

## **Introduction**

On behalf of the City Manager and Finance Director, the proposed municipal budget for Fiscal Year 2018-19 is being presented for Council's review and consideration. The proposed budget represents the implementation plan for executing the City Council's goals, policies and objectives for the upcoming year. The City is celebrating its centennial year and is well positioned for the future. The City has grown to a population exceeding 81,000 and has successfully transitioned out of a period of recessionary cuts to one of fiscal stability. The national economy is experiencing the third longest, yet slowest, expansion period since World War II and California's financial position continues to be strong. The City's finances continue to be sustained by a robust economic picture with not only strong housing starts but continued commercial and industrial growth.

As of July 1, 2017 all General Fund Assignments/Reserves met the adopted reserve goals. As of July 1, 2018, it is anticipated the City will once again be able to meet the reserve goals for assignments. Due to deferred maintenance and aging equipment, a number of proposed Capital Improvement Program (CIP) projects identify the Assignment for Capital Facilities and the Assignment for Technology as the source of funding in the fiscal year 2018-19 budget.

As we begin the next fiscal year, the local economy continues to grow with gains in the housing market for both new and resale homes continue to near record levels. Consumer confidence has improved and remains strong. The UCLA Anderson Forecast continues to predict a healthy California and U.S. economic growth pattern between 2018 and 2020.

## **Economic Conditions**

Sales tax and property tax continue to comprise the largest components of the General Fund revenue stream and are the primary indicators of the strength of our local economy. California sales tax receipts through December 2017 increased 4.3% over the same quarter for the previous year. The City of Manteca surpassed that growth with an increase of 10.9%. Additional opportunities to expand our retail base continue to be available at the Promenade Shops at Orchard Valley and in the Stadium Center. Some of the businesses recently opened or approved for construction include: Sizzler, Petco, Amazon fulfillment center, Arco, Chevron, Chick-Fil-A, Habit Burgers, Jimmy John's Gourmet Sandwiches, and for industrial space including 5.11 Tactical and Medline as well as two other projects, over 2.7 million square feet is opening or finishing construction. After many years of negotiations, Great Wolf

Lodge has approved development agreements to build a 500 room resort with indoor waterpark, family entertainment and several restaurants and is anticipated to begin construction late 2018. Economic Development staff continues to be diligent in attracting new business to our community while working on retention of our current businesses.

As a result of our expanded property base and recovery in the housing market, property tax assessments for Fiscal Year 2017-18 grew by 7.5% in secured property tax. For Fiscal Year 2018-19, property tax is again projected to increase by 7.5% due to the continued expansion of the new housing market and the development of additional retail and commercial properties. It is important to note final numbers for property tax increases will not be available until early fall.

Through new and diversified partnerships and continued economic development, the City will identify new sources of revenue, which will allow us to shore up our fiscal stability and move us to the necessary financial resiliency to address changing economic conditions.

### **Budget Goal Setting**

On February 20, 2018 a mid-year budget update was brought to Council and on March 6, 2018, a budget study session was held with to discuss Council goals and prioritize future projects.

Goals were updated in FY 2018 and it was determined these goals remain top priority for Council.

1. Public Safety
2. Fiscal Stability
3. Quality of Life
4. Facilities and Infrastructure
5. Effective and Efficient Government
6. Planned Managed Growth

During our budget study session, numerous projects were identified as Council's priority projects. These projects are listed below:

1. Police Officer Recruitment
2. New Police Vehicles
3. Fire Station #5
4. New Fire Engine
5. Parks and Recreation Feasibility Study for Master Plan Implementation

6. Parks and Recreation Revenue Ballot Measure Preparation
7. Citywide Records Management Program
8. Telestaff Upgrade
9. City Street Upgrades
10. Alley Elimination Program

These priorities were in the forefront as departments developed their budgets for adoption by Council.

### **Budget Overview and Highlights**

The General Fund proposed budget for Fiscal Year 2018-19, including operating transfers, is \$46,030,433. This represents a 13% increase over the amended budget for Fiscal Year 2017-18 of \$40,857,544. The budget includes \$835,000 in one-time capital requests which utilize the funds set-aside for technology and capital facilities improvements, as well as a one-time transfer from the Public Facilities Oversizing Reserve of almost \$4 million for the North Trunk Sewer Project (CIP # 11007).

The General Fund operating budget, exclusive of transfers, is proposed at \$40,183,623. This is an increase of 5% over the Fiscal Year 2017-18 budget. General Fund operating revenues are projected at \$40,184,320. Total General Fund revenues are projected at \$42,322,049. The Citywide proposed budget, including all funds, is \$151,955,147. This includes new funding requests for capital improvement projects totaling \$34,300,830.

#### General Fund

As presented, the General Fund budget fully funds all Reserves as established by the Council adopted Fund Balance Reserve Policy (R2015-56). The City Council will be considering amendments soon to the Fund Balance Reserve policy to address policy priorities including paying down PERS unfunded liabilities.

The proposed budget includes both new and ongoing expenditures. Some of these are contractual obligations, while others have been included to meet Council's goals and priorities. These expenditures include:

1. Increases to employee compensation and benefits including a 2% salary increase and a 2% re-opener both effective July 1, 2018 as well as the 2%

- re-opener from July 1, 2017. These increases were negotiated and included in the July 1, 2015-June 30, 2019 Memoranda of Understanding.
2. Increased contributions to the California Public Employees' Retirement System (PERS) based on current actuarial valuations. Fiscal year 2018-19 is the first year, of the three- year phase in, of a lower discount rate.
  3. The addition of four Police Officers.
  4. The addition of one Public Safety Dispatcher.
  5. \$48,000 for grant writing services.
  6. \$60,100 for lobbying efforts.
  7. \$10,000 for the City's Centennial Celebration Gala to be held in December.
  8. Continuation of the General Fund subsidy to the Recreation Fund in the amount of \$200,000.
  9. Continuation of the General Fund Subsidy to the Golf Fund in the amount of \$190,000
  10. General Fund contributions to the Equipment and Vehicle Internal Service Funds in the amount of \$80,000 and \$69,500.
  11. \$400,000 payment to Costco for the incentive agreement dated October 15, 2007.
  12. \$140,000 in election expenses, including a ballot measure, for the upcoming November 2018 election.

#### General Fund Assignment for Economic Revitalization

The Assignment for Economic Revitalization was established to capture funds provided to the City through the wind-down of redevelopment, and retain them specifically for economic development purposes. Following the direction that was implemented in the Fiscal Year 2016-17 budget, the Economic Development program budget of \$409,310 is recommended to be funded from this assignment. Additionally, staff has received four requests from outside organizations that were funded in prior years using the Assignment for Economic Revitalization. These requests have been including in the preliminary budget. Staff recommends once again using the Assignment for Economic Revitalization. Letters of request from the organizations are included for Council's reference.

#### *Manteca Chamber of Commerce (Chamber)*

In Fiscal Year 2017-18, the contribution to the Chamber was funded at the \$10,000 membership level. The Chamber has submitted a request for a renewal at the \$10,000 level again for Fiscal Year 2018-19.

*Manteca Mural Society*

In past years, the Manteca Mural Society was able to obtain redevelopment funding through the Façade Improvement program. The funds were used to help offset the cost to install historical murals throughout the City. In Fiscal Year 2017-18 the Mural Society requested \$20,000 to complete the World War I mural and \$5,000 for identifying plaques for each of the murals in the Veteran's Mural Project. For Fiscal Year 2018-19 they are requesting \$12,000 for the "Mural in a Weekend" project located at 161 E. Yosemite Av.

*San Joaquin Partnership*

As in past years, staff is again recommending using the Assignment for Economic Revitalization to fund their request of \$35,000.

*San Joaquin County Economic Development Agency*

In Fiscal Year 2017-18, the contribution to San Joaquin County Economic Development Agency was \$13,000 and for Fiscal Year 2018-19 they are requesting \$20,000.

General Fund Assignment for Capital Facilities

As part of the Fiscal Year 2017-18 budget, Council designated \$1.5 million to the Assignment for Capital Facilities. The following projects totaling \$382,250 were approved for funding:

- Fire Facility Improvements (CIP 17064) additional funding
- Senior Center Renovations (CIP 17013) additional funding
- Golf Clubhouse Exterior Staircase Structure Restoration (CIP 17024)
- Playground Safety Surfacing Replacement (CIP 18022)
- Parks and Recreation Classroom Renovations (CIP 18024)
- Tennis Court Surface and Crack Repair (CIP 17027)

For Fiscal Year 2018-19, the following projects totaling \$401,000 are recommended for funding:

- Diamond Oaks Playground Replacement/Restoration (CIP 19025)
- Tidewater Bike Trail Resurfacing (CIP 19028)
- Lincoln Pool Maintenance, Upgrades and Renovations (CIP 19023)
- Fire Station No. 2 Security Gate (CIP 19048)
- Air Conditioning Unit for Dispatch Office

### General Fund Assignment for Technology

As part of the Fiscal Year 2017-18 budget, Council designated \$1.88 million to the Assignment for Technology. For Fiscal Year 2017-18, the following Public Safety projects totaling \$1,131,280 approved for funding:

- Replacement Radios Consoles for Dispatch (CIP 18014)
- Taser Body Camera Upgrade and Maintenance (CIP 18015)
- Police Toughbook Computers (CIP 18016)
- City Wide Camera Security System (CIP 18057)

For Fiscal Year 2018-19 the following projects totaling \$434,000 are recommended for funding:

- Backup System Migration and Expansion (CIP 19044)
- Expand Data Storage Capacity (CIP 19045)
- Citywide Records Management Program (CIP 18041)
- Central Irrigation Controller Upgrade-Phase I (CIP 19026)
- Taser Body Camera Upgrade and Maintenance (CIP 18015)
- Rec Trac 3.1 Software Upgrade

### Fire Grant Fund/ Public Safety Endowment Fund

In Fiscal Year 2017-18 the three remaining police positions in the Endowment Fund were moved into the General Fund. By transitioning the last three positions to the General Fund, the remaining funds in the Public Safety Endowment Fund would then become available for the retention of four of the personnel hired through the SAFER Grant. The projected fund balance for the Endowment Fund as of June 30, 2018 is \$1,953,018.

Staff will continue to work to identify permanent sources of funding for the Fire personnel either through attrition or through identification of new or increased revenues.

### Public Safety Sales Tax Fund

In November 2006, the citizens of Manteca passed a one-half-cent sales tax for public safety. As part of the adoption of this sales tax measure, a Citizen's Oversight Committee was formed to ensure that all expenditures meet the guidelines as set forth in the adopted ordinance. Sales tax projections for fiscal year 2017-18 are projected to be \$6.3 million, and \$6.6 million for the upcoming year of 2018-19. With the addition of two Police Officers in Fiscal Year 2018-19, the Public Safety Sales Tax Fund will provide funding for 17 Police protection personnel and 15 Fire protection personnel. Total

expenditures in FY 18-19 for Police are estimated to be \$3,340,365 and Fire are estimated to be \$3,317,090 remaining consistent with the expenditure plan.

#### Development Services Fund

The recently established fees and recovery levels have brought fiscal stability to this fund. At the end of Fiscal Year 2016-17, the reserve policy adopted by Council on August 16, 2016 was fully funded.

#### Development Agreement Fees Fund

The Development Agreement Fees Fund was established to account for the collection and use of negotiated development agreement fees for public facilities, recreational amenities, library enhancements, affordable housing, and other items identified by Council as necessary for the betterment of the community. The following are examples of past uses:

- Council Chamber Upgrade
- Moffat Community Center
- Library Flooring
- Emergency Operations Center
- Morezone Park
- Library Roof
- Fire Engine – Type 3
- BMX Park

The Fiscal Year 2018-19 budget includes requests for the following projects:

- Hybrid Greens Mower/Roller (CIP 19020)
- Parks and Recreation Facilities Feasibility Studies (CIP 19022)
- Lobby Upgrade for Police Department

#### Projects from other Funds

By way of highlight, the following projects were completed to maintain service levels and meet Council goals and priorities, including the completion of the following:

- South Sewer Trunk Lines
- Fire Station #1 Repairs
- Mobile Dispatch Terminal
- Automated Fare Collection System

- Replacement of Police Vehicles
- WQCF Generator Engine Replacement
- Union Road and Louise Av 30-Inch Sewer Main Rehabilitation

Additional completed projects are listed on page F-7 of the budget.

### Areas of Concern

As the City's finances stabilize, several areas of concern remain. In order to remain fiscally resilient, the City needs to incorporate the following as part of its long-term planning:

1. CalPERS revised actuarial assumptions

On December 21, 2016, the CalPERS actuarial Board approved to lower the rate of return assumptions from 7.5% to 7.0%. The implementation was scheduled to phase in over three fiscal years. Beginning in the current budget cycle (Fiscal Year 2018-19) the discount rate has decreased from 7.5% to 7.375%. This will decrease again in Fiscal Year 2019-20 to 7.25% and in Fiscal Year 2020-21 to 7%. It is projected that over the next five years the City's contribution to CalPERS will double from what was projected Fiscal Year 2017-18 to be a city-wide contribution of \$9.5 million to over \$19 million in fiscal year 2022-23.

2. Other Post-Employment Benefits (OPEB)

The City provides Other Post-Employment Benefits in the form of retiree health benefits and retirement enhancement benefits. The retirement enhancement benefits were provided through PARS to a small number of Executive Managers. This plan is a closed plan with 8 participants.

The most recent actuarial valuation as of June 30, 2016 calculates the City's unfunded liability related to retiree health benefits at \$31.6 million. In contrast, the City's unfunded liability related to the retirement enhancement benefits is \$559,000.

3. Parks Infrastructure

The Parks Master Plan, approved in Fiscal Year 2016-17, included a detailed list of deferred parks maintenance projects. Until a long-term funding strategy can be developed to address these projects, staff recommends funding top priority projects via the General Fund Assignment for Capital Facilities.



4. Transportation

Deferred street maintenance continues to be a critical issue. On April 28, 2017, the Governor signed SB 1 – the Road Recovery and Repair Act of 2017 which provides State funding to municipalities for transportation needs. In Fiscal Year 2017-18, the City estimates it will receive \$417,000 with an additional \$1.2 million in Fiscal Year 2018-19. The City is required to meet a maintenance of effort (MOE) currently set at \$1.1 million in order to receive SB 1 funding.

5. Golf Course Fund

A new golf professional took over management of the pro-shop and operations on August 1, 2017. On December 20, 2017 Council adopted a resolution to increase green-fees effective January 1, 2018 to assist with the on-going financial difficulties currently impacting the Golf Course as well as the need to address deferred maintenance and capital projects. Until the Golf Course Fund can be stabilized, the General Fund continues to assist the operations of the Golf Course Fund in specific ways:

- General administrative and overhead charges were suspended beginning in Fiscal Year 2007-08. While staff has prepared an updated cost allocation plan for overhead charges, due to the financial position of this fund the recommendation to suspend overhead charges continues.
- In the past, the City Council has approved a contribution from the General Fund to continue to provide the recreational benefit the Golf Course provides to the citizens of Manteca. In prior years, this has amounted to \$155,000. Due to the decline in course revenues, a contribution of \$320,000 is expected in Fiscal Year 2017-18.
- With a new fee structure in place, it is estimated the General Fund will need to contribute \$190,000 in Fiscal Year 2018-19. As revenues continue to increase there is anticipation that the general fund contribution will continue to decrease over the next fiscal years.

6. Endowment Fund

As mentioned previously, the Endowment fund continue to be an area of concern. This was a temporary solution to fund four SAFER firefighters

until a more permanent solution is found. With no current source of revenue, staff will make it a priority to find permanent funding in the next two years.

### Personnel Revisions

In coordination with the preparation of the Fiscal Year 2018-19 budget, personnel requests were reviewed for consistency and equity. Upon review, positions were identified for proposed reclassification and others are recommended for addition. Details of all of the recommendations can be found in the Personnel Summary Section of the budget with related costs. In recommending these reclassifications and additions to personnel, funding allocations were reviewed to ensure any impact would be sustainable. Additionally, a classification and compensation study is underway and results are anticipated to assist with MOU negotiations taking place later in the fiscal year.

### **Conclusion**

This is the first budget for myself and Finance Director Jeri Tejada and we are so pleased with what has been accomplished in the prior fiscal year and all that is planned for the next.

We serve among professional and caring staff who have the city's best intent in mind, and together we are all committed to ensuring we are operating in efficient and sustainable ways.

We have challenges yet to solve with more expenses than revenues afford, and high expectations of service level from the citizens, but together with the City Council's support and vision, we will do what we can with what we have.

**Tim Ogden**  
**City Manager**

**Jeri Tejada**  
**Finance Director**

### **Acknowledgements**

*Developing the Preliminary Budget is a team effort, involving the time and expertise of department managers, finance staff, as well as all City staff. It is because of this team's commitment to the City of Manteca that this budget is made possible. With Council's continued support of long-term planning and willingness to provide leadership in difficult circumstances, together we can develop a plan for the long-term financial stability of our City.*

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City of Manteca  
City Manager, Tim Ogden  
1001 W. Center St  
Manteca, CA 95337  
RE: Membership Request for 2018-19

3/21/18

Dear City Manager, Tim Ogden,

The Manteca Chamber of Commerce would like to thank the City of Manteca for your President Circle membership for 2017-2018. Your membership has enabled the Chamber to maintain its commitment to business and the community, making it a very successful year.

As you know, the Chamber has worked closely with the City promoting City events and special meetings. We have also enjoyed partnering for the 2018 State of the City and Centennial events.

We were able to grow the Chamber with 58 new members. We held 50 chamber coffees and numerous evening mixers. Each event we announce our President Circle members. This is also a great opportunity to network with businesses and community leaders.

The Chamber also hosted several "Lunch N Learn" events. These are well attended and business owners received valuable information.

We continue to assist businesses with various needs, hosting our new business workshops, buddy system for dealing with the permit process and our downtown revitalization efforts, to name a few.

In 2017 we put on our 2<sup>nd</sup> annual community event, "Christmas in the Park". We partnered with the City of Manteca and were able to present a snow hill where hundreds of children participated. We also had over 50 merchants participate and it was a nice addition to our holiday parade.

The Manteca Chamber of Commerce is excited about the future and focused on pursuing new opportunities to strengthen our business community in 2018. We continue to plan many events that provide opportunities to promote our President Circle Members and business community.

Manteca Chamber of Commerce respectfully requests your consideration for renewal of your \$10,000 President Circle Membership for 2018-19.

Sincerely,

183 W. North Street Suite 6  
Manteca, CA 95336  
Phone: (209) 823-6121 Fax: (209) 239-6131  
[www.manteca.org](http://www.manteca.org)



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[chamber@manteca.org](mailto:chamber@manteca.org) or [joann@manteca.org](mailto:joann@manteca.org)

The Manteca Chamber of Commerce works hard to promote business and economic development in Manteca. The Chamber serves as an advocate for business and a liaison between the business community and the City of Manteca. We have recently developed several new programs to bring businesses together with the City in a positive, productive manner. The Chamber also has events for the entire community that enhances the quality of life in Manteca.

Below is a list of benefits offered to the City of Manteca as a President's Circle Member of the Manteca Chamber of Commerce. Thank you for your consideration.

### **Platinum Membership**

**\$10,000**

- Includes Annual Membership dues for ALL entities of the City of Manteca
- 48 email blast to Membership & Participates
- Featured semi-annually in the Manteca Bulletin "Member Spotlight"
- Recognition in Member Directory /Community Reference Guide (11,000 copies)
- Continual Distribution of Chamber Business/Community Reference Guides and Manteca maps to area Hotels, Restaurants & mailed to Visitors & potential business owners
- Parade entries for All City Council Elected Officials
- Booth at Farmers Market (10 weeks)
- Booth at Holiday Fair
- City Page on Website including links and City Events/Activities
- "State of the City" Event (The Chamber will host a "State of the City" event featuring the City leaders)
- Featured in weekly email blast
- Recognized as a Presidents Circle Sponsor at all events

# Manteca Mural Society

Public Art for a Better Community

P.O. Box 1666 Manteca, CA 95336

Received By:

M+C, CM, JF,  
Clerk, Fin

March 12, 2018

Dear Manteca Council Members, *City Manager, Jim Ogden*

The Manteca Mural Society (MMS) is a non-profit organization founded on June 1, 2002. Over the past 15 years we have added 30 quality murals to various locations throughout the city of Manteca.

The MMS plans to dedicate the WWI mural and the completed Veteran's Mural Project as part of a comprehensive part of Manteca's Centennial Celebration on May 19, 2018.

As part of the 2018 Centennial, the MMS is planning another "Mural in a Weekend" event with community involvement on October 6 and 7, 2018. It has been several years since the last Mural in a Weekend project, which have always been successful and are a lot of fun! The proposed theme will document the completion of the 'real' final piece of the transcontinental railroad that connected New York with San Francisco. That actual event took place at the Mossdale crossing of the San Joaquin River.

We have secured a site for the mural located on the east facing wall of 161 E. Yosemite Avenue. The proposed mural size will be 64' X 15.5'. Both the building owner, Brad Steinberg, and the property tenant, Mike Nemetz, are agreeable with the project.

The estimated cost will be \$15,000 for muralist's fee, materials, site preparation, invitations for community artist volunteers and contingency. We respectfully request a grant from the Economic Revitalization Fund of \$12,000, for assistance with the Manteca Centennial "Mural in a Weekend" project cost. The MMS will raise the additional funds necessary to fund the project.

We would also request that the MMS and the City of Manteca include a flyer in the September utility bills with a call for community artist volunteers. The MMS would design the flyer with input from staff.

On behalf of the MMS, thank you for considering our request for funds. We look forward to working with you again and appreciate the opportunity to participate in Manteca's Centennial celebration.

Sincerely,

*Charleen A. Carroll*

Charleen A. Carroll  
President, Manteca Mural Society  
209 823-1386

# SJC

ECONOMIC  
DEVELOPMENT  
ASSOCIATION

April 3, 2018

Mr. Tim Odgen, City Manager  
CITY OF MANTECA  
1001 W. Center Street  
Manteca, CA 95337

Dear Mr. Odgen:

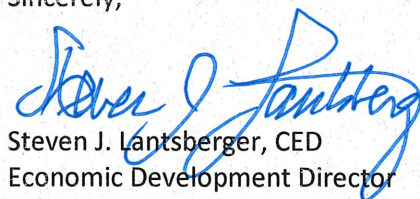
It has been an exciting year for the City of Manteca with numerous economic development successes including the recent approval of The Great Wolf Family Entertainment project.

On behalf of the San Joaquin County Economic Development Association (EDA) I want to thank you, the City Council, and your staff for allowing us to be a part of your team. The EDA has a long history of working with the City of Manteca on initiatives including the Enterprise Zone, Business Retention & Expansion (BRE), business recruitment, and small business financing. We applaud your leadership and sincerely appreciate your support of the Professional Services Agreement (PSA) we entered into with the City of Manteca last November.

As you prepare the upcoming municipal budget we respectfully request that you make accommodation to extend the PSA by and between the City of Manteca and the EDA for fiscal year 2018-19. We have, and continue to work alongside your economic development staff to discharge the duties set forth in the PSA's Scope of Services. We updated the 2018 Comprehensive Economic Development Strategy (CEDs) that includes Manteca's priority infrastructure projects and recently met with staff to identify the City's Top 50 employers which will be targeted for BRE visits.

Given your community's competitive advantages we are confident that Manteca will continue to attract new corporate investment. We appreciate the City's support of our organization and look forward to discussing the PSA extension at the appropriate time. Should you have any questions please contact me at (209) 468-3619.

Sincerely,



Steven J. Lantsberger, CED  
Economic Development Director



Hi Johanna:

Sorry its taken a while to get back to you on our FY 2018-19 funding request from the City of Manteca. After discussing internally, we would like to request \$20,000 for next fiscal year. We would continue our current scope of work and add specific tasks desired by the City Council, City Manager and staff.

Please let me know if you need more information.

Thank you.

Steve

Steven J. Lantsberger, CED; EDFP; HDFP  
Economic Development Director  
Economic Development Association of San Joaquin County  
Employment & Economic Development Department  
56 S. Lincoln Street  
Stockton, CA 95203  
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