided such denial is reasonably based on public health and safety concerns, including, but not limited to, an application for another event to be held on the same date as that requested has been previously filed or approved, and the other event is so close in time and location to the event proposed as to cause undue traffic congestion or to place the City in a position of being unable to meet the needs for Fire, Police or Public Works services for both events. Any decision regarding such permits may be appealed to the City Council as set forth in section 1.12.020 of this Code.
- (d) A public display of fireworks may also require a special events permit pursuant to chapter 4.40 of this Code.
- (e) The fireworks display permit fee, requisite deposits, time of payment, and insurance requirements shall be set by resolution of the City Council.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.030 - Sale, discharge, time limit, dangerous fireworks.

- (a) Subject to the permitting provisions of this chapter, the California Fire Code, the provisions of the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the State of California and any regulations promulgated thereunder, safe and sane fireworks may be discharged within the City limits of the City of Tracy during the period from noon and ending at 10:00 p.m. on the twenty-eighth day of June through the third day of July and from noon to midnight on the fourth of July, each year.
- (b) It is unlawful and shall be a misdemeanor to possess, sell or discharge dangerous fireworks within the City of Tracy.
- (c) As an alternative to charging possession, sale, or discharge of dangerous fireworks as a misdemeanor as provided under subsection (b) of this section, the City may issue administrative citations pursuant to chapter 1.28 of this Code.
  - (1) An administrative citation may be issued to any person or responsible party for violating subsection (b) of this section.
  - (2) A responsible party need not be present at the time dangerous fireworks are possessed, sold, or discharged for the City to issue an administration citation under subsection (b) of this section.
  - (3) Nothing in this Section shall be intended to limit any of the penalties provided for in this chapter or the California Health and Safety Code or Penal Code.
- (d) Safe and sane fireworks may only be sold between the hours of 12:00 p.m. and 8:00 p.m. on June 28, between 8:00 a.m. and 8:00 p.m. from June 29 through July 3, and 8:00 a.m. and 9:00 p.m. on July 4.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.040 - Permit to sell and store safe and sane fireworks.

- (a) The City Council shall establish, by resolution, the process by which the City will issue annual permits to sell safe and sane fireworks and the conditions to protect health, safety, aesthetics, and such other conditions the City Council finds reasonably necessary that applicants must satisfy to receive the permits.
- (b) The City Council shall establish, by resolution, an application fee for the lottery to be eligible for an annual permit to store or sell safe and sane fireworks.
- (c) It is unlawful for any person to engage in the sale or distribution of safe and sane fireworks within the City of Tracy without first having secured an operational fire permit and a temporary use permit to do so from the City Manager or designee.
- (d) It is unlawful to store safe and sane fireworks within the City of Tracy without first having secured an operational fire permit and a temporary use permit to do so from the City Manager or designee.
- (e) The annual permit fee for the sale of safe and sane fireworks shall be set by resolution of the City Council and payable prior to permit issuance.
- (f) A temporary use permit and City business license is required pursuant to this Code.
- (g) Lottery awardees and alternates, as defined by the process set forth in a Council resolution pursuant to section 3.04.050(b), may apply for an operational fire permit prior to the end of April of each year.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.050 - Maximum number of safe and sane fireworks permits issued—Selection procedure.

- (a) The maximum number of permits to sell safe and sane fireworks, which the City may issue during any one calendar year, shall not exceed one permit for each 10,000 resident population or portion thereof. No more than one safe and sane fireworks stand can be operated under each permit. Only nonprofit organizations, as defined in this chapter, are eligible for such permits.
- (b) City Council shall provide, by City Council resolution, a process for a lottery to determine which nonprofit organizations, including alternates, will be eligible to apply for an annual permit to sell and store safe and sane fireworks.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.060 - Applications for safe and sane fireworks sales permit lottery.

Applications for the lottery to be eligible to apply for a permit to store or sell safe and sane fireworks may be filed during normal business hours from November 1st of each year up to and including the first Thursday of December of the same year, at which time the filing period for that year will close. All applications shall be submitted in writing to the City Manager or designee, on forms provided by the City and meet the following conditions:

- (a) The applicant is a nonprofit organization as defined in this chapter. Each nonprofit organization shall establish status as a 501(c) tax-exempt organization and provide a certificate of good status from the California Secretary of State and an entity status letter showing good status with the California Franchise Tax Board at the time of application. The letters shall be dated within sixty (60) days of application. The letters are required to be submitted with the application and if not submitted, the application will be rejected.
  - (1) Public school organizations shall provide current written verification of an affiliation from the school each year. Public school organizations shall establish status as a 501(c) tax-exempt organization as a separate entity from the school and must possess a nonprofit identification number.
  - (2) Each nonprofit organization may file an application for one sales permit for which there is only one tax ID number.
- (b) The nonprofit organization must possess a nonprofit identification number. However, a given identification number may not be used by more than one organization. Should the City Manager or designee determine that more than one organization has submitted the same nonprofit identification number, the City Manager or designee shall notify the organizations in writing and give each of them the opportunity to correct the situation prior to the deadline provided in this section to ensure compliance with this section. If such compliance is not achieved, none of the affected nonprofit organizations shall be eligible to receive a permit.
- (c) Applications shall be signed by two (2) bona fide officers of the eligible nonprofit organization, wherein the officer, on behalf of the organization and its agents, agrees to abide by state laws, administrative regulations, and all requirements of this Code and the permit if permission to operate a safe and sane fireworks stand is granted to the organization, and both:
  - (1) Has not been found by any court of competent jurisdiction or City administrative hearing officer to be in violation of any civil or criminal, local, state or federal law relating to fireworks within twenty-four (24) calendar months prior to the organization's submittal of an application for a permit to sell safe and sane fireworks, and
  - (2) Has not had a permit to sell safe and sane fireworks revoked within twenty-four (24) calendar months prior to the organization's submittal of an application for a permit to sell.

- (d) (1) Should the City Manager or designee determine that a lottery awardee does not satisfy these requirements or otherwise comply with requirements of this Chapter, the lottery awardee's application shall be denied.
- (2) If an awardee is found to have falsified or misrepresented its status as an eligible organization as defined by this Chapter, or provided false information on the approved application, the organization will be ineligible to apply for a safe and sane fireworks sales permit for a period of two (2) years.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1215, § 2, 5-3-2016; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.070 - Documents and fees required for fireworks sales permit issuance.

- (a) In addition to all other requirements contained in this chapter, each lottery awardee shall comply with each of the following requirements:
  - (1) Apply for an operational fire permit to store or sell safe and sane fireworks on a form approved by the City Manager or designee with the required permit fee as established by City Council resolution paid prior to permit issuance.
  - (2) State of California Fire Marshal's firework retail license.
  - (3) Provide proof of a temporary sellers permit from the State Board of Equalization.
  - (4) Sign a form provided by the City, whereby the lottery awardee agrees to indemnify and hold harmless the City, its officers, employees, volunteers and agents from any and all claims, damages, demands, liability, costs, losses, and expenses, including, without limitation, court costs and reasonable attorneys' fees arising out of or in connection with the permittee's sale of safe and sane fireworks, except such loss or damage which was solely caused by the active negligence, sole negligence, or willful misconduct of the City, its officers, employees, or agents.
  - (5) Furnish to the City proof of coverage by a policy of public liability and property damage insurance. The policy shall provide limits of bodily injury and property damage liability of not less than five million dollars (\$5,000,000.00) combined single limit for each occurrence annually as payment for damages to persons or property which may result from or be caused by the public sale or storage of safe and sane fireworks, or any negligence on the part of the permittee or his or her agents, servants, employees or subcontractors relating thereto.
  - (6) Obtain a temporary use permit from the City of Tracy and provide any other information as may be required by the City Manager or designee.
  - (7) A site plan of the fireworks sales stand area, to scale, shall be provided. The site plan shall include site location, fireworks sales stand location, parking areas, access to and from the fireworks sales stand area, all equipment to be used at the fireworks sales stand and the locations for the equipment, location of trash area, location of trailer parking area, and any additional information as requested by the City Manager or designee, in compliance with the operational fire permit requirements.
- (b) The City Manager or designee may revoke, immediately and without notice or hearing, the safe and sane fireworks sales permit of any organization when any of the provisions of this Code, the Health and Safety Code, the Uniform Fire Code, the California Code of Regulations, or any other applicable law or regulation are violated. The decision of the City Manager, or designee, shall be final.
- (c) Revocation of any permit will be effective for that calendar year.
- (d) Permits for retail sales of safe and sane fireworks issued pursuant to the provisions of this section are not transferable to any other person or organization and are issued for the purpose of operating a single safe and sane fireworks sales booth at the approved location. The permit may be used only by the organization to which it is issued.

- (e) Each applicant that has been granted a permit shall have no less than two (2) members of its sales staff attend an operator safety seminar approved and supervised by the City Manager or designee.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011)

3.04.080 - Operation of safe and sane fireworks stand only by permittee.

- (a) It is unlawful for the permittee organization to allow any person or entity other than the permittee organization to operate the safe and sane fireworks sales stand for which the permit is issued, whether by agreement, assignment or otherwise. Violations will result in the immediate loss of the organization's permit.
- (b) It is unlawful for any nonprofit organization to pay any consideration to any person for selling or otherwise participating in the sale of safe and sane fireworks at such fireworks sales stand, except the hiring of a night watchman or security officer.
- (c) Each fireworks sales stand must have a minimum of one adult twenty-one (21) years of age or older in attendance and in charge thereof while safe and sane fireworks are stored therein.
- (d) No person may sleep in or remain in the fireworks sales stand after close of business.
- (e) All unsold safe and sane fireworks must be removed from the fireworks sales stand during nonsale hours and stored in a centrally located, locked metal container or other secure and fire-safe structure during nonsale periods. Each permittee shall provide a storage location and container for storage of its stand's fireworks. The container shall be approved by the City Manager or designee and located in an M-1 or M-2 zoned location approved by the Development and Engineering Services Director and the City Manager or designee. Such storage shall comply with all requirements of this Code, including applicable additional permit requirements. Permittees may satisfy these storage requirements through the use of a safe and sane fireworks wholesaler, provided such wholesaler also complies with all requirements of this Code, including additional permit requirements.
- (f) Each fireworks sales stand must have on duty at all times during the sales period at least one salesperson who attended the City of Tracy operator safety seminar, required pursuant to section 3.04.070.
- (g) Permittees shall require all persons who appear to be under the age of thirty (30) years to provide proof of age and shall make no sales of safe and sane fireworks to persons younger than eighteen (18) years of age.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

3.04.090 - Requirements of safe and sane fireworks sales stand.

All retail sales of safe and sane fireworks shall be made from within a temporary fireworks sales stand only, and sales from any other building or structure are hereby prohibited. Safe and sane fireworks sales stands are subject to the following requirements:

- (a) No fireworks sales stand shall be put in place by the permittee any earlier than 8:00 a.m. on June 20 of each year, provided there is no sale or storage of safe and sane fireworks prior to the time periods set forth in section 3.04.030.
- (b) No fireworks sales stand shall be located within twenty-five (25) feet of any building or structure, within five (5) feet of any curb line, or within 100 feet of any gasoline pump.
- (c) A minimum of 100 feet shall be maintained from any building used as a school, day care, hospital, place of detention, public garage or place of assembly that can accommodate 300 or more occupants and the fireworks sales stand.



- (d) A minimum of twenty (20) feet of separation shall be provided between the fireworks sales stand and the parked vehicles of the public.
- (e) No fireworks sales stand shall interfere with required site access, circulation, fire lanes or fire hydrants.
- (f) No weeds or other combustible materials are permitted within twenty-five (25) feet of any fireworks sales stand.
- (g) No generators shall be allowed within twenty-five (25) feet of any fireworks sales stand.
- (h) Smoking and the consumption of alcoholic beverages shall not be allowed within fifty (50) feet of any fireworks sales stand and "No Smoking" signs shall be displayed on and in the fireworks sales stand.
- (i) Each fireworks sales stand shall be provided with two (2), two and one-half (2.5) gallon pressurized water-type fire extinguishers, or two (2) 2A10BC dry chemical/powder-type fire extinguishers, in good working order, and easily accessible for use.
- (j) The permit to sell safe and sane fireworks shall be displayed in a prominent place within the fireworks sales stand and shall at all times be visible to members of the public.
- (k) Fireworks sales stands shall be either twenty-four (24) or thirty-two (32) feet long by eight (8) feet wide. Fireworks sales stands twenty-four (24) feet in length shall have two (2) exits and a maximum occupancy of six (6) people. Firework sales stands thirty-two (32) feet in length shall have three (3) exits and a maximum occupancy of eight (8) people.
- (l) All fireworks sales stands shall be built and maintained in accordance with the safety requirements of the City prior to opening for business.
- (m) All unsold safe and sane fireworks and accompanying litter shall be cleared from the location by 5:00 p.m. on July 5, and the fireworks sales stand shall be removed from the temporary location by 12:00 p.m. on July 9 of each year. If the permittee does not remove the fireworks sales stand and/or clean the sales site as required, the City may do so, or cause the same to be done, and the reasonable cost thereof shall be charged against the permittee.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.100 - Locations for discharge.

- (a) It shall be unlawful and a misdemeanor to discharge any dangerous or safe and sane fireworks, on public, semipublic or private open areas such as parking lots, vacant properties, or open commercial or industrial areas, except in those areas approved by the City Manager or designee as provided in section 3.04.020 of this chapter.
- (b) It is unlawful for any person to ignite, explode, project, or otherwise fire or use, any safe and sane fireworks, or to permit the ignition, explosion or projection thereof, upon or over or onto the property of another without his or her consent, or to ignite, explode, project, or otherwise fire or make use of, any safe and sane fireworks within ten (10) feet of any residential dwelling or other structure.
- (c) It is unlawful for any person to discharge any safe and sane fireworks within 100 feet of a fireworks sales stand.
- (d) When discharging safe and sane fireworks, a water source must be within 100 feet of the discharge location.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.110 - Sales and use by minors.

- (a) It is unlawful for any person under the age of eighteen (18) to sell, or handle for sale, any classification of fireworks.
- (b) It is unlawful for any person under the age of eighteen (18) to purchase or be allowed to purchase any classification of fireworks.
- (c) It is unlawful for any person having the care, custody or control of a minor under the age of eighteen (18) to permit such minor to discharge, explode, fire, or set off any safe and sane fireworks, as defined herein, unless such minor does so under the direct supervision of a parent or guardian, or such other person having care, custody or control of such minor.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.120 - State law.

The provisions of this chapter are in addition to applicable state and federal law, including, but not limited to, the State Fireworks Law (California Health and Safety Code, Sections 12500 through 12726), the State Fireworks Regulations (Title 19, California Code Regulations, Chapter 6), the California Fire Code and any and all other state or federal laws or regulations pertaining to the sale or use of fireworks.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.130 - Violation.

Any violation of any of the provisions of this chapter is a misdemeanor, and may be enforced by any of the methods provided in chapter 1.04 of this Code.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

#### 3.04.140 - Enforcement.

Sworn Peace Officers and other City staff with training in the powers of arrest and designated by the Police Chief or Fire Chief are authorized to enforce this chapter pursuant to section 3.04.130, above.

(Ord. No. 1158, § 1, 5-17-2011; Ord. No. 1162, § 1, 10-4-2011; Ord. No. 1263, § 1, 9-18-2018)

ORDINANCE \_\_\_\_\_

AN ORDINANCE OF THE CITY OF TRACY AMENDING SECTIONS 3.04.010 AND 3.04.030 OF CHAPTER 3.04 OF THE TRACY MUNICIPAL CODE, "FIREWORKS," REGARDING ADMINISTRATIVE CITATIONS FOR DANGEROUS FIREWORKS ENFORCEMENT

WHEREAS, The City of Tracy currently prohibits the possession, sale, or discharge of dangerous fireworks, specified as such by the Tracy Municipal Code and state law, which are commonly referred to as illegal fireworks, within City limits, and

WHEREAS, Illegal fireworks pose a serious risk to the public's safety, given the potential for personal bodily injury and property damage and loss, and the unknown material composition of these fireworks and lack of safeguards, and

WHEREAS, Despite the prohibition against illegal fireworks, City fire and law enforcement personnel continue to respond to calls for service and issue citations for the use of illegal fireworks during certain holidays such as the Fourth of July and New Year's Eve, and

WHEREAS, The City has experienced a 75% increase in fireworks-related calls for service and 15 fire calls on the July 14, 2020, three of which were directly attributed to fireworks, and

WHEREAS, The City recognizes the need to adopt further restrictions and increase penalties to hold responsible parties accountable for the possession, sale, or discharge of illegal fireworks on their properties, and

WHEREAS, It is the intent of the City Council to reasonably regulate the possession, sale, or discharge of dangerous fireworks within the City to protect the public health, safety, and general welfare of its residents;

NOW THEREFORE, the City Council of the City of Tracy does ordain as follows:

SECTION 1: Amended Sections. Sections 3.04.010 and 3.04.030 of Chapter 3.04 of Title 3 (Public Safety) of the Tracy Municipal Code are hereby amended to read as follows:

**"3.04.010 - Definitions.**

*"Dangerous fireworks"* means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks classified as such as defined by Sections 12505 and 12561 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to dangerous fireworks which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

*"Fireworks sales stand"* means any building, counter, or other structure of a temporary nature used in the sale, offering for sale, or display for sale of safe and sane fireworks.

*"Nonprofit organization"* means the applicant is a local nonprofit organization which shall mean any nonprofit association, club, or corporation organized for veteran, patriotic, welfare,

religious, civic betterment, youth or charitable purposes as defined by Section 501(c) of the Internal Revenue Code of the United States. A local nonprofit organization must have its principal and permanent meeting place within the City of Tracy, or be within a one-mile radius of the city limits of the City Tracy, or be a school with a student body that includes City of Tracy residents and is within the Tracy Unified School District or the Jefferson School District. Non-school organizations that have their principal meeting place outside the City limits as allowed above, must show documented proof that a majority of its members are City of Tracy residents. The organization must have nonprofit status and have been organized and established for a minimum of two continuous years preceding the filing of the application for permit. The organization must have a bona fide membership of at least twenty (20) members who reside in the City, which will be verified each year. The organization must also provide direct and regular community services and benefits to the residents of the City.

*"Public display of fireworks"* means an entertainment feature where the public or private group is admitted or permitted to view the display or discharge of dangerous fireworks.

*"Principal and permanent meeting place"* means a location that serves as the nonprofit organization's primary, fixed site for meetings.

*"Safe and sane fireworks"* also known as *"state-approved fireworks"* means any device containing chemical elements and chemical compounds capable of burning independently of the oxygen of the atmosphere and producing audible, visual, mechanical, or thermal effects which are useful as pyrotechnic devices or for entertainment and any fireworks which do not come within the definition of "dangerous fireworks" or "exempt fireworks" as defined by Section 12505 of the Health and Safety Code of the State of California and the sections of Title 19, Code of Regulations, Subchapter 6, pertaining to "safe and sane fireworks" which are hereby incorporated by reference. This definition does not include ammunition used for target shooting or hunting, nor does it include what is ordinarily known as cap pistol caps, party poppers or snap caps.

*"Private property"* means any real property, place, or premises (including, but not limited to, residential, commercial, or industrial) whether occupied on a temporary or permanent basis, whether or not occupied as a dwelling, and whether owned, leased, or rented, or used with or without compensation, including, but not limited to, a home, yard, garage, apartment, condominium, hotel or motel room, or other dwelling unit, or a warehouse, hall, or meeting room.

*"Responsible party"* includes, but it is not limited to:

- (1) The person(s) who owns, rents, leases, or otherwise has possession of the private property;
- (2) The person(s) in immediate control of the private property; and
- (3) The person(s) who organizes, supervises, sponsors, conducts, allows, controls, or controls access to the possession, sale, or discharge of dangerous fireworks.

If the private property is rented or leased, the landlord or lessor is not covered by this chapter unless he or she falls within the category of persons described under paragraph 2 or 3 of this definition. A landlord or lessor can only be held responsible under paragraph 3 of this definition if he or she has knowledge that dangerous fireworks (including a public display) are being possessed at, or discharged on the private property without obtaining a permit therefor as provided in section 3.04.020 of this Code.

**3.04.030 - Sale, discharge, time limit, dangerous fireworks.**

- (a) Subject to the permitting provisions of this chapter, the California Fire Code, the provisions of the State Fireworks Law, Sections 12500 through 12726 of the Health and Safety Code of the State of California and any regulations promulgated thereunder, safe and sane fireworks may be discharged within the City limits of the City of Tracy during the period from noon and ending at 10:00 p.m. on the twenty-eighth day of June through the third day of July and from noon to midnight on the fourth of July, each year.
- (b) It is unlawful and shall be a misdemeanor to possess, sell or discharge dangerous fireworks within the City of Tracy.
- (c) As an alternative to charging possession, sale, or discharge of dangerous fireworks as a misdemeanor as provided under subsection (b) of this section, the City may issue administrative citations pursuant to chapter 1.28 of this Code.
  - (1) An administrative citation may be issued to any person or responsible party for violating subsection (b) of this section.
  - (2) A responsible party need not be present at the time dangerous fireworks are possessed, sold, or discharged for the City to issue an administration citation under subsection (b) of this section.
  - (3) Nothing in this Section shall be intended to limit any of the penalties provided for in this chapter or the California Health and Safety Code or Penal Code.
- (d) Safe and sane fireworks may only be sold between the hours of 12:00 p.m. and 8:00 p.m. on June 28, between 8:00 a.m. and 8:00 p.m. from June 29 through July 3, and 8:00 a.m. and 9:00 p.m. on July 4.

SECTION 2: Title, chapter, and section headings contained herein shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of any title, chapter, or section hereof.

SECTION 3: If any provision or the application of this Ordinance is for any reason held to be unconstitutional, invalid, or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have adopted each subsection or provision of this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the Ordinance enforced.

SECTION 4: This Ordinance shall take effect thirty (30) days after its final passage and adoption.

SECTION 5: 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 \_\_\_\_\_ was introduced at a regular meeting of the Tracy City Council on the 6th day of October, 2020, and finally adopted on the \_\_\_\_\_ day of \_\_\_\_\_, 2020, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

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 have traditionally been reviewed on an annual basis. However, due to Council request appointments were reviewed twice in 2020 with the last review occurring at the June 16, 2020 meeting. Attached is the list of appointments approved by the Council for 2020 (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.

In December 2020, the San Joaquin Council of Governments (SJCOG) reached out to member cities to request an early appointment to the SJCOG Board of Directors because it was likely that half of the board members would be new. An early appointment would allow for SJCOG staff to orient new members to the operations of SJCOG prior to the first meeting, which is scheduled for January 28, 2021. On December 15, 2020, City Council appointed Mayor Young to serve on the San Joaquin Council of Governments and Council Member Arriola to serve as alternate.

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 2020

**2020 LIST OF CITY COUNCIL REPRESENTATIVES ON VARIOUS  
COMMITTEES/BOARDS/COMMISSIONS/AGENCIES**

<b>Committee/Commission</b>	<b>Meetings Held</b>	<b>Council Members</b>
*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 Mayor Pro Tem Young (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
***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 Council Member Vargas (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 Mayor Pro Tem Young (Alternate)
San Joaquin Council of Government's One Voice – Washington	Annual Delegation:	
***Altamont Regional Traffic Authority (ARTA) JPA	As needed	Mayor Rickman
***Tri-Valley- San Joaquin Valley Region Rail Authority (Valley Link)	Monthly	Council Member Vargas Council Member Ransom (Alternate)
***LAFCo		No appointment at this time



## 2020 - COUNCIL COMMITTEES/COMMISSIONS CONTINUED

Tracy Chamber Governmental Affairs Committee	Monthly	Jenny Haruyama, City Manager (or Designee)
***East Bay Community Energy (EBCE)	Monthly	Council Member Arriola Council Member Vargas (Alternate)
Ad Hoc Fiscal Sustainability Subcommittee		Council Member Vargas Council Member Arriola

\*Standing Committees    \*\*Ad Hoc Committee    \*\*\*Multi- Agency Board

The following committees are no longer active and have been removed from the list:

- Deuel Vocational Institution, Citizens Advisory Committee
- Tracy Area Public Facilities Financing Agency (TAPFFA)
- Tracy Homelessness Strategic Plan Development Ad Hoc Committee

## COUNCIL COMMITTEES - 2020

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. Nancy Young, Mayor Pro Tem Young (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. Ad Hoc Fiscal Sustainability Subcommittee** *(Council will consider an extension of the subcommittee in early February)*

1. Veronica Vargas, Council Member
2. Dan Arriola, Council Member

On May 19, 2020, City Council adopted Resolution 2020-067 establishing a Council Ad Hoc Fiscal Sustainability Subcommittee to provide policy guidance as it relates to the development of a multi-year sustainability plan to address the City's structural deficit and impacts associated with COVID-19. Approaches may include, but not limited to budget strategies and fiscal policies, related revenue enhancement, cost containment, and use of other revenue sources such as Measure V and/or General Fund Reserves. The effective date of the committee is July 1, 2020 through December 31, 2020. Quarterly updates to the City Council will be scheduled on the regular agenda.

**III. THIRD 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. The Board includes one representative from the cities of Ripon, Escalon, Lathrop, Lodi, Manteca, and Tracy; three representatives from the City of Stockton; three representatives from the Board of Supervisors. Meetings are held in Stockton at 4:00 p.m. on the fourth Thursday of the month.

**E. Local Transportation Authority Citizens Advisory Committee (COG)** Contact: COG – David Ripperda (209-235-0450)

1. Eleassia Davis (Citizen appointed by Mayor)

The **Citizens Advisory Committee (CAC)**, was established in 1991 to involve citizens from a diverse set of backgrounds and interest areas in the development of transportation plans and programs overseen by SJCOG. The CAC provides an important forum for discussion and debate about the implementation of the Measure K program and regional transportation planning issues.

The CAC is composed of 16 members that represent the geographical, social, cultural, and economic mix of the region. One member is appointed from each of the seven cities (Escalon, Lathrop, Lodi, Manteca, Ripon, Stockton, and Tracy), and from San Joaquin County. One member is appointed from each of these special interest groups: League of Women Voters, Sierra Club, Business Industry, Trucking Industry, the National Association for the Advancement of Colored People (NAACP), University of the Pacific, and the Agriculture Industry. One member is appointed from the transit advocate category. 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 3<sup>rd</sup> 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. Council Member Vargas (Alternate)

The San Joaquin Partnership is a non-profit, private-public economic development corporation assisting business and industry to locate into San Joaquin County. The partnership 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. The San Joaquin Regional Rail Commission owns and operates and is the policy-making body for the Altamont Corridor Express (ACE) service. SJRRC is governed by a Board of Directors which consists of six full-voting members from San Joaquin County and two special-voting members from Alameda County. The members are appointed by the San Joaquin Council of Governments (SJCOG) and are based on nominations by the local elected government. Ex-officio members represent Caltrans District 10, the San Joaquin Regional Transit District (SJRTD), SJCOG and StanCOG. The commission 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) The San Joaquin Regional Rail Commission (SJRRC)

**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](mailto: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. Nancy Young, Mayor Pro Tem (Alternate)

The Central Valley Division includes 25 cities in Calaveras, Merced, Madera, San Joaquin, Stanislaus, and Tuolumne counties and provides members with the opportunity to exchange ideas and information and share the advantages of cooperative advocacy. Elected city officials and professional city staff attend division meetings. Meets Quarterly

**L. 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.

**M. Tri-Valley-San Joaquin Valley Regional Rail Authority (Valley Link)**

1. Veronica Vargas, Council Member
2. Rhodesia Ransom, Council Member (Alternate)

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

**N. Altamont Regional Traffic Authority (ARTA) Joint Powers Authority (JPA)**

1. Robert Rickman, Mayor

Primary purpose is to collect and authorize expenditure of transportation impact fees. The JPA consists of Mayor of Tracy, Mayor of Livermore, and Supervisor from Alameda County BOS District 1. Meets as needed.

**O. 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.

**P. Tracy Chamber Governmental Affairs Committee**

1. Jenny Haruyama City Manager (or Designee)

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.

**Q. East Bay Community Energy (EBCE) Authority**

Contact: Stephanie Cabrera, Board Clerk – (510-993-7562) Email: [scabrera@ebce.org](mailto:scabrera@ebce.org) and Alex DiGiorio, Public Engagement Manager – (510-993-7562) Email: [adigiorgio@ebce.org](mailto:adigiorgio@ebce.org)

1. Dan Arriola, Council Member
2. Veronica Vargas, Council Member (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, 2019, 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

**CONSIDER DISPLAYING THE PAN-AFRICAN FLAG TO COMMEMORATE BLACK HISTORY MONTH**

EXECUTIVE SUMMARY

During the City Council meeting on July 21, 2020, Mayor Nancy Young, seconded by then-Councilmember Rhodesia Ransom, requested that an item be agendaized regarding the display of a flag to commemorate Black History Month, also known as African American History Month, in February 2021.

DISCUSSION

On June 18, 2019, the City Council adopted a policy via Resolution No. 2019-138 on the display of flags at City facilities, including ceremonial or commemorative flags ("Flag Policy"). The Flag Policy was amended on October 15, 2019, via Resolution No. 2019-199, to address implementation issues and on July 21, 2020, via Resolution No. 2020-132 to establish a maximum amount of time a flag can be displayed (31 days) and flag ceremonies.

The Flag Policy seeks to balance Council's desire to express the City's official sentiments through the display of commemorative or ceremonial flags with the requirements under the First Amendment. To that end, the Flag Policy establishes that the City's flagpoles are not a public forum and prohibits the display of a "commemorative or ceremonial flag based on a request from a third party, nor will the City use its flagpoles to sponsor the expression of a third party." In addition, the Flag Policy requires the City Council approve the display of a commemorative or ceremonial flag via resolution with a four-fifths vote. Said approval would authorize the display of a commemorative or ceremonial flag on the flagpole outside of City Hall.

Mayor Young, with support of Councilmember Rhodesia Ransom, requested that the Council discuss displaying a commemorative or ceremonial flag to honor Black History Month which is celebrated annually in February. The City Council may designate the amount of time the flag will be displayed up to a maximum of 31 days. In addition, Council may request a flag ceremony be held in the approving resolution.

Staff has found that other municipalities have displayed the Pan-African flag to commemorate Black History Month and suggests that if Council approves this action, the City also display the Pan-African Flag.

Mayor Young also requested an item, with a second from then-Councilmember Rhodesia Ransom, to discuss displaying a commemorative flag for Juneteenth (June 19<sup>th</sup>) which will return to Council for action later this year with any additional requests from Council to display flags in accordance with Section 2.3.1 of the Flag Policy.

FISCAL IMPACT

Costs associated with the purchase or storage of ceremonial or commemorative flags and flag ceremonies are included in the City Manager's budget.

STRATEGIC PLAN

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

RECOMMENDATION

That City Council consider authorizing, via resolution, the display of the Pan-African Flag to commemorate Black History Month for the month of February, including specifying the time period for the display of the flag and whether a flag ceremony is included.

Prepared by: Leticia Ramirez, City Attorney  
Midori Lichtwardt, Assistant City Manager

Reviewed by: Don Scholl, Public Works Director  
Karin Schnaider, Finance Director

Approved by: Jenny Haruyama, City Manager

ATTACHMENT:

A- Policy for the Display of Flags at City Facilities, revised 2020

RESOLUTION 2020-132

AMENDING THE COUNCIL POLICY FOR THE DISPLAY OF FLAGS AT CITY FACILITIES TO  
LIMIT THE DISPLAY OF CEREMONIAL FLAGS TO 31 DAYS AND TO ADDRESS FLAG  
CEREMONIES

WHEREAS, The City of Tracy displays and handles all flags in accordance with Federal and State Law, and

WHEREAS, On June 18, 2019, the City Council adopted a policy via Resolution No. 2019-138 on the display of flags at City facilities, including ceremonial or commemorative flags (Flag Policy), and

WHEREAS, The Flag Policy was amended via Resolution No. 2019-199 to address implementation issues, and

WHEREAS, On July 7, 2020, the Council directed staff to amend the Flag Policy to limit the maximum amount of time a ceremonial flag can be displayed to no more than a month (a maximum of 31 calendar days), not counting any weekends or City holidays in order to avoid overtime costs from Public Works staff who are responsible for displaying the flag and to allow Council to request a flag ceremony to commemorate the raising of a ceremonial flag, and

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Tracy hereby amends the Flag Policy as follows:

1. Section 2.3.3. is hereby replaced in its entirety by the following language:

“2.3.3 Commemorative or ceremonial flags will be displayed for 24 hours if displayed during the normal City workweek. If the day of commemoration occurs on a weekend or City holiday, the flag will be posted on the last working day prior to the weekend or holiday and removed on the next normal City work day. The 24-hour period may also be extended up to month (a maximum of 31 days) if specified in the approving Council resolution. Saturdays, Sundays or City holidays shall not count towards the maximum 31-day display period.”

2. A new Section 2.3.5 shall be added to read as follows:

“2.3.5 If Council Members want to also request a flag ceremony, such request must be made when requesting to display a commemorative flag in accordance with Section 2.3.1. Said flag ceremony shall consist of the following: publicity on the City’s website and social media accounts, press release, and audio/visual support (podium with speaker and microphone, recording, and/or photography).”

\* \* \* \* \*

The foregoing Resolution 2020-132 was adopted by the Tracy City Council on the 21st day of July, 2020, by the following vote:

AYES:	COUNCIL MEMBERS: ARRIOLA, RANSOM, VARGAS, YOUNG, RICKMAN
NOES:	COUNCIL MEMBERS: NONE
ABSENT:	COUNCIL MEMBERS: NONE
ABSTAIN:	COUNCIL MEMBERS: NONE

  
MAYOR

ATTEST:  
  
CITY CLERK

# POLICY FOR THE DISPLAY OF FLAGS AT CITY FACILITIES

Approved by Reso. No. 2019-199 and Amended by Reso. No. 2020-132

---

## SECTION 1: PURPOSE

The purpose of this policy is to establish clear guidelines regarding the display of the flags at City facilities.

## SECTION 2: POLICY

2.1 Conformance with Federal and State Flag Regulations. Flags shall be displayed in accordance with federal and state regulations, including Title 4, Chapter 1 of the United States Code, and Sections 430 through 439 of the California Government Code.

2.2 The City Manager is authorized to order that the City flag be lowered to half-staff in honor of a City employee killed in the line of duty.

### 2.3 Ceremonial or Commemorative Flags.

2.3.1 Non-Public Forum. The City's flagpoles are not intended to be a forum for free expression by the public. Ceremonial or commemorative flags shall be displayed as an expression of the City's official sentiments. A request to display a commemorative or ceremonial flag must be supported by two Council members in order to be agendaized for Council consideration. All requests to display commemorative flags must be listed as a "Regular Item" on a Council agenda. Council must present requests to display a commemorative flag by May 1<sup>st</sup> of every year. A Council resolution authorizing the display of a commemorative flag must be approved by a supermajority vote (four-fifths) of the City Council.

2.3.2. Commemorative flags shall only be displayed at City Hall and on the flagpole designated to display the City's flag. Commemorative or ceremonial flags shall be displayed concurrently with the City flag at second position (below the City flag).

2.3.3 Commemorative or ceremonial flags will be displayed for 24 hours if displayed during the normal City workweek. If the day of commemoration occurs on a weekend or City holiday, the flag will be posted on the last working day prior to the weekend or holiday and removed on the next normal City work day. The 24-hour period may also be extended up to month (a maximum of 31 days) if specified in the approving Council resolution. Saturdays, Sundays or City holidays shall not count towards the maximum 31-day display period.

2.3.4 The City will not display a commemorative or ceremonial flag based on a request from a third party, nor will the City use its flagpoles to sponsor the expression of a third party.

2.3.5 If Council Members want to also request a flag ceremony, such request must be made when requesting to display a commemorative flag in accordance with Section 2.3.1. Said flag ceremony shall consist of the following: publicity on the City's website and social media accounts, press release, and audio/visual support (podium with speaker and microphone, recording, and/or photography).

2.4 Implementation of Policy. The Public Works Director is responsible for ensuring the proper implementation of this Policy. The Public Works Director is further authorized to develop standard operating procedures consistent with this Policy.

RESOLUTION 2021-\_\_\_\_\_

AUTHORIZING THE DISPLAY OF THE PAN-AFRICAN FLAG TO COMMEMORATE BLACK HISTORY MONTH IN FEBRUARY

WHEREAS, The City Council of the City of Tracy wishes to commemorate Black History Month in the month of February by displaying the Pan-African Flag, and

WHEREAS, The display of the Pan-African Flag serves to express the City's official commemoration of Black History Month which is celebrated annually in February to recognize the contributions and struggles of the African American community in the United States, and

WHEREAS, The City's flagpoles are not intended to be a forum for free expression by the public and the display of any commemorative or ceremonial flag is an official expression of the City's sentiments, and

WHEREAS, The Pan African Flag will be flown from \_\_\_\_\_ to \_\_\_\_\_ 2021 on the flagpole located in front of City Hall;

NOW, THEREFORE BE IT RESOLVED, that the City Council of the City of Tracy hereby authorizes the display of the Pan-African Flag on the City flagpole located in front of City Hall from \_\_\_\_ to \_\_\_\_\_, 2021 to celebrate Black History Month.

\*\*\*\*\*

The foregoing Resolution 2021-\_\_\_\_\_ was adopted by the Tracy City Council on the 19<sup>th</sup> day of January, 2021, by the following vote:

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

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

AGENDA ITEM 3.E

REQUEST

**DISCUSS LOCAL CONTROL OF COVID-19 BUSINESS RESTRICTIONS AND PROVIDE DIRECTION TO STAFF**

EXECUTIVE SUMMARY

On November 24, 2020, Council discussed COVID-19 State restrictions on businesses, places of worship, and gatherings, alternatives to compliance including declaring Tracy a sanctuary City for businesses and City efforts to support local businesses. Council direction to staff was to form a COVID-19 Strategy Committee made up of staff and local small businesses to find specific solutions to the issues facing our small business community.

On December 15, 2020, staff presented Council with an update on the formation of the COVID-19 Strategy Committee, preliminary results of a small business survey, and the implementation of a new \$500,000 Small Business Grant Program in response to the preliminary small business survey results highlighting financial hardship. More details of these efforts are included in the body of this report.

On December 15, 2020, under Council Items, Council Member Davis and Mayor Young requested that a discussion come back to Council regarding local control of COVID-19 business restrictions, which is the purpose of this report.

DISCUSSION

**Background**

On March 4, 2020, Governor Newsom declared a state of emergency for California associated with the outbreak of COVID-19. In response to the growing health crisis, the City Manager, in her authority as the Director of Emergency Services, proclaimed a local emergency in Tracy on March 12, 2020 due to COVID-19. The City Council ratified that emergency declaration on March 17, 2020. The following day, March 18, 2020, the City Council adopted a directive, ordering residents to shelter in place (Attachment A).

Public health experts have explained that COVID-19 is easily transmissible from person to person. To slow the spread of the disease, on March 19, 2020, the Governor of California issued Executive Order N-33-20 ordering all individuals within the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors, critical government services, schools, childcare, and construction.

Since March 2020, the State Stay-at-Home Order and corresponding County Stay-at-Home Orders have evolved based on regional medical metrics and analyses of the virus at the given time. As a result, the Stay-at-Home Order restrictions placed on local jurisdictions have also evolved with various restrictions limiting and or closing certain types of business or community activities. This evolving and changing of restrictions

have had a significant impact on the local community. A more detailed chronology of the evolving Stay-at-Home Orders is attached.

On May 26, 2020, Council discussed the City's response to COVID-19 and considered adopting a joint resolution with San Joaquin County petitioning Governor Newsom to allow Counties to draft and implement local directives to the public, businesses and schools to resume activities in a manner that protects the public health and other actions as necessary. After discussion, Council did not approve a motion to adopt the joint resolution with San Joaquin County.

On November 24, 2020, Council discussed the COVID-19 State restrictions on businesses, places of worship, and gatherings, alternatives to compliance including declaring Tracy a Sanctuary City for Businesses and City efforts to support local businesses. After a lengthy discussion, Council directed staff to form a COVID-19 Strategy Committee made up of staff and local small businesses to find specific solutions to the issues facing our small business community.

On December 3, 2020, the Governor issued a Regional Stay-at-Home Order and a Supplemental Order on December 6, 2020 prohibiting private gatherings of any size and closing certain business sector operations (e.g. personal services, restaurants, places of worship), except for critical infrastructure and retail. The Orders would subsequently be lifted when a region's projected ICU capacity meets or exceeds 15%. As a result, business sectors in San Joaquin County were impacted given its low ICU level. Currently, San Joaquin's ICU capacity is 0%.

On December 15, 2020, Dr. Maggie Park, San Joaquin County Public Health Officer provided a COVID-19 status report, including an overview of the Governor's December 3, 2020 Regional Stay-at-Home Order and December 6, 2020 Supplemental Order. Following Dr. Park's presentation, staff provided an update of the COVID-19 Strategy Committee and preliminary results of a small business survey, and overview of a proposed \$500,000 Small Business Grant Program to provide financial support to businesses impacted by Stay-at-Home Orders.

Subsequent to the COVID-19 discussion, under Council Items, Council Member Davis and Mayor Young requested that a discussion come back to Council regarding local control as it relates to COVID-19 Stay-at-Home Order business restrictions.

### **State Emergency Authority and Stay-at-Home Order Non-Compliance**

The continued imposition of the State and County Stay-at-Home Orders ("Orders") and impact on local economies have raised questions about the State of California's emergency authority and consequences imposed on local jurisdictions who take actions that conflict with the State Orders. The following provides a brief summary of the statutes authorizing the issuance of these Orders as well as an overview of efforts to not comply with said Orders.

On March 4, 2020, Governor Gavin Newsom proclaimed a state of emergency in California due to the presence and transmission of COVID-19 pursuant to the California



Emergency Services Act (“CESA”; codified in Government Code section 8550 et seq.). CESA establishes the emergency powers and responsibilities of state and local officials when dealing with a disaster (natural or manmade) or state of war. The declaration of an emergency proclaims that the safety of persons and property are at great risk and that resources of a single city or county cannot address those conditions, requiring combined resources or mutual aid.

The primary impacts of declaring a state of emergency under CESA are: (1) activating regional, state and/or federal resources (e.g. Emergency Operations Centers, funding, staffing) and (2) authorizing the Governor to exercise expanded powers such as directing state agencies, suspending laws, and authorizing the issuance of orders and regulations to act quickly to address the emergency, including the ability to establish a curfew.

Because there is a declared state of emergency in California, the Governor has the ability to issue orders and regulations to address the COVID-19 pandemic. Such as the first “Stay-at-Home” Order issued on March 19, 2020 by the Governor via Executive Order N-33-20 (Attachment B). Executive Order N-33-20 ordered “all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors.” The Order further directed California residents “to immediately heed State public health directives.” The Order states that it is enforceable “pursuant to California law, including, but not limited to, Government Code section 8665.” The California Health and Safety Code also authorizes the State Public Health Officer (the Director of the California Department Public Health) and local or County health officers to take any preventive measures necessary to protect and preserve the public health when the public health is “menaced” or a public health emergency exists. The City of Tracy is under the jurisdiction and subject to any health orders issued by the San Joaquin County Public Health Officer.

### **Non-Compliance with State and County Stay-at-Home Orders**

The prolonged nature of this COVID-19 emergency coupled with the significant impacts on local businesses have generated community frustration and led to local government entities to challenge the Stay-at-Home Orders. These challenges have come in the form of public statements, in which cities declared that Orders will not be enforced; actions to rescind declarations of emergency; the adoption of resolutions declaring their cities as “sanctuary cities” for all business or requesting local control over COVID-19 restrictions (See Attachment C – May 26, 2020 Staff Report); or the filing of lawsuits challenging the validity of the State Order.

Because of the declaration of a state of emergency and a public health emergency due to COVID-19, cities are restricted in their ability to adopt rules or regulations that conflict with or are contrary to State law, including the Governor’s emergency orders. This is based on state constitutional principle that a city may make and enforce within its boundaries “all local, police, sanitary, and other ordinances and regulations not in conflict with general laws.” (Section 7, of Article XI). While cities and counties may make policy statements arguing for more local control over COVID-19 restrictions or declaring all businesses to be “essential” in their jurisdictions, such actions cannot

override the State and County Orders that establish otherwise. That said, the City, through its law enforcement personnel, retains the discretion to deprioritize the enforcement of these Orders.

As of now, the primary consequence of local jurisdictions taking actions in direct conflict with the State Orders has been State efforts to limit their access to emergency aid funding. Earlier in the pandemic, a couple of Northern California counties attempted to lift COVID-19 restrictions on certain business prior to the State amending the State Stay-at-Home Order. The California Office of Emergency Services (“CalOES”) sent letters to those counties informing them that such actions would jeopardize their ability to obtain federal and state emergency aid funding. After those incidents, the State conditioned the receipt of Coronavirus Aid Relief Economic Security (CARES) Act funds for counties and cities on compliance with the State Stay-at-Home Orders. This issue was discussed with the City Council on November 24, 2020 (See Attachment C). Other potential risks of taking action that is contrary to the State Orders include the withholding Federal Emergency Management Agency (FEMA) allocations and/or county and special district funding. The City of Tracy received approximately \$1.18 million in CARES Act funding and is currently eligible for an estimated \$500,000 in FEMA reimbursements.

A number of lawsuits have been filed by businesses, trade associations, and churches to challenge state and county COVID-19 orders issued by governors and counties throughout the United States. San Joaquin County, along with the State, Governor Newsom, and the City of Lodi was named in two lawsuits, challenging the State and County Orders. Those lawsuits involve a church (*Cross-Culture Christian Center v. Newsom, et al.*, USDC Eastern District Case No. 2:20-CV-00832-JAM-CKD) and a gym (*Best Supplement Guide v. Newsom, et al.*, USDC Eastern District Case No. 2:20-CV-00965-JAM-CKD). The District Court rejected the church’s request for a preliminary injunction in *Cross Culture* and has dismissed the City and City defendants from the litigation, as well as various state law causes of action and a cause of action against the County; the matter is still pending. The District Court dismissed the *Best Supplement* matter and the gym is currently appealing the ruling in the 9th Circuit Court of Appeals.

Most recently, on December 14, 2020, the County of San Bernardino filed a petition for writ of mandate in the California Supreme Court challenging the State Stay-at-Home Orders primarily on the grounds that the Orders exceed the authority granted to the Governor Newsom in CESA (*County of San Bernardino; and Josie Gonzales v. Gavin Newsom et al.* (S266106)). Both parties have filed pleadings in the case; however, the California Supreme Court has yet to issue a ruling. Staff is monitoring this case, including whether other plaintiffs join the litigation, and will provide further information to City Council as it becomes available.

### **City Efforts to Support Local Businesses and COVID-19 Response**

Understanding the challenges associated with the Stay-at-Home Orders and non-compliance, several City Council initiatives were recently put in place to support small businesses to help mitigate the impacts of COVID-19.

- **Small Business Forgivable Loan Program** implemented with \$435,000 in Community Development Block Grant (CDBG) funds with approximately \$250,000 in funding dispersed to date. Small business range from service, construction, retail, food and beverage, and automotive sectors with prioritization for low and moderate-income beneficiaries.
- **Temporary Use Permits (TUP) and Special Event Permits Citywide** were expedited with fees waived in order to allow businesses to continue operations and compliance with COVID-19 restrictions and guidelines. Twelve TUPs have been issued using expedited permitting to businesses in food truck operations, outside gyms, etc.
- **Formation of Small Business COVID-19 Strategy Committee** has been complete and we have completed three meetings to date. Small business representation includes restaurants, retail, personal services, and fitness studios/gyms. The committee has identified three small business (3) issues to address: 1) Maximize local participation in securing local, regional, state and federal grants, and other business incentives, 2) Ensure information is reaching the small business community, and 3) Develop Shop Local marketing or programs to increase sales.
- **Sent Letters to Governor, State and Congressional Representations** requesting a modification of the current Regional Stay-at-Home Order to allow Tracy businesses order to close such as hair salons, gyms, barbershops, personal care services, and bars, breweries, distilleries as well as businesses in restricted sectors like restaurants, retail, and hotels/lodging to reopen for indoor and outdoor operations while maintaining COVID-19 safety protocols.
- **Small Business Grant Program** implemented on December 22, 2020 with \$500,000 in Measure V General Funds. The City received 150 applications and are currently reviewing financials and other documentation for completeness. To date, 194 applications have been received, 80 of them have been verified as complete, and 17 grants have been paid out; \$85,000 has been dispersed so far. This grant program was implemented in direct response to information received from our December 1<sup>st</sup> small business survey.
- **Continued implementation of an educational / information compliance approach** to businesses not adhering to the Regional Stay-at-Home Order.

Other Small Business Assistance efforts include updated COVID-19 Resources webpage and communications, collaboration with the Tracy Chamber of Commerce on business community education, and promotion of regional, state, and other resources.

### FISCAL IMPACT

Through the State, the City has been allocated \$1.18 million under the CARES Act. The State has indicated that funds are at risk if the City declares a sanctuary city for businesses. There is also a potential risk to other grants administered by the State. The City has already committed expenditures in anticipation of these funds.

Without the CARES funds, the City's General Fund will be used to fund these expenses.

STRATEGIC PLAN

This agenda item is in response to COVID-19 and does not align with a strategic priority.

RECOMMENDATION

It is recommended that Council discuss local control of COVID-19 Stay-at-Home Order restrictions on businesses and provide direction to staff.

Prepared by: Andrew Malik, Assistant City Manager

Reviewed by: Karin Schnaider, Finance Director  
Leticia Ramirez, City Attorney

Approved by: Jenny Haruyama, City Manager

ATTACHMENTS

Attachment A – Summary of State Stay-at-Home Order Chronology

Attachment B – Executive Order N-33-20

Attachment C – May 26, 2020 Staff Report

Attachment D – November 24, 2020 Council Staff Report

## ATTACHMENT A

### State and County COVID-19 Stay-at-Home Order Chronology

On March 4, 2020, Governor Newsom declared a state of emergency for California associated with the outbreak of COVID-19. In response to the growing health crisis, the City Manager, in her authority as the Director of Emergency Services, proclaimed a local emergency in Tracy on March 12, 2020 due to COVID-19. The City Council ratified that emergency declaration on March 17, 2020. The following day, March 18, 2020, the City Council adopted a directive, ordering residents to shelter in place.

Public health experts have explained that COVID-19 is easily transmissible from person to person. To slow the spread of the disease, on March 19, 2020, the Governor of California issued Executive Order N-33-20 ordering all individuals within the State of California to comply with public health directives and to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors, critical government services, schools, childcare, and construction ("State Stay at Home Order"). Executive Order N-33-20 was very similar to the Directive adopted by the City Council on March 18<sup>th</sup> recommending residents remain at home except to receive or provide essential services. Activities, including business operations that were identified as being "essential," were allowed. However, any business operation or activity not identified as "essential" was ordered to cease immediately.

On March 20, 2020, the San Joaquin County Public Health Officer and the Director of Emergency Services issued a County Stay at Home Order that implemented the State Stay at Home Order "to ensure that the maximum number of people self-isolate in their homes or places of residence to the maximum extent feasible, while enabling essential services to continue, to slow the spread of COVID 19..."

In April of 2020, the Governor, in coordination with the State Public Health Officer, articulated a four-stage framework referred to as the "California Resilience Road Map" to allow for gradually relaxing the Stay at Home Order requirements, while continuing to preserve public health. On May, 4, 2020, the Governor issued Executive Order N-60-20 ordering all individuals within the State of California to comply with the State Public Health Officer's framework for resuming activities unless stricter local regulations exist and directing the State Public Health Officer to establish criteria and procedures to determine whether and how particular local jurisdictions may implement public health measures that depart from the statewide Stay at Home Order.

The implementation of the Roadmap resulted in a shift from the State Stay at Home Order paradigm of "essential" service versus "non-essential" service to a framework that identified businesses and activities as low-risk and high-risk activities. It modified the Stay at Home Order based on specific indicators such as hospitalizations rates, healthcare surge capacity and the ability for businesses, schools and child care facilities to support physical distancing. In addition, the State began to release "Industry Guidance" documents on how various sectors could safely re-open.

On May 8, 2020, certain counties in the State moved to Stage 2 of the Roadmap which allowed the re-opening of more industrial sectors such as retail for curbside pick-up. However, dine-in restaurants and shopping malls were not allowed to operate. San Joaquin County was granted

a variance on May 21, 2020 and the County Stay at Home Order was subsequently amended to expand the categories of allowable businesses to include restaurants, barbershops, hair salons and limited personal care services.

On July 1, 2020, the State directed counties on the State's monitoring list – which tracked criteria such as case rate and COVID hospitalizations – for three consecutive days or more close indoor operations for certain sectors. On July 13, 2020, the State directed that businesses in counties on the State's monitoring list, including San Joaquin, cease indoor operations in various sectors such as gyms and fitness centers, personal care services and indoor malls. The County issued local health orders on July 2, 2020 and on July 13, 2020, implementing these directives from the State.

On August 28, 2020, the State Public Health Officer introduced "California's Plan for Reducing COVID-19 and Adjusting Permitted Sector Activities to Keep Californians Healthy and Safe." The plan is referred to as the "Blueprint for a Safer Economy" or "Blueprint" and establishes four tiers based on case rates, testing positivity and a health equity metric in each county. On August 31, 2020, the County issued a local health order adopting and incorporating the Blueprint and associated documents.

On November 16, 2020 Governor Newsom announced that the State was pulling the "emergency brake" in the State's Blueprint given a sharp increase in the number of COVID-19 cases in California. This announcement led to San Joaquin County, effective November 17<sup>th</sup>, moving back to the more restrictive Purple, or Widespread, Tier along with 27 other counties. The shift to the Purple Tier resulted in the closure of indoor operations of restaurants, gyms and fitness centers, and bars (where no food is served), movie theaters, and places of worship.

On November 19, the Governor and State Public Health Officer Issued a "Limited Stay at Home Order," effective in counties in Tier One (Purple/Widespread), including San Joaquin County, prohibiting non-essential businesses and gatherings with members of other households between 10 PM and 5 AM, effective November 21 at 10 PM until 5 AM on December 21.

On December 5, Governor Newsom announced that all sectors other than retail and essential operations will close in regions of the State where less than 15% of Intensive Care Unit (ICU) beds are available under a new Regional Stay at Home Order. The regional ICU capacity triggered the Regional Stay Home Order to all counties in the San Joaquin Valley region effective Sunday, December 6. This Regional Stay at Home Order significantly impacts Tracy businesses, particularly those in sectors ordered to close (e.g. hair salons and barbershops, personal care services, and bars, breweries, and distilleries) as well as those in restricted sectors like restaurants, retail, and hotels/lodging.

On December 29, Governor Newsom extended the Regional Stay Home Order to all counties in the San Joaquin Valley region until such time as Intensive Care Unit (ICU) bed capacity was at or exceeded 15%. According to the State, the Order is expected to remain in place through January 2021.

EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA

EXECUTIVE ORDER N-33-20

**WHEREAS** on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

**WHEREAS** in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

**WHEREAS** for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

**NOW, THEREFORE, I, GAVIN NEWSOM**, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

**IT IS HEREBY ORDERED THAT:**

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER

March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or



destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 19th day of March 2020.

  
\_\_\_\_\_  
GAVIN NEWSOM  
Governor of California

**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State



May 26, 2020

AGENDA ITEM 4

REQUEST

**DISCUSS CITY'S RESPONSE TO COVID-19 AND CONSIDER ADOPTING A JOINT RESOLUTION WITH SAN JOAQUIN COUNTY PETITIONING GOVERNOR NEWSOM TO ALLOW COUNTIES TO DRAFT AND IMPLEMENT LOCAL DIRECTIVES TO ALLOW THE PUBLIC, BUSINESSES AND SCHOOLS TO RESUME ACTIVITIES IN A MANNER THAT PROTECTS THE PUBLIC HEALTH AND OTHER ACTIONS AS NECESSARY**

EXECUTIVE SUMMARY

On March 17, 2020, the City Council ratified the declaration of a local emergency due to the COVID-19 public health emergency. Since then, the City Manager and staff have provided verbal updates on the City's response to the emergency. During this item, the City Manager will outline the City's recent efforts to address this emergency and its impact, as well as actions on the Federal, State, and County levels in response to COVID-19.

Mayor Robert Rickman, seconded by Council Member Veronica Vargas, requested to place on the agenda for Council discussion and consideration, the joint resolution, approved by the San Joaquin County Board of Supervisors and other cities in the County, petitioning Governor Newsom to allow counties to draft and implement local directives to allow individuals, businesses and schools to resume activities in a manner that that protects the public health. The attached resolution was drafted by the County Counsel.

DISCUSSION

On March 4, 2020, Governor Newsom declared a state of emergency for California associated with the outbreak of COVID-19. In response to the growing health crisis, the City Manager, in her authority as the Director of Emergency Services, proclaimed a local emergency in Tracy on March 12, 2020 due to COVID-19. The City Council ratified that emergency declaration on March 17, 2020.

Public health experts have explained that COVID-19 is easily transmissible from person to person. To slow the spread of the disease, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all individuals within the State of California to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors, critical government services, schools, childcare, and construction.

The Governor, in coordination with the State Public Health Officer, articulated a four-stage framework referred to as "California Resilience Road Map" to allow for gradually relaxing the Stay at Home Order requirements, while continuing to preserve public health. On May, 4, 2020, the Governor issued Executive Order N-60-20 ordering all individuals within the State of California to comply with the State Public Health Officer's framework for resuming activities unless stricter local regulations exist and directing the State Public Health Officer to establish criteria and procedures to determine whether and

how particular local jurisdictions may implement public health measures that depart from the statewide Stay at Home Order.

On May 7, 2020, the State Public Health Officer released “Variance to Stage 2 of California’s Roadmap to Modify the Stay-at-Home Order Guidance to County Governments” (“Original Variance Guidance”). The Variance Guidance establishes criteria and procedures that counties need to meet in order to move more quickly than other parts of the State through Stage 2. If a County Public Health Officer attests that their county meets the criteria, the State will grant a variance to allow the county to advance through Stage 2 and re-open destination retail (such as shopping malls and swap meets), certain dine-in restaurants, and schools with modifications. As of the publishing of this staff report, 40 counties have been granted a variance. San Joaquin County did not meet the criteria set forth in the Original Variance Guidance.

On May 18, 2020, the Variance Guidance was further revised by the California Department of Public Health and a revised criteria and attestation form were released (“Revised Variance Criteria”; Attachment A). The Revised Variance Criteria is as follows:

- Case Metrics: Stable or down trending hospitalizations, cases per population count and test positivity rate; including:
  - Stable hospitalizations on a 7-day average of daily percent change of less than 5%; or no more than 20 hospitalizations on any single day over the past 14 days.
  - 14-day cumulative positive incidence of less than 25 per 100,000; or testing positivity over the past 7 days of less than 8%.
- Adequate Preparedness Planning: A significant level of preparedness with testing, contact tracing, PPE and hospital surge, and planning for long-term care facility disease outbreak prevention and containment; including:
  - Testing capacity. Minimum daily testing capacity to test 1.5 per 1,000 residents per day and testing availability for at least 75% of residents. (San Joaquin County’s population is approximately 762,000. Testing capacity would need to be in excess of 1,140 per day to meet this threshold)
  - Contact tracing. At least 15 staff per 100,000 county population trained and available for contact tracing. (approximately 114 trained staff needed)
  - Hospital surge. Hospital capacity to accommodate a minimum surge of 35% of their baseline average daily census.
  - Skilled Nursing Facilities (SNF) disease outbreak prevention and containment. Plans to prevent and mitigate infections in skilled nursing facilities. SNFs have more than 14-day supply of PPE on hand for staff, with established process for ongoing procurement.

- Response Planning: Producing plans related to county-wide containment, including testing, contact tracing, vulnerable populations, congregate settings, acute care surge, and essential workforce.

While San Joaquin County has made progress in meeting the criteria for a variance, given the size of our population and unique circumstances of our county, it is uncertain when or if the County would qualify under the Revised Variance Criteria. San Joaquin County and its cities have issued clear directives to all employers and essential critical infrastructure worksites to adopt social distancing protocols to protect employees and the public. The citizens of Tracy have demonstrated the ability to moderate their behavior to flatten the curve.

The County Board of Supervisors unanimously adopted the Joint Resolution (Attachment B) on May 19, 2020 petitioning the Governor to allow counties to develop and implement local directives to allow individuals, businesses and schools to resume activities in a manner that that protects the public health. The City Councils of the cities of Escalon, Manteca, Lathrop, and Ripon also adopted the joint resolution as of the publishing of this agenda report.

#### STRATEGIC PLAN

This agenda item is in response to COVID-19 and does not align with a strategic priority.

#### FISCAL IMPACT

None.

#### RECOMMENDATION

Staff recommends that City Council discuss the City's response to COVID-19 and adopt a joint resolution with San Joaquin County petitioning the Governor to allow counties to draft and implement local directives to allow individuals, businesses and schools to resume activities in a manner that protects the public health.

Prepared by: Jenny Haruyama, City Manager  
Leticia Ramirez, City Attorney

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

Approved by: Jenny Haruyama, City Manager

#### ATTACHMENTS

Attachment A – CDPH Variance Attestation Form, May 18, 2020  
Attachment B – Joint County and City Resolution

# VARIANCE TO STAGE 2 OF CALIFORNIA'S ROADMAP TO MODIFY THE STAY-AT-HOME ORDER



COVID-19 VARIANCE ATTESTATION FORM

---

FOR Insert County Name Here

---

May 18, 2020

## Background

On March 4, 2020, Governor Newsom proclaimed a State of Emergency because of the threat of COVID-19, and on March 12, 2020, through Executive Order N-25-20, he directed all residents to heed any orders and guidance of state and local public health officials. Subsequently, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 directing all residents to heed the State Public Health Officer's Stay-at-Home order which requires all residents to stay at home except for work in critical infrastructure sectors or otherwise to facilitate authorized necessary activities. On April 14<sup>th</sup>, the State presented the Pandemic Roadmap, a four-stage plan for modifying the Stay-at-Home order, and, on May 4<sup>th</sup>, announced that entry into Stage 2 of the plan would be imminent.

Given the size and diversity of California, it is not surprising that the impact and level of county readiness for COVID-19 has differed across the state. On May 7<sup>th</sup>, as directed by the Governor in Executive Order N-60-20, the State Public Health Officer issued a local variance opportunity through a process of county self-attestation to meet a set of criteria related to county disease prevalence and preparedness. This variance allowed for counties to adopt aspects of Stage 2 at a rate and in an order determined by the County Local Health Officer. Note that counties desiring to be stricter or move at a pace less rapid than the state did not need a variance.

In order to protect the public health of the state, and in light of the state's level of preparedness at the time, more rapid movement through Stage 2 as compared to the state needed to be limited to those counties which were at the very lowest levels of risk. Thus, the first variance had very tight criteria related to disease prevalence and deaths as a result of COVID-19.

Now, 11 days after the first variance opportunity announcement, the state has further built up capacity in testing, contact tracing and the availability of PPE. Hospital surge capacity remains strong overall. California has maintained a position of stability with respect to hospitalizations. These data show that the state is now at a higher level of preparedness, and many counties across the state, including those that did not meet the first variance criteria are expected to be, too. For these reasons, the state is issuing a second variance opportunity for certain counties that did not meet the criteria of the first variance attestation. This next round of variance is for counties that can attest to meeting specific criteria indicating local stability of COVID-19 spread and specific levels of county preparedness. The criteria and procedures that counties will need to meet in order to attest to this second variance opportunity are outlined below. It is recommended that counties consult with

cities, tribes and stakeholders, as well as other counties in their region, as they consider moving through Stage 2

### Local Variance

A county that has met the criteria in containing COVID-19, as defined in this guidance or in the guidance for the first variance, may consider modifying how the county advances through Stage 2, either to move more quickly or in a different order, of California's roadmap to modify the Stay-at-Home order. Counties that attest to meeting criteria can only open a sector for which the state has posted sector guidance (see [Statewide industry guidance to reduce risk](#)). Counties are encouraged to first review this document in full to consider if a variance from the state's roadmap is appropriate for the county's specific circumstances. If a county decides to pursue a variance, the local health officer must:

1. Notify the California Department of Public Health (CDPH), and if requested, engage in a phone consultation regarding the county's intent to seek a variance.
2. Certify through submission of a written attestation to CDPH that the county has met the readiness criteria (outlined below) designed to mitigate the spread of COVID-19. Attestations should be submitted by the local health officer, and accompanied by a letter of support from the County Board of Supervisors, as well as a letter of support from the health care coalition or health care systems in said county.<sup>1</sup> In the event that the county does not have a health care coalition or health care system within its jurisdiction, a letter of support from the relevant regional health system(s) is also acceptable. The full submission must be signed by the local health officer.

All county attestations, and submitted plans as outlined below, will be posted publicly on CDPH's website.

CDPH is available to provide consultation to counties as they develop their attestations and COVID-19 containment plans. Please email Jake Hanson at [Jake.Hanson@cdph.ca.gov](mailto:Jake.Hanson@cdph.ca.gov) to notify him of your intent to seek a variance and if needed, request a consultation.

County Name: \_\_\_\_\_

County Contact: \_\_\_\_\_

Public Phone Number: \_\_\_\_\_

### Readiness for Variance

The county's documentation of its readiness to modify how the county advances through Stage 2, either to move more quickly or in a different order, than the California's roadmap to modify the Stay-at-Home order, must clearly indicate its preparedness according to the criteria below. This will ensure that individuals who are at heightened risk, including, for example, the elderly and those with specific co-morbidities, and those residing in long-term

---

<sup>1</sup> If a county previously sought a variance and submitted a letter of support from the health care coalition or health care systems but did not qualify for the variance at that time, it may use the previous version of that letter. In contrast, the County Board of Supervisors must provide a renewed letter of support for an attestation of the second variance.

care and locally controlled custody facilities and other congregate settings, continue to be protected as a county progresses through California's roadmap to modify the Stay-at-Home order, and that risk is minimized for the population at large.

As part of the attestation, counties must provide specifics regarding their movement through Stage 2 (e.g., which sectors, in what sequence, at what pace), as well as clearly indicate how their plans differ from the state's order.

As a best practice, if not already created, counties will also attest to plan to develop a county COVID-19 containment strategy by the local health officer in conjunction with the hospitals and health systems in the jurisdiction, as well as input from a broad range of county stakeholders, including the County Board of Supervisors.

It is critical that any county that submits an attestation continue to collect and monitor data to demonstrate that the variances are not having a negative impact on individuals or healthcare systems. Counties must also attest that they have identified triggers and have a clear plan and approach if conditions worsen to reinstitute restrictions in advance of any state action.

### Readiness Criteria

To establish readiness for a modification in the pace or order through Stage 2 of California's roadmap to modify the Stay-at-Home order, a county must attest to the following readiness criteria and provide the requested information as outlined below:

- Epidemiologic stability of COVID-19. A determination must be made by the county that the prevalence of COVID-19 cases is low enough to be swiftly contained by reintroducing features of the stay at home order and using capacity within the health care delivery system to provide care to the sick. Given the anticipated increase in cases as a result of modifying the current Stay-At-Home order, this is a foundational parameter that must be met to safely increase the county's progression through Stage 2. The county must attest to:
  - Demonstrated stable/decreasing number of patients hospitalized for COVID-19 by a 7-day average of daily percent change in the total number of hospitalized confirmed COVID-19 patients of <+5% -OR- no more than 20 total confirmed COVID-19 patients hospitalized on any single day over the past 14 days.

Provide county information
----------------------------

- o 14-day cumulative COVID-19 positive incidence of <25 per 100,000 -OR- testing positivity over the past 7 days of <8%.

NOTE: State and Federal prison inmate COVID+ cases can be excluded from calculations of case rate in determining qualification for variance. Staff in State and Federal prison facilities are counted in case numbers. Inmates, detainees, and staff in county facilities, such as county jails, must continue to be included in the calculations.

Facility staff of jails and prisons, regardless of whether they are run by local, state or federal government, generally reside in the counties in which they work. So, the incidence of COVID-19 positivity is relevant to the variance determination. In contrast, upon release, inmates of State and Federal prisons generally do not return to the counties in which they are incarcerated, so the incidence of their COVID-19 positivity is not relevant to the variance determination. While inmates in state and federal prisons may be removed from calculation for this specific criteria, working to protect inmates in these facilities from COVID-19 is of the highest priority for the State.

- o Counties using this exception are required to submit case rate details for inmates and the remainder of the community separately.

Provide county information
----------------------------

- Protection of Stage 1 essential workers. A determination must be made by the county that there is clear guidance and the necessary resources to ensure the safety of Stage 1 essential critical infrastructure workers. The county must attest to:
  - o Guidance for employers and essential critical infrastructure workplaces on how to structure the physical environment to protect essential workers. Please provide, as a separate attachment, copies of the guidance(s).

Provide title of guidance document attached
---

- Availability of supplies (disinfectant, essential protective gear) to protect essential workers. Please describe how this availability is assessed.

Provide county information

- Testing capacity. A determination must be made by the county that there is testing capacity to detect active infection that meets the state's most current [testing criteria](#), (available on CDPH [website](#)). The county must attest to:
  - Minimum daily testing capacity to test 1.5 per 1,000 residents, which can be met through a combination of testing of symptomatic individuals and targeted surveillance. Provide the number of tests conducted in the past week. A county must also provide a plan to reach the level of testing that is required to meet the testing capacity levels, if the county has not already reached the required levels.

Provide county information

- Testing availability for at least 75% of residents, as measured by the presence of a specimen collection site (including established health care providers) within 30 minutes driving time in urban areas, and 60 minutes in rural areas. Please provide a listing of all specimen collection sites in the county and indicate if there are any geographic areas that do not meet the criteria and plans for filling these gaps if they exist. If the county depends on sites in adjacent counties, please list these sites as well.



Provide county information

- Please provide a COVID-19 Surveillance plan, or a summary of your proposed plan, which should include at least how many tests will be done, at what frequency and how it will be reported to the state, as well as a timeline for rolling out the plan. The surveillance plan will provide the ability for the county to understand the movement of the virus that causes COVID19 in the community through testing. [CDPH has a community sentinel surveillance system that is being implemented in several counties. Counties are welcome to use this protocol and contact [covCommunitySurveillance@cdph.ca.gov](mailto:covCommunitySurveillance@cdph.ca.gov) for any guidance in setting up such systems in their county.]
- 

Provide county information

- Containment capacity. A determination must be made by the county that it has adequate infrastructure, processes, and workforce to reliably detect and safely isolate new cases, as well as follow up with individuals who have been in contact with positive cases. The county must attest to:
  - Enough contact tracing. There should be at least 15 staff per 100,000 county population trained and available for contact tracing. Please describe the county's contact tracing plan, including workforce capacity, and why it is sufficient to meet anticipated surge. Indicate which data management platform you will be using for contact tracing (reminder that the State has in place a platform that can be used free-of-charge by any county).

Provide county information

- o Availability of temporary housing units to shelter at least 15% of county residents experiencing homelessness in case of an outbreak among this population requiring isolation and quarantine of affected individuals. Please describe the county's plans to support individuals, including those experiencing homelessness, who are not able to properly isolate in a home setting by providing them with temporary housing (including access to a separate bathroom, or a process in place that provides the ability to sanitize a shared bathroom between uses), for the duration of the necessary isolation or quarantine period. Rooms acquired as part of Project Roomkey should be utilized.

Provide county information

- Hospital capacity. A determination must be made by the county that hospital capacity, including ICU beds and ventilators, and adequate PPE is available to handle standard health care capacity, current COVID-19 cases, as well as a potential surge due to COVID-19. If the county does not have a hospital within its jurisdiction, the county will need to address how regional hospital and health care systems may be impacted by this request and demonstrate that adequate hospital capacity exists in those systems. The county must attest to:
  - o County (or regional) hospital capacity to accommodate COVID-19 positive patients at a volume of at a minimum surge of 35% of their baseline average daily census across all acute care hospitals in a county. This can be accomplished either through adding additional bed capacity or decreasing hospital census by reducing bed demand from non-COVID-19 related hospitalizations (i.e., cancelling elective surgeries). Please describe how this surge would be accomplished, including surge census by hospital, addressing both physical and workforce capacity.

Provide county information

- o County (or regional) hospital facilities have a robust plan to protect the hospital workforce, both clinical and nonclinical, with PPE. Please describe the process by which this is assessed.

Provide county information

- Vulnerable populations. A determination must be made by the county that the proposed variance maintains protections for vulnerable populations, particularly those in long-term care settings. The county must attest to ongoing work with Skilled Nursing Facilities within their jurisdiction and describe their plans to work closely with facilities to prevent and mitigate outbreaks and ensure access to PPE:
  - o Describe your plan to prevent and mitigate COVID-19 infections in skilled nursing facilities through regular consultation with CDPH district offices and with leadership from each facility on the following: targeted testing and patient cohorting plans; infection control precautions; access to PPE; staffing shortage contingency plans; and facility communication plans. This plan shall describe how the county will (1) engage with each skilled nursing facility on a weekly basis, (2) share best practices, and (3) address urgent matters at skilled nursing facilities in its boundaries.

Provide county information

- o Skilled nursing facilities (SNF) have >14-day supply of PPE on hand for staff, with established process for ongoing procurement from non-state supply chains. Please list the names and contacts of all SNFs in the county along with a description of the system the county must track PPE availability across SNFs.

Provide county information

- Sectors and timelines. Please provide details on the county's plan to move through Stage 2. These details should include which sectors and spaces will be opened, in what sequence, on what timeline. Please specifically indicate where the plan differs from the **state's order**. Any sector that is reflective of Stage 3 should not be included in this variance because it is not allowed until the State proceeds into Stage 3. For additional details on sectors and spaces included in Stage 2, please see <https://covid19.ca.gov/industry-guidance/> for sectors open statewide and <https://covid19.ca.gov/roadmap-counties/> for sectors available to counties with a variance.

Provide county information

- Triggers for adjusting modifications. Please share the county metrics that would serve as triggers for either slowing the pace through Stage 2 or tightening modifications, including the frequency of measurement and the specific actions triggered by metric changes. Please include your plan, or a summary of your plan, for how the county will inform the state of emerging concerns and how it will implement early containment measures.

Provide county information

- COVID-19 Containment Plan

Please provide your county COVID-19 containment plan or describe your strategy to create a COVID-19 containment plan with a timeline.

Provide county information

While not exhaustive, the following areas and questions are important to address in any containment plan and may be used for guidance in **the plan's** development. This containment plan should be developed by the local health officer in conjunction with the hospitals and health systems in the jurisdiction, as well as input from a broad range of county stakeholders, including the County Board of Supervisors. Under each of the areas below, please indicate how your plan addresses the relevant area. If your plan has not yet been developed or does not include details on the areas below, please describe how you will develop that plan and your timeline for completing it.

#### Testing

- Is there a plan to increase testing to the recommended daily capacity of 2 per 1000 residents?
- Is the average percentage of positive tests over the past 7 days <8% and stable or declining?
- Have specimen collection locations been identified that ensure access for all residents?
- Have contracts/relationships been established with specimen processing labs?
- Is there a plan for community surveillance?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Contact Tracing

- How many staff are currently trained and available to do contact tracing?
- Are these staff reflective of community racial, ethnic and linguistic diversity?
- Is there a plan to expand contact tracing staff to the recommended levels to accommodate a three-fold increase in COVID-19 cases, presuming that each case has ten close contacts?
- Is there a plan for supportive isolation for low income individuals who may not have a safe way to isolate or who may have significant economic challenges as a result of isolation?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Living and Working in Congregate Settings

- How many congregate care facilities, of what types, are in the county?
- How many correctional facilities, of what size, are in the county?
- How many homelessness shelters are in the county and what is their capacity?
- What is the COVID-19 case rate at each of these facilities?
- Is there a plan to track and notify local public health of COVID-19 case rate within local correctional facilities, and to notify any receiving facilities upon the transfer of individuals?
- Do facilities have the ability to adequately and safely isolate COVID-19 positive individuals?
- Do facilities have the ability to safely quarantine individuals who have been exposed?
- Is there sufficient testing capacity to conduct a thorough outbreak investigation at each of these facilities?
- Do long-term care facilities have sufficient PPE for staff, and do these facilities have access to suppliers for ongoing PPE needs?
- Do facilities have policies and protocols to appropriately train the workforce in infection prevention and control procedures?
- Does the workforce have access to locations to safely isolate?
- Do these facilities (particularly skilled nursing facilities) have access to staffing agencies if and when staff shortages related to COVID-19 occur?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Protecting the Vulnerable

- Do resources and interventions intentionally address inequities within these populations being prioritized (i.e. deployment of PPE, testing, etc.)?
- Are older Californians, people with disabilities, and people with underlying health conditions at greater risk of serious illness, who are living in their own homes, supported so they can continue appropriate physical distancing and maintain wellbeing (i.e. food supports, telehealth, social connections, in home services, etc.)?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Acute Care Surge

- Is there daily tracking of hospital capacity including COVID-19 cases, hospital census, ICU census, ventilator availability, staffing and surge capacity?
- Are hospitals relying on county MHOAC for PPE, or are supply chains sufficient?
- Are hospitals testing all patients prior to admission to the hospital?
- Do hospitals have a plan for tracking and addressing occupational exposure?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Essential Workers

- How many essential workplaces are in the county?
- What guidance have you provided to your essential workplaces to ensure employees and customers are safe in accordance with state/county guidance for modifications?
- Do essential workplaces have access to key supplies like hand sanitizer, disinfectant and cleaning supplies, as well as relevant protective equipment?
- Is there a testing plan for essential workers who are sick or symptomatic?  
Is there a plan for supportive quarantine/isolation for essential workers?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.



### Special Considerations

- Are there industries in the county that deserve special consideration in terms of mitigating the risk of COVID-19 transmission, e.g. agriculture or manufacturing?
- Are there industries in the county that make it more feasible for the county to increase the pace through Stage 2, e.g. technology companies or other companies that have a high percentage of workers who can telework?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Community Engagement

- Has the county engaged with its cities?
- Which key county stakeholders should be a part of formulating and implementing the proposed variance plan?
- Have virtual community forums been held to solicit input into the variance plan?
- Is community engagement reflective of the racial, ethnic, and linguistic diversity of the community?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

### Relationship to Surrounding Counties

- Are surrounding counties experiencing increasing, decreasing or stable case rates?
- Are surrounding counties also planning to increase the pace through Stage 2 of California's roadmap to modify the Stay-at-Home order, and if so, on what timeline? How are you coordinating with these counties?
- What systems or plans are in place to coordinate with surrounding counties (e.g. health care coalitions, shared EOCs, other communication, etc.) to share situational awareness and other emergent issues.
- How will increased regional and state travel impact the county's ability to test, isolate, and contact trace?

Provide summary for this section and attach complete plan or describe your strategy for developing this section of your plan.

In addition to your county's COVID-19 VARIANCE ATTESTATION FORM, please include:

- Letter of support from the County Board of Supervisors
- Letter of support from the local hospitals or health care systems. In the event that the county does not have a hospital or health care system within its jurisdiction, a letter of support from the relevant regional health system(s) is also acceptable.
- County Plan for moving through Stage 2

All documents should be emailed to Jake Hanson at [Jake.Hanson@cdph.ca.gov](mailto:Jake.Hanson@cdph.ca.gov).

I \_\_\_\_\_, hereby attest that I am duly authorized to sign and act on behalf of \_\_\_\_\_. I certify that \_\_\_\_\_ has met the readiness criteria outlined by CDPH designed to mitigate the spread of COVID-19 and that the information provided is true, accurate and complete to the best of my knowledge. If a local COVID-19 Containment Plan is submitted for \_\_\_\_\_, I certify that it was developed with input from the County Board of Supervisors/City Council, hospitals, health systems, and a broad range of stakeholders in the jurisdiction. I acknowledge that I remain responsible for implementing the local COVID-19 Containment Plan and that CDPH, by providing technical guidance, is in no way assuming liability for its contents.

I understand and consent that the California Department of Public Health (CDPH) will post this information on the CDPH website and is public record.

Printed Name \_\_\_\_\_

Signature \_\_\_\_\_

Position/Title \_\_\_\_\_

Date \_\_\_\_\_

**RESOLUTON NO. 2020-**

**JOINT RESOLUTION OF SAN JOAQUIN COUNTY BOARD OF SUPERVISORS AND  
THE CITY COUNCILS OF THE CITIES OF ESCALON, LATHROP, LODI,  
MANTECA, RIPON AND TRACY PETITIONING THE GOVERNOR TO ALLOW  
COUNTIES TO IMPLEMENT LOCAL DIRECTIVES REGARDING RESUMPTION OF  
ACTIVITIES DURING THE COVID-19 PANDEMIC**

-----

WHEREAS, on March 4, 2020, California Governor Gavin Newsom declared a State of Emergency (“State of Emergency”) to formalize emergency actions and help prepare for the broader spread of the COVID-19 disease; and

WHEREAS, on March 19, 2020, Governor Newsom issued Executive Order N-33-20 ordering all individuals in California to stay in their place of residence except as needed to maintain continuity of operations of federal critical infrastructure sectors, thereby reducing and stopping non-essential businesses from continuing operations (“Stay at Home Order”); and

WHEREAS, the stated intent of the State of Emergency and subsequent Stay at Home Order (“State Actions”) was to prevent the catastrophic failure of the hospital system due to an anticipated surge of COVID-19 cases; and

WHEREAS, the key implementation step of the State Actions was designed to “flatten the curve”, so as to avoid overwhelming the hospital systems; and

WHEREAS, on March 17, 2020, the San Joaquin County Board of Supervisors ratified the declaration of a local health emergency to address COVID-19; and

WHEREAS, on March 24, 2020, the San Joaquin County Board of Supervisors ratified the proclamation of a Local Emergency within the County requesting State and Federal assistance be provided to San Joaquin County; and

WHEREAS, through the actions of frontline staff, hospital and medical staff, elected and appointed leaders, and most importantly the actions of the citizens of San Joaquin County, the curve has flattened in the County and has remained flat since April 25, 2020; and

WHEREAS, the Variance Attestation criteria adopted by the State is inconsistent with Governor Newsom’s oft repeated adage that a one-size-fits-all criteria does not recognize the diversity within the State of California; and

WHEREAS, the County of San Joaquin has met all of the criteria, within its control, to move ahead of the State to re-open the economy; and

WHEREAS, the County of San Joaquin has issued clear directives to all employers and essential critical infrastructure worksites to adopt social distancing protocols to protect employees and the public; and

WHEREAS, the citizens of San Joaquin County have demonstrated the ability to moderate their behavior to flatten the curve; and

WHEREAS, despite efforts by the County, State and Federal governments, individuals are not receiving sufficient aid to withstand the economic hardships caused by the Orders; and

WHEREAS, many local businesses are reporting that they have exhausted all of their reserves and are on the brink of failing.

THEREFORE, BE IT RESOLVED, that the Board of Supervisors, County of San Joaquin, and the City Councils of Escalon, Lathrop, Lodi, Manteca, Ripon and Tracy jointly petition the Governor to immediately allow counties, under the direction and with the approval of the Public Health Officer, to craft and implement local directives necessary to allow individuals, businesses, houses of worship, and schools to resume activities in a manner that does not menace public health.

The foregoing Resolution 2020-\_\_\_\_\_ was adopted by the City Council of the City of Tracy on the 26th day of May, 2020, by the following vote:

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

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

November 24, 2020

AGENDA ITEM 4

REQUEST

**DISCUSS COVID-19 STATE RESTRICTIONS ON BUSINESSES, PLACES OF WORSHIP, AND GATHERINGS, ALTERNATIVES TO COMPLIANCE INCLUDING DECLARING TRACY A SANCTUARY CITY FOR BUSINESSES AND CITY EFFORTS TO SUPPORT LOCAL BUSINESSES; AND PROVIDE DIRECTION TO STAFF**

EXECUTIVE SUMMARY

During the City Council meeting on November 17, 2020, Mayor Robert Rickman suggested that the City explore declaring Tracy as a sanctuary city for businesses in light of the economic impacts of COVID-19 coupled with recent actions from the State due to the rising number of coronavirus cases. The suggestion was seconded by Council Member Veronica Vargas.

This staff report provides information related to COVID-19 state restrictions on businesses, places of worship, and gatherings, alternatives to compliance with said restrictions, including declaring the City of Tracy a sanctuary city for businesses, and City efforts to support local businesses. This item requests that the City Council provide direction to staff.

DISCUSSION

*Background*

On March 4, 2020, Governor Newsom declared a state of emergency for California associated with the outbreak of COVID-19. In response to the growing health crisis, the City Manager, in her authority as the Director of Emergency Services, proclaimed a local emergency in Tracy on March 12, 2020 due to COVID-19. The City Council ratified that emergency declaration on March 17, 2020. The following day, March 18, 2020, the City Council adopted a directive ordering residents to shelter in place.

Public health experts have explained that COVID-19 is easily transmissible from person to person. To slow the spread of the disease, on March 19, 2020, the Governor of California issued Executive Order N-33-20 (Attachment A) ordering all individuals within the State of California to comply with public health directives and to stay home or at their place of residence, except as needed to maintain continuity of operation of the federal critical infrastructure sectors, critical government services, schools, childcare, and construction ("State Stay at Home Order"). Executive Order N-33-20 was very similar to the Directive adopted by the City Council on March 18<sup>th</sup> recommending residents remain at home except to receive or provide essential services. Activities, including business operations that were identified as being "essential," were allowed. However, any business operation or activity not identified as "essential" was ordered to cease immediately.

On March 20, 2020, the San Joaquin County Public Health Officer and the Director of Emergency Services issued a County Stay at Home Order that implemented the State Stay at Home Order "to ensure that the maximum number of people self-isolate in their

homes or places of residence to the maximum extent feasible, while enabling essential services to continue, to slow the spread of COVID 19...”

In April of 2020, the Governor, in coordination with the State Public Health Officer, articulated a four-stage framework referred to as the “California Resilience Road Map” to allow for gradually relaxing the Stay at Home Order requirements, while continuing to preserve public health. On May, 4, 2020, the Governor issued Executive Order N-60-20 ordering all individuals within the State of California to comply with the State Public Health Officer’s framework for resuming activities unless stricter local regulations exist and directing the State Public Health Officer to establish criteria and procedures to determine whether and how particular local jurisdictions may implement public health measures that depart from the statewide Stay at Home Order.

The implementation of the Roadmap resulted in a shift from the State Stay at Home Order paradigm of “essential” service versus “non-essential” service to a framework that identified businesses and activities as low-risk and high-risk activities. It modified the Stay at Home Order based on specific indicators such as hospitalizations rates, healthcare surge capacity and the ability for businesses, schools and child care facilities to support physical distancing. In addition, the State began to release “Industry Guidance” documents on how various sectors could safely re-open.

On May 8, 2020, certain counties in the State moved to Stage 2 of the Roadmap which allowed the re-opening of more industrial sectors such as retail for curbside pick-up. However, dine-in restaurants and shopping malls were not allowed to operate. San Joaquin County was granted a variance on May 21, 2020 and the County Stay at Home Order was subsequently amended to expand the categories of allowable businesses to include restaurants, barbershops, hair salons and limited personal care services.

On July 1, 2020, the State directed counties on the State’s monitoring list – which tracked criteria such as case rate and COVID hospitalizations – for three consecutive days or more close indoor operations for certain sectors. On July 13, 2020, the State directed that businesses in counties on the State’s monitoring list, including San Joaquin, cease indoor operations in various sectors such as gyms and fitness centers, personal care services and indoor malls. The County issued local health orders on July 2, 2020 and on July 13, 2020, implementing these directives from the State.

On August 28, 2020, the State Public Health Officer introduced “California’s Plan for Reducing COVID-19 and Adjusting Permitted Sector Activities to Keep Californians Healthy and Safe.” The plan is referred to as the “Blueprint for a Safer Economy” or “Blueprint” and establishes four tiers based on case rates, testing positivity and a health equity metric in each county (Attachment B). On August 31, 2020, the County issued a local health order adopting and incorporating the Blueprint and associated documents.

On November 16, 2020 Governor Newsom announced that the State was pulling the “emergency brake” in the State’s Blueprint given a sharp increase in the number of COVID-19 cases in California. This announcement led to San Joaquin County, effective November 17<sup>th</sup>, moving back to the more restrictive Purple, or Widespread, Tier along with 27 other counties. The shift to the Purple Tier resulted in the closure of indoor

operations of restaurants, gyms and fitness centers, and bars (where no food is served), movie theaters, and places of worship.

On November 19, the Governor and State Public Health Officer Issued a "Limited Stay at Home Order," effective in counties in Tier One (Purple/Widespread), including San Joaquin County, prohibiting non-essential businesses and gatherings with members of other households between 10 PM and 5 AM, effective November 21 at 10 PM until 5 AM on December 21.

#### *Alternatives to Compliance with COVID-19 Restrictions*

At the November 17, 2020 Council meeting, Council requested a discussion about alternatives to compliance with State COVID-19 business restrictions in response to Governor Newsom's "emergency brake" as it relates to the State's Blueprint for a Safer Economy. The following is a description of some alternatives with an analysis of potential impacts.

- Declare Sanctuary City for Businesses like other Cities

The COVID-19 Stay at Home Orders have had significant personal and financial impacts on local small businesses throughout California. The governing bodies of many cities and counties have expressed frustration with the heavy burden and impact the state and county stay at home orders have had on local businesses. According to an Economic Impact Report released in September by Yelp, the crowd-sourcing business review website, a total of 163,735 businesses closed in the U.S. from March 1 to August 31<sup>st</sup> of this year. The report noted that while some business have been able to effectively transition to new operating modes some have struggled and the closure of businesses has increased.

In response to the State's Stay at Home Order, some communities such as the City of Atwater (population 29,000) in Merced County, adopted a resolution declaring itself a "Sanctuary City of All Business" (Attachment C). Atwater resolved that it "shall not,...actively join forces with other agencies solely for the purpose of enforcing state and county COVID-19 orders" and that it "shall not,...take any direct action against any businesses or individuals based solely on their actual or perceived business status..." All cities have full legislative discretion to local rules and ordinances as they see fit, however, State regulatory authority takes precedence on matters within state control. Thus, while a city may choose to de-prioritize enforcement of certain state laws, the State through its own law enforcement and regulatory/administrative means may pursue enforcement.

Cities and counties that have taken similar actions as Atwater have been deemed ineligible for the State's financial assistance through the Coronavirus Aid Relief Economic Assistance Act (CARES Act). The State is conditioning receipt of CARES Act funding on compliance with state and county public health orders. The Governor's Office of Emergency Services deemed Atwater ineligible for CARES Act funding (Attachment D).



Based on the state's population, California received a total of \$15.3 billion Coronavirus Relief Funds (CRF) provided in the federal CARES Act (Act). Pursuant to the provisions of the Act, cities with populations of less than 300,000 were allocated \$275 million. Funding is contingent on the counties' adherence to federal guidance, the State's stay at home requirements and other health requirements as directed in Governor's Executive Order N-33-20, any subsequent executive orders or statutes, and all California Department of Public Health orders, directives, and guidance issued in response to the COVID-19 public health emergency.

The City, which has been complying with the State's requirements, submitted a funding application on July 2, 2020 and was allocated \$1.18 million dollars for use on projects that are eligible under the Act. To date, the City has committed to spend the full amount. The deadline to spend the funds is December 31, 2020. As a result, the City has either spent or placed orders to spend the funds within the next few weeks. Without CARES funding, the General Fund would need to provide funding for these commitment. In addition, the City has received several smaller grants through from CARES funds allocated by County; such as CDBG grants, homeless/shelter grants, and others.

As with most Federal funding, the State has control over distribution of funds to local government, including counties, cities, and special districts. By declaring a sanctuary city for businesses, the State has the authority to withdraw the CARES funds from City. There is also a risk that the county and special district, such as Tracy Rural, funds may also be withheld, because of this declaration. In addition, the State oversees the allocations of FEMA funds through CalOES (California Office of Emergency Services), which the City expects to claim another \$500,000 or more in emergency funding reimbursements. After conferring with the City's State and Federal lobbyist, staff has not learned that the State intends to extend its authority to withdrawal CARES funding to overlapping counties and districts, nor impact the City's FEMA claims. However, it is a potential risk that should be noted.

- Existing City Compliance Approach -Continuing Education and Community Outreach

When the State first issued the Stay at Home Order in March 2020, Governor Newsom indicated that the preferred enforcement approach was education and social pressure to achieve compliance. However, the Stay at Home Order was issued pursuant to various California Health and Safety Code sections and enforceable under California law, including the California Emergency Services Act ("CESA") (codified as Chapter 7 of Division 1, Title 2 of the Government Code), which establishes that the violation of any lawful order or regulation promulgated under CESA can be charged as a misdemeanor and punishable with a fine not to exceed \$1,000 and/or imprisonment for up to six months. When the Roadmap was released in the summer, Governor Newsom once again reiterated that the State's preferred approach of enforcement through education, however, the State identified various state regulatory and licensing agencies like Alcohol Beverage Control (ABC) and Division of Occupational Safety and Health (DOSH), known as Cal/OSHA, as resources that the public can contact for enforcement. Based on reports from local businesses, ABC conducted educational site visits in Tracy around this time to inform businesses of regulations.

The City has similarly taken an education first approach to achieving compliance with the State and County Stay at Home Orders. Code Enforcement and Economic Development have conducted on-site visits to various businesses to inform them of the Stay at Home Orders. In addition, Code Enforcement has visited businesses based on complaints received through the City's Government Outreach app. Code Enforcement has been largely successful in achieving compliance through this approach with the exception of a small number of bars that have been issued cease and desist orders that warn that continued violations may result in state regulatory bodies being notified. No criminal citations have been issued for violations of State and County public health orders in Tracy.

#### *City Efforts to Support Local Business*

Since the beginning of the COVID-19 pandemic, City staff, in particular Development Services, Economic Development and Finance, have worked on supporting local businesses as they face disruptions in their operations due to COVID-19 Stay-At Home orders and restrictions. The following is a summary of actions taken by the City:

- Small business loans
  - The City developed and implemented a Small Business Forgivable Loan Program utilizing Community Development Block Grant Funding
  - The City received nearly 100 applications since June 11.
  - The City deployed \$250,000 in funding to date out of about \$435,000 available, with 20 applications pending for an additional total of \$180,000.
  - Recipients range across small business in the service, construction, retail, food and beverage, and automotive sectors.
- Street Eatery Permits/Outdoor Dining
  - The City, in collaboration with the Tracy City Center Association (TCCA), facilitated numerous outside dining permits, including a partial closing of 10<sup>th</sup> Street to accommodate additional seating. The City also facilitated the purchase of safety K-rails to accommodate the partial street closure.
  - The City is currently working with numerous restaurants and retail merchants to erect all weather tents to facilitate outside dining during the winter months.
- Temporary Use Permits (TUP)
  - The City extended the timing allowed for temporary uses on private property during the pandemic.
  - Uses include outside dining on private property, food truck operations, outside gyms etc.
  - Permit fees have been waived as Council has appropriated funds to cover expenses
  - Expedited permitting with 11 TUPs issued since the urgency ordinance was adopted on July 28<sup>th</sup>.

- Other small business assistance
  - Shared COVID-related resources and updates via 12,783 email communications in four blasts to businesses via HdL since March.
  - Collaborated with the Tracy Chamber of Commerce to host virtual training and locating resource seminars.
  - Promoted the County's loan program and other resources available to small businesses during COVID (e.g. PPE).

In addition to these efforts by the City, local businesses that have been impacted by COVID-19 have availed themselves to support from the County, State and Federal resources which include grant programs and extension of deadlines. In addition, Congress continues to discuss a new stimulus package, which could result in a second round of new small business loans to local businesses. As with CARES funds, the City will receive any allocations via the State.

#### FISCAL IMPACT

Through the State, the City has been allocated \$1.18 million under the CARES Act. The State has indicated that funds are at risk if the City declares itself a sanctuary city for businesses. There is also a potential risk to other grants administered by the State. The City has already committed expenditures in anticipation of these funds. Without the CARES funds, the City's General Fund will be used to fund these expenses.

#### STRATEGIC PLAN

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

#### RECOMMENDATION

That City Council discuss COVID-19 State restrictions on businesses, places of worship, and gatherings, alternatives to compliance including declaring Tracy a sanctuary city for businesses and City efforts to support local businesses; and provide direction to staff.

Prepared by: Leticia Ramirez, City Attorney  
Andrew Malik, Assistant City Manager  
Karin Schnaider, Finance Director

Reviewed by: Sekou Millington, Police Chief  
Midori Lichtwardt, Assistant City Manager

Approved by: Jenny Haruyama, City Manager

#### ATTACHMENTS:

A- March 18, 2020 Directive to Shelter in Place

- B- State Blueprint for a Safer Economy
- C- Resolution from the City of Atwater
- D- Cal/OES Letter to City of Atwater

EXECUTIVE DEPARTMENT  
STATE OF CALIFORNIA

## EXECUTIVE ORDER N-33-20

**WHEREAS** on March 4, 2020, I proclaimed a State of Emergency to exist in California as a result of the threat of COVID-19; and

**WHEREAS** in a short period of time, COVID-19 has rapidly spread throughout California, necessitating updated and more stringent guidance from federal, state, and local public health officials; and

**WHEREAS** for the preservation of public health and safety throughout the entire State of California, I find it necessary for all Californians to heed the State public health directives from the Department of Public Health.

**NOW, THEREFORE, I, GAVIN NEWSOM**, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and statutes of the State of California, and in particular, Government Code sections 8567, 8627, and 8665 do hereby issue the following Order to become effective immediately:

**IT IS HEREBY ORDERED THAT:**

- 1) To preserve the public health and safety, and to ensure the healthcare delivery system is capable of serving all, and prioritizing those at the highest risk and vulnerability, all residents are directed to immediately heed the current State public health directives, which I ordered the Department of Public Health to develop for the current statewide status of COVID-19. Those directives are consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>. Those directives follow:

ORDER OF THE STATE PUBLIC HEALTH OFFICER  
March 19, 2020

To protect public health, I as State Public Health Officer and Director of the California Department of Public Health order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>. In addition, and in consultation with the Director of the Governor's Office of Emergency Services, I may designate additional sectors as critical in order to protect the health and well-being of all Californians.

Pursuant to the authority under the Health and Safety Code 120125, 120140, 131080, 120130(c), 120135, 120145, 120175 and 120150, this order is to go into effect immediately and shall stay in effect until further notice.

The federal government has identified 16 critical infrastructure sectors whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that their incapacitation or

destruction would have a debilitating effect on security, economic security, public health or safety, or any combination thereof. I order that Californians working in these 16 critical infrastructure sectors may continue their work because of the importance of these sectors to Californians' health and well-being.

This Order is being issued to protect the public health of Californians. The California Department of Public Health looks to establish consistency across the state in order to ensure that we mitigate the impact of COVID-19. Our goal is simple, we want to bend the curve, and disrupt the spread of the virus.

The supply chain must continue, and Californians must have access to such necessities as food, prescriptions, and health care. When people need to leave their homes or places of residence, whether to obtain or perform the functions above, or to otherwise facilitate authorized necessary activities, they should at all times practice social distancing.

- 2) The healthcare delivery system shall prioritize services to serving those who are the sickest and shall prioritize resources, including personal protective equipment, for the providers providing direct care to them.
- 3) The Office of Emergency Services is directed to take necessary steps to ensure compliance with this Order.
- 4) This Order shall be enforceable pursuant to California law, including, but not limited to, Government Code section 8665.

**IT IS FURTHER ORDERED** that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

**IN WITNESS WHEREOF** I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 19th day of March 2020.



\_\_\_\_\_  
GAVIN NEWSOM  
Governor of California

**ATTEST:**

\_\_\_\_\_  
ALEX PADILLA  
Secretary of State

# Blueprint for a Safer Economy

## Activity and Business Tiers

SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
<b>Critical Infrastructure</b>	Open with modifications	Open with modifications	Open with modifications	Open with modifications
<b>Gatherings*</b>	Outdoor gatherings only with modifications <ul style="list-style-type: none"> <li>• Max 3 households</li> </ul>	Indoor gatherings strongly discouraged, allowed with modifications <ul style="list-style-type: none"> <li>• Max 3 households</li> </ul>	Indoor gatherings strongly discouraged, allowed with modifications <ul style="list-style-type: none"> <li>• Max 3 households</li> </ul>	Indoor gatherings strongly discouraged, allowed with modifications <ul style="list-style-type: none"> <li>• Max 3 households</li> </ul>
<b>Limited Services</b>	Open with modifications	Open with modifications	Open with modifications	Open with modifications
<b>Outdoor Playgrounds &amp; Outdoor Recreational Facilities **</b>	Open with modifications	Open with modifications	Open with modifications	Open with modifications
<b>Hair Salons &amp; Barbershops</b>	Open Indoors with modifications	Open indoors with modifications	Open indoors with modifications	Open indoors with modifications

SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
<b>All Retail</b> (including critical infrastructure, except standalone grocers)	Open Indoors with modifications • Max 25% capacity	Open Indoors with modifications • Max 50% capacity	Open Indoors with modifications	Open Indoors with modifications
<b>Shopping Centers (Malls, Destination Centers, Swap Meets)</b>	Open Indoors with modifications • Max 25% capacity • Closed common areas • Closed food courts	Open indoors with modifications • Max 50% capacity • Closed common areas • Reduced capacity food courts (see restaurants)	Open indoors with modifications • Closed common areas • Reduced capacity food courts (see restaurants)	Open Indoors with modifications • Reduced capacity food courts (see restaurants)
<b>Personal Care Services***</b>	Open Indoors with modifications	Open indoors with modifications	Open indoors with modifications	Open indoors with modifications
<b>Museums, Zoos, and Aquariums</b>	Outdoor Only with modifications	Open indoors with modifications • Indoor activities max 25% capacity	Open indoors with modifications • Indoor activities max 50% capacity	Open indoors with modifications



SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
<b>Places of Worship</b>	Outdoor Only with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 25% capacity or 100 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 50% capacity or 200 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 50% capacity</li> </ul>
<b>Movie Theaters</b>	Outdoor Only with modifications	Open Indoors with modifications <ul style="list-style-type: none"> <li>• Max 25% capacity or 100 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 50% capacity or 200 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 50% capacity</li> </ul>
<b>Hotels and Lodging</b>	Open with modifications	Open with modifications <ul style="list-style-type: none"> <li>• +Fitness centers (+10%)</li> </ul>	Open with modifications <ul style="list-style-type: none"> <li>• +Fitness centers (+25%)</li> <li>• +Indoor pools</li> </ul>	Open with modifications <ul style="list-style-type: none"> <li>• +Fitness Centers (50%)</li> <li>• +Spa facilities etc.</li> </ul>
<b>Gyms and Fitness Centers</b>	Outdoor Only with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 10% capacity</li> <li>• +Climbing walls</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 25% capacity</li> <li>• +Indoor pools</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• +Saunas</li> <li>• +Steam rooms</li> <li>• Max 50% capacity</li> </ul>

SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
<b>Restaurants</b>	Outdoor Only with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 25% capacity or 100 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 50% capacity or 200 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 50% capacity</li> </ul>
<b>Wineries</b>	Outdoor Only with modifications	Outdoor Only with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 25% capacity indoors, or 100 people, whichever is fewer</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 50% capacity or 200 people indoors, whichever is fewer</li> </ul>
<b>Bars, Breweries, and Distilleries</b> <b>(where no meal provided)</b> <b>(follow restaurant guidance where meal is provided)</b>	Closed	Closed	Open Outdoors with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>Max 50% capacity</li> </ul>
<b>Family Entertainment Centers</b>	Outdoor Only with modifications e.g. <ul style="list-style-type: none"> <li>Kart Racing</li> <li>Mini Golf</li> <li>Batting Cages</li> </ul>	Outdoor Only with modifications e.g. <ul style="list-style-type: none"> <li>Kart Racing</li> <li>Mini Golf</li> <li>Batting Cages</li> </ul>	Open Indoors for naturally distanced activities with modifications <ul style="list-style-type: none"> <li>Max 25% capacity</li> <li>Bowling Alleys</li> </ul>	Open indoors for activities with increased risk of proximity and mixing with modifications <ul style="list-style-type: none"> <li>Max 50% capacity</li> <li>Arcade Games</li> <li>Ice and roller skating</li> <li>Indoor playgrounds</li> </ul>

SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
<b>Cardrooms, Satellite Wagering</b>	Outdoor Only with modifications	Outdoor Only with modifications	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 25% capacity</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Max 50% capacity</li> </ul>
<b>Offices</b>	Remote	Remote	Open indoors with modifications <ul style="list-style-type: none"> <li>• Encourage telework</li> </ul>	Open indoors with modifications <ul style="list-style-type: none"> <li>• Encourage telework</li> </ul>
<b>Professional Sports</b>	Open <ul style="list-style-type: none"> <li>• Without live audiences</li> <li>• With modifications</li> </ul>	Open <ul style="list-style-type: none"> <li>• Without live audiences</li> <li>• With modifications</li> </ul>	Open <ul style="list-style-type: none"> <li>• Without live audiences</li> <li>• With modifications</li> </ul>	Open <ul style="list-style-type: none"> <li>• Without live audiences</li> <li>• With modifications</li> </ul>
<b>Live Audience Sports***</b>	Closed	Closed	Outdoors Only <ul style="list-style-type: none"> <li>• Max 20%</li> <li>• Regional visitors (120 miles)</li> <li>• Advanced reservations only</li> <li>• Assigned seating only</li> <li>• In-seat concessions only (No concourse sales)</li> </ul>	Outdoors Only <ul style="list-style-type: none"> <li>• Max 25%</li> <li>• Regional visitors (120 miles)</li> <li>• Advanced reservations only</li> <li>• Assigned seating only</li> <li>• In-seat concessions only (No concourse sales)</li> </ul>

SECTORS	Widespread Tier 1	Substantial Tier 2	Moderate Tier 3	Minimal Tier 4
Amusement Parks***	Closed	Closed	Smaller Parks Open <ul style="list-style-type: none"> <li>• 25% capacity or 500 people, whichever is fewer</li> <li>• Outdoor attractions only</li> <li>• In-county visitors only</li> <li>• Advanced reservations only</li> </ul>	Larger Parks Open <ul style="list-style-type: none"> <li>• 25% capacity</li> <li>• Advanced reservations only</li> </ul>

\*Gatherings updated November 13, 2020

\*\*Outdoor playgrounds and outdoor recreational facilities updated September 28, 2020

\*\*\*Personal care services, live audience professional sports and amusement parks updated October 20, 2020



**CITY COUNCIL  
OF THE  
CITY OF ATWATER**

---

**RESOLUTION NO. 3148-20**

**A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF ATWATER AFFIRMING THE CITY'S  
COMMITMENT TO FUNDAMENTAL RIGHTS OF  
LIFE, LIBERTY, AND PROPERTY, AND  
DECLARING THE CITY OF ATWATER A  
SANCTUARY CITY FOR ALL BUSINESSES**

**WHEREAS**, the City of Atwater recognizes that the Constitution of the United States enshrines certain rights of all Americans, including those fundamental liberty interests set forth in the Fourteenth Amendment that prohibit any state from depriving any person of life, liberty, or property, without due process of law; and

**WHEREAS**, the City of Atwater recognizes that the Declaration of Independence advanced the "inalienable rights" of life, liberty, and the pursuit of happiness in the face of tyrannical governmental overreach; and

**WHEREAS**, each of the City of Atwater duly elected or appointed public servants have sworn to defend and uphold the United States Constitution and the Constitution of the State of California; and

**WHEREAS**, recent state and county orders have been issued which have deemed certain businesses as "essential" and ordered all other businesses to stay shuttered, closed, forcing them perilously on life support as they fight for their very economic survival and livelihood; and

**WHEREAS**, the City of Atwater welcomes, honors, and respects the contributions of all businesses, regardless of their size, and regardless of whether or not they have been deemed "essential" by state or county bodies; and

**WHEREAS**, the City of Atwater's diverse businesses positively contribute to the economic, cultural, and social fabric of the City; and

**WHEREAS**, all businesses in the City have not only been a catalyst for the City's recent economic recovery, but have been the backbone of the City throughout its 98-year history; and

**WHEREAS**, the City of Atwater's businesses are socially responsible, and are able and willing to maintain effective social distancing and health protocols to ensure the City remains one of the strongest COVID-19 success stories in California; and

**WHEREAS**, fostering a relationship of trust, respect, and open communication between City officials and businesses is essential to the City's mission of delivering effective public services in partnership with the community, thereby advancing a high quality of life for residents; and

**WHEREAS**, the City of Atwater seeks to foster trust, not fear, between City officials and businesses, while properly allocating limited local resources and encouraging cooperation and open communication, to ensure public safety and due process for all, irrespective of business status; and

**WHEREAS**, the City of Atwater desires to demonstrate its commitment to its businesses by providing a safe community and by assuring them that, in accordance with federal and state laws and all state licensing authorities, the City will not of its own accord abridge such freedoms and rights; and

**WHEREAS**, the City of Atwater recognizes the inalienable rights of individuals, as individuals, to earn a living, to employ others or be employed, to provide income for their families, to give back to the community, to treat neighbors with respect and care, and contribute to the overall health and well-being of the community, without the need for undue governmental overreach and coercion.

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Atwater does hereby resolve as follows:

**SECTION 1:** City of Atwater shall not, in accordance with state and federal law, and in order to properly allocate limited local resources and optimize cooperation and communication to ensure public safety and due process for all, irrespective of business status, actively join forces with other agencies solely for the purpose of enforcing state or county COVID-19 orders; and

**SECTION 2:** City of Atwater shall not, in accordance with state and federal law, take any direct action against any businesses or individuals based solely on their actual or perceived business status; and

**SECTION 3:** The City of Atwater recognizes that state and county authorities directly license, permit, and regulate some businesses within the City and nothing in this Resolution is intended to abridge such authorities from overseeing applicable license regulations and restraints on such City businesses; and

**SECTION 4:** Subject to the foregoing, the City of Atwater hereby declares that it is a Sanctuary City for All Businesses.

The foregoing resolution is hereby adopted this 15<sup>th</sup> day of May 2020.

**AYES:** Vierra, Raymond, Cale, Creighton  
**NOES:** None  
**ABSENT:** Ambriz

**APPROVED:**



---

**PAUL CREIGHTON, MAYOR**

**ATTEST:**



---

**LUCY ARMSTRONG, CITY CLERK**



July 23, 2020

Ms. Lori Waterman  
City Manager  
City of Atwater  
750 Bellevue Road  
Atwater, CA 95301  
[LWaterman@atwater.org](mailto:LWaterman@atwater.org)

Dear Ms. Waterman:

On March 4, 2020, Governor Newsom proclaimed a State of Emergency to exist statewide due to the threat of COVID-19. Since that time, COVID-19 has spread throughout California, requiring further action to protect the public health and safety. On March 19, 2020, Governor Newsom issued Executive Order N-33-20, which incorporated the State Public Health Officer's Stay-at-Home Order. This Order continues to apply statewide and remains necessary for the preservation of public health and safety. On May 4, 2020, the Governor issued Executive Order N-60-20. The Order allows local jurisdictions to take measured and meaningful steps to modify public health directives where public health data supports such a decision.

All of these actions were, and remain, necessary to preserve public health and safety. Merced County is no exception, as it has been on the county monitoring list for 24 days with elevated disease transmission and a test positivity rate of 16.7%. Additionally, hospitalizations in the county continue to increase. COVID-19 does not stop at administrative boundaries and one community's failure to follow public health orders will negatively impact other communities.

The State of California is providing and distributing financial support to assist local governments in responding to the impacts of the unprecedented COVID-19 pandemic. This funding is conditioned on the jurisdiction's adherence to federal guidance and the state's stay-at-home requirements and other health requirements as directed in gubernatorial Executive Order N-33-20, subsequent executive orders or statutes, and all State Department of Public Health orders, directives, and guidance issued in response to the COVID-19 public health



emergency.<sup>1</sup> Local governments must certify compliance to the Department of Finance when they apply for this funding. In the certification, the jurisdiction must affirm it has not enacted any ordinances or resolutions that are inconsistent with the state's stay-at-home order. This is necessary to ensure that all jurisdictions are adhering to public health directives and ensure for the protection of public health and safety.

As you are aware, on May 15, 2020, the City of Atwater passed Resolution number 3148-20, declaring the City of Atwater "a sanctuary city for all businesses." This Resolution, which is inconsistent with the state's public health directives, threatens the public health and safety of the City of Atwater's residents and renders the City ineligible for up to \$387,428 in state assistance in accordance with the FY 20-21 State Budget Act.

It is our goal to ensure that every eligible jurisdiction in California, including the City of Atwater, receives this funding. In order to be eligible for funding, assuming it meets the other prescribed criteria, the City would need to rescind this resolution. I ask that you please advise once the City has formally rescinded this Resolution and has moved forward to expeditiously implement and enforce state public health guidelines. Thank you for your anticipated cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark S. Ghilarducci", with a long horizontal flourish extending to the right.

MARK S. GHILARDUCCI  
Director

Enclosure: City of Atwater Resolution 3148-20

cc: Assemblymember Adam Gray  
Senator Anna Caballero  
Representative Jim Costa

---

<sup>1</sup> [http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201920200AB89](http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200AB89)