

TRACY FINANCE COMMITTEE
MEETING AGENDA
Monday, March 10, 2025, 5:00 P.M.



Tracy City Hall Chambers, 333 Civic Center Plaza, Tracy
Web Site: www.cityoftracy.org

**THIS MEETING WILL BE OPEN TO THE PUBLIC FOR IN-PERSON AND
REMOTE PARTICIPATION PURSUANT TO GOVERNMENT CODE SECTION
54953(e)**

**MEMBERS OF THE PUBLIC MAY PARTICIPATE REMOTELY IN THE MEETING VIA
THE FOLLOWING METHOD:**

As always, the public may view the Tracy Finance Committee meetings live on the City of Tracy's website at CityofTracy.org or on Comcast Channel 26/AT&T U-verse Channel 99. To view from the City's website, open the "Government" menu at the top of the City's homepage and select "Finance Committee", then select "[View Finance Committee Meetings on YouTube](#)" under the "Boards and Commissions" section.

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

Remote Public Comment:

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

- *Comments via:*
 - **Online by visiting <https://cityoftracyevents.webex.com>** and using the following Event Number: **2552 810 4075** and Event Password: **Finance**
 - **If you would like to participate in the public comment anonymously**, you may submit your comment in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.
 - **Join by phone by dialing +1-408-418-9388, enter 25528104075#3462623#**
Press *3 to raise the hand icon to speak on an item.
- *Protocols for commenting via WebEx:*
 - *If you wish to comment on the "Consent Calendar", "Items from the Audience/Public Comment" or "Regular Agenda" portions of the agenda:*
 - *Listen for the Chairperson to open that portion of the agenda for discussion, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
 - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*

- *Comments for the “Consent Calendar” “Items from the Agenda/Public Comment” or “Regular Agenda” portions of the agenda will be accepted until the public comment for that item is closed.*

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy Finance Committee on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

Full copies of the agenda are available on the City's website: www.cityoftracy.org

CALL TO ORDER

ROLL CALL

1. CONSENT CALENDAR

- 1.A. Adoption of October 22, 2024, Regular Meeting Minutes
- 1.B. Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2024-25 Budget.

2. ITEMS FROM THE AUDIENCE - *In accordance with Council Meeting Protocols and Rules of Procedure*, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Finance Committee members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that matter be placed on a future agenda or that staff provide additional information to the Finance Committee.

3. REGULAR AGENDA

- 3.A. Committee Selection of a Chairperson
- 3.B. Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 2 Treasurer's report.
- 3.C. Staff recommends that the Tracy Finance Committee receive a report on the Five-year forecast for the City's General Fund and provide direction regarding the City's preliminary Fiscal Year 2025-26 Operating and Capital Budget.
- 3.D. Staff recommends that the Tracy Finance Committee receive an informational report on the allocation of interest earned on City funds and accept staff's recommendation to maintain the current allocation model.

4. STAFF ITEMS

5. COMMITTEE ITEMS

6. ADJOURNMENT

Posting Date: March 6, 2025

The City of Tracy is in compliance with the Americans with Disabilities Act and will make all reasonable accommodations for the disabled to participate in employment, programs and facilities. Persons requiring assistance or auxiliary aids in order to participate, should contact the City Manager's Office at (209) 831-6000 at least 24 hours prior to the meeting.

TRACY FINANCE COMMITTEE

REGULAR MEETING MINUTES

October 22, 2024, 7:00 p.m.

City Hall, 333 Civic Center Plaza, Tracy

Web Site: www.cityoftracy.org

CALL TO ORDER – Chairperson Arriola called the meeting to order at 7:00 p.m.

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

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

1.A. Approval of September 24, 2024, meeting minutes. – **Minutes were approved.**

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

3. REGULAR AGENDA

3A. Staff recommends that the Tracy Finance Committee recommend that the City Council 1) adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year (FY) ending June 30, 2025 to reflect actual expenses and revenues and requested augmentations to fund various departmental needs, 2) authorize the Budget Officer to amend the City's position control roster for FY 2024-25, and 3) authorize amendments to the Master Salary Schedule.

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

Committee asked clarifying questions.

There was no public comment.

ACTION: Motion was made by Co-Chairperson Bedolla and seconded by Chairperson Arriola that the Tracy Finance Committee recommend that the City Council: 1) adopt a resolution amending the City's Operating and Capital Budget for the Fiscal Year (FY) ending June 30, 2025 to reflect actual expenses and revenues and requested augmentations to fund various departmental needs, 2) authorize the Budget Officer to amend the City's position control roster for FY 2024-25, and 3) authorize amendments to the Master Salary Schedule.

Roll call found all in favor; passed and so ordered.

4. STAFF ITEMS – None
5. COMMITTEE ITEMS – None
6. ADJOURNMENT – Time: 7:12 p.m.

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

The agenda was posted at City Hall on October 17, 2024. The above are action minutes. A recording of this meeting is available on the City of Tracy's website.

Chairperson

ATTEST:

Clerk

March 10, 2025

Agenda Item 1.B

RECOMMENDATION

Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2024-25 Budget.

EXECUTIVE SUMMARY

Staff prepared this quarterly informational report regarding the status of the Fiscal Year 2024-25 City Council budget.

BACKGROUND AND LEGISLATIVE HISTORY

The chart below depicts the status of the Fiscal Year 2024-25 City Council budget, as of February 28, 2025. The City's fiscal year began July 1, 2024 and ends June 30, 2025. Reporting through February 28, 2025, the City Council's budget is within the available balance for each account line.

ORG	OBJ	PROJECT	ACCOUNT DESCRIPTION	REVISED BUDGET	YTD EXPENDED	ENCUMBRANCE	AVAILABLE BUDGET	% USED
12561101	5212		Office Services	4,400	711.20	-	3,689	16.16%
12561101	5218		Subscription Software > 50,000	15,300	15,300.00	-	-	100.00%
12561101	5228	CDNYG	Travel, Training & Membership	16,726	2,262.47	-	14,464	13.53%
12561101	5228	CSABE	Travel, Training & Membership	20,000	75.00	-	19,925	0.38%
12561101	5228	DARRI	Travel, Training & Membership	2,154	2,153.59	-	0	99.98%
12561101	5228	DEVAN	Travel, Training & Membership	20,000	1,105.00	-	18,895	5.53%
12561101	5228	EDAVI	Travel, Training & Membership	-	-	-	-	0.00%
12561101	5228	MBEDO (1)	Travel, Training & Membership	3,274	3,273.98	-	-	100.00%
12561101	5228	MBEDO (2)	Travel, Training & Membership	17,846	-	-	17,846	0.00%
12561101	5228	MDARR	Travel, Training & Membership	24,417	6,259.04	-	18,158	25.63%
12561101	5228	NYOUN	Travel, Training & Membership	5,583	5,583.00	-	-	100.00%
12561101	5239		Professional Services	16,000	-	-	16,000	0.00%
12561101	5311		Supplies	3,500	1,093.57	-	2,406	31.24%
12561101	5335		Food	4,000	2,675.82	-	1,324	66.90%
			Grand Total	153,200	40,493.00	-	112,707	

The Office Services line item is for expenditures related to printing and mailing.

Travel expenditures are allocated by Council Member. There are pending travel charges for Council Members related to recent and upcoming conferences. The expenditures related to the travel are pending, as they were paid with a City Cal-card, resulting in a 30-day period of time before the expense is payable and reported in the general ledger.

The new Council members were sworn in at the mid-point of the City's annual budget. The incoming Council members took on the budget of the seat that they filled.

Professional services are contracted services related to the implementation of the City Council's

Strategic Priorities.

The Supplies line-item is utilized for supplies utilized by the City Council such as office supplies, nameplates, name tags, plaques, keys to the City and City branded clothing.

With February being the 8th month of the fiscal year, the budget is expected to be approximately 66% expended. The City Council's overall budget is 36% expended for the fiscal year.

The budget report is inclusive of expenditures occurring through February 28, 2025; however, it is important to note that some expenses do have a delay. If a Cal Card was used for a purchase or has pending charges for recent travel, these expenditures may not be captured in the budget report.

The next quarterly report to the Finance Committee will be June 2025.

FISCAL IMPACT

The City Council's budget is funded through the City's General fund. There is no fiscal impact associated with this informational item.

STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the status of the City Council's FY2024-25 budget.

Prepared by: Sara Castro, Director of Finance

Reviewed by: Kamalpreet Gill, Deputy City Attorney
Karin Schnaider, Assistant City Manager

March 10, 2025

Agenda Item 3.B.

RECOMMENDATION

Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 2 Treasurer's report.

EXECUTIVE SUMMARY

Staff prepared this quarterly informational report regarding the fiscal year (FY) 2024-25 quarter 2 Treasurers report (October, November and December).

BACKGROUND AND LEGISLATIVE HISTORY

The City of Tracy's investments are managed by the elected City Treasurer, in accordance with the City's adopted investment policy. The City's investment policy contains established procedures to maintain internal controls to ensure that the City's assets are protected from loss, theft or misuse.

The objectives of the City's investment program are to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market rate of return.

On a monthly basis, the City's elected Treasurer prepares a report summarizing the City's investments. City staff review the monthly reports for compliance with the City's adopted investment policy.

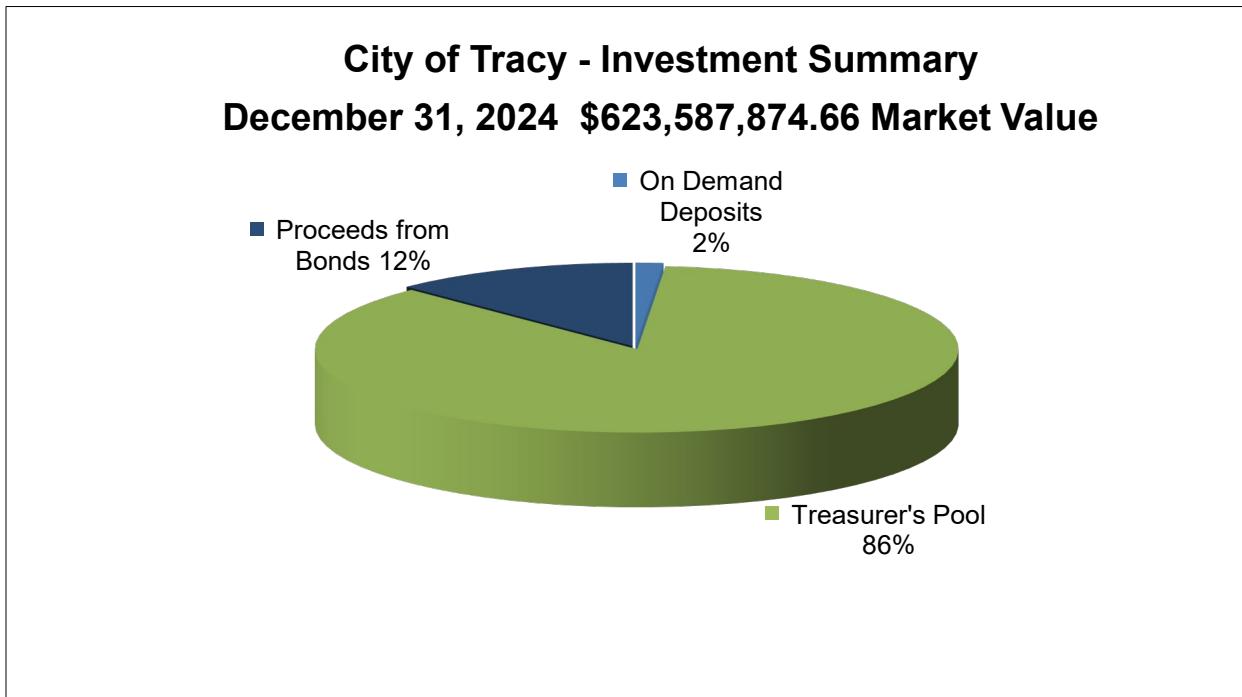
On a quarterly basis, the City Treasurer prepares a report to the Tracy Finance Committee (Committee), to facilitate review of the portfolio of investments, identify any investments that do not comply with the investment policy and establish protocols for reporting major and critical incidences of noncompliance to the City Council.

ANALYSIS

This report to the Committee reviews Citywide investments for the period of October – December 2024. Attachment A to the staff report provides the investment reports by month for quarter 2. For the purpose of this informational report, the data in the staff report will be shown for the month the quarter ended, December 2024.

The chart below summarizes the Treasurer's investments. Overall, the City's grand total of market value of all investments including on demand deposits, treasurer's investments, and proceeds from bond issuances is \$623.0 million. 86% of all investments are in the Treasurer's pool, 12% from the proceeds of bond issuances, and 2% from on demand deposits.

CITY OF TRACY					
CITY TREASURER'S REPORT					
SUMMARY OF ALL INVESTMENTS					
For the Month ending December 31, 2024					
Category	Maturity	Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ	Market Value
Days	Years				
Pooled Investments:					
1. ON DEMAND DEPOSITS		0.710%	8,685,960.04	8,685,960.04	
2. TREASURER'S INVESTMENTS			539,843,673.00	537,721,989.84	
Total - Pooled Investments	709	1.94	548,529,633.04	546,407,949.88	
3. PROCEEDS FROM BOND ISSUES			77,179,924.78	77,179,924.78	
Total - Non-Pooled Investments			77,179,924.78	77,179,924.78	
GRAND TOTAL ALL INVESTMENTS			625,709,557.82	623,587,874.66	



The market value of the Treasurer's pool of investments totals \$546.4 million. This is an increase of \$ 2.3 million from the prior quarter. The average interest rate of the portfolio was 4.266%, with an average of 709 days, or 1.94 years to maturity.

Agenda Item 3.B.

March 10, 2025

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TREASURER'S INVESTMENTS					
These investments comply with the City's adopted investment policy.					
Custodian/Description	Average	Days to	Interest	TaxCost	Market Value
	Purchase YTM	Maturity	Rate	Book Value	(no accruals)
WELLS FARGO, Sweep		1	0.71%	2,138,366.04	2,138,366.04
WELLS FARGO, Checking				6,547,594.00	6,547,594.00
CHANDLER ASSET MNGT (33148)	*	3.76%	796	3.43%	157,852,570.54
J.P. Morgan Securities (331483)	*	4.64%	770	5.51%	201,179,003.84
INVESCO (331477)	*	3.64%	993	3.38%	107,686,059.24
LOCAL AGENCY INVESTMENT FUND		1	4.40%	68,562,974.02	68,562,974.02
CAMP		1	4.73%	4,563,065.36	4,563,065.36
*Priced by US BANK					
TOTAL INVESTMENTS	THIS MONTH			548,529,633.04	546,407,949.88
GASB 31 494,971,698.84	LAST MONTH			546,022,547.17	544,781,368.54
	INCREASE(DECREASE) FROM LAST MONTH			2,507,085.87	1,626,581.34
	AVERAGE INTEREST RATE			4.266%	
	AVERAGE DAYS TO MATURITY			709	

The total bond proceeds on hand are \$77.1 million, which is a decrease from the prior month in the amount of \$1.4 million. Bond proceeds on hand fluctuate as funds are drawn down to reimburse expenses incurred in relation to the project they are associated with or debt service payments are made. Bond proceeds are held by a trustee and earn interest.

The net pooled investment interest earnings for the first two quarters of fiscal year 2024-25 are \$8.4 million.

	Total	Total
INTEREST EARNINGS	<u>Current Month</u>	<u>FY 24-25</u>
Pooled Investments		
Interest Earnings Net	1,633,852.89	8,446,461.29
Pooled Investments Gain (loss) on Sale	49,310.51	281,053.71
Amortization/Accretion	(71,188.89)	(198,701.43)

The next quarterly treasurer's report to the Finance Committee will be June 2025.

FISCAL IMPACT

While this report is informational, investment earnings contribute to the funds available for City operations.

STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the FY2024-25 quarter 2 Treasurer's report.

Prepared by: Sara Castro, Director of Finance

Reviewed by: Andrew Shen, Interim City Attorney
Karin Schnaider, Assistant City Manager

Attachment A: FY 2024-25 Q2 Investment Reports

CITY OF TRACY
CITY TREASURER'S REPORT
SUMMARY OF ALL INVESTMENTS
For the Month ending October 31, 2024

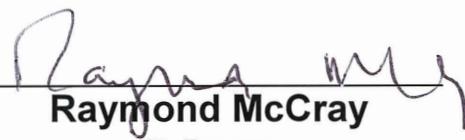
Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			

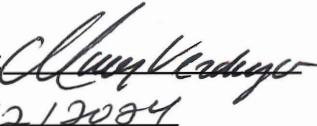
Pooled Investments:

1. ON DEMAND DEPOSITS		0.710%	7,529,477.97	7,529,477.97
2. TREASURER'S INVESTMENTS			528,942,214.13	527,316,283.60
Total - Pooled Investments	691	1.89	4.170%	536,471,692.10
3. PROCEEDS FROM BOND ISSUES			85,449,983.84	85,449,983.84
Total - Non-Pooled Investments			85,449,983.84	85,449,983.84
GRAND TOTAL ALL INVESTMENTS			621,921,675.94	620,295,745.41

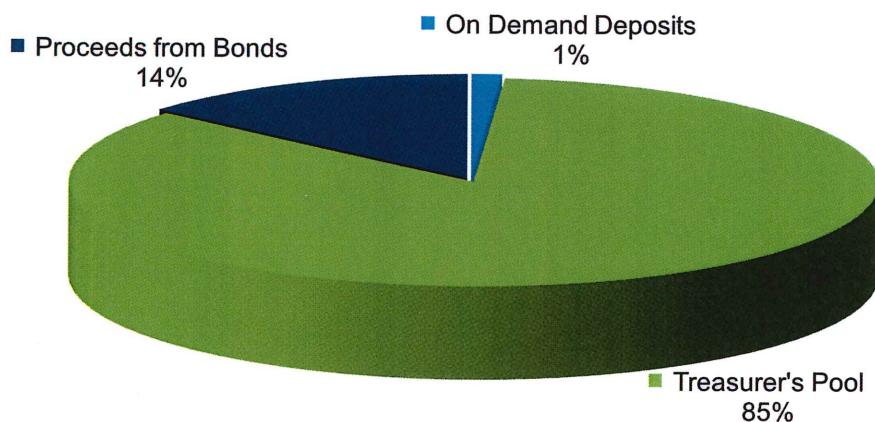
I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.

The City has the ability to meet projected expenditures for the next six months.


Raymond McCray 12-12-2024
City Treasurer

Reviewed By: 
Date: 12/12/2024

City of Tracy - Investment Summary
October 31, 2024 \$620,295,745.41 Market Value



TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

October 31, 2024

Custodian/Description	Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep		1	0.71%	981,706.97	981,706.97
WELLS FARGO, Checking				6,547,771.00	6,547,771.00
CHANDLER ASSET MNGT (331481)	*	3.70%	785	3.36%	156,719,214.37
J.P. Morgan Securities (331483)	*	4.86%	668	5.20%	200,120,146.25
INVESTCO (331477)	*	3.53%	1,055	3.48%	107,013,082.34
LOCAL AGENCY INVESTMENT FUND			1	4.51%	60,562,974.02
CAMP			1	5.03%	4,526,797.15

*Priced by US BANK

Short Term Bond* 3.91% SEC Trailing* 5.10%

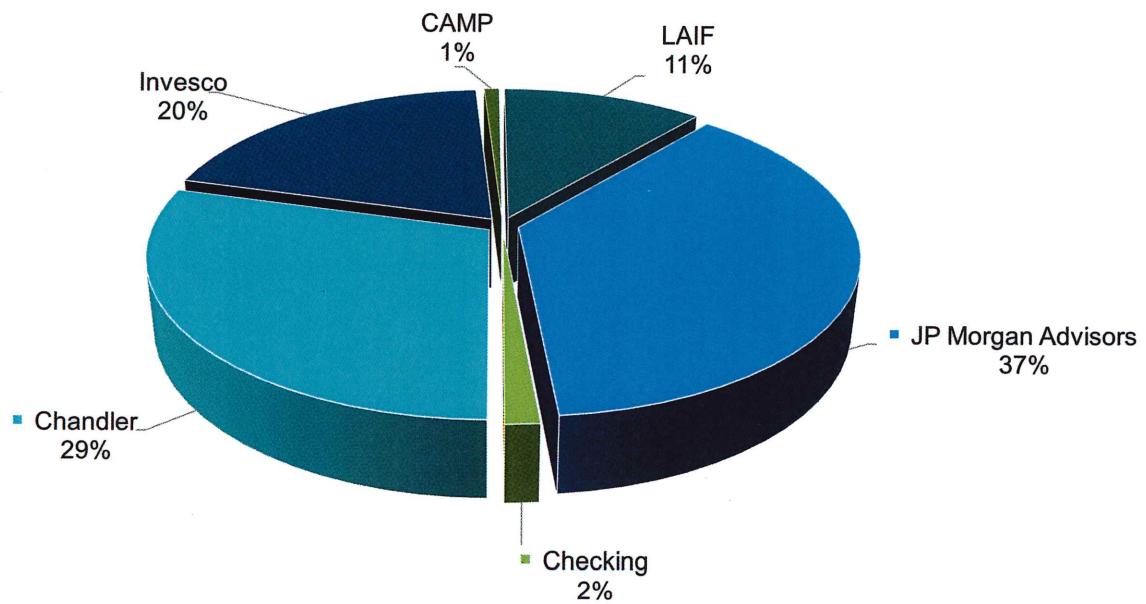
*Benchmarks as of 9/30/2024

Five Largest Corp Issuer Exposures

JPMorgan Chase & Co	2.69%
The Goldman Sachs Group Inc	2.29%
Morgan Stanley	2.24%
Bank of America Corp	2.20%
US Bancorp	1.84%

TOTAL INVESTMENTS	THIS MONTH	536,471,692.10	534,845,761.57
GASB 31 494,971,698.84	LAST MONTH	542,287,624.55	544,114,718.77
	INCREASE(DECREASE) FROM LAST MONTH	(5,815,932.45)	(9,268,957.20)
	AVERAGE INTEREST RATE	4.170%	
	AVERAGE DAYS TO MATURITY	691	

City of Tracy's Investments
October 31, 2024 \$534,845,761.57 Market Value



PROCEEDS FROM BOND ISSUES

Funds in this category are held by a Trustee or other investment which is governed by the bond documents.

October 31, 2024

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 129,309.28	\$ 128,722.48	\$ 586.80
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ 427,075.11	\$ 425,320.81	\$ 1,754.30
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 254,265.47	\$ 253,220.96	\$ 1,044.51
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 87,965.01	\$ 87,586.03	\$ 378.98
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ 131,784.74	\$ 131,243.42	\$ 541.32
CFD-89-1 2003 Series A	Senior Lein	\$ 719,292.35	\$ 716,893.68	\$ 2,398.67
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 704.20	\$ 701.30	\$ 2.90
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 1,148,080.45	\$ 1,143,364.49	\$ 4,715.96
Tracy CFD 98-1 2011A	2005-A	\$ 282,632.48	\$ 281,471.59	\$ 1,160.89
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 455,871.20	\$ 453,998.61	\$ 1,872.59
TOPJPA 2005 Series C	2000-01 Presidio	\$ 179,082.62	\$ 178,070.56	\$ 1,012.06
CFD 2006-01 NEI	North East Industrial		\$ -	\$ -
TOPJPA 2007 A & B			\$ -	\$ -
TOPJPA 2008	City Account	\$ 1,019,700.08	\$ 0.38	\$ 1,019,699.70
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,206,901.20	\$ 1,201,919.84	\$ 4,981.36
Tracy LOB 2011-1		\$ 60,723.78	\$ 60,177.91	\$ 545.87
Tracy CFD 2011A		\$ 1,104,133.97	\$ 1,099,598.48	\$ 4,535.49
Successor Agency-CDA 2016		\$ 4,366.42	\$ 4,348.56	\$ 17.86
Tracy Hills CFD 2016		\$ 16,648,834.31	\$ 16,611,799.80	\$ 37,034.51
CFD 2006-01 Phase II		\$ 904,568.10	\$ 904,564.24	\$ 3.86
ECFD 2016-2		\$ 2,552,425.87	\$ 2,552,415.15	\$ 10.72
CFD 2021-1 Hillview		\$ 1,018,196.80	\$ 1,018,192.56	\$ 4.24
2022 Lease Rev Bonds		\$ 2,784,229.68	\$ 2,396,214.20	\$ 388,015.48
2024 Lease Rev Bonds		\$ 54,329,840.72	\$ 53,266,312.30	\$ 1,063,528.42
Total		\$ 85,449,983.84	\$ 82,916,137.35	\$ 2,533,846.49

*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 85,449,983.84
	LAST MONTH	\$ 82,916,137.35
Increase(Decrease) From Last Month		\$ 2,533,846.49

STATISTICAL SUMMARY

The following is selected statistical information and trends concerning the Investment Portfolio.

GASB 31 Adjusted

October 31, 2024

TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 9/24	638	1.75	3.981%	542,287,624.55	544,114,718.77	1,437,772.88
Current Month 10/24	691	1.89	4.170%	536,471,692.10	534,845,761.57	1,625,930.53
FISCAL YEAR AVERAGE	646	1.77	4.015%	537,809,352.01	\$537,502,203.43	\$307,148.58

HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
464,750,766.73	476,103,599.14	October, 2023	490,969,035.36	502,321,867.77
460,308,837.16	468,179,336.49	November, 2023	512,025,803.49	519,896,302.82
479,735,853.38	484,463,489.87	December, 2023	530,118,480.63	534,846,117.12
501,008,548.26	505,179,994.97	January, 2024	551,490,695.59	555,662,142.30
512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09
506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94

INTEREST EARNINGS	Total	Total	Total	Total
	<u>Current Month</u>	<u>FY 24-25</u>	<u>FY 23-24</u>	<u>FY 22-23</u>
Pooled Investments				
Interest Earnings Net	1,861,188.67	5,497,907.43	10,197,601.20	6,263,781.17
Pooled Investments Gain (loss) on Sale	112,373.77	197,522.76	(87,523.75)	(314,225.97)
Amortization/Accretion	(17,419.87)	(72,374.35)	(308,285.04)	(713,396.37)

TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending October 31, 2024

Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	28.2%	AA-
Agency	24.5%	AA+
Treasury	23.5%	Treasury
LAIF	11.2%	NR
Money Market Funds	4.2%	TSY
ABS	2.8%	
CMO	2.7%	
Supranationals	1.5%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

Duration/Maturity Distribution

% of Portfolio

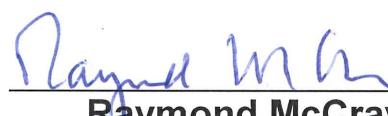
<u>Years</u>	<u>Maturity</u>
0 - .25	18.4%
.25 - .50	2.6%
.5 - 1	9.6%
1 year - 2 year	22.1%
2 year - 3 year	28.5%
3 year - 4 year	11.3%
4 year - 5 year	7.4%
5 year +	0.0%

CITY OF TRACY
CITY TREASURER'S REPORT
SUMMARY OF ALL INVESTMENTS
For the Month ending November 30, 2024

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.710%	15,788,337.25	15,788,337.25
2. TREASURER'S INVESTMENTS				530,234,209.92	528,993,031.29
Total - Pooled Investments	706	1.93	4.236%	546,022,547.17	544,781,368.54
3. PROCEEDS FROM BOND ISSUES				78,633,644.36	78,633,644.36
Total - Non-Pooled Investments				78,633,644.36	78,633,644.36
GRAND TOTAL ALL INVESTMENTS				624,656,191.53	623,415,012.90

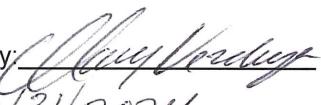
I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.

The City has the ability to meet projected expenditures for the next six months.

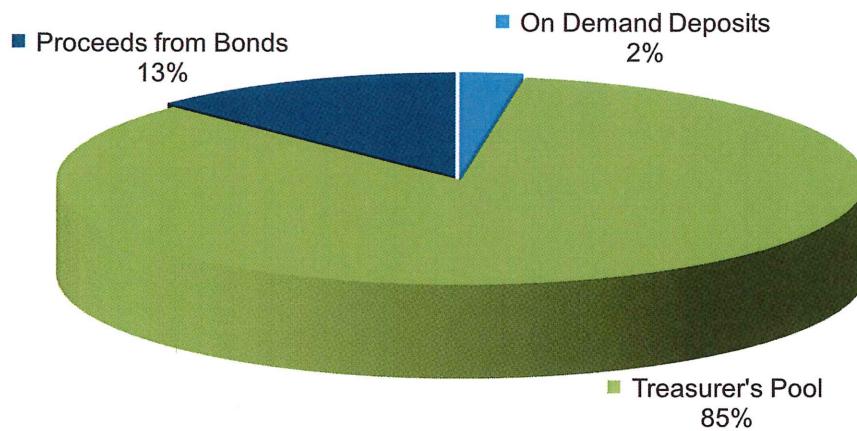

Raymond McCray
Raymond McCray
City Treasurer

12-31-27

Date

Reviewed By: 
Date: 12/31/2024

City of Tracy - Investment Summary
November 30, 2024 \$623,415,012.90 Market Value



TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

November 30, 2024

Custodian/Description	Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep		1	0.71%	9,143,559.25	9,143,559.25
WELLS FARGO, Checking				6,644,778.00	6,644,778.00
CHANDLER ASSET MNGT (33148)	*	3.70%	763	157,204,228.55	156,815,277.13
J.P. Morgan Securities (331483)	*	4.67%	770	200,845,458.94	200,688,510.21
INVESCO (331477)	*	3.53%	1,026	107,076,679.30	106,381,400.82
LOCAL AGENCY INVESTMENT FUND		1	4.43%	60,562,974.02	60,562,974.02
CAMP		1	4.87%	4,544,869.11	4,544,869.11

*Priced by US BANK

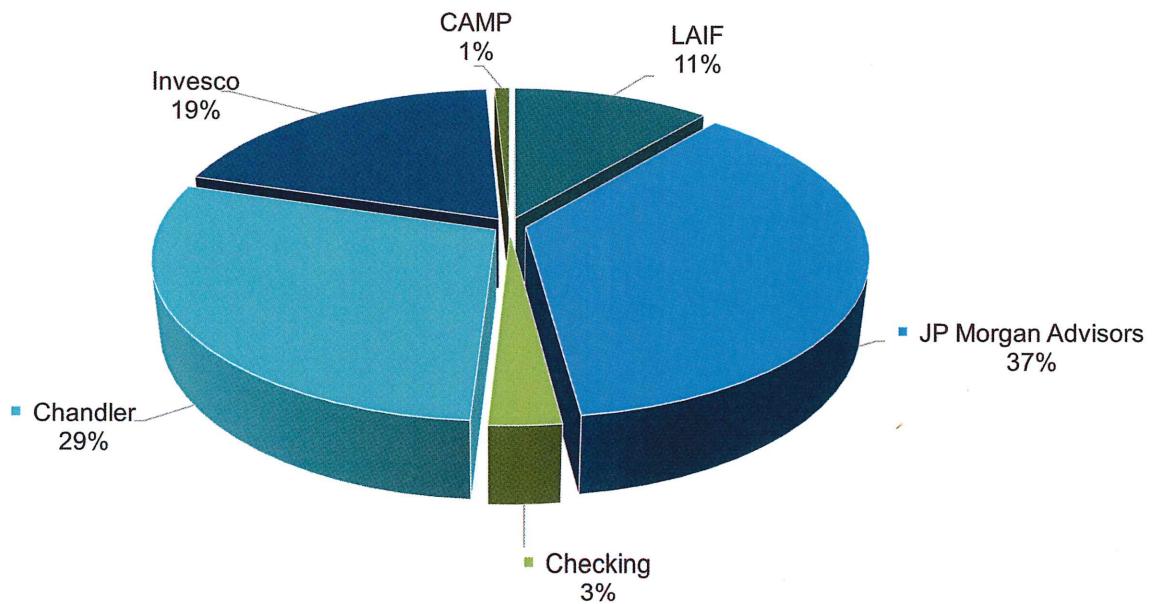
Short Term Bond 4.20% SEC Trailing 4.90%

Five Largest Corp.Issuer Exposures

Bank of America Corp	2.46%
The Goldman Sachs Group Inc	2.28%
Morgan Stanley	2.23%
US Bancorp	1.83%
Citigroup Inc	1.65%

TOTAL INVESTMENTS	THIS MONTH	546,022,547.17	544,781,368.54
GASB 31 494,971,698.84	LAST MONTH	536,471,692.10	534,845,761.57
	INCREASE(DECREASE) FROM LAST MONTH	9,550,855.07	9,935,606.97
	AVERAGE INTEREST RATE	4.236%	
	AVERAGE DAYS TO MATURITY	706	

City of Tracy's Investments
November 30, 2024 \$544,781,368.54 Market Value



PROCEEDS FROM BOND ISSUES

Funds in this category are held by a Trustee or other investment which is governed by the bond documents.

November 30, 2024

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 129,832.95	\$ 129,309.28	\$ 523.67
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ 427,075.11	\$ (427,075.11)
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 255,295.10	\$ 254,265.47	\$ 1,029.63
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 88,321.24	\$ 87,965.01	\$ 356.23
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ 131,784.74	\$ (131,784.74)
CFD-89-1 2003 Series A	Senior Lein	\$ 721,656.95	\$ 719,292.35	\$ 2,364.60
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 1,483,157.03	\$ 704.20	\$ 1,482,452.83
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 1,152,729.56	\$ 1,148,080.45	\$ 4,649.11
Tracy CFD 98-1 2011A	2005-A	\$ 283,776.93	\$ 282,632.48	\$ 1,144.45
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 457,717.21	\$ 455,871.20	\$ 1,846.01
TOPJPA 2005 Series C	2000-01 Presidio	\$ 179,807.79	\$ 179,082.62	\$ 725.17
CFD 2006-01 NEI	North East Industrial		\$ -	\$ -
TOPJPA 2007 A & B			\$ -	\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1,019,700.08	\$ (1,019,699.02)
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,211,788.61	\$ 1,206,901.20	\$ 4,887.41
Tracy LOB 2011-1		\$ 60,969.63	\$ 60,723.78	\$ 245.85
Tracy CFD 2011A		\$ 1,108,605.19	\$ 1,104,133.97	\$ 4,471.22
Successor Agency-CDA 2016		\$ 4,384.11	\$ 4,366.42	\$ 17.69
Tracy Hills CFD 2016		\$ 16,684,737.28	\$ 16,648,834.31	\$ 35,902.97
CFD 2006-01 Phase II		\$ 904,571.94	\$ 904,568.10	\$ 3.84
ECFD 2016-2		\$ 2,552,436.71	\$ 2,552,425.87	\$ 10.84
CFD 2021-1 Hillview		\$ 1,018,201.12	\$ 1,018,196.80	\$ 4.32
2022 Lease Rev Bonds		\$ 1,522,613.08	\$ 2,784,229.68	\$ (1,261,616.60)
2024 Lease Rev Bonds		\$ 48,813,040.87	\$ 54,329,840.72	\$ (5,516,799.85)
Total		\$ 78,633,644.36	\$ 85,449,983.84	\$ (6,816,339.48)

*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 78,633,644.36
	LAST MONTH	\$ 85,449,983.84
Increase(Decrease) From Last Month		\$ (6,816,339.48)

STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

November 30, 2024

TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 10/24	691	1.89	4.170%	536,471,692.10	534,845,761.57	1,625,930.53
Current Month 11/24	706	1.93	4.236%	546,022,547.17	544,781,368.54	1,241,178.63
FISCAL YEAR AVERAGE	658	1.80	4.060%	539,451,991.04	\$538,958,036.45	\$493,954.59

HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
460,308,837.16	468,179,336.49	November, 2023	512,025,803.49	519,896,302.82
479,735,853.38	484,463,489.87	December, 2023	530,118,480.63	534,846,117.12
501,008,548.26	505,179,994.97	January, 2024	551,490,695.59	555,662,142.30
512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09
506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53

INTEREST EARNINGS	Total	Total	Total	Total	Total
	<u>Current Month</u>	<u>FY 24-25</u>	<u>FY 23-24</u>	<u>FY 22-23</u>	<u>FY 21-22</u>
Pooled Investments					
Interest Earnings Net	1,314,700.97	6,812,608.40	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	34,220.44	231,743.20	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	(55,138.19)	(127,512.54)	(308,285.04)	(713,396.37)	

TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending November 30, 2024

Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	31.0%	AA-
Treasury	23.2%	Treasury
Agency	22.2%	AA+
LAIF	11.1%	NR
Money Market Funds	4.1%	TSY
ABS	2.7%	
CMO	2.7%	
Supranationals	1.5%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

Duration/Maturity Distribution

% of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	18.2%
.25 - .50	4.2%
.5 - 1	5.1%
1 year - 2 year	20.4%
2 year - 3 year	33.7%
3 year - 4 year	11.4%
4 year - 5 year	7.0%
5 year +	0.0%

CITY OF TRACY
CITY TREASURER'S REPORT
SUMMARY OF ALL INVESTMENTS
For the Month ending December 31, 2024

Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.710%	8,685,960.04	8,685,960.04
2. TREASURER'S INVESTMENTS				539,843,673.00	537,721,989.84
Total - Pooled Investments	709	1.94	4.266%	548,529,633.04	546,407,949.88
3. PROCEEDS FROM BOND ISSUES				77,179,924.78	77,179,924.78
Total - Non-Pooled Investments				77,179,924.78	77,179,924.78
GRAND TOTAL ALL INVESTMENTS				625,709,557.82	623,587,874.66

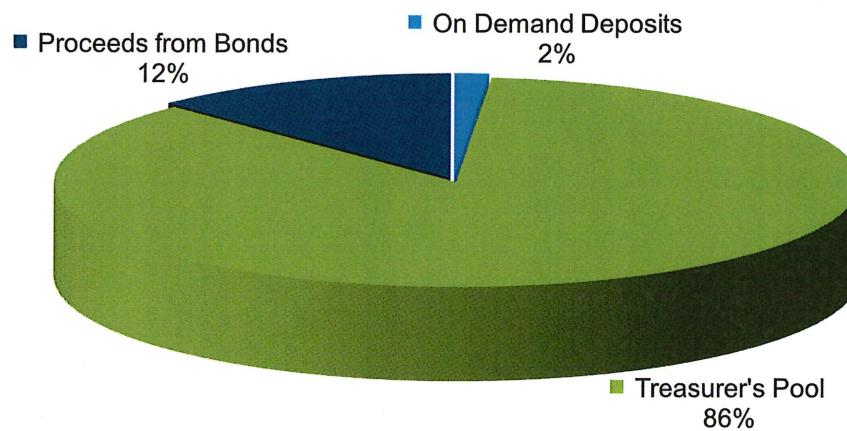
I certify that categories #1 & #2 above comply with the City's investment policy in all respects including maturity length and permitted investments. A listing of assets owned by the City is available at the Treasurer's Office. Category #3 is not managed by the City Treasurer but must be carried on the City's books. A copy of the City's "Investment Policy" is available at the office of the City Clerk.

The City has the ability to meet projected expenditures for the next six months.


Raymond McCray 2/13/2025
Raymond McCray
City Treasurer

Reviewed By: Clay Verdooga
Date: 2/11/2025

City of Tracy - Investment Summary
December 31, 2024 \$623,587,874.66 Market Value



TREASURER'S INVESTMENTS

These investments comply with the City's adopted investment policy.

December 31, 2024

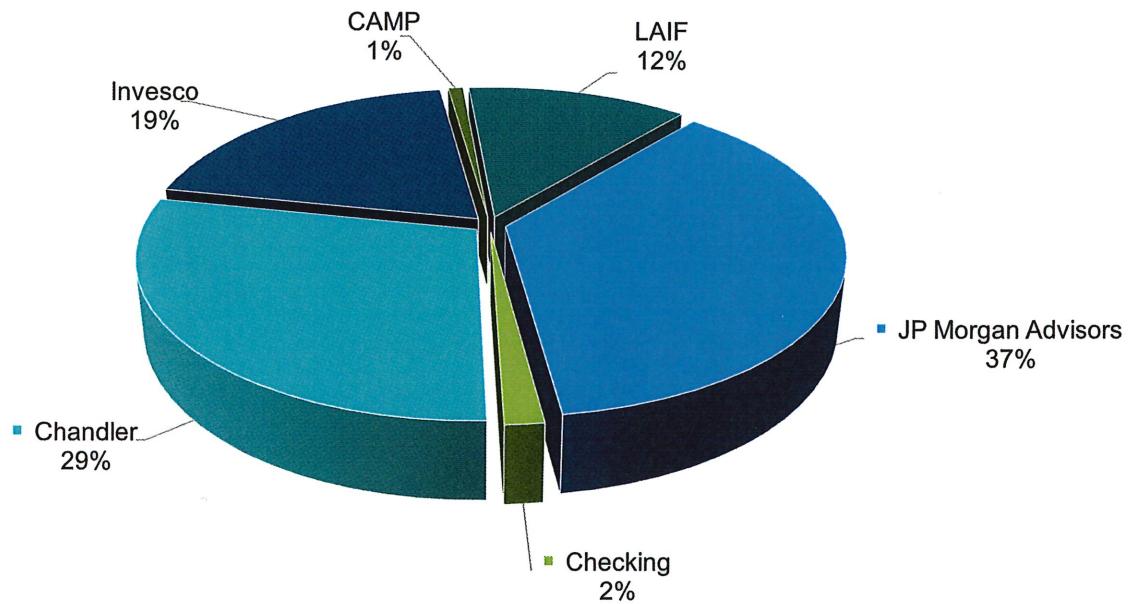
Custodian/Description	Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep		1	0.71%	2,138,366.04	2,138,366.04
WELLS FARGO, Checking				6,547,594.00	6,547,594.00
CHANDLER ASSET MNGT (33148'	*	3.76%	796	157,852,570.54	157,031,026.69
J.P. Morgan Securities (331483)	*	4.64%	770	201,179,003.84	200,918,956.17
INVESCO (331477)	*	3.64%	993	107,686,059.24	106,645,967.60
LOCAL AGENCY INVESTMENT FUND		1	4.40%	68,562,974.02	68,562,974.02
CAMP		1	4.73%	4,563,065.36	4,563,065.36
*Priced by US BANK					
Short Term Treasury	4.24%	Blended	5.27%		

Five Largest Corp.Issuer Exposures

Bank of America Corp	2.45%
The Goldman Sachs Group Inc	2.23%
Morgan Stanley	2.22%
JPMorgan Chase & Co	1.70%
Citigroup Inc	1.64%

TOTAL INVESTMENTS	THIS MONTH	548,529,633.04	546,407,949.88
GASB 31 494,971,698.84	LAST MONTH	546,022,547.17	544,781,368.54
	INCREASE(DECREASE) FROM LAST MONTH	2,507,085.87	1,626,581.34
	AVERAGE INTEREST RATE	4.266%	
	AVERAGE DAYS TO MATURITY	709	

City of Tracy's Investments
December 31, 2024 \$546,407,949.88 Market Value



PROCEEDS FROM BOND ISSUES

Funds in this category are held by a Trustee or other investment which is governed by the bond documents.

December 31, 2024

District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 130,321.25	\$ 129,832.95	\$ 488.30
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 256,255.17	\$ 255,295.10	\$ 960.07
2003-01 AD Lntd. Obligation	Berg Avenue	\$ 88,653.38	\$ 88,321.24	\$ 332.14
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 723,861.80	\$ 721,656.95	\$ 2,204.85
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,547.09	\$ 1,483,157.03	\$ (1,480,609.94)
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 1,157,064.54	\$ 1,152,729.56	\$ 4,334.98
Tracy CFD 98-1 2011A	2005-A	\$ 284,844.10	\$ 283,776.93	\$ 1,067.17
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 459,438.50	\$ 457,717.21	\$ 1,721.29
TOPJPA 2005 Series C	2000-01 Presidio	\$ 180,483.92	\$ 179,807.79	\$ 676.13
CFD 2006-01 NEI	North East Industrial		\$ -	\$ -
TOPJPA 2007 A & B			\$ -	\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1.06	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,216,345.59	\$ 1,211,788.61	\$ 4,556.98
Tracy LOB 2011-1		\$ 61,198.87	\$ 60,969.63	\$ 229.24
Tracy CFD 2011A		\$ 1,112,774.24	\$ 1,108,605.19	\$ 4,169.05
Successor Agency-CDA 2016		\$ 4,400.65	\$ 4,384.11	\$ 16.54
Tracy Hills CFD 2016		\$ 16,718,250.58	\$ 16,684,737.28	\$ 33,513.30
CFD 2006-01 Phase II		\$ 904,575.66	\$ 904,571.94	\$ 3.72
ECFD 2016-2		\$ 2,552,447.20	\$ 2,552,436.71	\$ 10.49
CFD 2021-1 Hillview		\$ 1,018,205.30	\$ 1,018,201.12	\$ 4.18
2022 Lease Rev Bonds		\$ 1,522,619.34	\$ 1,522,613.08	\$ 6.26
2024 Lease Rev Bonds		\$ 48,785,636.54	\$ 48,813,040.87	\$ (27,404.33)
Total		\$ 77,179,924.78	\$ 78,633,644.36	\$ (1,453,719.58)

*These accounts may also have tax receipts in balance of account until next bond principal or interest payment

TOTAL BOND PROCEEDS	THIS MONTH	\$ 77,179,924.78
	LAST MONTH	\$ 78,633,644.36
Increase(Decrease) From Last Month		\$ (1,453,719.58)

STATISTICAL SUMMARY

GASB 31 Adjusted

The following is selected statistical information and trends concerning the Investment Portfolio.

December 31, 2024

TRENDS

	Days	Maturity Years	Average Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 11/24	706	1.93	4.236%	546,022,547.17	544,781,368.54	1,241,178.63
Current Month 12/24	709	1.94	4.266%	548,529,633.04	546,407,949.88	2,121,683.16
FISCAL YEAR AVERAGE	667	1.83	4.094%	540,964,931.37	\$540,199,688.69	\$765,242.68

HISTORICAL

Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments
<u>Market Value</u>	<u>Book Value</u>	<u>Compared</u>	<u>Market Value</u>	<u>Book Value</u>
479,735,853.38	484,463,489.87	December, 2023	530,118,480.63	534,846,117.12
501,008,548.26	505,179,994.97	January, 2024	551,490,695.59	555,662,142.30
512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09
506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22
505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78
526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77
532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87
530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38
540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31
544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90
534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94
544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53
546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82

INTEREST EARNINGS	Total	Total	Total	Total	Total
	<u>Current Month</u>	<u>FY 24-25</u>	<u>FY 23-24</u>	<u>FY 22-23</u>	<u>FY 21-22</u>
Pooled Investments					
Interest Earnings Net	1,633,852.89	8,446,461.29	10,197,601.20	6,263,781.17	2,415,968.87
Pooled Investments Gain (loss) on Sale	49,310.51	281,053.71	(87,523.75)	(314,225.97)	175,780.70
Amortization/Accretion	(71,188.89)	(198,701.43)	(308,285.04)	(713,396.37)	

TRACY CONSOLIDATED

Portfolio Summary Information

Period Ending December 31, 2024

Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	29.9%	AA-
Treasury	24.3%	Treasury
Agency	23.2%	AA+
LAIF	12.5%	NR
CMO	2.7%	
ABS	2.7%	
Money Market Funds	2.1%	TSY
Supranationals	1.4%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

Duration/Maturity Distribution

% of Portfolio

<u>Years</u>	<u>Maturity</u>
0 - .25	17.7%
.25 - .50	3.8%
.5 - 1	4.6%
1 year - 2 year	22.5%
2 year - 3 year	32.6%
3 year - 4 year	11.7%
4 year - 5 year	7.2%
5 year +	0.0%



FY2024-25 Q2 Treasurer's Report

Finance Committee

March 10, 2025

FY2024-25 Q2 Treasurer's Report

- Goals of City's investment program, in order of priority.
 - Safety
 - Liquidity
 - Return on Investment





October – December 2024

CITY OF TRACY CITY TREASURER'S REPORT SUMMARY OF ALL INVESTMENTS For the Month ending December 31, 2024					
Category	Maturity		Average Interest Rate	HISTORICAL Book Value	GASB 31 ADJ Market Value
	Days	Years			
Pooled Investments:					
1. ON DEMAND DEPOSITS			0.710%	8,685,960.04	8,685,960.04
2. TREASURER'S INVESTMENTS				539,843,673.00	537,721,989.84
Total - Pooled Investments	709	1.94	4.266%	548,529,633.04	546,407,949.88
3. PROCEEDS FROM BOND ISSUES				77,179,924.78	77,179,924.78
Total - Non-Pooled Investments				77,179,924.78	77,179,924.78
GRAND TOTAL ALL INVESTMENTS				625,709,557.82	623,587,874.66

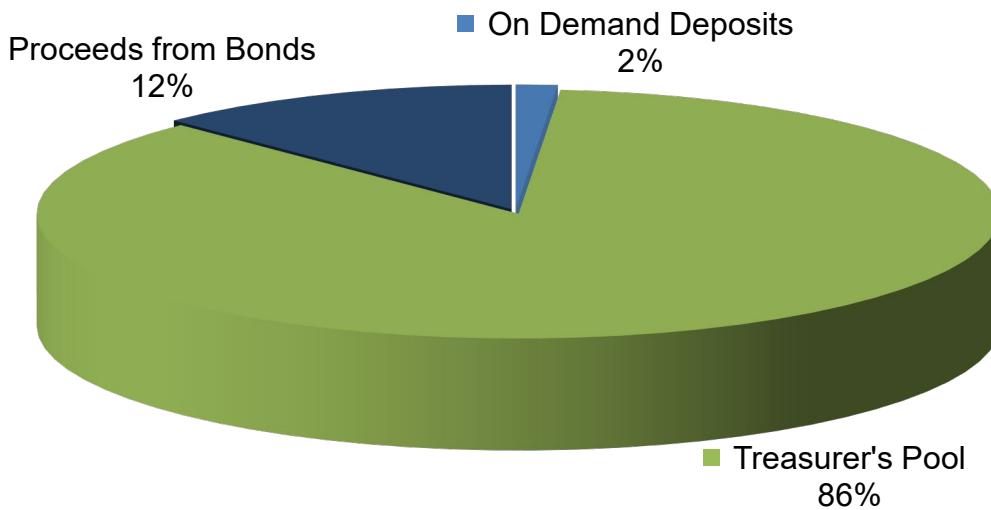


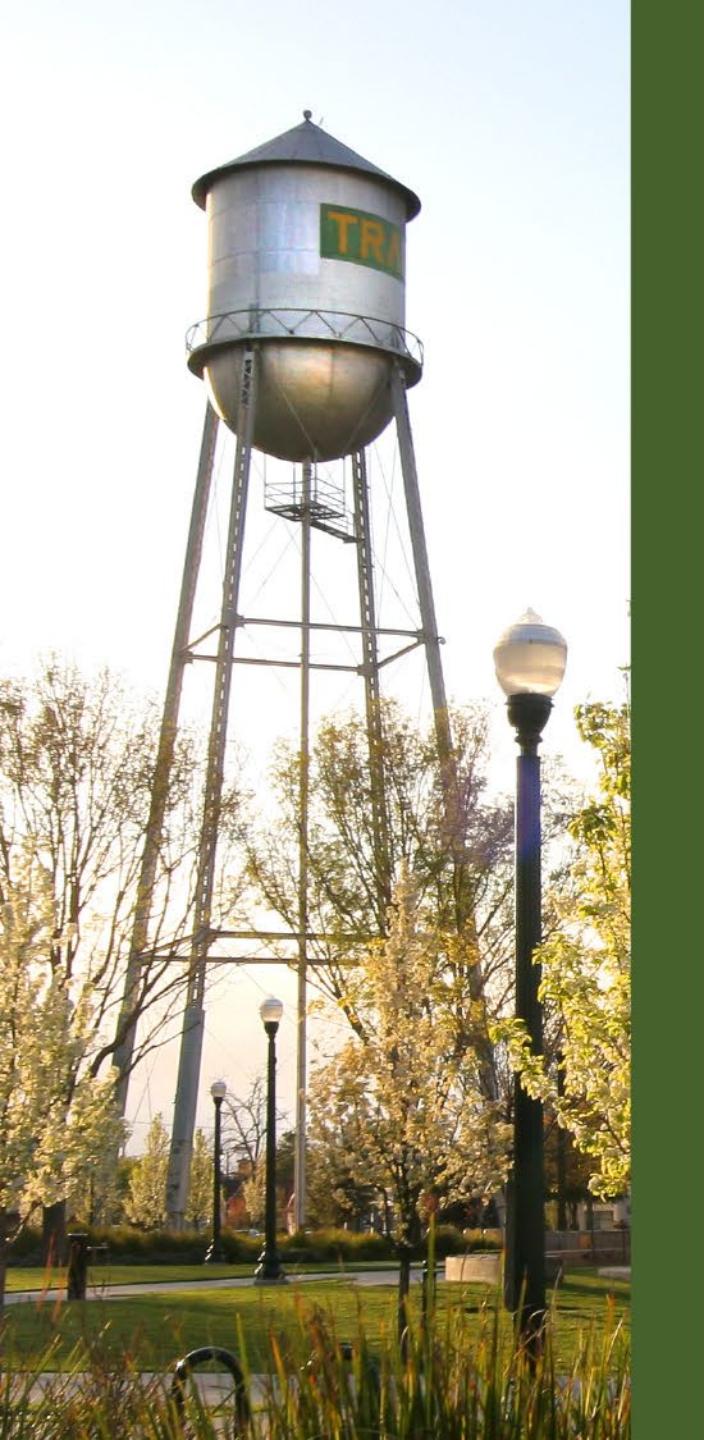


Think Inside the Triangle™

City of Tracy - Investment Summary

December 31, 2024 \$623,587,874.66 Market Value





TREASURER'S INVESTMENTS

Custodian/Description	Average Purchase YTM	Days to Maturity	Interest Rate	TaxCost Book Value	Market Value (no accruals)
WELLS FARGO, Sweep		1	0.71%	2,138,366.04	2,138,366.04
WELLS FARGO, Checking				6,547,594.00	6,547,594.00
CHANDLER ASSET MNGT (33148)	*	3.76%	796	157,852,570.54	157,031,026.69
J.P. Morgan Securities (331483)	*	4.64%	770	201,179,003.84	200,918,956.17
INVESCO (331477)	*	3.64%	993	107,686,059.24	106,645,967.60
LOCAL AGENCY INVESTMENT FUND		1	4.40%	68,562,974.02	68,562,974.02
CAMP		1	4.73%	4,563,065.36	4,563,065.36
*Priced by US BANK					
TOTAL INVESTMENTS	THIS MONTH			548,529,633.04	546,407,949.88
GASB 31 494,971,698.84	LAST MONTH			546,022,547.17	544,781,368.54
	INCREASE(DECREASE) FROM LAST MONTH			2,507,085.87	1,626,581.34
	AVERAGE INTEREST RATE			4.266%	
	AVERAGE DAYS TO MATURITY			709	





Benchmarks & Top 5 Corporate Issuers

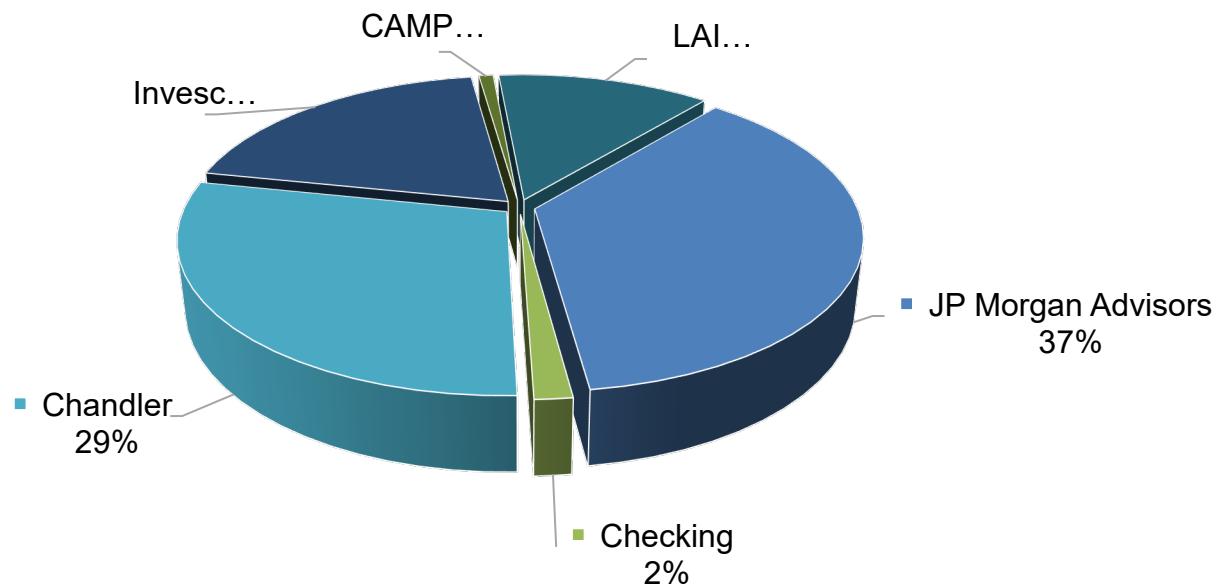
As of December 31, 2024

- Short Term Treasury - 4.24%
- Blended - 5.27%
- Five Largest Corp. Issuer Exposures
 - Bank of America Corp - 2.45%
 - The Goldman Sachs Group Inc - 2.23%
 - Morgan Stanley - 2.22%
 - JPMorgan Chase & Co - 1.70%
 - Citigroup Inc - 1.64%



City of Tracy's Investments

December 31, 2024 \$546,407,949.88 Market Value



PROCEEDS FROM BOND ISSUES



District	Description	Current Month	Prior Month	Difference
1993-1 (I205 GL 17)	Tracy Marketplace Series 1996	\$ 130,321.25	\$ 129,832.95	\$ 488.30
1994 Re AD2002 TOPJPA	Refi by 2002 TOPJA	\$ -	\$ -	\$ -
1993-1 (I 205 GL-17)	Tracy Marketplace Series 2002 I-205	\$ 256,255.17	\$ 255,295.10	\$ 960.07
2003-01 AD Ltd. Obligation	Berg Avenue	\$ 88,653.38	\$ 88,321.24	\$ 332.14
TOPJPA 2003 Series A Senior	Consolidated 5 Bond Issues	\$ -	\$ -	\$ -
CFD-89-1 2003 Series A	Senior Lein	\$ 723,861.80	\$ 721,656.95	\$ 2,204.85
CDA 2003 A & 2003B	2004 Waste water treatment	\$ 2,547.09	\$ 1,483,157.03	\$ (1,480,609.94)
CFD 99-1-NEI-2004	NEI 2004 Refunding	\$ -	\$ -	\$ -
Tracy CFD 98-1		\$ 1,157,064.54	\$ 1,152,729.56	\$ 4,334.98
Tracy CFD 98-1 2011A	2005-A	\$ 284,844.10	\$ 283,776.93	\$ 1,067.17
Tracy CFD 98-3 2005 A	Reserve Fund	\$ 459,438.50	\$ 457,717.21	\$ 1,721.29
TOPJPA 2005 Series C	2000-01 Presidio	\$ 180,483.92	\$ 179,807.79	\$ 676.13
CFD 2006-01 NEI	North East Industrial			\$ -
TOPJPA 2007 A & B				\$ -
TOPJPA 2008	City Account	\$ 1.06	\$ 1.06	\$ -
TOPJPA Rev Bonds 2011A	Revenue Bond	\$ 1,216,345.59	\$ 1,211,788.61	\$ 4,556.98
Tracy LOB 2011-1		\$ 61,198.87	\$ 60,969.63	\$ 229.24
Tracy CFD 2011A		\$ 1,112,774.24	\$ 1,108,605.19	\$ 4,169.05
Successor Agency-CDA 2016		\$ 4,400.65	\$ 4,384.11	\$ 16.54
Tracy Hills CFD 2016		\$ 16,718,250.58	\$ 16,684,737.28	\$ 33,513.30
CFD 2006-01 Phase II		\$ 904,575.66	\$ 904,571.94	\$ 3.72
ECFD 2016-2		\$ 2,552,447.20	\$ 2,552,436.71	\$ 10.49
CFD 2021-1 Hillview		\$ 1,018,205.30	\$ 1,018,201.12	\$ 4.18
2022 Lease Rev Bonds		\$ 1,522,619.34	\$ 1,522,613.08	\$ 6.26
2024 Lease Rev Bonds		\$ 48,785,636.54	\$ 48,813,040.87	\$ (27,404.33)
Total		\$ 77,179,924.78	\$ 78,633,644.36	\$ (1,453,719.58)
<i>*These accounts may also have tax receipts in balance of account until next bond principal or interest payment</i>				
TOTAL BOND PROCEEDS		THIS MONTH	\$ 77,179,924.78	
		LAST MONTH	\$ 78,633,644.36	
		Increase(Decrease) From Last Month	\$ (1,453,719.58)	



STATISTICAL SUMMARY



TRENDS						
	Maturity Days	Average Years	Int Rate	Book Value	Market Value	Difference
Benchmark Month (3/95)	5,993					
Last Month 11/24	706	1.93	4.236%	546,022,547.17	544,781,368.54	1,241,178.63
Current Month 12/24	709	1.94	4.266%	548,529,633.04	546,407,949.88	2,121,683.16
FISCAL YEAR AVERAGE	667	1.83	4.094%	540,964,931.37	\$540,199,688.69	\$765,242.68
HISTORICAL						
	Pooled Investments	Pooled Investments	Monthly Totals	Total Investments	Total Investments	
	Market Value	Book Value	Compared	Market Value	Book Value	
	479,735,853.38	484,463,489.87	December, 2023	530,118,480.63	534,846,117.12	
	501,008,548.26	505,179,994.97	January, 2024	551,490,695.59	555,662,142.30	
	512,194,458.27	517,428,777.20	February, 2024	552,448,155.16	557,682,474.09	
	506,300,450.36	511,063,549.35	March, 2024	543,192,543.23	547,955,642.22	
	505,251,640.59	511,965,558.44	April, 2024	542,966,462.93	549,680,380.78	
	526,827,701.12	532,175,218.17	May, 2024	572,407,036.72	577,754,553.77	
	532,565,084.09	536,821,866.59	June, 2024	630,798,726.37	635,055,508.87	
	530,199,416.78	531,637,189.66	July, 2024	629,874,891.50	631,312,664.38	
	540,848,916.59	540,840,901.72	August, 2024	633,666,093.18	633,658,078.31	
	544,114,718.77	542,287,624.55	September, 2024	627,030,856.12	625,203,761.90	
	534,845,761.57	536,471,692.10	October, 2024	620,295,745.41	621,921,675.94	
	544,781,368.54	546,022,547.17	November, 2024	623,415,012.90	624,656,191.53	
	546,407,949.88	548,529,633.04	December, 2024	623,587,874.66	625,709,557.82	
	Total	Total	Total	Total	Total	
INTEREST EARNINGS	Current Month	FY 24-25	FY 23-24	FY 22-23	FY 21-22	
Pooled Investments						
Interest Earnings Net	1,633,852.89	8,446,461.29	10,197,601.20	6,263,781.17	2,415,968.87	
Pooled Investments Gain (loss) on Sale	49,310.51	281,053.71	(87,523.75)	(314,225.97)	175,780.70	
Amortization/Accretion	(71,188.89)	(198,701.43)	(308,285.04)	(713,396.37)		



TRACY CONSOLIDATED

Portfolio Summary Information



Sector/Quality Distribution

<u>Sector</u>	<u>% of Portfolio</u>	<u>Quality</u>
Corporate	29.9%	AA-
Treasury	24.3%	Treasury
Agency	23.2%	AA+
LAIF	12.5%	NR
CMO	2.7%	
ABS	2.7%	
Money Market Funds	2.1%	TSY
Supranationals	1.4%	
CAMP	0.8%	NR
Municipal Bonds	0.0%	AAA
Commercial Paper	0.0%	AAA
Negotiable CD	0.0%	
Corporate FDIC Guaranteed	0.0%	AAA
Time Deposits	0.0%	NR

Duration/Maturity Distribution

<u>Years</u>	<u>Maturity</u>
0 - .25	17.7%
.25 - .50	3.8%
.5 - 1	4.6%
1 year - 2 year	22.5%
2 year - 3 year	32.6%
3 year - 4 year	11.7%
4 year - 5 year	7.2%
5 year +	0.0%



March 10, 2025

AGENDA ITEM 3.C.

RECOMMENDATION

Staff recommends that the Tracy Finance Committee receive a report on the Five-year forecast for the City's General Fund and provide direction regarding the City's preliminary Fiscal Year 2025-26 Operating and Capital Budget.

EXECUTIVE SUMMARY

This item provides a report on the five-year forecast for the City's General Fund. A financial forecast allows the creation of a sustainable financial vision for the City. The forecast is a dynamic tool that allows for consideration of the most reasonable outcomes. The City's forecast will continue to be updated annually to allow the City to better anticipate future challenges and opportunities, thereby creating a solid foundation to make strategic decisions about the City's financial position. The forecast reflects economic estimations and assumptions based upon what is known today and provides guidance on what may be coming ahead. It should be used to provide guidance and policy direction to staff related to the development of the operating, capital, and liabilities budget.

In addition to providing the report, staff seeks direction on the City's preliminary Fiscal Year (FY) 2025-26 Operating and Capital Budget.

BACKGROUND AND LEGISLATIVE HISTORY

The City 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 2023, the City Council adopted a two-year Strategic Priority Work Plan and identified desired outcomes related to the City's social, economic, organizational, and environmental priorities. The City Council adopted a governance strategy designed to enhance fiscal stability, retain and attract new talent, improve the use of technology, and enhance transparency for the betterment of the Tracy community. In response, a set of strategic priorities, goals and objectives were adopted to carry out the vision of the City Council. The Council's strategic priorities, along with their goals and objectives, are the foundation for development of the budget and forecast.

The City prepares a five-year fiscal plan annually as a tool for the Council to meet these strategic priorities and budget development. 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. In building the multi-year forecast, the City uses information based on past, current, and projected financial conditions and has developed and maintains several tools to provide analytic measurements of future fiscal impacts.

First, the 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. These reports are updated every 2-3 years based on Government Accounting Standards Board (GASB) rules. Secondly, the City conducts 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-layered approach to fiscal analysis and planning.

The goal of the City's annual Operating and Capital budget is to provide a plan that allocates resources to meet the needs and desires of Tracy's residents. It balances City revenues and costs with community priorities and requirements. In preparing for the FY 2025-26 Operating and Capital Budget, City staff reviewed the FY 2024-25 amended budget and estimated the expenditures and revenues anticipated for the upcoming fiscal year, FY 2025-26. These trends are then applied to the short term (first year) to see projected outcomes. It reflects current market conditions both for revenues and expenditures. The long-term (5-year) forecast applies more conservative revenue and expenditure trends that are indicative of the restrictiveness of revenues while applying current spending to measure the City's ability to sustain a fiscally balanced budget.

Economic Outlook

Tracy's economy continues to experience consistent growth, supported by diverse sectors such as logistics and manufacturing. Tracy's strategic location between the Bay Area and Central Valley has continued to be beneficial for both business and residential growth.

The transportation linkage to the Tri-Valley and the Silicon Valley with the ACE line and future Valley Link plan, combined with investments into downtown, have allowed the City to emerge as a great place to live, work, and play.

Tracy's economy is diverse with over 4,000 businesses. In addition to many supply chain and e-commerce businesses in its business parks, over half of the businesses are considered small businesses, which are the backbone of our community. The City of Tracy has experienced new job growth over the last three years. As a result, Tracy's unemployment rate is at 4.6%, below that of the County and State, and the median household income is \$117,761.

The housing market in Tracy remains healthy, with consistent growth year over year. Currently, there are 30,610 completed housing units in the City with the median home price in being \$652,500, trending slightly lower than the prior year's median price of \$700,000. New home sales continue to be the primary driver of residential home sales, as the inventory of existing homes remains limited.

The City is focused on implementing the Economic Development Strategic Plan, a document serving as a roadmap for the next ten years with key strategies to help expand, maintain, and protect the City's tax base by bringing new retail amenities to the city, getting resources into the hands of small businesses, and partnering with advanced industries. Businesses on the horizon include Popeyes, Starbucks, Crunch Fitness, and Trader Joe's. Tracy will also be the home of the first net zero Taco Bell restaurant, complete with carport canopies and electric vehicle charging stations.

The construction and planning of several regional hotels—Marriott Courtyard, Tru by Hilton, Extended Stay America Premier Suites, Candlewood Suites, Hilton Garden Inn, and

Cambria Hotel and Event Center—are contributing to our tourism industry with direct and indirect economic benefits, including increases to our transient occupancy tax revenues. Another planned project includes Tracy Assisted Living and Memory Care.

Tracy is leading as a test bed for innovation, entrepreneurship, and investment in clean and green technology. Heirloom Carbon and Tracy Renewable created 20 new jobs in San Joaquin County, built 20,000 sq. ft. of new or expanded space, or made a \$1 million capital investment. Heirloom Carbon is the nation's first commercial direct carbon removal facility fully powered by renewable energy. The technology uses abundant, easy-to-source, inexpensive limestone to pull CO₂ from the air. Tracy Renewable Energy cleans and discharges wastewater for companies in Northern California through renewable energy. The City's support in attracting these types of businesses contributes to reducing emissions, reaching carbon neutrality goals, and creating jobs, research and development, and partnership opportunities that provide economic benefits for all.

With that being said, the economy has natural growth and contractions that are outside of the City's control. Even with solid financial planning and long-term forecasting, not all future outcomes can be predicted. Knowing that, the City has positioned itself well by building financial reserves, adopting strong fiscal policies, and passing important revenue measures to support City services. However, even with these proactive steps, the City, like other agencies, will continue to be faced with unmet needs in an environment where resources are limited.

At the State and Federal level, the impacts of legislative changes remain unknown. The forecast is based on current laws and does not reflect any future policy changes that may be implemented by the new Federal administration, including tariffs, immigration, and grant funding. Staff will continue to monitor legislative changes and will report out on any significant impacts.

Creating a forecast 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 five-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-year budget process.

General Fund Fiscal Sustainability:

In FY 2021-22, a change in tax reporting by a predominant sales tax producer shifted the tax allocation from a statewide allocation through the County sales tax pool where the tax was distributed pro-rata throughout the State to a local sales tax allocation based upon the businesses' point-of-sale or fulfillment of the sale. The change has had a significant impact on the City's General Fund revenues; nearly doubling the Sales Tax revenues for the City.

However, this increase in revenue is not guaranteed as there is significant interest to have these funds reallocated to other jurisdictions. In 2022, CDTFA published a study related to sales tax specific to e-commerce, which reviewed the impacts of changing the method of

sales tax allocation from the point of fulfillment to the point of delivery. The study showed that if this change occurred, the impact to the City would be 25% or greater from the City's current allocation. Through the League of California Cities, a City Manager's sales tax working group was formed to provide input on possible legislation change in relation to sales tax specific to e-commerce.

Through the working group, a recommendation was made to the Cal Cities board to split the allocation by 50% based on point-of-sale and 50% based upon point-of-destination, with a +/- of 10%. The recommendation also included a five-year phase in period. While no decision has been made, staff is tracking possible changes and their impacts. The forecast reflects a drop in sales tax beginning in FY2028-29, which is when it is estimated that the first year of a reduction could begin.

Since the FY 2022-23 operating budget, Council has adopted a set of strategies for use of the General Fund surplus to City Council, which included pre-funding of CalPERS and retiree medical, funding to cover deferred maintenance for streets and parks, and a 3% increase to City services and programs. These fiscal sustainability strategies are continued with this forecast through FY2027-28.

In the long-term forecast, all but the program increases will stop being funded in FY 2028-29, the same year the potential Sales Tax revenues could be reduced. As a result, the five-year forecast shows that the General Fund is fiscally sustainable with the revenue growth from other tax sources and reduction in one-time funding commitments.

Table 1: Council Adopted Fiscal Sustainability Strategies

On-Going Revenue	Estimated			
	% of Revenues	FY25/26	FY26/27	FY27/28
General Fund Revenues*		\$148,231	\$152,276	\$155,879
CalPERS Pre-funding	2%	\$2.9M	\$3.0M	\$3.1M
Retiree Medical Pre-funding	2%	\$2.9M	\$3.0M	\$3.1M
Road Improvements - Deferred Mtc.	3%	\$4.4M	\$4.5M	\$4.6M
Parks - Deferred Mtc.	2%	\$2.9M	\$3.0M	\$3.1M
City Services and Program Increase	3%	\$4.4M	\$4.5M	\$4.6M
Total		\$17.5M	\$18.0M	\$18.5M

*Revenues defined as total General Fund revenues less Measure-V Sales Tax and Transfers In

General Fund Fiscal Highlights:

Revenue Trends

Property Tax: New housing units being added to the assessor's roll, coupled with commercial developments in the community, and higher property values, have led to a steady increase in local property tax revenues over the last few fiscal years. In 2024, new construction continued to thrive in Tracy. Small declines in interest rates increased demand for new home sales. In 2024, Tracy saw an increase in sales of single-family residential homes of 9%. This is largely due to the combination of a lack of inventory of existing homes and Tracy's affordability in comparison to bay area home prices. Commercial and industrial real estate sales have continued to see moderate growth. As property tax revenue lags 12-18 months behind market conditions, the City estimates FY2025-26 will see an estimated increase of 2-3%. Property tax will begin to grow in FY2026-27 by 4-5% annually over the following 4 years based on market turnover and valuation growth. In the long-term (5-year term), the City will see property tax slow to the 2% cap as allowed under Proposition 13.

Sales Tax (Bradley Burns): Over the last three fiscal years, the City's sales tax allocation from Bradley Burns rapidly increased as a result of changes from the CDTFA. The rapid growth seen in prior fiscal years has begun to slow as rising interest rates and inflation have slowed consumer spending. FY 2025-26's sales tax allocation is projected to grow by 2.5%. FY 2026-27 is also projected to gain a moderate amount of growth in the 2-3% range.

Sales Tax from Bradley Burns is now nearly 50% of the City's total General Fund revenues because of this recent taxpayer allocation change. The City is currently tracking a policy discussion occurring within the League of California Cities to consider supporting legislation that would modify the allocation of Bradley Burns (1% of State Sales Tax) for e-commerce businesses statewide. This has the potential to have a significant impact to the City's Sales Tax revenues and its long-term forecast. As a result, staff continues to recommend that the 5-year forecast only shows the current Bradley Burns Sales Tax revenues from ecommerce in the short-term, until FY2027-28. The forecast has a phased decline of \$5M in FY 2028-2029, and a \$10M decline in FY 2029-30 to reflect the start of phased risk of the Sales Tax revenues being reduced. By placing this decline in the forecast, the City will have the flexibility to see the potential outcomes on a conservative basis to understand what these future impacts could generate.

Measure V Sales Tax (Local Sales Tax): In November 2016, the City Council and voters passed an additional ½ cent local sales tax (known as Measure V) that has a twenty-year sunset (expires April 2037). Over the last five years, the City Council has adopted several resolutions, which prioritized Measure V Sales Tax to fund multiple amenities located in the City: The Aquatic Center, Multigenerational Recreation Center, Legacy Fields Sports Complex, Ritter Family Ball Park, and the Nature Park. These capital expenditures demonstrate the City Council's Strategic Priority for improved Quality of Life and Economic Development.

Transient Occupancy Tax (TOT): The Transient Occupancy Tax (TOT), is a tax collected on hotel stays within the City of Tracy. The TOT is currently 10%. With tourism statewide remaining strong, the City has seen TOT revenues remain steady. There are

currently two new hotels under construction and three approved, but not yet constructed. The City is also in review of an additional three proposed hotels. It is expected that the two under construction will be completed in the upcoming fiscal year and as a result, the City can likely expect to see an increase in TOT revenue.

Business License and Cannabis Tax: In November 2022, voters approved the modernization of the Business License Tax. The updated tax went into effect on July 1, 2023 and is based upon a percentage of gross receipts, depending on business category. The updated tax increased Business Tax revenues by approximately \$6M. In August 2024, after public discussion and workshops, the City Council amended the Business Tax, reducing the tax rates to provide relief to the business community. The updated tax is anticipated to provide \$3.5 million in tax revenue and provides vital funding for community priorities, such as improving City streets and roads, public safety, and recreation programs.

Additionally, Cannabis tax is an overlay component of business license tax classifications. The City Council and voters approved a Cannabis Tax in 2020, which provided a gross receipts tax on retail, distribution, and manufacturing and a square foot tax on cultivation. In July 2023, Tracy's first Cannabis business opened. There are currently five Cannabis businesses open in Tracy. Like the Business Tax, Cannabis taxes are based on the gross receipts of the business. It is estimated that FY2025-26 Cannabis revenues will be \$1 million.

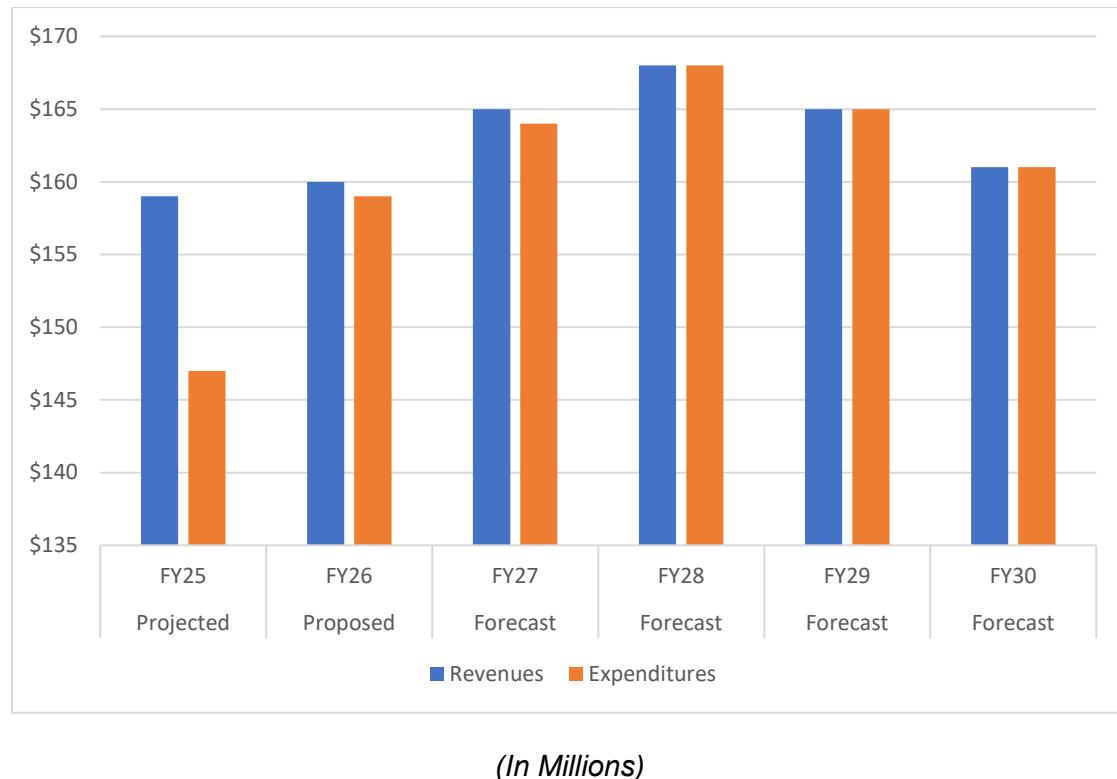
Expenditure Trends & Assumptions

Because it takes people to provide services, the City's General Fund personnel costs are more than 50% of operating expenses. Drivers of cost as it relates to personnel expenses over the forecast horizon include but are not limited to: changes in labor agreements, health care, and CalPERS normal cost and unfunded liability. The City's current labor agreements expire on June 30, 2025 and it is currently unknown what the cost of the new agreements will be.

The General Fund forecast is based upon the assumption of full staffing levels. Although some attrition can be expected, it is difficult to rely upon personnel savings to reduce annual expenditures. In addition, it is uncertain when and where the vacancies may occur and their potential impact on service demands. It is not a good practice to rely upon salary savings as a permanent cost saving measure.

The General Fund forecast includes an inflation factor of 3% for non-personnel expenses in the short term and flattens to 1-2% in the long-term. This factor is used to maintain the current buying power of the City. The inflation factor may result in the City's costs rising higher than the forecast and reducing the overall buying power. The City will continue to monitor the inflation rate on goods and services as it has historically outpaced the City's revenue growth due to regulatory restrictions on revenues. Staff will continue to monitor the costs of goods and services and their impacts on a quarterly basis.

Chart 1: 5-Year Revenue and Expenditure Projections



GENERAL FUND RESERVES: The City's General Fund is projected to have a surplus for the next three fiscal years, assuming the Sales Tax revenues collected today remain in place for the next three years.

Table 2: Five-Year Forecast

(In millions)

	Projected	Proposed	Forecast	Forecast	Forecast	Forecast
	FY25	FY26	FY27	FY28	FY29	FY30
Revenues	\$159	\$160	\$165	\$168	\$165	\$161
Expenditures	\$147	\$159	\$164	\$168	\$165	\$161
Surplus/Deficit	\$12	\$1	\$1	\$0	\$0	\$0

Pre-funding Pension/Medical Leave Liabilities: Adopted in the FY2022-23 budget, the City Council approved the recommendations from City Council's Fiscal Sustainability Ad-Hoc Committee to begin setting aside funding for prefunding pension and retiree medical benefits, 2% of General Fund revenues, approximately \$4M each in the has been pre-funded to date. The prefunding drops off in FY 2028-29 when Sales Tax is projected to decline.

Deferred Maintenance and Capital Improvement Projects: Included in the Forecast, is funding for deferred maintenance and capital improvement projects, such as road, building, and park improvement projects. Adopted fiscal sustainability strategies provide \$4.5M for road improvement deferred maintenance and \$3M for parks deferred maintenance. This funding drops off in FY 2028-29 when Sales Tax is projected to decline.

FISCAL IMPACT

There is no fiscal impact associated with this item. However, the five-year forecast is critical in establishing financial policy. The forecasted outcome has the potential to improve or worsen. Some potential outcomes that would improve the forecast would include higher employee vacancy rates (more vacant positions or vacancies for longer periods of time), PERS investment gains, and stronger economic development activity beyond what is included in the forecast.

Potential outcomes that could worsen the forecast include: PERS investment losses (or additional discount rate cuts), weaker revenue growth, fewer new hotels, delays, or closures in commercial activities, inflationary or recessionary losses, adjustment in labor COLAs, staffing beyond current levels assumed in the forecast, impacts from changes in Federal legislation, and unplanned, one-time expenditures.

STRATEGIC PLAN

This agenda item supports Governance Strategic Goal 3: Ensure Short and Long-term Financial Sustainability.

ACTION REQUESTED OF THE CITY COUNCIL

The Tracy Finance Committee recommends that the City Council receive a report on the Five-year forecast for the City's General Fund and provide direction regarding the City's preliminary FY 2025-26 Operating and Capital Budget.

Prepared by: Sara Castro, Director of Finance

Reviewed by: Andrew Shen, Interim City Attorney
Karin Schnaider, Assistant City Manager

Approved by: Midori Lichtwardt, City Manager

ATTACHMENTS

Attachment A – Five Year Forecast Power Point Presentation

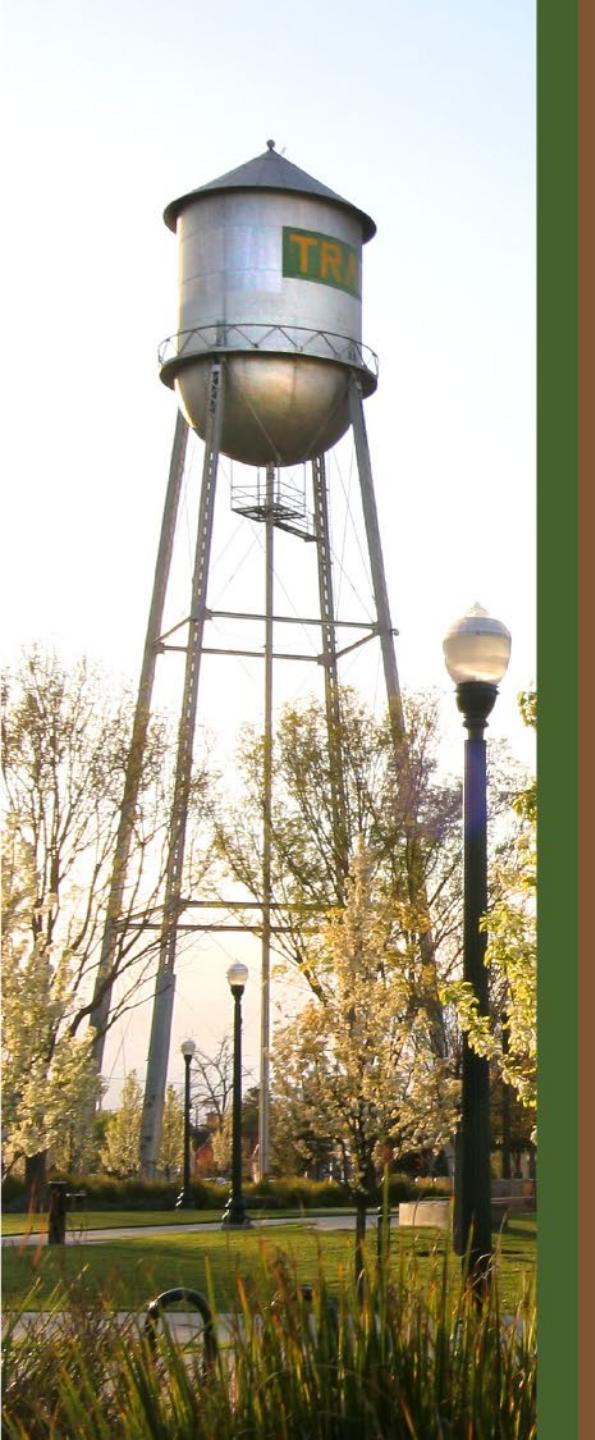


**CITY COUNCIL
FIVE-YEAR FORECAST
GENERAL FUND UPDATE FY 2025-2030**

MARCH 10, 2025

City of Tracy Five-Year Forecast

- Annual five-year fiscal plan to begin budget planning process.
- Forecast incorporates:
 - Council's adopted 2023 – 2025 Strategic Priorities
 - Past, current and projected financial conditions
 - Known economic conditions



Agenda

- Economic Outlook
- Revenue and Expenditure Trends
- Forecast
- Next Steps



Economic Outlook

Economic Trends - Local

- Tracy's local economy remains stable
 - Over 4,000 businesses
 - 4.6% unemployment rate, lower than County/State
- Home sales have remained steady
 - Low inventory of existing homes has driven new home sales
 - Tracy housing remains more affordable than neighboring Bay Area homes
 - Median home price of \$652,500 (December 2024)



Think Inside the Triangle™

Economic Trends - Local

The City adopted an Economic Development Strategic Plan, a 10-year roadmap to maintain and expand the City's tax base by:

- Bringing new retail amenities
- Getting resources to small businesses
- Partnering with advanced industries



Think Inside the Triangle™

Economic Trends – State & Federal

- Impacts of legislative changes at the State and Federal level that have unknown impacts:
 - Tariffs
 - Grant funding
 - Immigration
 - State's budget deficit

Staff will continue to monitor changes as they occur and will report out any significant impact.





Revenue and Expenditure Trends

Revenue Trends

- Property Tax
 - Short Term: 2-3% growth
 - Long Term: 4-5% growth
- Sales Tax
 - Short Term: 2.5% growth
 - Long Term: 2-3% growth in fiscal years 2026/27 and 2027/28
 - Estimated loss of \$5M in FY 2029 and \$10M in FY 2030 possible if ecommerce changes move forward

Revenue Trends, Continued

- Other Revenues
 - Business License tax
 - Short Term: 3% growth
 - Long Term: 1-2% growth
 - TOT
 - Short Term: 10% growth
 - Long Term: 15% growth
 - Cannabis tax
 - Short Term: 3% growth
 - Long Term: 1-2% growth



Expenditure Trends

- Salary and Benefits
 - Labor contracts expire June 30, 2025, impacts unknown
 - Short Term: 2.5% growth, based on current CPI
 - Long Term: 1-2% growth
- Non-personnel
 - Short Term: 3% growth for standard inflation
 - Long Term: 1-2% growth
 - Current inflation rates are approximately 2.5%

Council Adopted Fiscal Sustainability Strategies

\$2.9M CalPERS (2% of revenues*)

\$2.9M Retiree Medical (2% of revenues*)

\$4.4M Deferred Maint. - Streets (3% of revenues*)

\$2.9M Deferred Maint. – Parks (2% of revenues*)

\$4.4M Program Increase (3% of revenues*)

\$17.5M budget increase FY25

***Revenues defined as total General Fund revenues less
Measure V-Sales Tax and Transfers In**



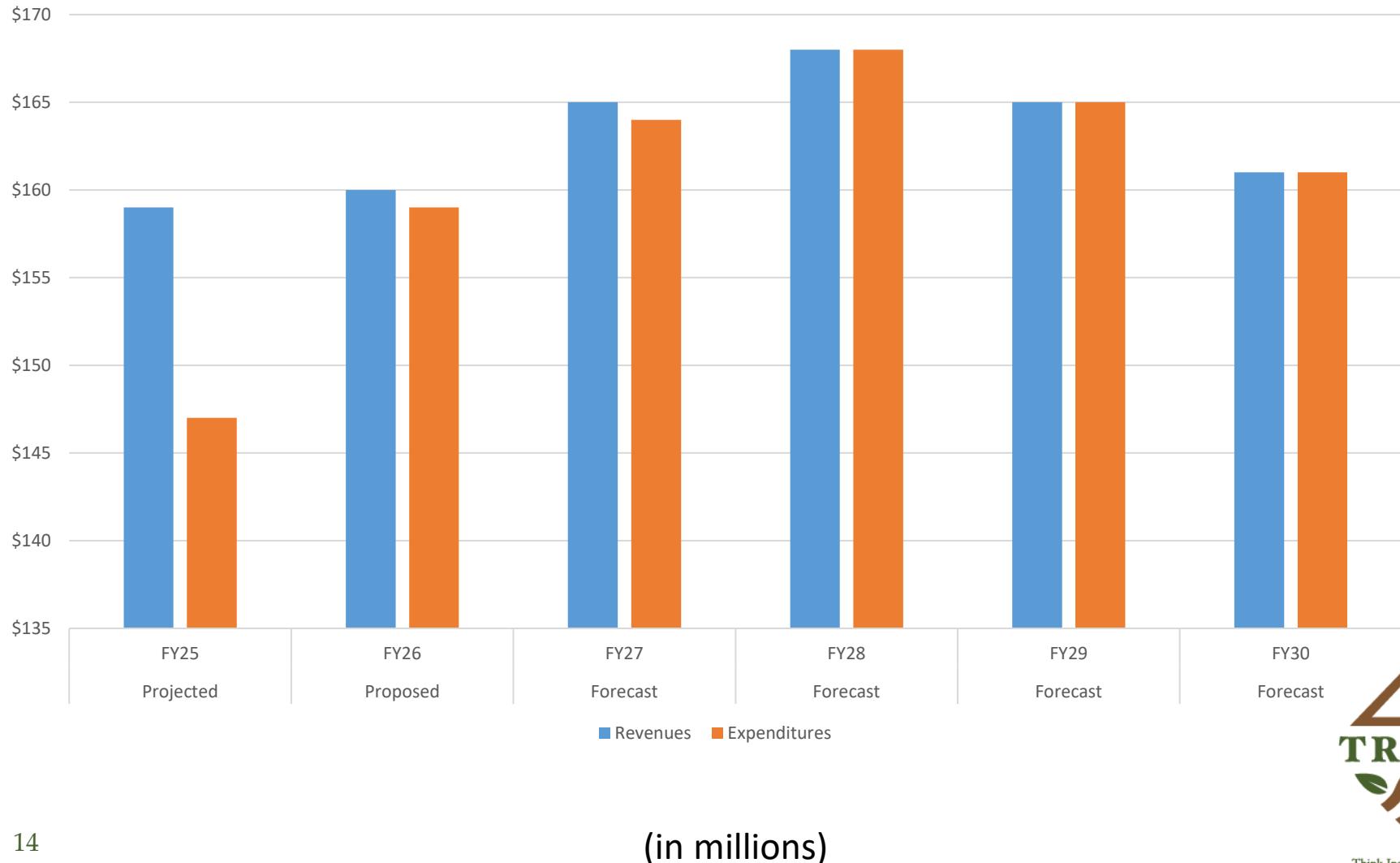
Forecast of Fiscal Sustainability Strategies

On-Going Revenue	Estimated % of Revenues	Estimated		
		FY25/26	FY26/27	FY27/28
General Fund Revenues*		\$148,231	\$152,276	\$155,879
CalPERS Pre-funding	2%	\$2.9M	\$3.0M	\$3.1M
Retiree Medical Pre-funding	2%	\$2.9M	\$3.0M	\$3.1M
Road Improvements - Deferred Mtc.	3%	\$4.4M	\$4.5M	\$4.6M
Parks - Deferred Mtc.	2%	\$2.9M	\$3.0M	\$3.1M
City Services and Program Increase	3%	\$4.4M	\$4.5M	\$4.6M
Total		\$17.5M	\$18.0M	\$18.5M

*Revenues defined as total General Fund revenues less Measure-V Sales Tax and Transfers In

General Fund 5-year Forecast

FY 2025-2030



General Fund 5-year Forecast

FY 2025-2030

	Projected	Proposed	Forecast	Forecast	Forecast	Forecast
	FY25	FY26	FY27	FY28	FY29	FY30
Revenues	\$159	\$160	\$165	\$168	\$165	\$161
Expenditures	\$147	\$159	\$164	\$168	\$165	\$161
Surplus/Deficit	\$12	\$1	\$1	\$0	\$0	\$0

The City's General Fund is projected to maintain a surplus for the next three fiscal years, assuming the current Sales Tax revenue allocation method remains in place.





Think Inside the Triangle™

Sales Tax

- The City is tracking possible legislation change related to sales tax related to ecommerce.
- California Department of Tax and Fee Administration (CDTFA) studied changing the allocation method from point of fulfillment to point of delivery.
- The study showed that if such a change occurred, Tracy's allocation would be impacted by 25% or greater.



Think Inside the Triangle™

Sales Tax, Continued

- The League of California Cities formed a City Manager's sales tax working group to provide input on possible legislation change specific to e-commerce.
- A recommendation to the Cal Cities board was made to split the allocation 50% based on point of sale and 50% based on point of destination, with a +/- of 10%, with a 5-year phase in.



Think Inside the Triangle™

Sales Tax, Continued

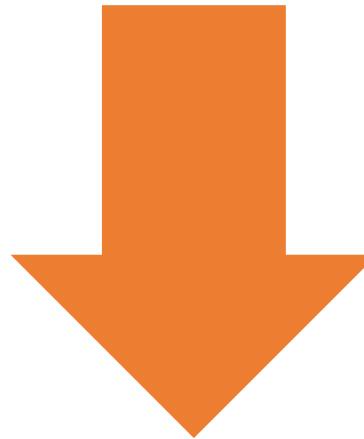
- While no decision has been made, staff is tracking possible changes and their impacts.
- The forecast reflects a drop in sales tax of \$5 million in FY2028-29, which is when it is estimated the first year a reduction could begin.



Offset Future Costs and Revenue Instability to Gain Fiscal Sustainability

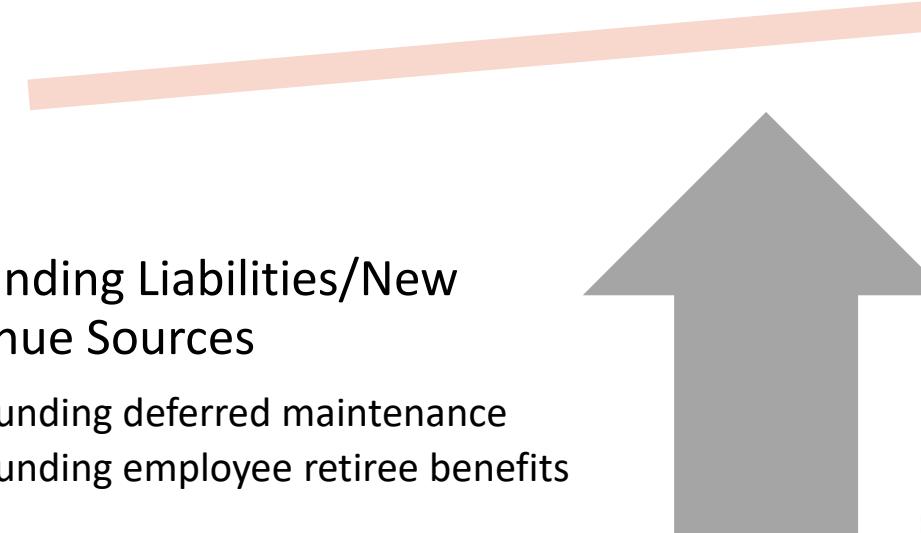
Projected Revenues/Expenses

- 5M decrease in sales tax revenue expected FY29
- 10M decrease in sales tax revenue expected FY30
- Expenses continue to rise

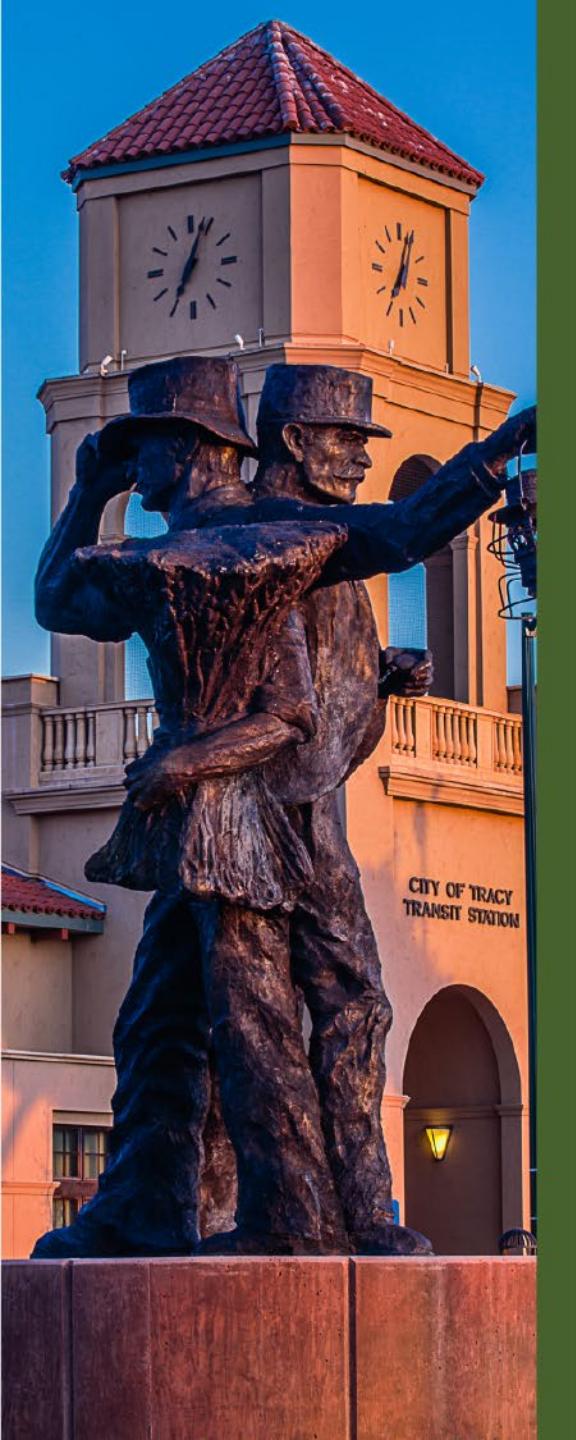


Prefunding Liabilities/New Revenue Sources

- Prefunding deferred maintenance
- Prefunding employee retiree benefits



Think Inside the Triangle™



Use of Forecast

- The forecast is meant to provide the City Council with potential impacts that could have a long-term impact of the fiscal sustainability of the General Fund.
- It provides indicators based on current trends and potential impacts as they are known today.



Next Steps



Next Steps

April 1, 2025

Staff will present the five-year forecast to the City Council.

May 2025

Staff will present the proposed budget to the Finance Committee at a special meeting.

June 3, 2025

Staff will present the proposed budget to the City Council.



Q & A

March 10, 2025

Agenda Item 3.D.

RECOMMENDATION

Staff recommends that the Tracy Finance Committee receive an informational report on the allocation of interest earned on City funds and accept staff's recommendation to maintain the current allocation model.

EXECUTIVE SUMMARY

Staff has prepared an informational report to the Tracy Finance Committee (Committee) on the allocation of interest earned on City funds.

BACKGROUND AND LEGISLATIVE HISTORY

The City of Tracy earns interest on funds that are invested by the City Treasurer. Cash held by the City is invested in alignment with the City's adopted investment policy and the interest earned on those investments are then allocated proportionally to City funds. The City follows best practices issued by the Government Finance Officers of America (GFOA) and requirements issued by Governmental Accounting Standards Board (GASB). GASB 31 requires investments to be reported at fair value and that any changes in fair value be reported as revenue or revenue reductions. Fair value is the amount at which an investment could be sold in a current transaction between willing parties, other than a forced or liquidation sale.

In recent years, interest rates have risen and as the City's longer-term investments mature, the City's overall interest earnings have increased considerably over the last few years. In prior years when interest rates were lower, the City saw a loss on the fair market value of investments in the portfolio on a more frequent basis.

The objectives of the City's investment program are highlighted in the Council adopted investment policy. The priorities are, in order of priority, to preserve principal, provide sufficient liquidity, and manage investment risks, while seeking a market rate of return.

The City's investment strategy is monitored by the City Treasurer and includes a mixture of short-term investments that can be obtained within 24 hours to pay City obligations and longer-term investments, with the average length of the portfolio at 1.94 years.

The City's interest allocation model allocates interest earned to City operating funds and does not allocate interest to the City's capital improvement funds. This model allows for the risk of any loss on fair market value to be captured at the City's operating fund level, rather than at the Capital fund level. Capital funds are used for large capital projects, budgeted in the amount needed to complete the project. In most cases, cash is not transferred to a Capital fund until needed for project expenses. If cash were held in the Capital funds and there was a loss on fair market value, a liability against the project budget could occur.

In preparing this informational report to the Committee, staff consulted with their external auditor to ensure that best practices are being followed. The external auditor has confirmed that

while the City could change its model and allocate interest to capital funds, one of the key principles in following best practices is consistency. It is not recommended that the City change its allocation model to allocate interest to capital funds when interest rates are higher and change it back when rates are lower, and a negative fair market value occurs.

FISCAL IMPACT

While this report is informational, investment earnings contribute to the funds available for City operations.

STRATEGIC PLAN

This agenda item supports the Governance strategic priority, goal two, ensure short and long-term fiscal health.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the Tracy Finance Committee receive an informational report on the allocation of interest earned on City funds and accept staff's recommendation to maintain the current allocation model.

Prepared by: Sara Castro, Director of Finance

Reviewed by: Andrew Shen, Interim City Attorney
Karin Schnaider, Assistant City Manager