

# City of Modesto Revenue Manual Fiscal Year 2024

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# I. TAXES

## A. Homeowners' Exemption

### Background

**Authority:** Article XIII, Sections 3(K) of the California Constitution; Government Code Sections 16120-16123 and Section 29100.6; Section 218 of the Revenue and Taxation Code

**Administering Agency:** State Controller (through the County)

**Fee Source:** State

**Municipal Code:** Not Applicable

**Description:** The California Constitution (Article XIII, Section 3(K)) exempts the first \$7,000 of the full value of a dwelling occupied as the owner's principal residence on the January 1 lien date from property taxation. The State then reimburses the cities for their property tax loss under this exemption. Remittance is made by the State through the County to the City in November (15%), December (35%), April (35%) and May (15%) with property tax remittances.

**Fund:** 0100

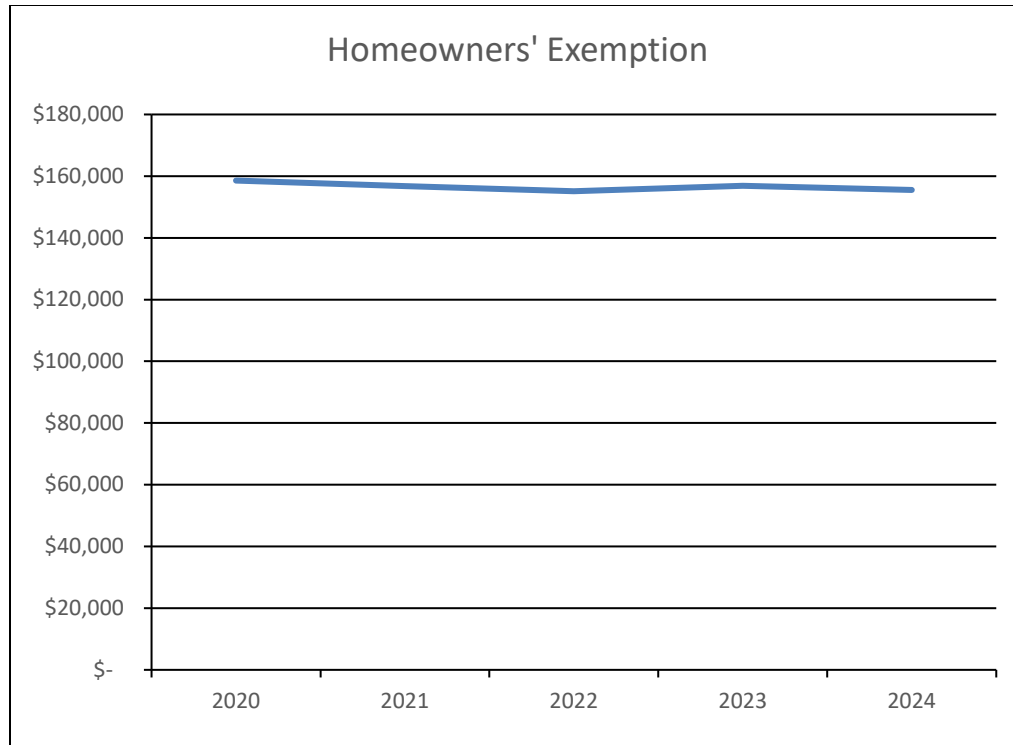
**Cost Center:** 90001

**Use of Revenue:** General Fund

### Revenue History

#### Homeowners' Exemption

Fiscal Year	Revenue (\$)	Percentage Change
2020	158,574	-1%
2021	156,810	-1%
2022	155,120	-1%
2023	156,873	1%
2024	155,552	-1%



### Variance Analysis

Homeowner's exemption revenues have increased slightly due to shifts in the housing market. These shifts were primarily related to more homes being owned by individuals, which resulted in more revenue being reimbursed back to the City from the State for the property tax gained under this exemption.

## B. Property Taxes

### Background

**Authority:** Article XIII and XIII A of the California Constitution; Revenue and Taxation Code Sections 95, 97

**Administering Agency:** County of Stanislaus

**Fee Source:** Code

**Municipal Code:** MMC 8-2.3

**Description:** An ad valorem tax imposed on real property (land and permanently attached improvements) and tangible personal property (movable property). The property tax is guaranteed by placing a lien on the real property. The property is differentiated as secured and unsecured, defined as follows:

- Secured Property – real property and that personal property located on the real property of the same owner. Personal property not located on the real property is considered secured if it is in the same county and the taxpayer certifies the real property owned is enough to secure the payment of the tax.
- Unsecured Property – property in which the value of the lien is not enough to assure payment of the tax. Unsecured property is taxed at the rate which applied to secured property in the previous year.

The passage of Proposition 13 (Article XIII A of the State Constitution) in 1978 limited the property tax rate to one percent (1%) of the Fiscal Year 1976 assessed value of taxable property. Property within the City is re-assessed by the Stanislaus County Assessor at the time of transfer of ownership at full cash value. New construction is assessed at the full cash value by the Stanislaus County Assessor. Property that declines in value may also be re-assessed. If there is no change in ownership or new construction, the assessed valuation of real property may increase by smaller of the rise in the Consumer Price Index (CPI) or 2% annually.

Additional property tax may be imposed by a city if authorized by the electorate (at least two-thirds voting yes) for paying interest and principal of general obligation bond indebtedness.

Under Proposition 8 (1979), county assessors must temporarily lower the assessed value of a property if the market value of the property falls below its factored base year value (the Fiscal Year 1976 assessed value per Proposition 13 plus an annual increase based on the smaller of the rise in the Consumer Price Index or 2%).

Property tax is collected by Stanislaus and allocated by State law to the cities, the county, special districts, redevelopment agencies and school districts. Proposition 13 set the countywide rate at 1%. Each county initially allocates revenues to local agencies based on the three years preceding Fiscal Year 1979 (when Proposition 13 was adopted). Each year thereafter allocation is based upon the revenue allocation in the previous year plus a proportionate share of the growth in the revenue resulting from increases in assessed value in the district. Revenue from the 1% property tax is shared among the County, the City, the local school district, and special districts. Currently, the City's share of the 1% property tax is \$0.13 for every \$1 of property tax collected.

Property taxes are levied as of March 1 of each year, and on January 1, a tax lien is created on the property in the amount of the property taxes due.

Secured property taxes are due in two installments on November 1 and February 1 and are delinquent if not received by December 10 and April 10. Unsecured property taxes are due on August 31.

**Fund:** 0100

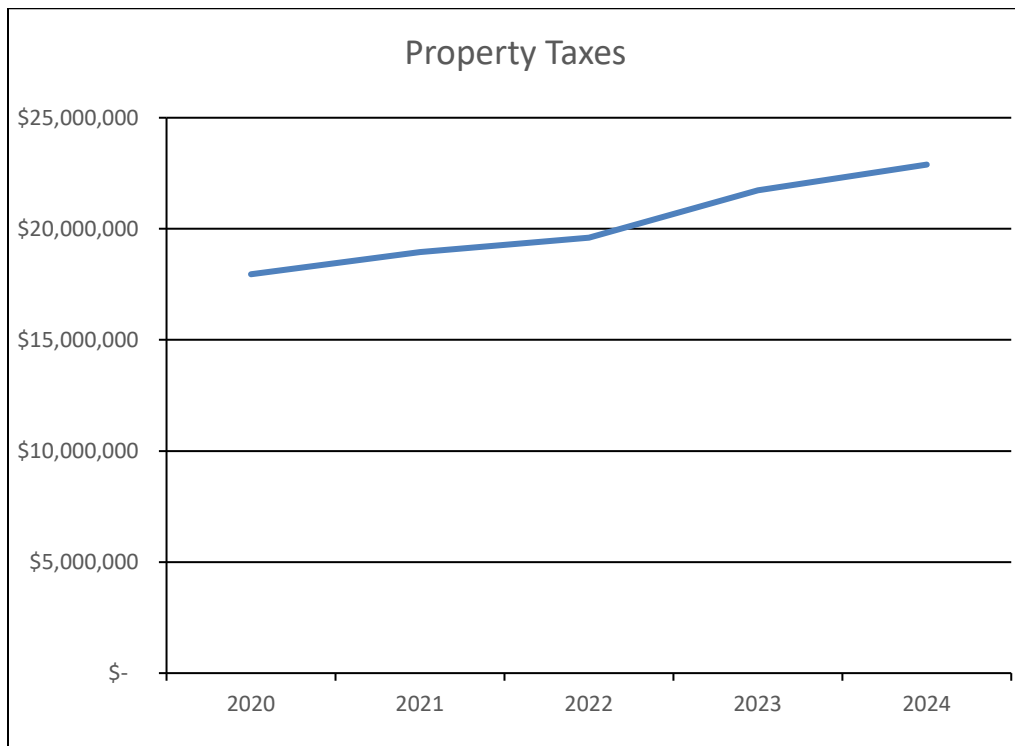
**Cost Center:** 90001

**Use of Revenue: General Fund**

**Revenue History**

**Property Taxes**

Fiscal Year	Revenue (\$)	Percentage Change
2020	17,954,606	5%
2021	18,949,789	6%
2022	19,602,435	3%
2023	21,736,959	11%
2024	22,890,835	5%



**Variance Analysis**

Property taxes continue to rise and move beyond their pre-recession levels. Rising home prices and the housing market continue to impact property valuations when homes sell which equates to increased property tax revenue when the taxes are due. This trend has continued over the past few fiscal years and has not slowed down in Fiscal Year 2024.

## C. Sales and Use Tax

### Background

**Authority:** Article XIII, Section 25.5(a)(2), and Section 29 of the California Constitution; Section 7200 et seq. of the Revenue and Taxation Code

**Administering Agency:** California Department of Tax and Fee Administration (CDTFA)

**Fee Source:** Code

**Municipal Code:** MMC 8-2.4

**Description:** In California, sales and use tax is imposed on the retail price of any tangible personal property and the use or storage of such property when sales tax is not paid. It is imposed on retailers for the privilege of selling tangible personal property and on the purchaser of a product from out-of-State and delivered for storage, use or consumption in California. Excluded from this tax are resale and wholesale sales, as well as the cost of professional services and food for home consumption. Sales and use tax are collected by the SBE and distributed to cities and counties based on “point-of-sale”. The use tax is charged to a purchaser, at the same rate as the sales tax, where sales taxes were not collected (such as out-of-State or out-of-Country purchases) and the items were purchased to be used in California.

The sales and use tax rate in Stanislaus, and therefore the City, is currently 7.875% of the sale price of taxable goods and services sold. The components are as follows:

Sales and Use Tax Type	Tax Percentage
Local (County Library Tax)	0.125%
Local (County Transportation Measure L)	0.50%
Local (County/City)	1.0%
Local (Local Transportation Measure R)	0.25%
State (Education Protection Account)	0.25%
State (General Fund)	3.6875%
State (Local Public Safety Fund)	0.50%
State (Local Revenue Fund)	1.5625%
<b>Total Sales and Use Tax</b>	<b>7.875%</b>

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State law allocates 1% of taxable sales for City general purposes. A city may levy the full one percent, which is credited against the county tax. The City of Modesto levies 0.950% of taxable sales.

One-half of one percent of the State sales and use tax rate is allocated to counties for use by the county and distribution to counties and cities for public safety under Proposition 172.

The sales and use tax are remitted to the City as follows:

1. Each quarter, the CDTFA uses as its calculation base, the sales and use tax remitted to the City in such previous year's quarter with non-recurring transactions eliminated;
2. To this base, a State growth factor is applied and then 10% of the resultant amount is withheld as a reserve against unexpected occurrences;
3. This 90% advancement amount is remitted to the City in three monthly installments;
4. The first and second monthly installments each represent 30% of the 90% advancement amount, and the third one represents 40% of the advancement amount;
5. A "clean-up", or reconciliation, amount is included every quarter. The prior quarter's three advance payments are reconciled to the actual collections for that period and the difference is remitted with or withheld from the third monthly installment of the advancement amount. (In essence, full remittance is always one quarter behind).

In March 2004, voters approved Proposition 57, the California Economic Recovery Bond Act, which allowed the State to purchase bonds to reduce the State budget deficit. The legislature enacted provisions that changed how sales and use taxes and other revenues are distributed to schools and local governments on and after July 1, 2004. These changes will remain in effect until the State Director of Finance notifies the Board of Equalization that the State's bond obligations have been satisfied.

Under the changed sales and use tax distribution procedures — commonly referred to as the "Triple Flip" — the following changes occur:

The statewide base sales and use tax rate remains at 7.25%. However, the local government portion of the statewide rate decreases by 0.25%, and the State portion increases by 0.25%.

The County Auditor in each county will use property tax revenues to reimburse the county and cities within the county. They will set aside some funds from the County Educational Revenue Augmentation Fund (ERAF) and place them in a Sales and Use Tax Compensation Fund (Compensation Fund). In January and May of each year, the State

Director of Finance instructs County Auditors to allocate revenues from the Compensation Fund to the county and to the cities within the county.

Since a portion of the County ERAF are set aside to offset sales and use tax losses, schools receive less revenue from county property taxes and are supplemented with State General Fund revenues.

**Fund:** 0100

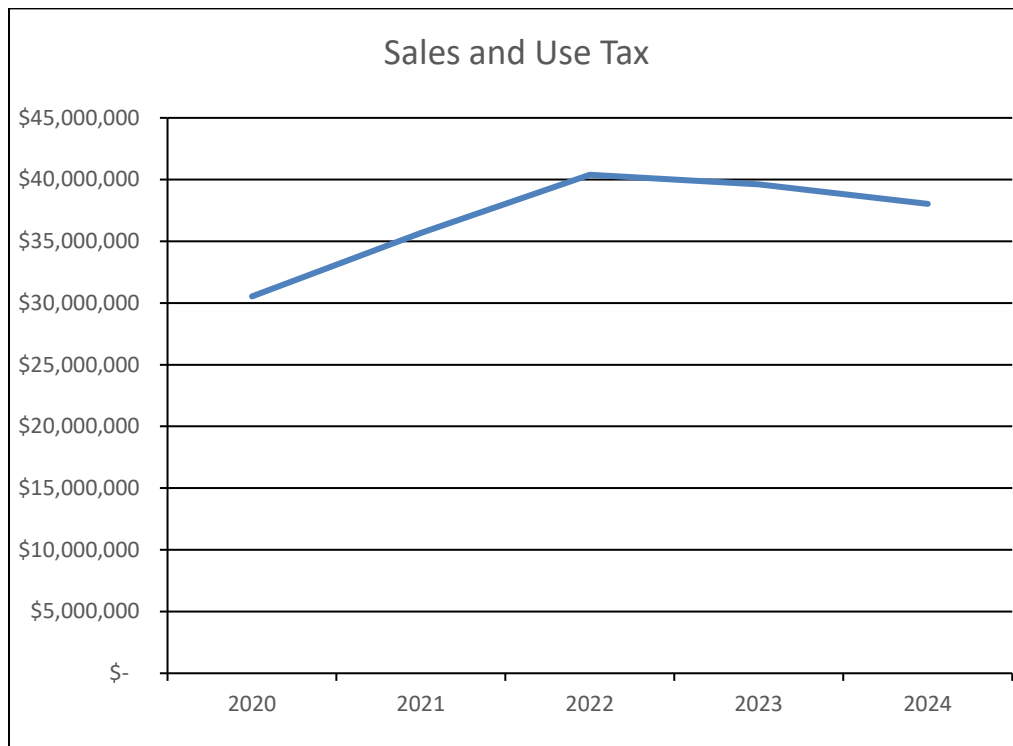
**Cost Center:** 90001

**Use of Revenue:** General Fund

### Revenue History

#### Sales and Use Tax

Fiscal Year	Revenue (\$)	Percentage Change
2020	30,534,694	-4%
2021	35,670,236	17%
2022	40,389,650	13%
2023	39,611,849	-2%
2024	38,038,757	-4%



## Variance Analysis

Sales and Use Tax revenues have increased steadily over the past several fiscal years. The decrease in revenues that was seen in the chart above occurred due to the COVID-19 pandemic and was caused by the economic shutdown that was experienced in the later part of Fiscal Year 2020. Due to the economic composition of the Modesto, Sales and Use Tax experienced a much quicker recovery in this revenue category. The local economy of Modesto is not as dependent upon vacation/tourism type business as some other cities in California that experienced much larger impacts on Sales and Use Tax revenues and as the shutdown ended and businesses began to adjust to the new way of conducting business in the pandemic era, sales tax recovered much quicker than anticipated. This is reflected in the revenues generated in Fiscal Year 2021 and Fiscal Year 2022 and shown in the chart above. Currently, inflation is beginning to negatively impact the rate of growth in Sales Tax. Due to the length of time that high inflation has remained in California and the United States, consumer and business customers are starting to change their spending habits. This is showing in the small decline in sales tax revenue that was seen towards the end of Fiscal Year 2023. Due to the current state of the economy and the lingering effects of inflation on the price of goods, this trend is anticipated to continue through Fiscal Year 2026.

## D. Transaction and Use Tax (Measure H)

### Background

**Authority:** Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 of the California Revenue and Taxation Code

**Administering Agency:** California Department of Tax and Fee Administration (CDTFA)

**Fee Source:** Code

**Municipal Code:** MMC 8-2.12

**Description:** Measure H is a one-cent sales tax, increasing from 7.875% to 8.875%, to fund general city services passed by Modesto voters in November 2022.

**Fund:** 0160

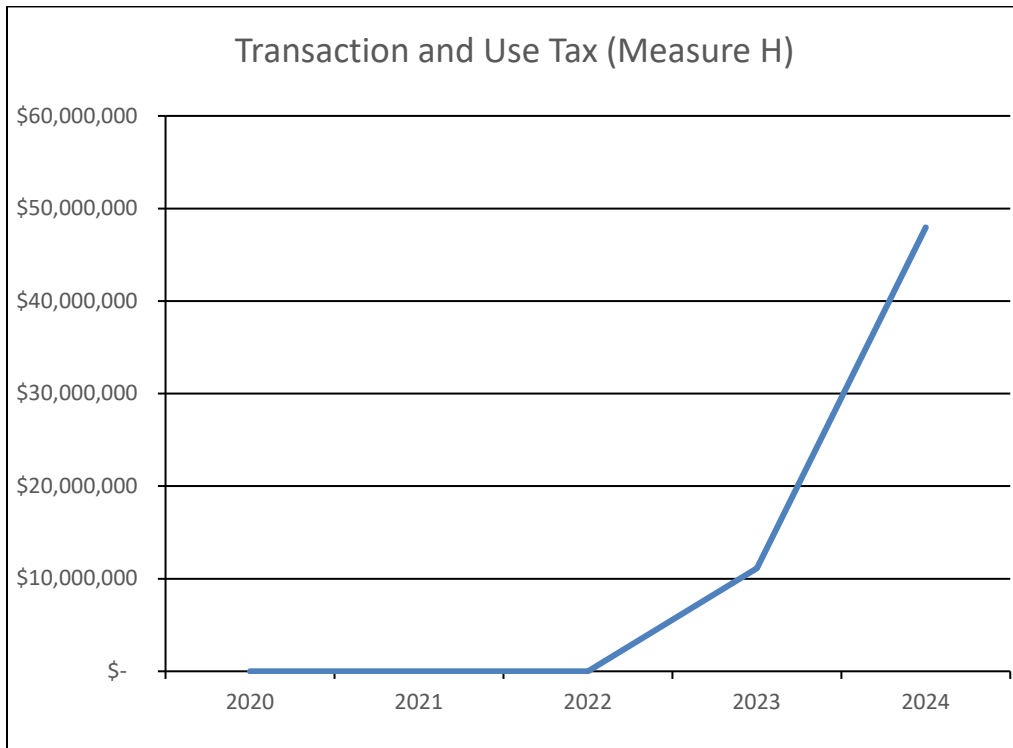
**Cost Center:** 90004

**Use of Revenue:** General Fund

### Revenue History

**Transaction and Use Tax (Measure H)**

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	-	-
2023	11,116,219	100%
2024	47,954,202	331%



**Variance Analysis**

Measure H was passed by Modesto voters in November 2022. The one percent sales tax went into effect on April 1<sup>st</sup>, 2023, which allowed one full quarter of receipts during Fiscal Year 2023. The large increase in Fiscal Year 2024 is related to having a full year of the one percent sales tax revenue.

**E. Utility Users Tax**

**Background**

**Authority:** Article XI, Section 5 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Code

**Municipal Code:** MMC 8-2.9

**Description:** The utility users' tax (UUT) is imposed on consumers of electric, gas, water, telecommunication, and cable services. This tax is based on a percentage of the amount billed to each consumer for such services. The tax rate is set by the City Council. The California Supreme Court has upheld the authority of charter cities to levy this tax. Exempt from this tax are City, State, and Federal governmental agencies; late payment charges; and service users meeting certain age and income determinations. The UUT is collected by each utility company as a part of its regular billing and remitted to the City monthly. According to a survey conducted in 2015, the population-weighted average rate of other California cities is 6.6%, although rates range between 1% and 11%.

**Fund:** 0100

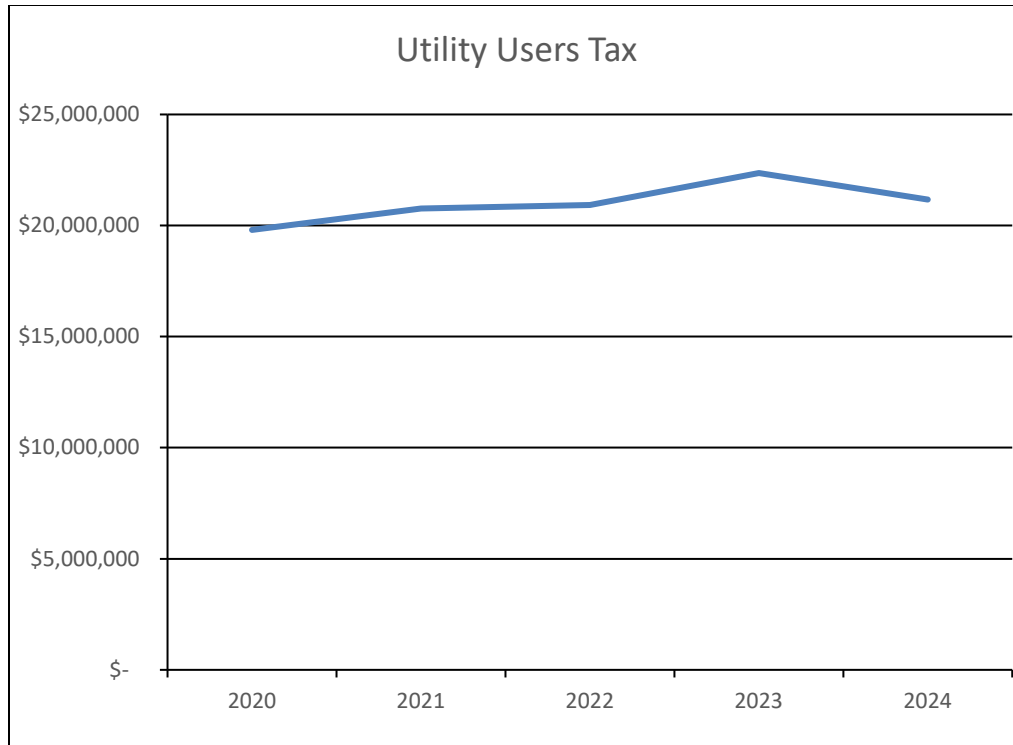
**Cost Center:** 90001

**Use of Revenue:** General Fund

## Revenue History

### Utility Users Tax

Fiscal Year	Revenue (\$)	Percentage Change
2020	19,803,218	0%
2021	20,764,694	5%
2022	20,918,654	1%
2023	22,363,014	7%
2024	21,173,728	-5%



## Variance Analysis

Utility Users Tax revenues had declined slightly in recent years due to a variety of reasons. Over the last few fiscal years this trend has reversed. Rate increases in the areas of electricity, gas, and water have caused increases in this revenue category. While there have been some decreases to the categories of cable/satellite TV services revenues in Utility Users Tax, these have been offset by the recent increases that have been seen in the more traditional utility type areas mentioned above.

## F. Transient Occupancy Tax

### Background

**Authority:** Sections 7280 and 7281 of the Revenue and Taxation Code

**Administering Agency:** City of Modesto

**Fee Source:** Code

**Municipal Code:** MMC 8-2.6

**Description:** The transient occupancy tax (TOT) is levied on hotel, motel, and other lodging rentals where occupancy is 27 days or less. The tax is imposed on the guest and is included on the customer's lodging bill by the lodging enterprise. Remittance is made by lodging establishments to the City monthly. Since 1987, the voter approved TOT rate has been nine percent (9%). One third of the City's total annual TOT revenue is dedicated

towards funding the tourism, promotional and service activities of the Modesto Convention & Visitors Bureau.

**Fund:** 0100

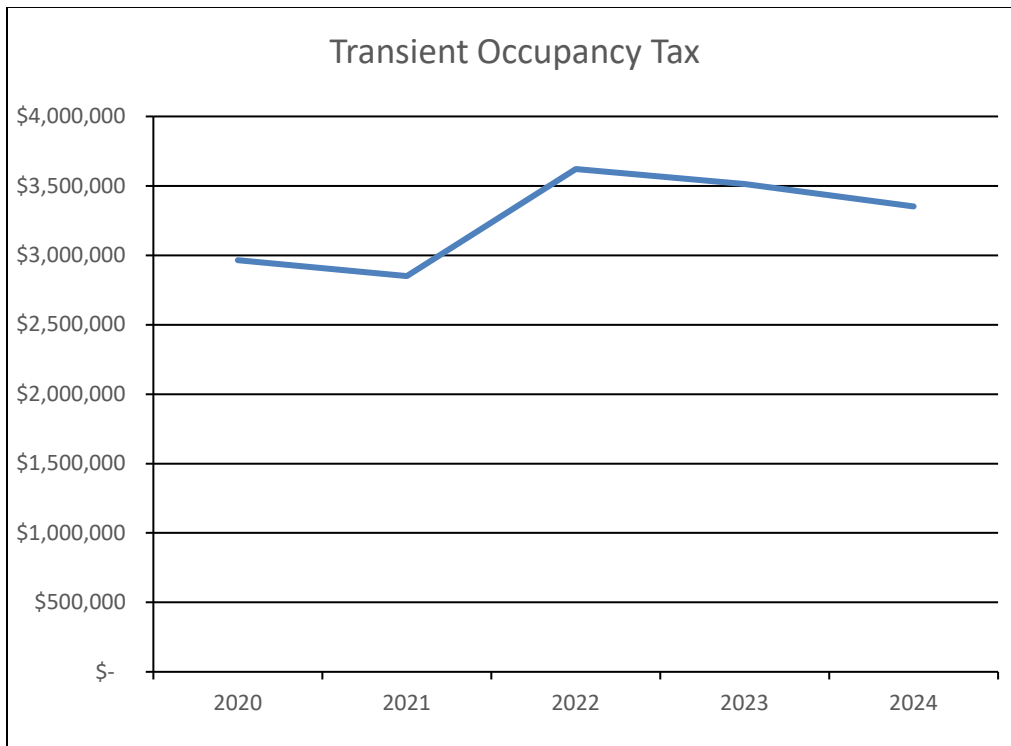
**Cost Center:** 90001,34300

**Use of Revenue:** General Fund

## Revenue History

### Transient Occupancy Tax

Fiscal Year	Revenue (\$)	Percentage Change
2020	2,964,805	0%
2021	2,850,231	-4%
2022	3,621,190	27%
2023	3,513,479	-3%
2024	3,351,194	-5%



## Variance Analysis

The increase in Transient Occupancy Tax revenues suggests that there continues to be an increase in travel to the City. During Fiscal Year 2019, one new major hotel opened in

Modesto, the Modesto Marriott Residence Inn. Since that time revenues in this category are beginning to somewhat decline again. Part of the decline is due to delinquent payments which staff is actively addressing through collection efforts. This trend is expected to stabilize as new hotels/motels open in the City.

## G. Franchises

### Background

**Authority:** *Cable and Video Franchises* - Public Utilities Code Cable Section 440 et seq. and Section 5800 et seq., “The Digital Infrastructure and Video Competition Act of 2006” (AB 2987 Nunez); *Solid Waste Franchises* – California Constitution Article XI Section 7, Public Resources Code Section 49300; *Electric, Gas, Water and Oil Franchises* - California Constitution Article XI Section 7; California Constitution Article XI Section 5

**Administering Agency:** Cable and Video Franchises – California Public Utilities Commission (Statewide franchise licenses); Solid Waste Franchises – City of Modesto

**Fee Source:** Code

**Municipal Code:** MMC 11-4.15

**Description:** These fees are imposed on utility companies for the privilege of using City streets and rights-of-way. The City accepts applications for franchises, who then agree to pay a certain percentage of profits to the city. This category also includes solid waste fees.

**Fund:** 0100

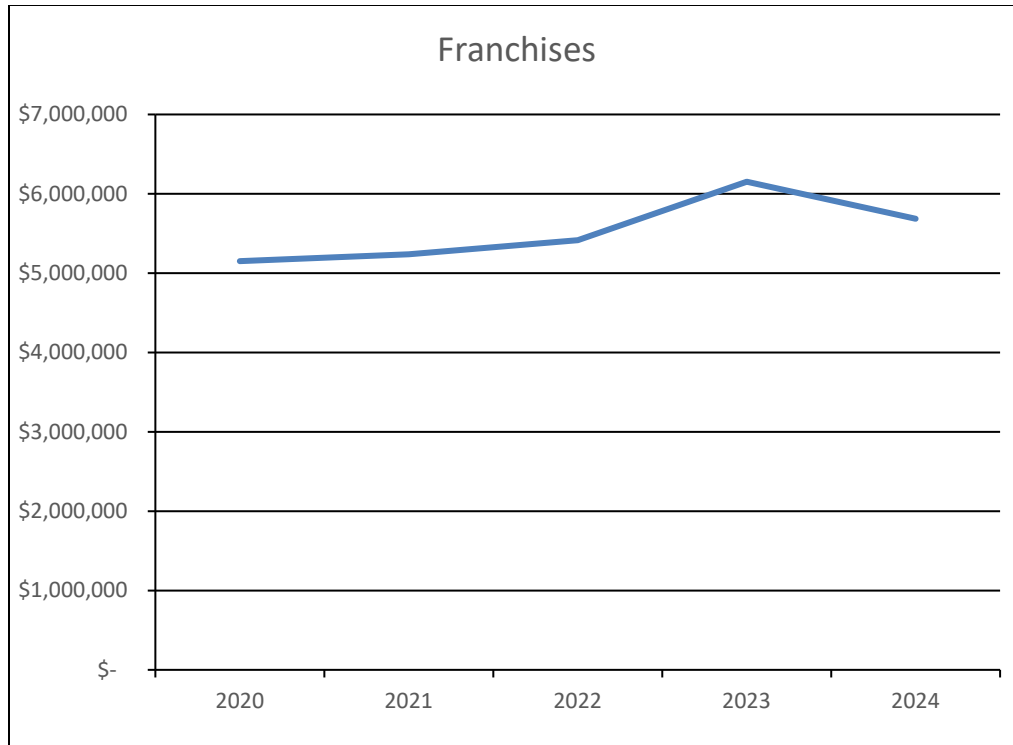
**Cost Center:** 90001; 19420; 41410; 55060; 41310; 54313; 41210; 54222; 34150; 35180; 52160; 35220; 52010

**Use of Revenue:** General Fund

### Revenue History

#### Franchises

Fiscal Year	Revenue (\$)	Percentage Change
2020	5,151,286	3%
2021	5,236,612	2%
2022	5,413,754	3%
2023	6,152,186	14%
2024	5,683,989	-8%



### Variance Analysis

Franchise Fees are collected for various Franchises within the City of Modesto, including Cable TV, Garbage, and City Towing. Revenues have remained static with a larger increase through Fiscal Year 2023 for Garbage and Cable TV franchises. However, in Fiscal Year 2024 this revenue had a decrease though still came in higher than Fiscal Year 2022.

## H. Business License Tax

### Background

**Authority:** Article XI, Section 5 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Code

**Municipal Code:** MMC 6-1.2

**Description:** Persons engaged in any business, trade profession or occupations in the City are required to obtain and maintain a City business license. The City annually taxes businesses on a flat rate system, with rates being defined for various categories of businesses. The following is a listing of the basic rates by business type.

**Business License Tax Rate**

<b>Business License Type</b>	<b>Mill Tax Rate</b>	<b>DID Tax Rate</b>
Commercial (Retail)	0.001	0.0005
Commercial (Service)	0.002	0.001
Home (Taxes only apply to home businesses exceeding \$2000 in revenue)	0.002	N/A
Outside (Taxes only apply to outside businesses exceeding \$2000 in revenue)	0.002	N/A

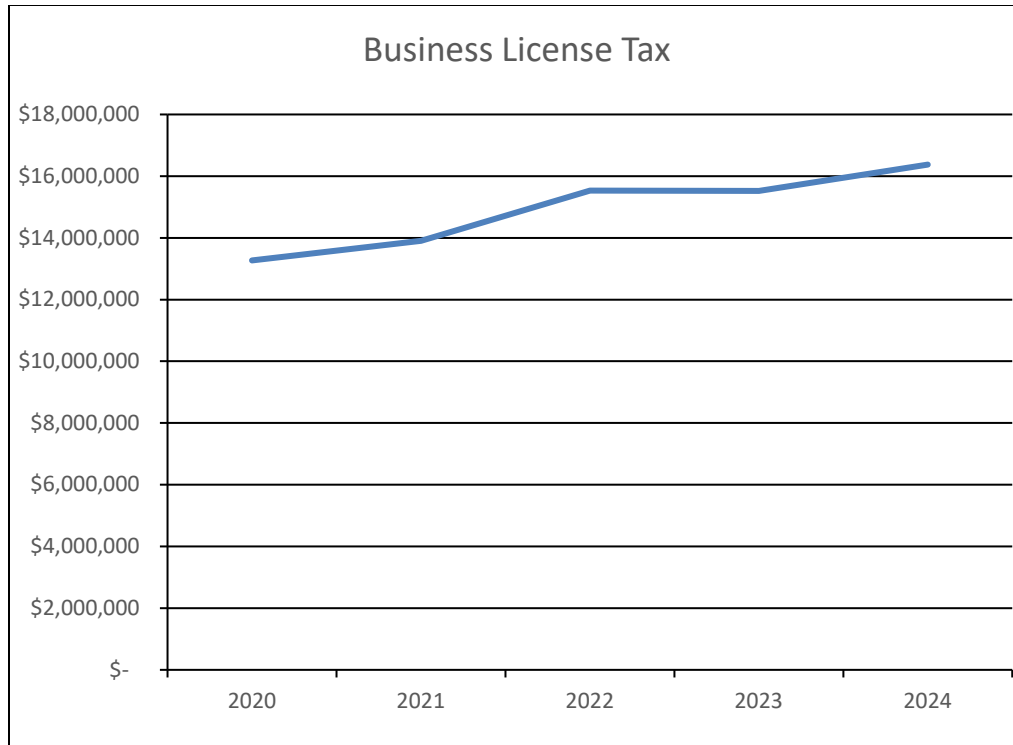
**Fund:** 0100

**Cost Center:** 12430; 90001; 53312; 80030

**Use of Revenue:** General Fund

**Revenue History****Business License Tax**

<b>Fiscal Year</b>	<b>Revenue (\$)</b>	<b>Percentage Change</b>
2020	13,269,467	-3%
2021	13,899,556	5%
2022	15,529,034	12%
2023	15,519,346	0%
2024	16,375,151	6%



## Variance Analysis

Business License Tax slowed in Fiscal Year 2020 due to lower business sales at stores during the pandemic. This revenue, like many others impacted by the pandemic, has shown high levels of growth and recovery. It continues to show positive trends driven by the growth in strong sales and collection of the mill tax. This trend is expected to continue over the next few years and then slow to a more normal growth trend through Fiscal Year 2023 and beyond.

## I. Cannabis Business Tax

### Background

**Authority:** State of California Proposition 64

**Administering Agency:** State of California

**Fee Source:** State Law

**Municipal Code:** MMC 8-2.11

**Description:** The Adult Use of Marijuana Act, approved by State voters in 2016, ended the prohibition on adult-use of cannabis in California and created a statewide regulatory structure for adult-use cannabis business. In 2017, Modesto voters approved ballot measure “Measure T”, allowing the City Council to implement an excise tax on cannabis businesses and allow it to be imposed by Resolution. Council adopted Ordinance No.

3684-C.S. allowing City Council to impose, by Resolution, a cannabis business tax of up to 10% on the gross receipts of cannabis business within the City. Based on the Resolution 2021-211, Cannabis Business Tax rates range from 1% to 8% (depending on the business type) of all gross receipts of those engaged in cannabis business with the City of Modesto.

**Fund:** 0100

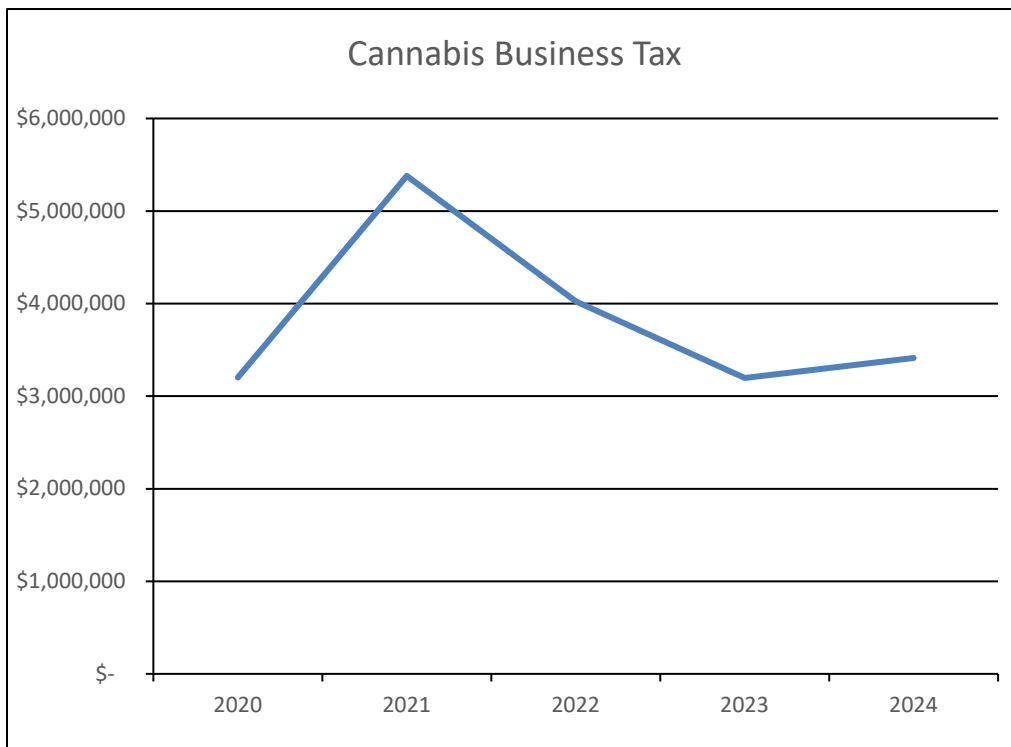
**Cost Center:** 90001

**Use of Revenue:** General Fund

### Revenue History

#### Cannabis Business Tax

Fiscal Year	Revenue (\$)	Percentage Change
2020	3,201,365	809%
2021	5,379,403	68%
2022	4,024,348	-25%
2023	3,196,635	-21%
2024	3,413,292	7%



## Variance Analysis

Variances in Cannabis Business Tax revenue depend on multiple factors, including the number of operational dispensaries and federal stimulus disbursements. There was a direct correlation between each federal stimulus disbursement and increased tax revenue. In Fiscal Year 2021, Cannabis Tax revenue continued to rise as the number of operational dispensaries expanded to eight. However, revenues have since declined due to market saturation, as neighboring cities have passed ordinances allowing dispensaries. Additionally, the end to federal stimulus payments and rising inflation have affected consumer spending, directly impacting tax revenue. In Fiscal Year 2023, revenues appeared to decline due to an audit finding that resulted in a tax overpayment refund to one business. In contrast, Fiscal Year 2024 revenues appeared to increase following an audit finding of underreported income, leading to additional tax payments.

## J. Modesto Tourism Marketing District

### Background

**Authority:** Assembly Bill No. 944

**Administering Agency:** City of Modesto/Modesto Convention and Visitor's Bureau (CVB)

**Fee Source:** Resolution 2019-213, 2019-311, 2020-028, 2020-039

**Municipal Code:** N/A

**Description:** The Modesto Tourism Marketing District (MTMD) assessment is levied on hotels and motels that have 20 or more rooms and where transient (guest) occupancy is less than 27 days. The MTMD was established August 2019 with a rate of 1% of gross rents and is remitted to the City by the hotels and motels. MTMD is remitted to Modesto Convention and Visitor's Bureau (CVB) on a quarterly basis minus a 0.75% collection and administration fee retained by the City of Modesto. CVB provides marketing and promotional programs intended to increase hotel room night sales at all hotels paying the MTMD assessment.

**Description: Fund:** 0100

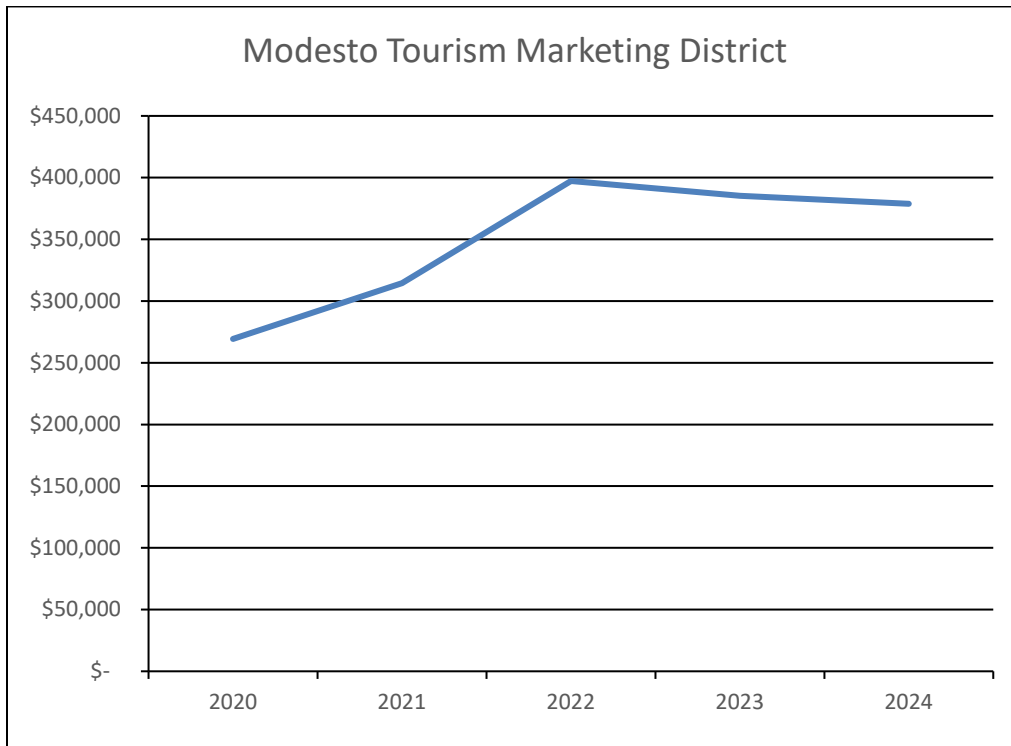
**Cost Center:** 12430, 34301

**Use of Revenue:** General Fund

### Revenue History

**Modesto Tourism Marketing District**

Fiscal Year	Revenue (\$)	Percentage Change
2020	269,300	100%
2021	314,522	17%
2022	397,261	26%
2023	385,194	-3%
2024	378,779	-2%



**Variance Analysis**

The Modesto Tourism Marketing District Fee is used to fund the CVB. It is a 1% fee to guests on their overall room rate. The increase in Fiscal Year 2021 shows an increase in gross rents received over Fiscal Year 2020. This trend continued through Fiscal Year 2022. The rent received in Fiscal Years 2023 and 2024 have remained at the same level.

## II. LICENSES & PERMITS

### A. Licenses – Bicycles

#### Background

**Authority:** Article XI, Section 7 of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 3-3.02 through 3-3.11

**Description:** Bicycle licenses are recommended for all bicycles within the city. Licenses are issued by the Police Department and by authorized bicycle retailers within City limits. Licenses cost \$3 and are not subject to renewal. Revenue from bicycle licenses is minimal. The City’s Police Department uses the licensing information to verify ownership and return stolen bikes to the appropriate owner.

**Fund:** 0100

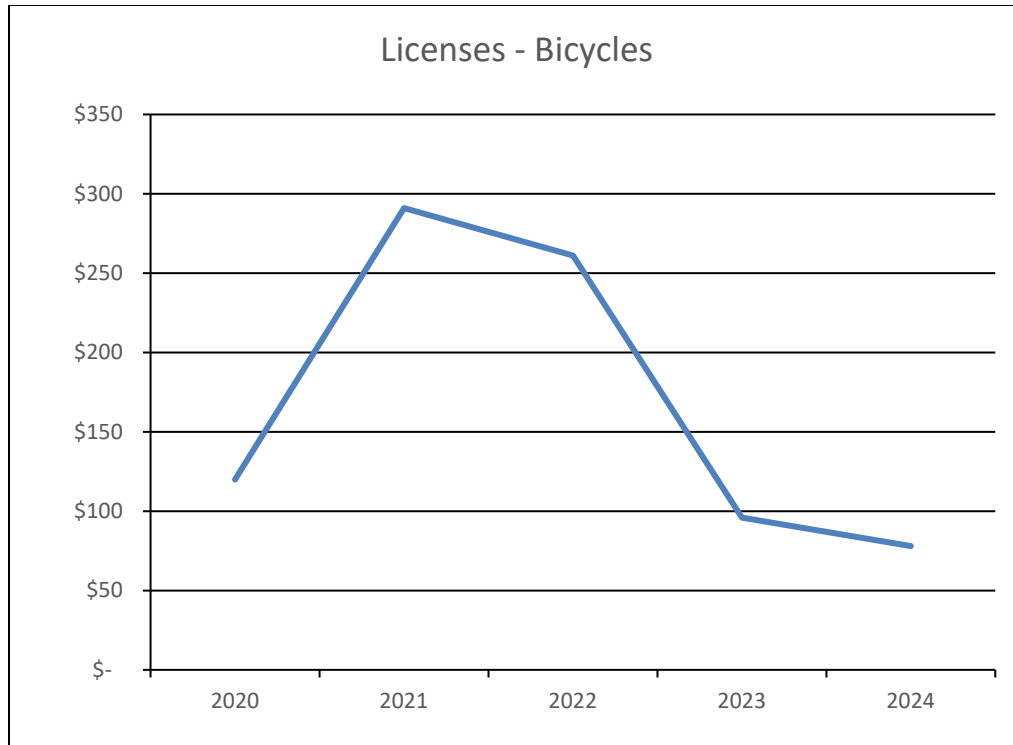
**Cost Center:** 19420

**Use of Revenue:** General Fund

#### Revenue History

##### Licenses – Bicycles

Fiscal Year	Revenue (\$)	Percentage Change
2020	120	-51%
2021	291	143%
2022	261	-10%
2023	96	-63%
2024	78	-19%



### Variance Analysis

The fluctuation in bicycle licensing fees is due to the number of bikes registered in the City which varies annually as it is a one-time fee that is not required.

## B. Permits – Building (Residential & Commercial)

### Background

**Authority:** Article XI, Section 7, of the California Constitution; Section 50076 and Section 66016 and seq. of the Government Code, Section 17951, Section 19130 and Section 19132.3 of the Health and Safety Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 9-1.5

**Description:** These fees were established in 2011. Most structural changes and new construction require that a building permit be obtained from the City. Such permits and related charges are authorized by City ordinance. The City of Modesto ordinance reflects the rate tables that are published in the Uniform Building Code (UBC). Revised UBC editions are adopted every 3-4 years. The most recent update to the code can be found under City Ordinance 2023-3754.

**Fund:** 0100

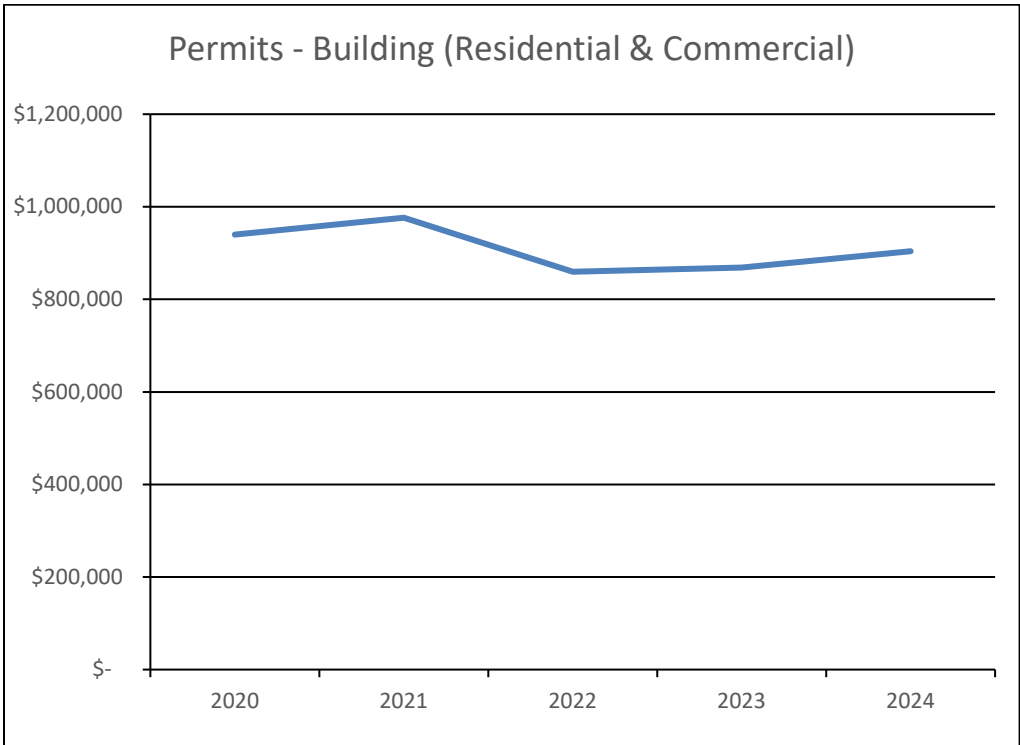
**Cost Center:** 14210

**Use of Revenue:** General Fund

### Revenue History

#### Permits - Building (Residential & Commercial)

Fiscal Year	Revenue (\$)	Percentage Change
2020	939,995	19%
2021	976,339	4%
2022	859,607	-12%
2023	868,437	1%
2024	904,133	4%



### Variance Analysis

The increase or decrease in building permit revenues is generally dependent on economic cycles. Fiscal Year 2020 saw increases in both types of building permits with a \$36,000 increase in Commercial Permits and \$139,000 in Residential Permits. While Residential Permits for Single Family Units increased in Fiscal Year 2022, the total revenue decreased due to a reduction in Commercial Permits, Residential Additions Permits, and Residential Remodel Permits. Residential Permits for Single Family Units increased in Fiscal Year 2023, the total revenue increased due to increased issuance of Commercial Permits,

Residential Additions Permits, and Residential Remodel Permits. In Fiscal Year 2024, Residential Permits decreased but overall permit revenues increased due to increases in Commercial Permits issued.

## C. Permits – Police

### Background

**Authority:** Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 3-11.09

**Description:** Alarm use permits are issued by the Police Department. Permits automatically expire upon change of property ownership. If a permit is not renewed, or it is revoked, the alarm system may not be operated until a new permit is issued.

**Fund:** 0100

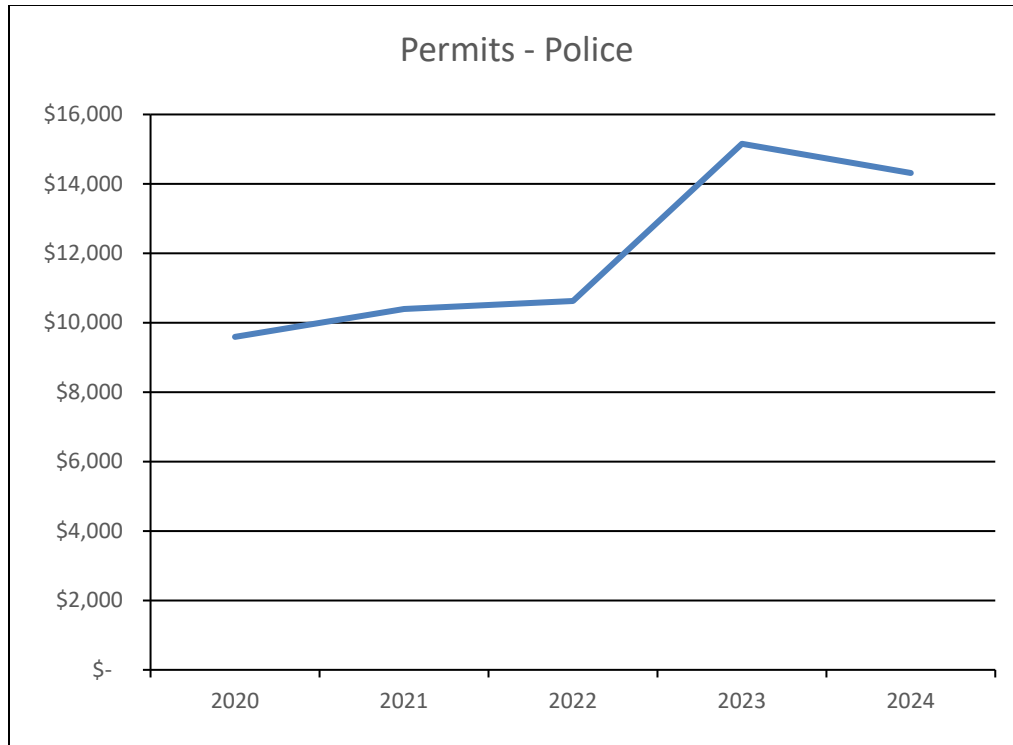
**Cost Center:** 19420

**Use of Revenue:** General Fund

### Revenue History

#### Permits – Police

Fiscal Year	Revenue (\$)	Percentage Change
2020	9,593	-41%
2021	10,400	8%
2022	10,628	2%
2023	15,155	43%
2024	14,318	-6%



### Variance Analysis

The revenue for this fluctuates annually based upon the activity related to permit applications.

## D. Permits – Entertainment, Outdoor, & Vendor

### Background

**Authority:** Article XI, Section 7, of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 4-1.301, 4-1.406

**Description:** Outdoor advertising permits (Finance); Outdoor Sales & Sign Permits (CED)

Itinerant Vendor Licenses: Allows licensee not having fixed place of business in the City to conduct business as an itinerant vendor (Finance).

Entertainment Permits – Music; Carnival

**Fund:** 0100

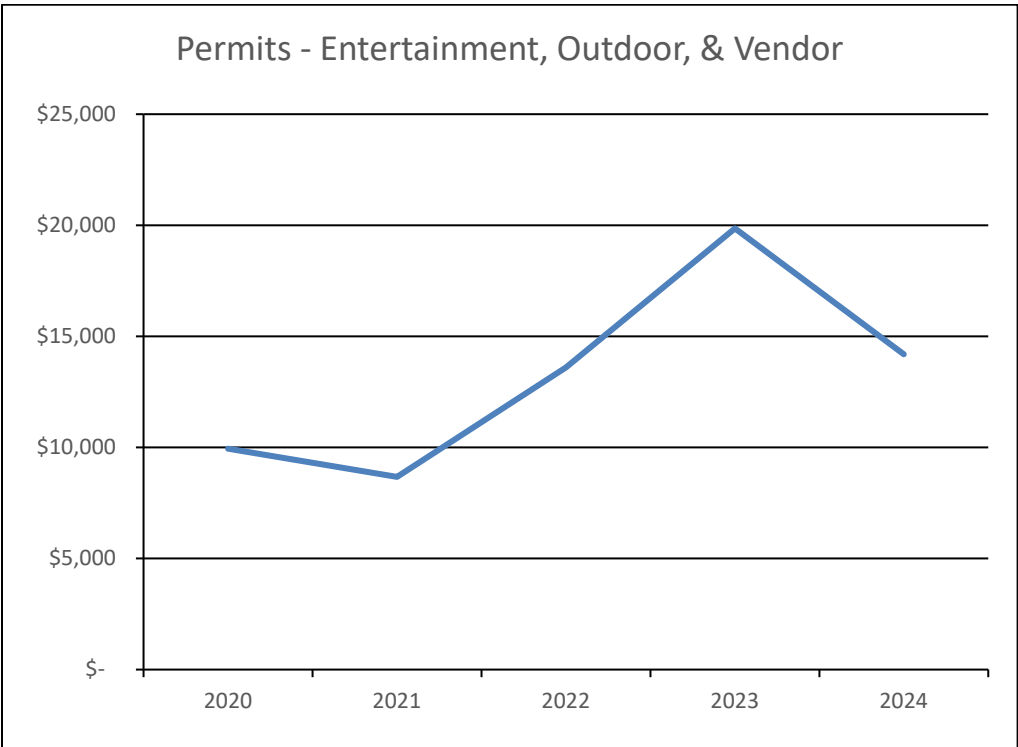
**Cost Center:** 33010; 33040; 14220

**Use of Revenue:** General Fund

### Revenue History

#### Permits - Entertainment, Outdoor, & Vendor

Fiscal Year	Revenue (\$)	Percentage Change
2020	9,938	-60%
2021	8,674	-13%
2022	13,596	57%
2023	19,859	46%
2024	14,190	-29%



### Variance Analysis

Due to the pandemic, outdoor events and the need for permits associated with these types of events dropped drastically in Fiscal Year 2020 and Fiscal Year 2021. Due to this, the revenues related to permits associated with outdoor, entertainment, and vendor fees dropped significantly. Moving out of the pandemic there is now an increase of revenue in this category as there is an increased need for these types of permits as seen in the revenues from Fiscal Year 2022. This has continued to increase in Fiscal Year 2023

bringing revenue closer to pre-pandemic levels. Fiscal Year 2024 experienced a slight decrease but is still above Fiscal Year 2020 and 2021 levels.

## E. Permits – Cannabis Application and Permit Fees

### Background

**Authority:** State of California Proposition 64

**Administering Agency:** State of California

**Fee Source:** State Law

**Municipal Code:** MMC 8-2.1108

**Description:** The Adult Use of Marijuana Act, approved by State voters in 2016, ended the prohibition on adult-use of cannabis in California and created a statewide regulatory structure for adult-use cannabis business. In 2017, Modesto voters approved ballot measure “Measure T”, allowing the City Council to implement an excise tax on cannabis businesses within the City and allow it to be imposed by Resolution. Subsequently, Council adopted Ordinance No. 3684-C.S. establishing the regulatory framework for commercial cannabis businesses to operate within the City of Modesto and Resolution 2017-526 approved an application and permit fee for commercial cannabis businesses to recover the cost of materials, staff time, and consultant time. Resolution 2021-441 reduced the annual permit fee from \$21,740 to \$18,732. The initial application fee had two phases. Phase I had a fee of \$4,750 and Phase II was a deposit of \$10,000 or \$20,000 (if retail or over 10,000 square feet). For the deposit, after a reconciliation of staff time and material costs, any remaining funds were reimbursed to the payer. Resolution 2021-442 simplified the phase I and II application deposit fee into a single non-refundable fee of \$6,380.

**Fund:** 0100

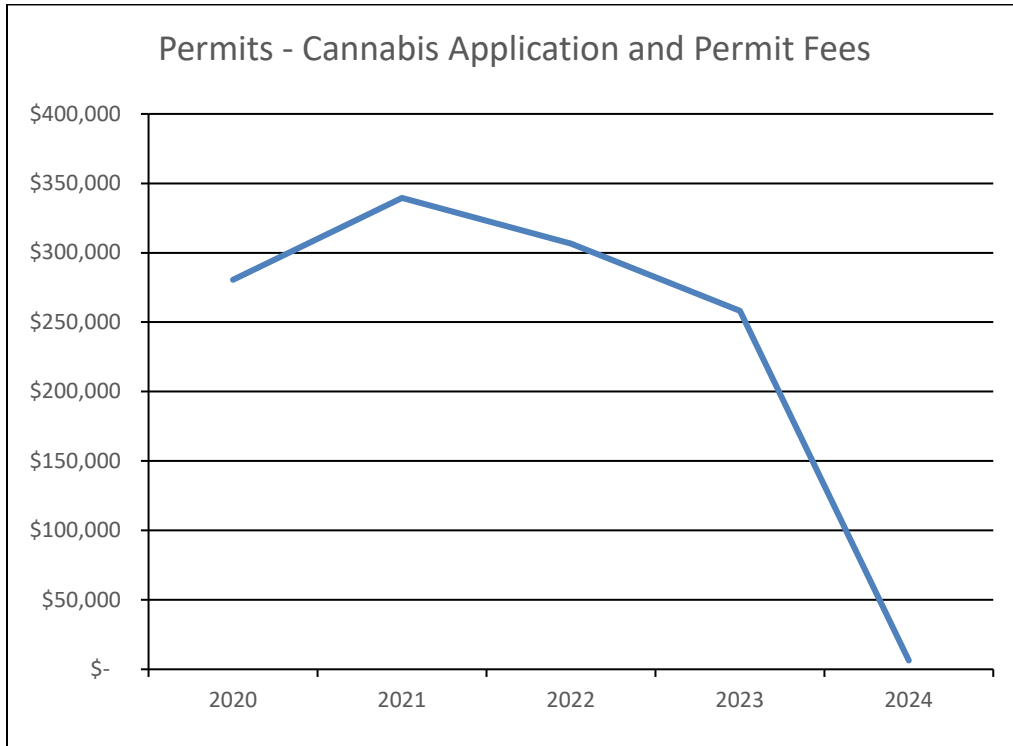
**Cost Center:** 14410, 14470

**Use of Revenue:** General Fund

### Revenue History

#### Permits – Cannabis Application and Permit Fees

Fiscal Year	Revenue (\$)	Percentage Change
2020	280,545	-9%
2021	339,499	21%
2022	306,494	-10%
2023	258,274	-16%
2024	6,380	-98%



### Variance Analysis

Cannabis application and permit fees were adopted in Fiscal Year 2018. The annual permit is due once a cannabis business is approved. The revenues fluctuation over the years is mainly due to the varying number of retail and non-retail applications received in the fiscal year. In November 2021, Council approved a decrease of \$3,008 per cannabis permit due to the decreased time, material, and cost incurred by the City related to permitted businesses, which resulted in decreased revenue for Fiscal Year 2022. In Fiscal Year 2024, there is a large decrease in revenue due to the revenue being reported in the newly established 1820 Cannabis Fund.

## F. Permits – Encroachment & Removal

### Background

**Authority:** Article XI, Section 7, of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 4-15.103, 7-1.104, 9-9.503

**Description:** Sidewalk encroachment, outdoor dining encroachment, and planting strip encroachment.

Outdoor Dining: No owner or operator of a business establishment shall occupy any portion of a public sidewalk, court, plaza, alley or street with tables and chairs for outdoor dining without first obtaining a revocable encroachment permit in accordance with the provisions of this article.

Sidewalk Encroachment: Any person desiring a permit for the construction, repair or removal of any curb, gutter, sidewalk or driveway, or an encroachment, shall file with the Public Works Director an application therefore in writing on a form furnished by the City.

**Fund:** 0100

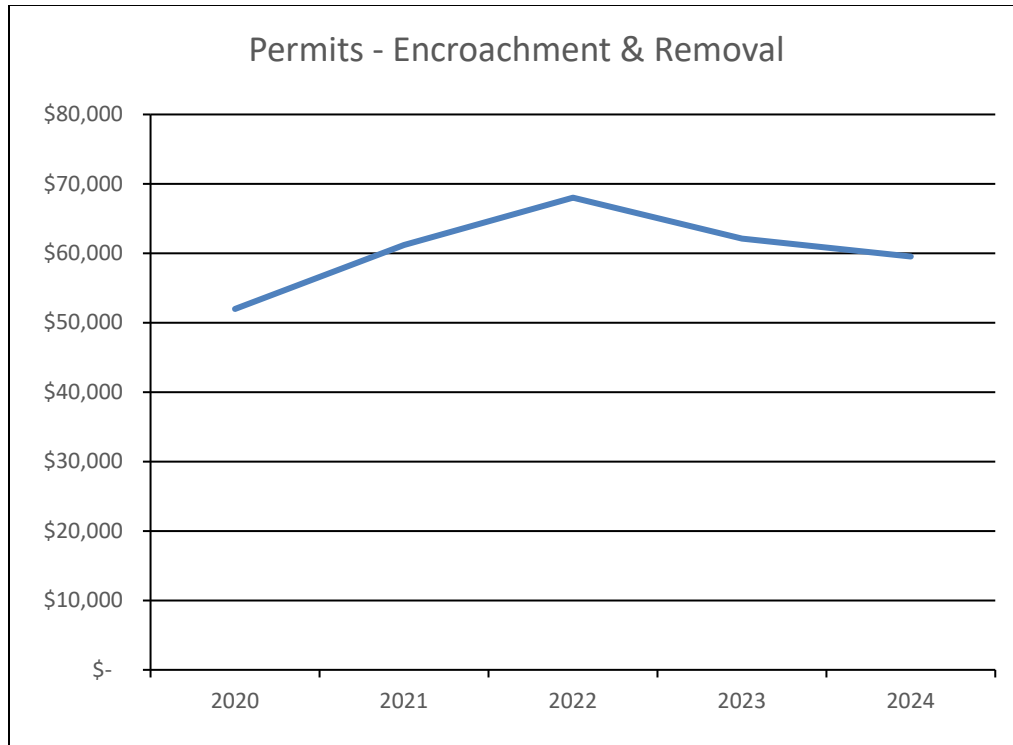
**Cost Center:** 14310

**Use of Revenue:** General Fund

**Revenue History**

**Permits - Encroachment & Removal**

Fiscal Year	Revenue (\$)	Percentage Change
2020	51,984	-4%
2021	61,191	18%
2022	68,015	11%
2023	62,128	-9%
2024	59,537	-4%



### Variance Analysis

Due to the pandemic, Modesto adopted an OpenAir Temporary Outdoor Dining Initiative which allowed local restaurants to apply for permits to extend seating to sidewalks, parking lots and parklets. This allowed local businesses to remain open while still adhering to state and local health orders. With the easing of restrictions, permit applications for removal and encroachments are returning to pre-pandemic levels. Fiscal Year 2023 had a reduction in both permits for removal and encroachment. The amounts of permits for removal and encroachment remained steady in Fiscal Year 2024.

## G. Permits – Parking

### Background

**Authority:** Article XI, Section 7, of the California Constitution, Section 50076 and Section 66016 and seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 3-2.1908, 3-2.1910

**Description:** Permits for Residential Parking Zones.

The residential parking permits are intended to regulate and manage traffic and parking circulation in response to the adverse effects caused in certain areas and neighborhoods of Modesto by motor vehicle congestion, particularly the long-term parking of non-residence by limiting on-street parking availability in a manner that facilitates the ability of residents with residential parking permits to park in close proximity to their residence and promotes sufficient parking availability in a particular area when and where needed.

**Fund:** 0100

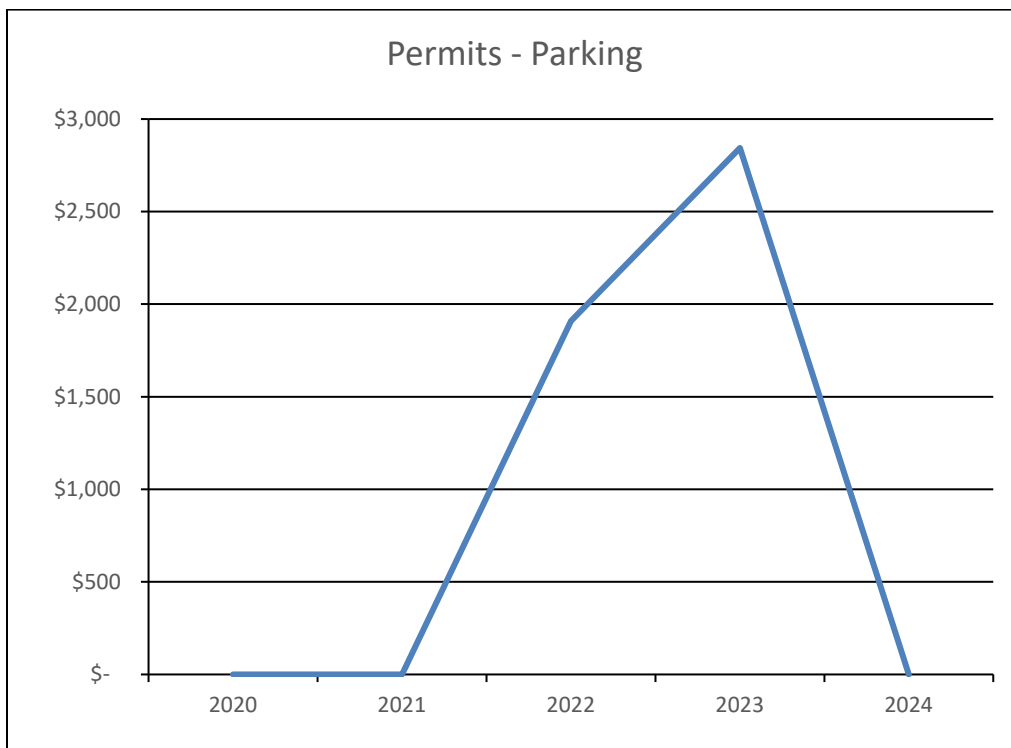
**Cost Center:** 12450

**Use of Revenue:** General Fund

### Revenue History

#### Permits - Parking

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	1,910	100%
2023	2,844	49%
2024	-	-100%



## **Variance Analysis**

The increase in revenue for Fiscal Year 2023 is due to the expansion of the residential parking permit program to include additional areas around Modesto Junior College. The decrease in Fiscal Year 2024 is due to the reallocation of the permit fees to the Parking Fund.

## III. FINES AND FORFEITS

### A. Parking Fines

#### Background

**Authority:** Section 40200, et seq., Article 3, Chapter 1, Division 7 of the Vehicle Code (parking penalties); Section 1275 (late fee schedule) and Section 1463 (distribution of revenues) of the Penal Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 1.2-.01

**Description:** Parking citations are issued to violators of the California Vehicle Code and Modesto Municipal Code Parking Regulations. Examples of vehicle code violations are parking in a handicap zone and vehicle registration violations; examples of municipal code violations are expired meter and parking violations. For violations not paid when due, a late fee schedule will increase the amount of the citation. The citation fee and late fee schedules are set by City resolution. Legislative changes, e.g., noticing requirements, influence this revenue source to some extent.

**Fund:** 0100

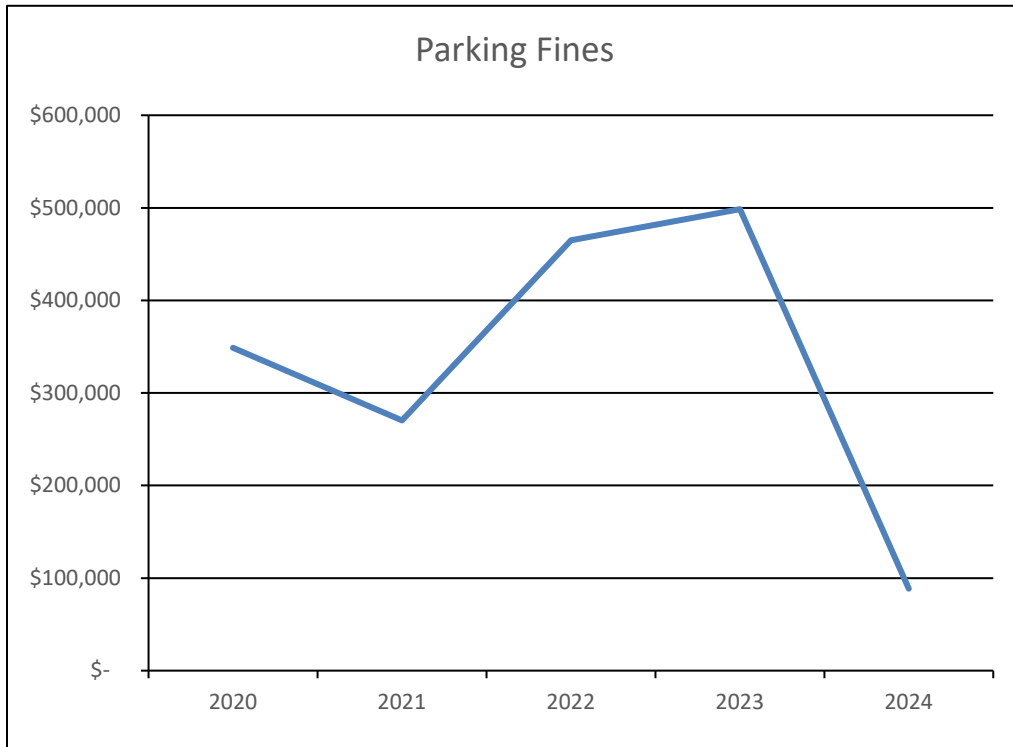
**Cost Center:** 19440

**Use of Revenue:** General Fund

#### Revenue History

##### Parking Fines

Fiscal Year	Revenue (\$)	Percentage Change
2020	348,725	-31%
2021	270,383	-22%
2022	464,952	72%
2023	498,530	7%
2024	88,526	-82%



### Variance Analysis

Parking citation revenue is a direct result of the number of citations issued. Changes in this revenue could be a result of the number of police officers in the community, difficulty retaining parking enforcement officers, and the diversion of public safety resources to higher priority activities as determined by the Police Department. The continuing increase in Fiscal Year 2022 and 2023 revenue can be attributed to the lifting of restrictions from the COVID-19 pandemic and parking activity returning to pre-pandemic levels. The large decrease in Fiscal Year 2024 is due to change in citation processing. The activity for citation processing now resides in the Enterprise Parking Fund 4000 and revenue is tracked in that fund.

## B. Compliance Order Fines

### Background

**Authority:** Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

**Administering Agency:** County Court System

**Fee Source:** Council

**Municipal Code:** MMC 1.2-.01

**Description:** Revenue from vehicle code fines is derived from the issuance of property code violation citations.

**Fund:** 0100

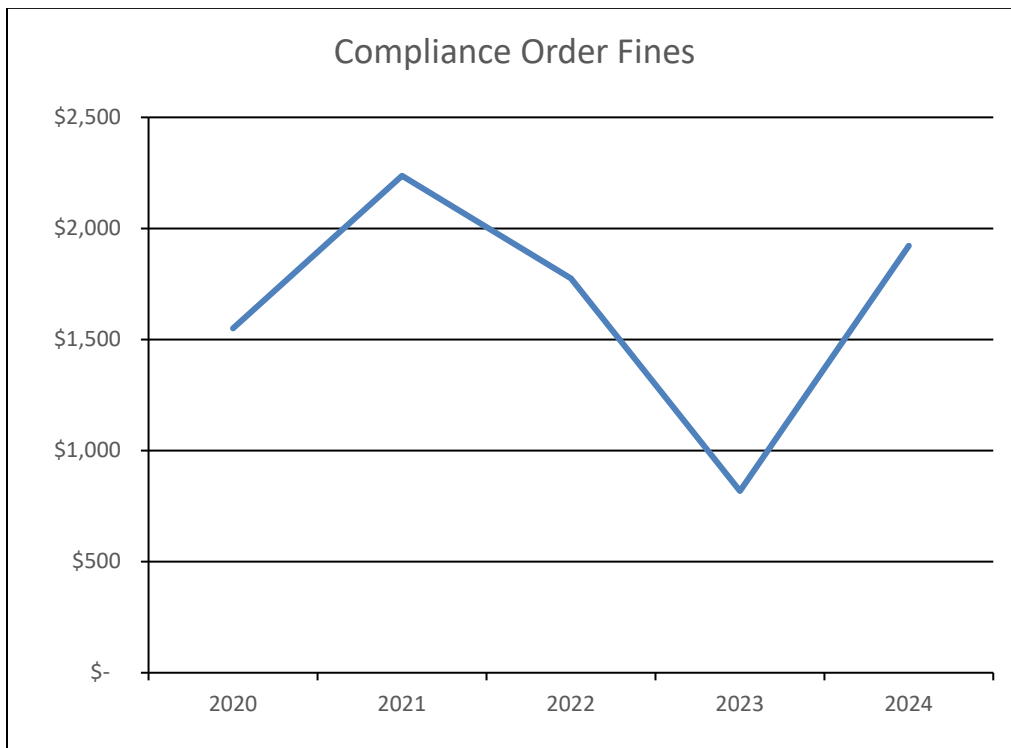
**Cost Center:** 14220

**Use of Revenue:** General Fund

## Revenue History

### Compliance Order Fines

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,550	63%
2021	2,237	44%
2022	1,775	-21%
2023	818	-54%
2024	1,922	135%



## Variance Analysis

Although Fiscal Year 2021 shows a 44% increase, this is only a \$687 increase. For Fiscal Year 2022, the variance shows a 21% decrease, however this equates to only \$462. While the revenue in Fiscal Year 2024 shows a 135% increase the total increase is \$1,104. As the amount of revenue is minimal a slight change in revenue will result in a large variance. The revenue will fluctuate based on the actual citations issued during the fiscal year.

## C. General City Fines

### Background

**Authority:** Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 4-2

**Description:** The City fines businesses and individuals for code violations.

**Fund:** 0100

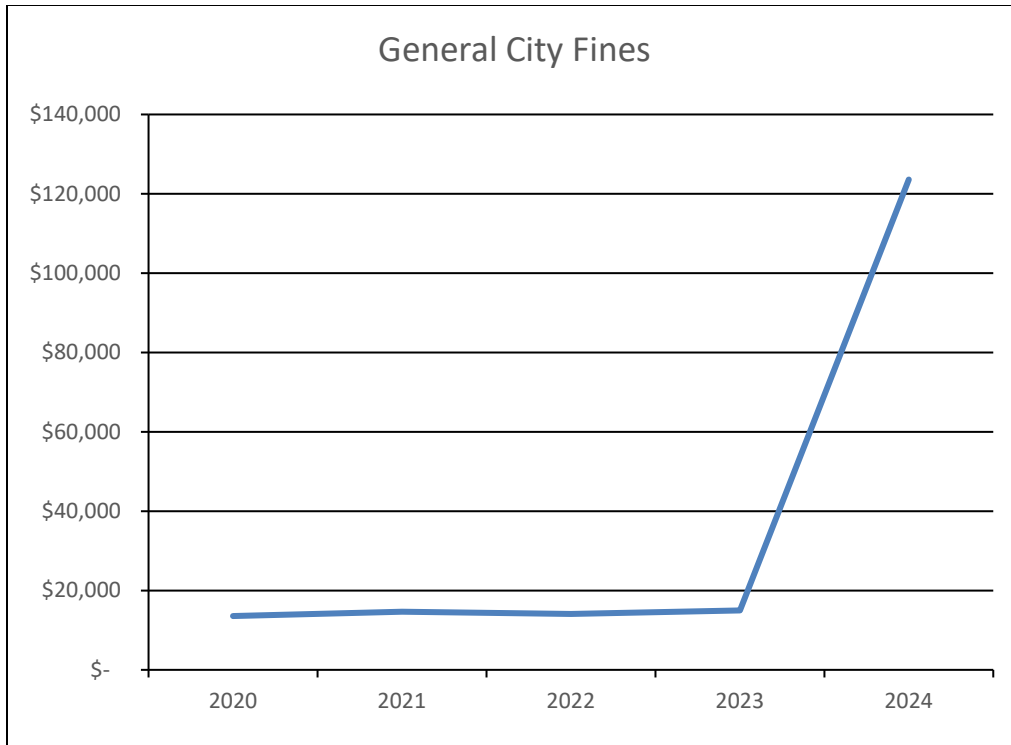
**Cost Center:** 90001

**Use of Revenue:** General Fund

### Revenue History

#### General City Fines

Fiscal Year	Revenue (\$)	Percentage Change
2020	13,565	-88%
2021	14,655	8%
2022	14,083	-4%
2023	14,975	6%
2024	123,594	725%



### Variance Analysis

The revenue from General City Fines varies year to year based upon the fines recovered by the Stanislaus County Court System and returned to the City of Modesto. These fines encompass various things such as Litter fines, Child Restraining fines, Health and Safety Code fines, Proof of Correction fine, and others. The large increase in Fiscal Year 2024 is related to a one-time payment for a judgment that was due to the City.

## D. Other Fines and Forfeitures

### Background

**Authority:** Section 1463 of the Penal Code (distribution of revenue); various other sections of the Penal Code (court authority); Judicial Council Bail and Penalty Schedules as adopted by the Judicial Council (infractions) or county judges (misdemeanors and felonies)

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 1-2.09

**Description:** Various fines and restitution for criminal and civil matters.

**Fund:** 0100

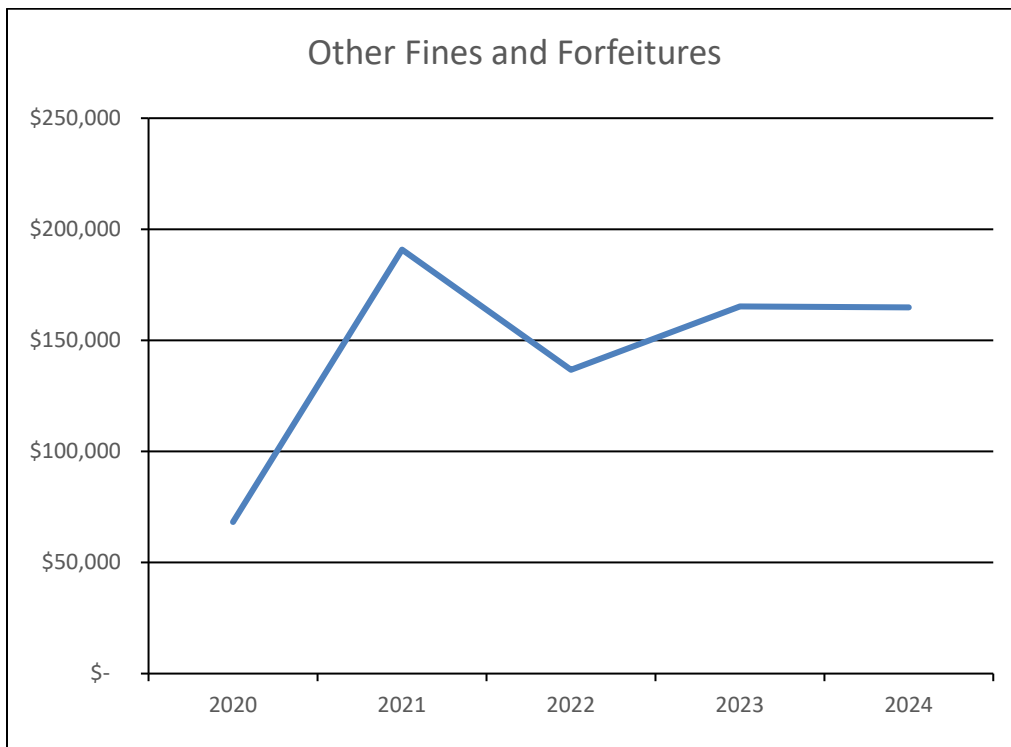
**Cost Center:** 19320; 90001

**Use of Revenue:** General Fund

## Revenue History

### Other Fines and Forfeitures

Fiscal Year	Revenue (\$)	Percentage Change
2020	68,236	-71%
2021	190,841	180%
2022	136,800	-28%
2023	165,208	21%
2024	164,793	0%



## Variance Analysis

Fines collected for civil and criminal judgments are variable based on 1) the number of judgments; and 2) the amount collected. The major difference has to do with Seized Forfeitures which are not recognize as revenue until there is an eligible expense, which vary from year to year.

## IV. CHARGES FOR SERVICES

### A. Police & Fire Department Charges

#### Background

**Authority:** Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code; Section 12071 of the Penal Code; Section 14602 of the Vehicle Code

**Administering Agency:** City of Modesto

**Fee Source:** Various

**Municipal Code:**

**Description:** This revenue is collected from fees imposed on service users. The services provided by the Fire Department for which fees are charged include:

- fire code and prevention plan checks,
- fire standby services for special events,
- hazardous material handling programs,
- advanced life support charges, special permits, and
- Other miscellaneous special services provided to users.

Revenue related to police services includes fees and charges for bookings, disturbance responses, certain permits, property impounds, misdemeanor citations, providing reports, false alarm responses, property storage for arrestees, prisoner medical expenses and driving under the influence (DUI) arrest related costs.

**Fund:** 0100

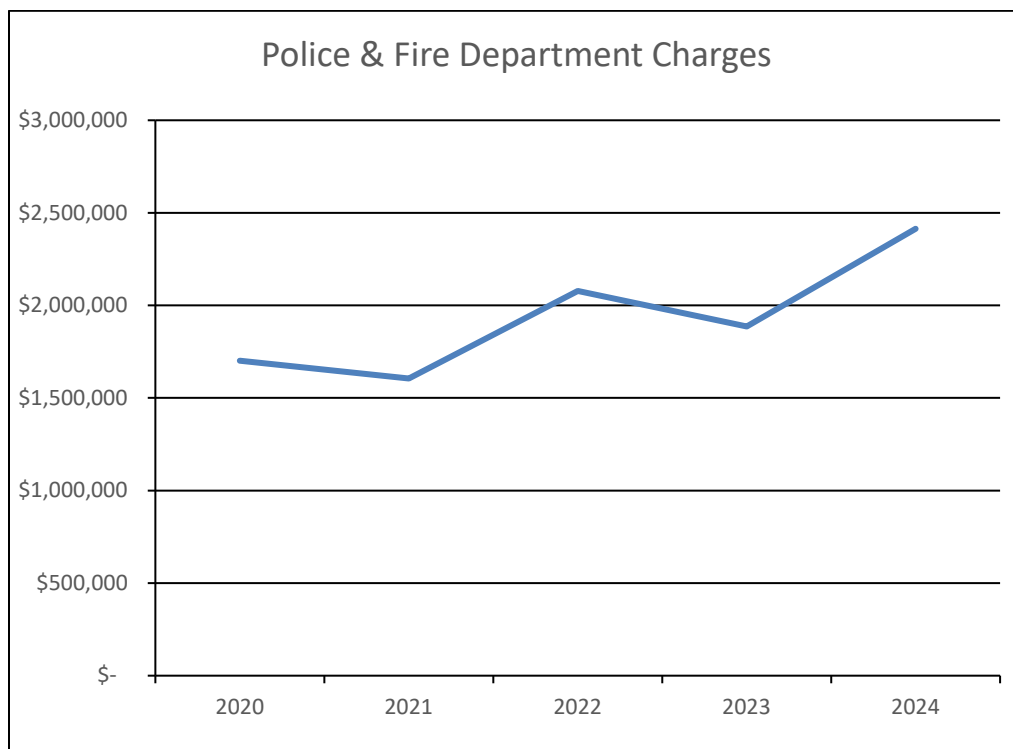
**Cost Center:** 18220; 14220; 19305; 19320; 19450; 19310; 19420; 19470; 18510; 19220; 18610; 18210; 14310; 18110; 19110; 19340; 18520; 90001

**Use of Revenue:** General Fund

## Revenue History

### Police & Fire Department Charges

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,701,608	9%
2021	1,605,227	-6%
2022	2,078,706	29%
2023	1,885,639	-9%
2024	2,413,948	28%



### Variance Analysis

In Fiscal Year 2022, there were increased revenues in the Fire Department for Fire Personnel reimbursed costs for fire fighters fighting fires across the state as well as increased revenues for Stanislaus Regional Fire Authority (SRFA) Investigations for a total amount of approximately \$343,000. The reduction in revenue in Fiscal Year 2023 can be attributed to a reduction in revenues received by MPD for Outside Services and MFD in the Fire Prevention Bureau. The large increase in revenue in Fiscal Year 2024 is mostly from an increase in the revenue received for Contract Police Services, SRFA Investigations, and the Industrial Fire Contract.

## B. Construction Related Fees

### Background

**Authority:** Article XI, Section 7, and Article XIII B, Section 8, of the California Constitution; Section 66018 et seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 5-10.603

**Description:** Construction activities fees apply to parcels which are required by Federal law to obtain a National Pollutant Discharge Elimination System (NPDES) permit regulating the discharge of storm water and surface water from the site of construction activity. The fees shall correspond to the costs expended by the City in monitoring the discharge from such a site of construction activity for compliance with the conditions of its NPDES permit, as well as any costs associated with damage to or degradation of City's MS4.

**Fund:** 0100

**Cost Center:** 14310; 14210; 04010; 12110; 14410; 14220; 12420; 90001; 05010; 12440

**Use of Revenue:** General Fund

### Revenue History

#### Construction Related Fees

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,116,626	-22%
2021	1,413,571	27%
2022	1,753,348	24%
2023	1,893,226	8%
2024	1,895,190	0%



### Variance Analysis

Due to the pandemic, construction revenues slowed down. Less revenues from plan checks, inspections, etc. were generated in Fiscal Year 2020 due to the restrictions created by the pandemic. In Fiscal Year 2021, the revenue recovered as construction picked back up which resulted in more revenue. In Fiscal Years 2022 and 2023, revenue has continued to increase because of increased development. In Fiscal Year 2024, revenues from construction related fees have remained steady from the prior year.

## C. Recreation and Neighborhood Fees

### Background

**Authority:** Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 12-4.2

**Description:** There are, and have been, many types of service/user fees charged by the Parks, Recreation and Neighborhoods Department over the period covered by this report. These services/uses for which fees are charged include such items as providing swim programs, organizing junior high teen dances, and offering various recreation classes.

**Fund:** 0100

**Cost Center:** 14460; 32020; 33130; 14220; 33040; 35220; 52010; 34150; 19320; 19430; 19420; 19480; 33320

**Use of Revenue:** General Fund

## Revenue History

### Recreation & Neighborhood Fees

Fiscal Year	Revenue (\$)	Percentage Change
2020	247,027	-39%
2021	123,109	-50%
2022	320,810	161%
2023	392,293	22%
2024	407,252	4%



## Variance Analysis

With the onset of the pandemic, Recreation programs were shut down in the Parks, Recreation and Neighborhoods Department. This impacted revenue generated from recreation programs offered by the City drastically and the impact is shown by the substantial decrease in revenues from Fiscal Years 2020 to 2021. In Fiscal Year 2022,

revenue has increased due to the increased activity in the recreation programs offered by the City as the restrictions from the COVID-19 pandemic begin to lift. This has continued to steadily increase in Fiscal Year 2023 and programs have expanded. In Fiscal Year 2024, programming continued to increase especially around swimming, and miscellaneous recreation.

## D. Other Fees & Charges

### Background

**Authority:** Article XI, Section 7, and Article XIII B, Section 8 of the California Constitution; Section 66018 et seq. of the Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Various

**Description:** The City provides miscellaneous services for which the City may charge user fees.

**Fund:** 0100

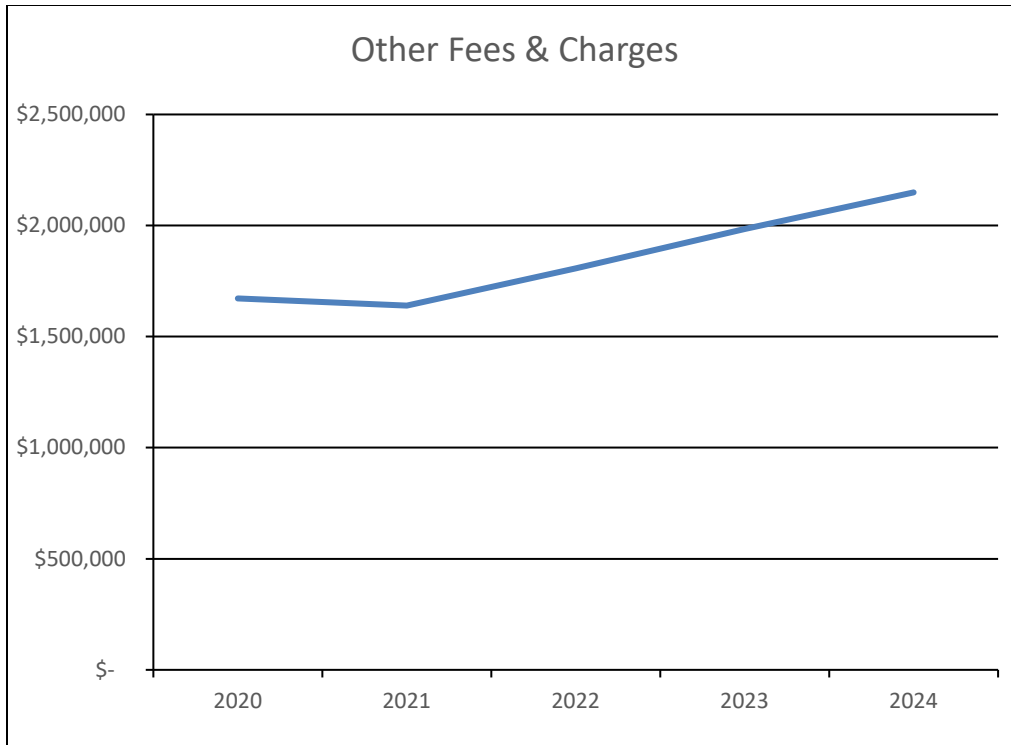
**Cost Center:** 12310; 14210; 35010; 90001; 34120

**Use of Revenue:** General Fund

### Revenue History

#### Other Fees & Charges

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,672,147	1%
2021	1,639,659	-2%
2022	1,807,588	10%
2023	1,984,726	10%
2024	2,149,140	8%



### Variance Analysis

This revenue category has seen a rebound as activities in these areas have increased with the increased activity that has resumed with less COVID-19 pandemic restrictions being in place in Fiscal Year 2022. The increase in Fiscal Year 2023 is related to an increase in revenue related to the After School Program. The City provides staffing for the program and in Fiscal Year 2024 the After School Program and services for the community increased.

## V. INTEREST AND RENTS

### A. Interest Revenue on Bank Account (All Funds)

#### Background

**Authority:** Article XI Section 5 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not Applicable

**Description:** Investment earnings are derived from interest from the investment of idle funds. The Government Code limits the type of investments that can be made to protect the taxpayers' money. Funds may be invested in certain governmental bonds, bills and notes, or deposited in banks. The Director of Finance is responsible for the investment of these funds and is advised by a third-party financial advisor. These investments are governed by an investment policy which is annually reviewed and adopted by the City Council.

**Fund:** All Funds

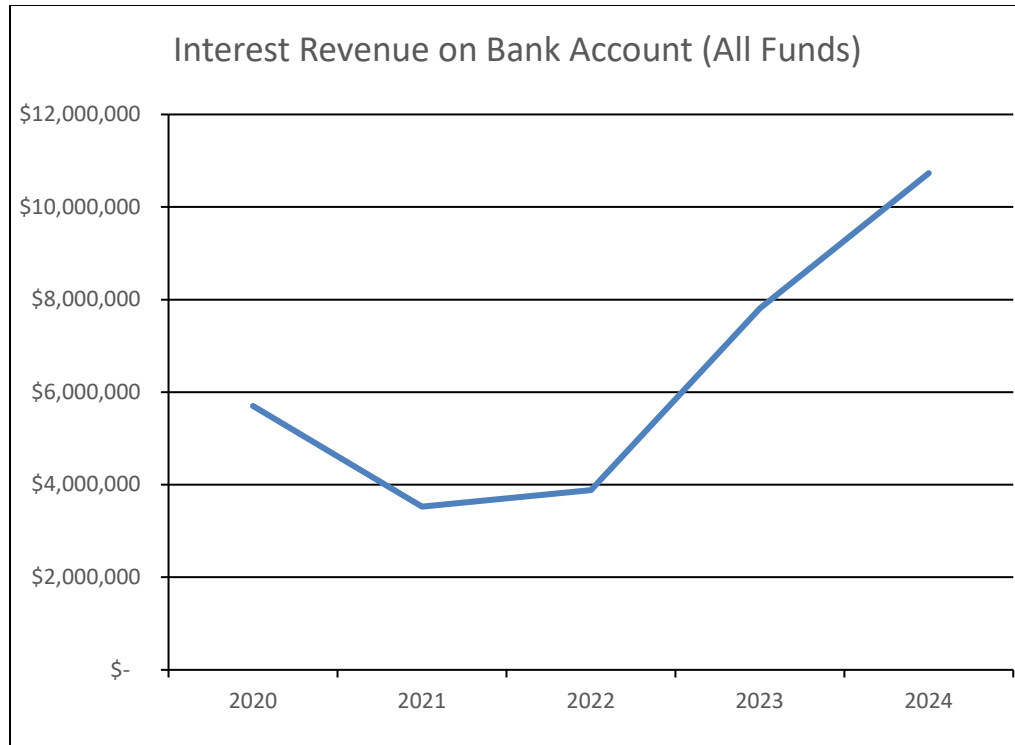
**Cost Center:** Various

**Use of Revenue:** General Fund/Special Funds

#### Revenue History

##### Interest Revenue on Bank Account (All Funds)

Fiscal Year	Revenue (\$)	Percentage Change
2020	5,700,806	-10%
2021	3,526,462	-38%
2022	3,886,711	10%
2023	7,810,386	101%
2024	10,731,981	37%



## Variance Analysis

Interest on investment earnings fluctuates based on the value of investments and the amount of money in the City's investment accounts. As such, it is highly dependent on economic cycles.

## B. Building/Room Rental – Other

### Background

**Authority:** Art XI, Section 7 of the California Constitution (reasonable exercise of police power); Article XI, Section 9 (authority to provide for certain public works including transportation, light, water, heat and power); Authority for various other types of leases.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not Applicable

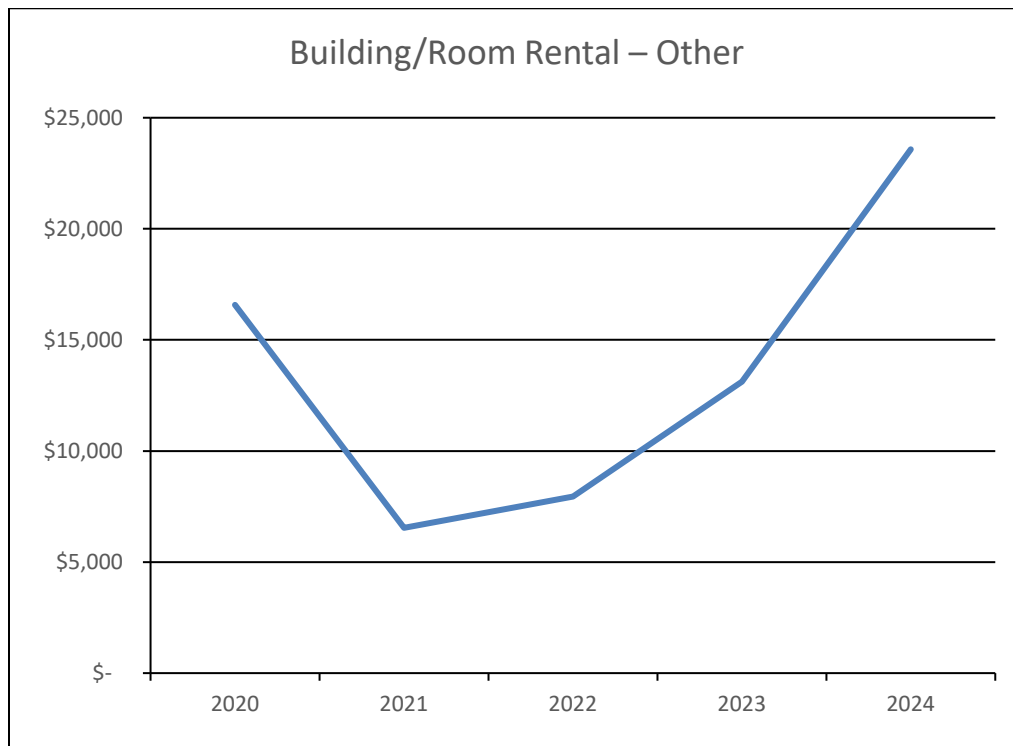
**Description:** This revenue is generated from the rental or use of City property and resources, including the Senior Center, Museum, and McHenry Mansion. It does not include revenue from Modesto Centre Plaza.

**Fund:** 0100

**Cost Center:** 34130; 33030; 33310; 33320; 33330; 34120; 33030; 33040; 33120

**Use of Revenue: General Fund****Revenue History****Building/Room Rental – Other**

Fiscal Year	Revenue (\$)	Percentage Change
2020	16,582	-24%
2021	6,540	-61%
2022	7,955	22%
2023	13,121	65%
2024	23,578	80%

**Variance Analysis**

Pandemic restrictions and social distancing requirements impacting revenues for room rentals as these rentals were not allowed to occur for the most part and continued to be somewhat restrictive during Fiscal Year 2021 with concerns about COVID-19. As pandemic restrictions began to lessen in Fiscal Year 2022, the revenues in this category begin to increase due to room rentals increasing. This has continued to increase in 2023 as revenue has begun to return to pre-pandemic levels. In Fiscal Year 2024, the revenue outpaced pre-pandemic levels with an increase in rentals and recreational facilities.

## C. Change in Fair Market Value (All Funds)

### Background

**Authority:** Article XI Section 5 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** Beginning in Fiscal Year 1998, Governmental Accounting Standards Board Statement 31 requires fair market value reporting of all investments. Fair market value is the amount at which a financial instrument could be exchanged in a current transaction.

**Fund:** All Funds

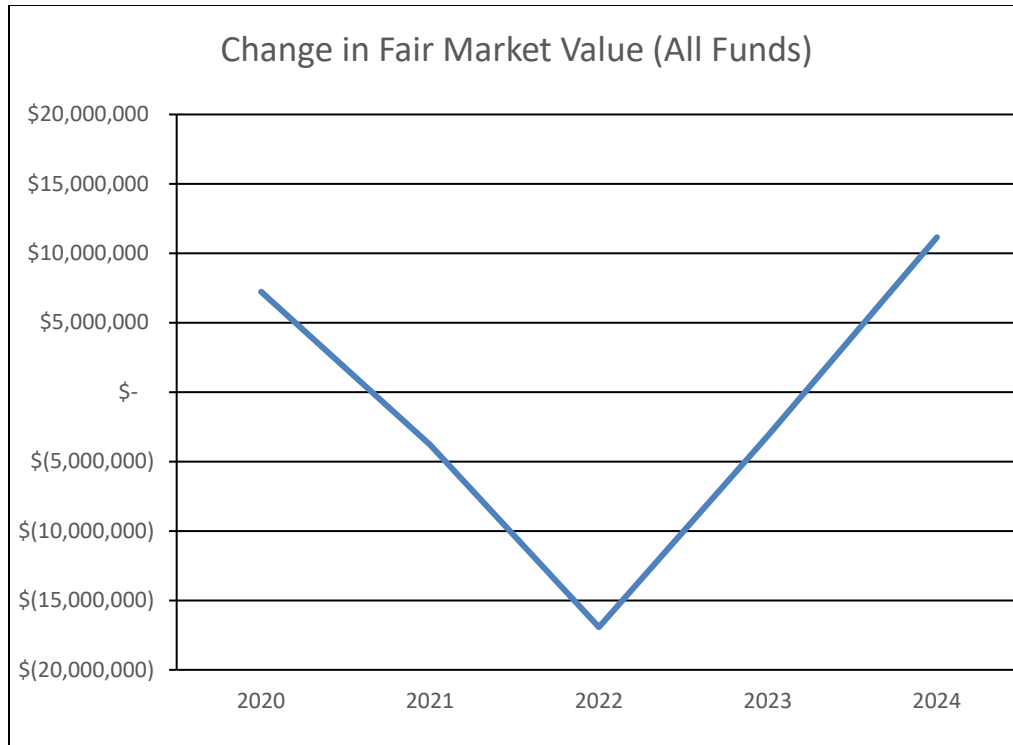
**Cost Center:** Various

**Use of Revenue:** General Fund/Special Funds

### Revenue History

#### Change in Fair Market Value (All Funds)

Fiscal Year	Revenue (\$)	Percentage Change
2020	7,232,849	14%
2021	-3,780,475	-152%
2022	-16,923,350	-348%
2023	-3,148,180	81%
2024	11,154,464	454%



## Variance Analysis

The value of the City's investment earnings fluctuates based on the value of investments and the amount of money in the City's investment accounts. As such, it is highly dependent on economic cycles.

## D. Property Use Fee

### Background

**Authority:** MMC Sec. 4-1.1203, Res. 86-666, Ord. 2439-C.S.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 4-1.1205

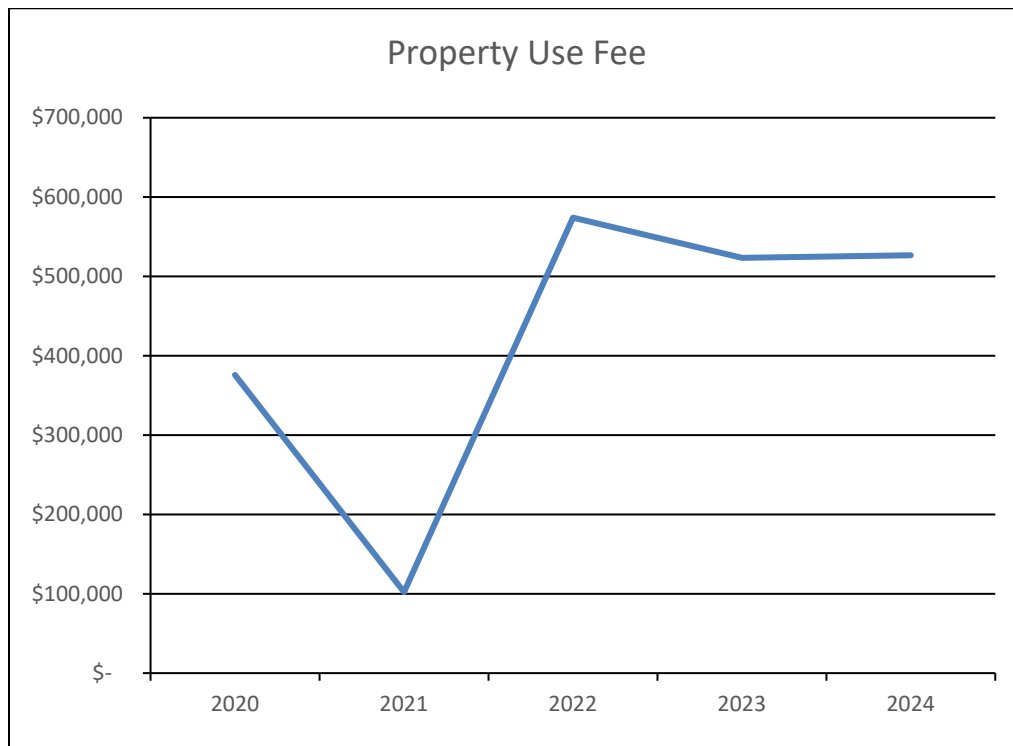
**Description:** Public property use fees are due and payable on the first day of January, the first day of April, the first day of July, and the first day of October for vending cart operation sales conducted during the preceding three-month period. The amount paid shall be based upon the adjusted gross income figure as stated on the quarterly business gross receipts tax statement (mill tax) provided to the City.

**Fund:** 0100

**Cost Center:** 33040; 35160; 35220; 52010; 52140; 34150; 33040; 35220; 52010; 90001

**Use of Revenue: General Fund****Revenue History****Property Use Fee**

Fiscal Year	Revenue (\$)	Percentage Change
2020	375,975	-37%
2021	102,181	-73%
2022	574,043	462%
2023	523,523	-9%
2024	526,552	1%

**Variance Analysis**

Property Use rental revenues have decreased in Fiscal Year 2020 due to the pandemic restriction on gatherings and continued to be impacted by pandemic restrictions through Fiscal Year 2021. Many of the facilities that fall under this category like John Thurman Field, ballfields, McHenry Mansion and Museum, and Mancini Bowl were not allowed to be rented out due to the pandemic and thus had their rental revenues impacted heavily. In Fiscal Year 2022, as pandemic restrictions began to lessen the rental of these facilities mentioned above begin to rise sharply, thus increasing the revenues in this category. This revenue may continue to fluctuate slightly but will remain high above COVID levels.

## E. Lease of Land

### Background

**Authority:** Authority for various types of leases is provided in various specific statutes.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not Applicable

**Description:** This revenue is generated from the leasing of City land.

**Fund:** 0100

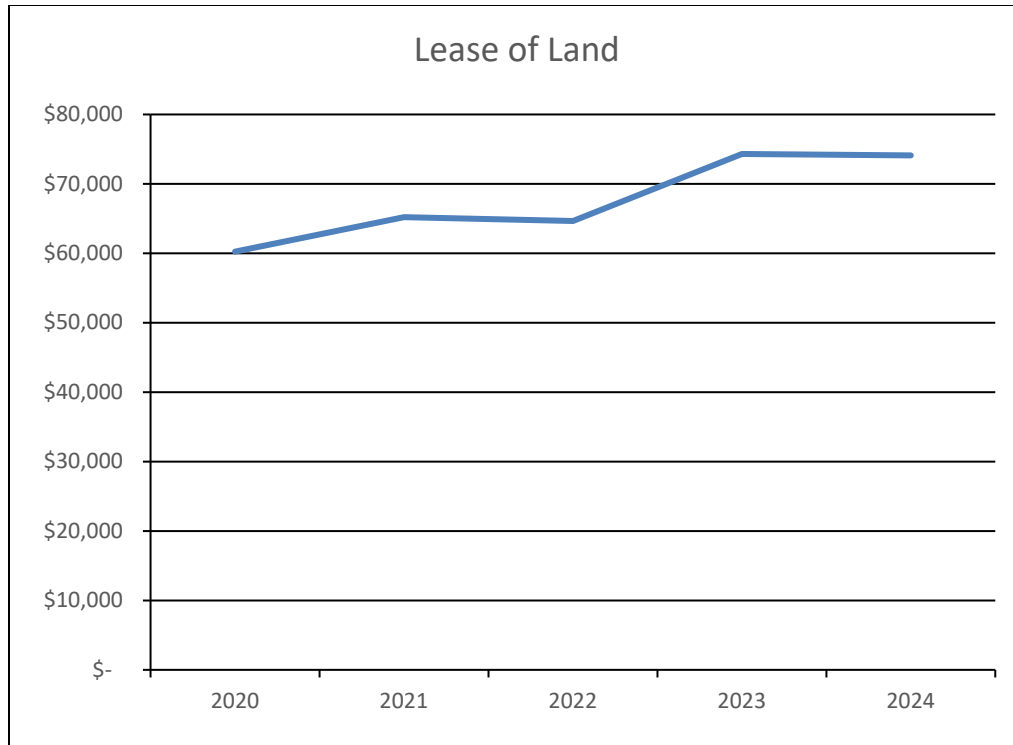
**Cost Center:** 33040; 35160; 35220; 52010; 52140; 34150; 90001

**Use of Revenue:** General Fund

### Revenue History

#### Lease of Land

Fiscal Year	Revenue (\$)	Percentage Change
2020	60,240	8%
2021	65,207	8%
2022	64,638	-1%
2023	74,309	15%
2024	74,081	0%



### Variance Analysis

The revenue for lease of land fluctuates from year to year based on the number and cost of leases each fiscal year. An increase in revenue can also result from new leases in which upfront costs are incurred at the beginning of the lease.

## VI. INTERGOVERNMENTAL

### A. Intergov – Federal

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Various Federal Agencies

**Fee Source:** Various

**Municipal Code:** Not Applicable

**Description:** Grant monies received from various Federal government agencies.

**Fund:** 0100

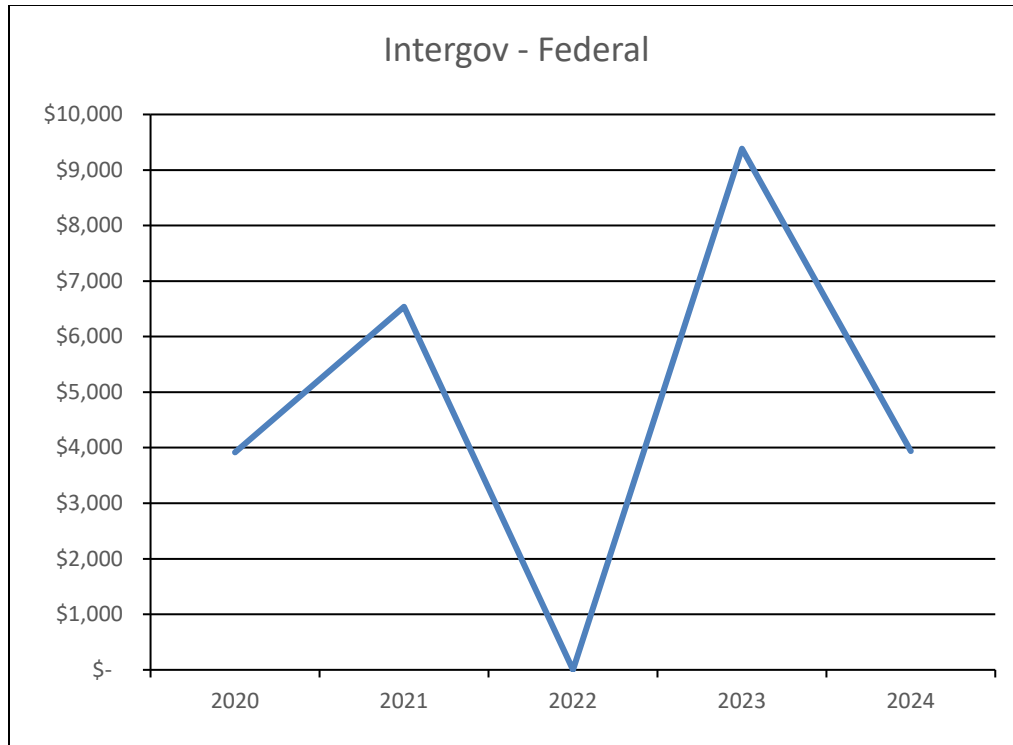
**Cost Center:** 19340; 19210; 19220; 19320; 19420

**Use of Revenue:** General Fund; generally restricted to the purpose/program for which the grant was approved.

#### Revenue History

##### Intergov – Federal

Fiscal Year	Revenue (\$)	Percentage Change
2020	3,914	-73%
2021	6,539	67%
2022	-	-100%
2023	9,384	100%
2024	3,941	-58%



## Variance Analysis

The fluctuation and decrease in intergovernmental revenues result from moving the expenses that are covered by federal funding out of the General Fund. In Fiscal Year 2022, no revenue was received as reimbursement for department overtime as it was in the previous fiscal year but in Fiscal Year 2023 the funds returned, and revenue is back up again. Fiscal Year 2024 resulted in a decrease in revenue for reimbursement for department overtime and is trending like Fiscal Year 2022.

## B. Intergov – State

### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Various State Agencies

**Fee Source:** Various

**Municipal Code:** Not Applicable

**Description:** This category includes both grant monies received from State agencies and local agency reimbursement. The California Constitution requires the State to reimburse local agencies for the cost of mandated programs. Senate Bill 90 is a tool for local government to request that the State appropriate funds for legislation that contains mandated costs. If the State Legislature does pass a mandate containing an appropriation,

the State Controller is required to process and pay local agencies' reimbursement claims. In the event a mandate is passed with no appropriation, local agencies may pursue their reimbursement rights through the Commission on State Mandates.

**Fund:** 0100

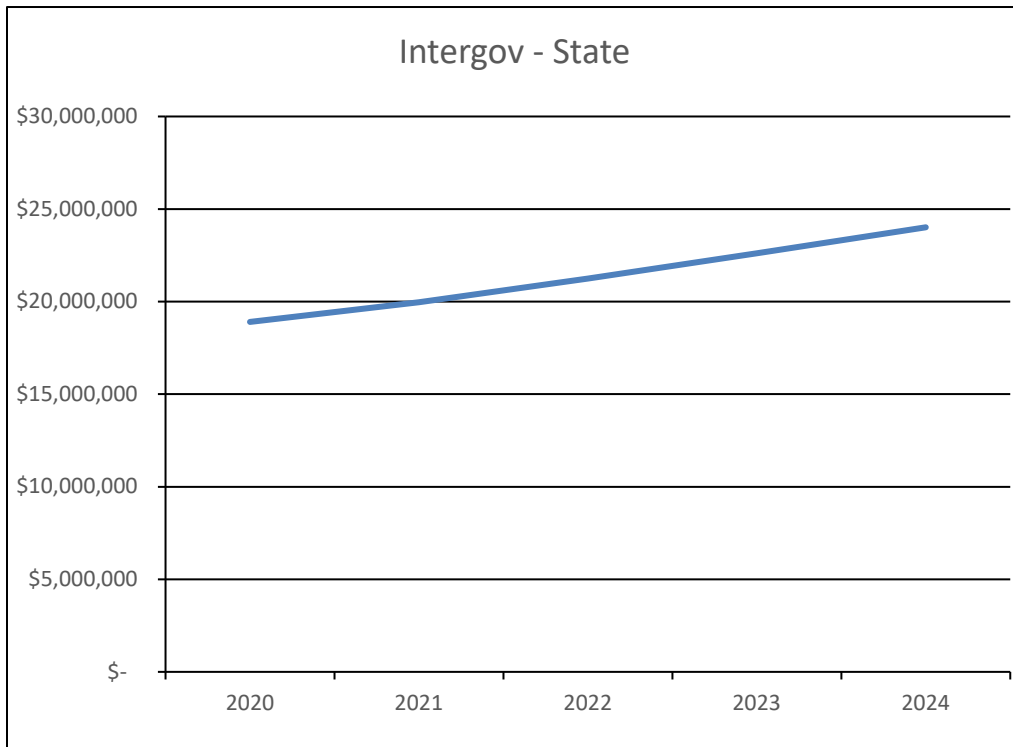
**Cost Center:** 19460; 19220; 19210; 19420; 90001; 19320

**Use of Revenue:** General Fund; generally restricted to the purpose/program for which the grant was approved.

### Revenue History

#### Intergov – State

Fiscal Year	Revenue (\$)	Percentage Change
2020	18,903,279	5%
2021	19,968,893	6%
2022	21,248,079	6%
2023	22,603,188	6%
2024	24,013,599	6%



## Variance Analysis

The fluctuation is due to the motor vehicle in-lieu tax swap increasing based off rising property taxes. It is also partially attributable to the cost of program reimbursement and state grants received to support the costs of mandated programs.

## C. Intergov – County

### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Various

**Fee Source:** Various County agencies

**Municipal Code:** Not Applicable

**Description:** Consists of various grants and monies received by the City from county agencies

**Fund:** 0100

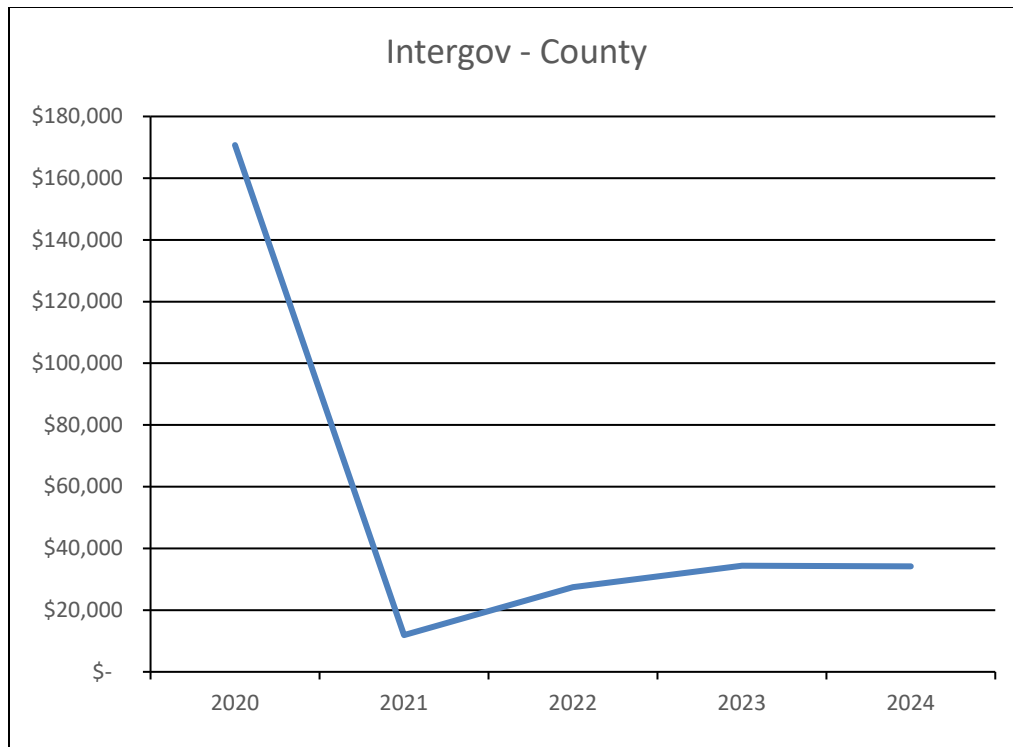
**Cost Center:** 19210; 18110; 19220; 19320; 19410; 19420; 19430

**Use of Revenue:** General Fund; generally restricted to the purpose/program for which the grant was approved.

### Revenue History

#### Intergov – County

Fiscal Year	Revenue (\$)	Percentage Change
2020	170,721	100%
2021	11,910	-93%
2022	27,487	131%
2023	34,440	25%
2024	34,173	-1%



### Variance Analysis

This revenue source saw an increase in Fiscal Year 2020 due to a one-time revenue reimbursement received from the County for the costs associated with the Modesto Outdoor Emergency Shelter (MOES). This revenue source decreased significantly in Fiscal Year 2021 as the revenue that was received from the County in Fiscal Year 2020 for MOES was no longer being received. Revenues increased again from the prior year as revenues were received in the Community and Economic Development Department from the County in the amount of \$27,000 in Fiscal Year 2022. The increase in Fiscal Year 2023 is related to Building Safety for an additional reimbursement from Stanislaus County.

## D. Intergov – Local

### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Various

**Fee Source:** Various local agencies

**Municipal Code:** Not Applicable

**Description:** Consists of various grants and monies received by the City from local agencies.

**Fund:** 0100

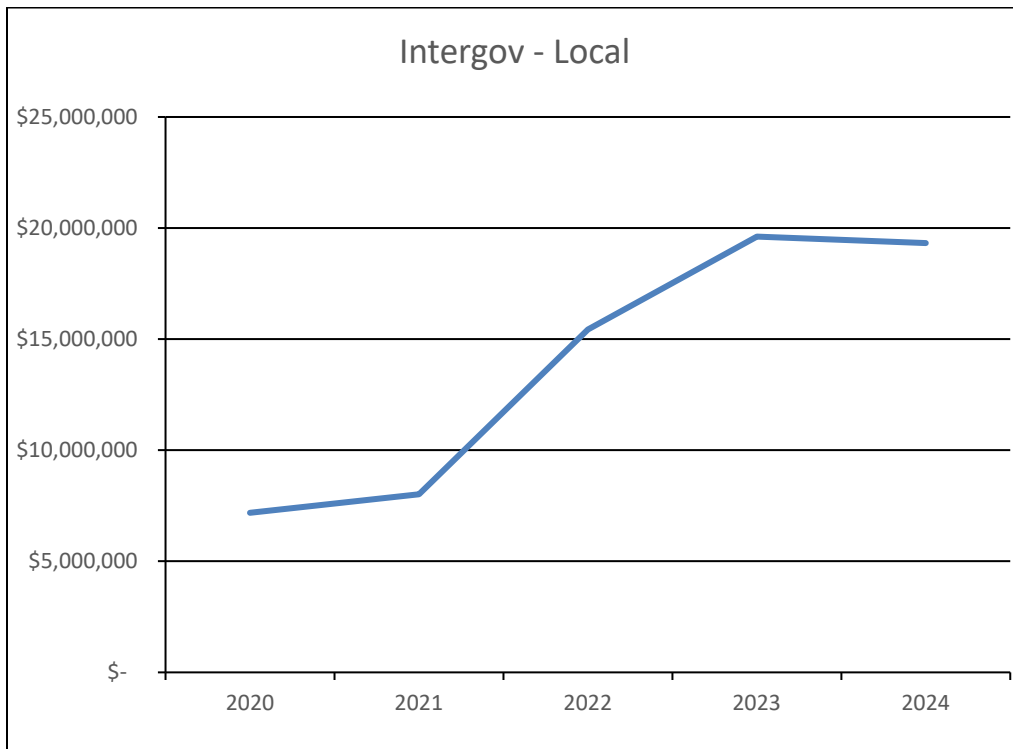
**Cost Center:** 19210; 19420; 04010; 90001; 19490; 18110; 18810; 31020; 1821

**Use of Revenue:** General Fund; generally restricted to the purpose/program for which the grant was approved.

### Revenue History

#### Intergov – Local

Fiscal Year	Revenue (\$)	Percentage Change
2020	7,183,470	131%
2021	8,022,880	12%
2022	15,435,604	92%
2023	19,615,524	27%
2024	19,319,607	-2%



### Variance Analysis

The large increase in revenue in this category is due to the new Fire Services contract between the City of Oakdale and the City of Modesto. This accounted for an increase in revenue of about \$4.4M in Fiscal Year 2020. In Fiscal Year 2021 there was another increase to this category that was caused by an increase to the Fire Services contract with Oakdale. This revenue source increased by approximately \$700,000 from Fiscal Year 2020 to 2021. Fiscal Year 2022 saw increases in revenues mainly from a new fire services

contract with the City of Ceres (\$5.7M) as well as increased revenues for the McHenry Tax Sharing Agreement from the prior year (\$1.43M). In Fiscal Year 2023, these trends continue as the fire contract service agreements revenues continue to grow as does the revenue received from the McHenry Tax Sharing agreement. In Fiscal Year 2024, the fire service contracts revenue continue to increase, however the McHenry Tax sharing revenue agreements decreased by \$1.5M.

## E. Intergov – Other Government Agencies

### Background

**Authority:** Various

**Administering Agency:** Various

**Fee Source:** Various

**Municipal Code:** Not Applicable

**Description:** Consists of various grants and monies received by the City other government agencies.

**Fund:** 0100 and 0180

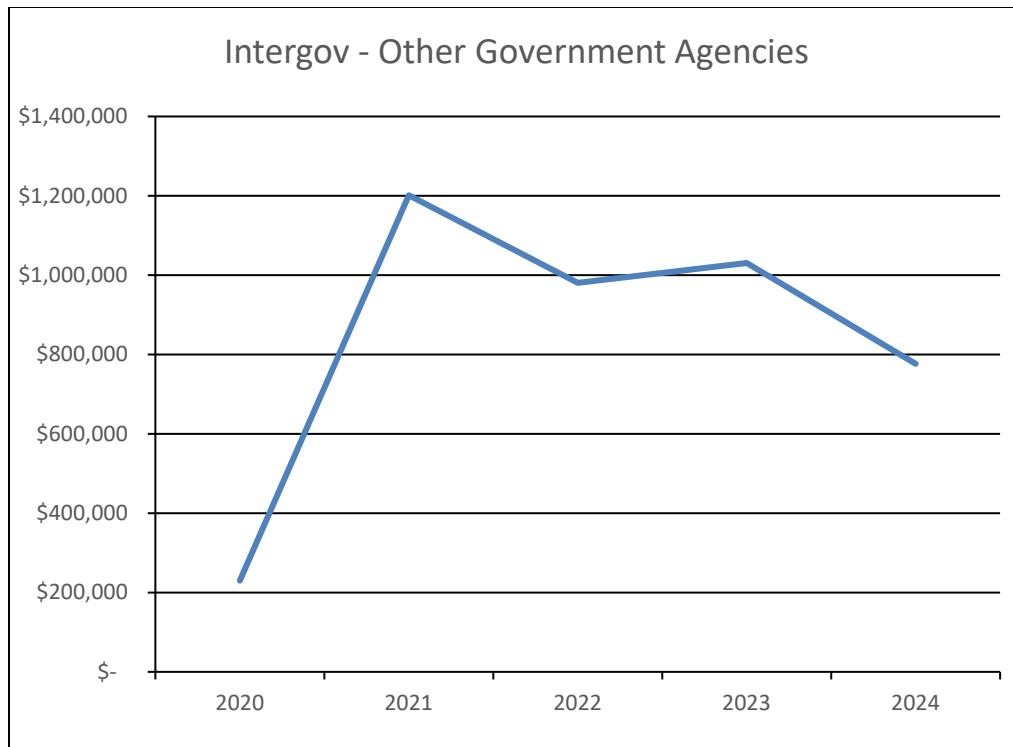
**Cost Center:** 05020; 19420; 19310; 18210; 18410; 19320; 19482; 33120; 33320; 33330; 34110; 34120; 35010; 35220

**Use of Revenue:** General Fund; generally restricted to the purpose/program for which the grant was approved.

### Revenue History

#### Intergov - Other Government Agencies

Fiscal Year	Revenue (\$)	Percentage Change
2020	229,934	38%
2021	1,201,392	422%
2022	980,560	-18%
2023	1,030,278	5%
2024	776,331	-25%



### Variance Analysis

In Fiscal Year 2021, the increase to the revenue was due to increases in the American Medical Response Inc, (AMR) Contract as well as an increase in the amount of State Hazmat Reimbursement revenue that was received by the Fire Department in the amount of \$440,000. In Fiscal Year 2022, there is a decrease in AMR contract revenue of approximately \$406,000, but this is offset by an increase in miscellaneous revenues of \$294,000 and another decrease of \$96,000 in other governmental revenue in the Fire Department. The decrease in Fiscal Year 2024 is related to a decrease in revenue in the AMR contract revenue.

## VII. MISCELLANEOUS

### A. Miscellaneous Revenue

#### Background

**Authority:** Sections 33754 et seq. of the Government Code, Article XI, Section 5, and Section 11 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Various

**Description:** This revenue is primarily generated from non-service, non-governmental related activities (e.g., the sale of City property, donations, and returned check charges).

**Fund:** 0100

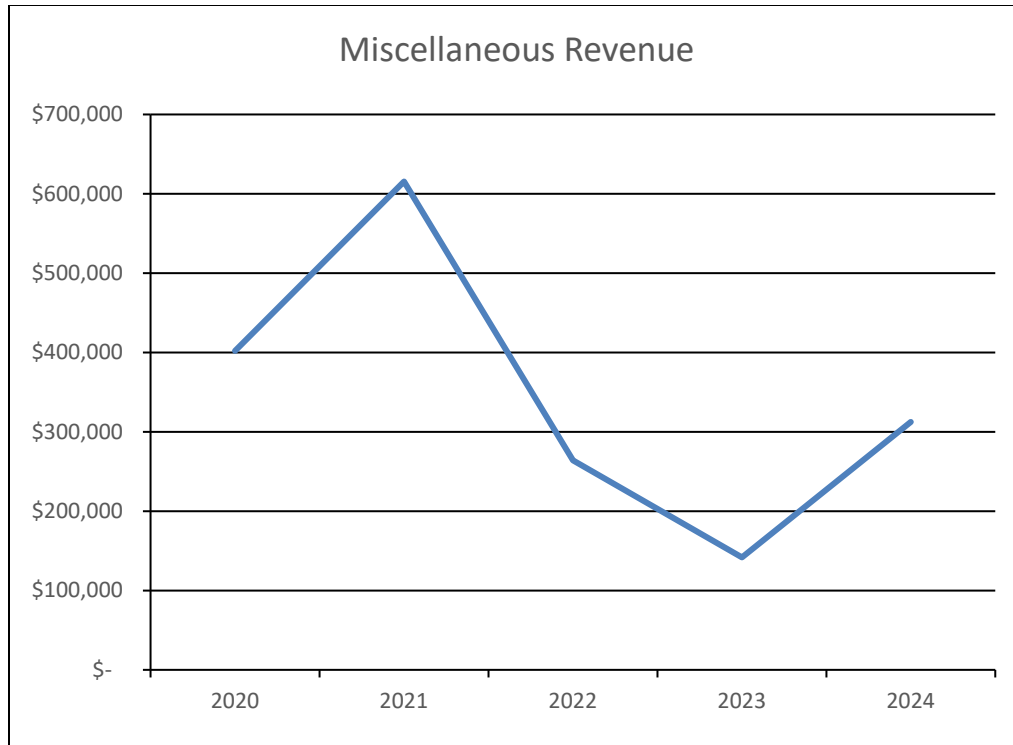
**Cost Center:** Various (43)

**Use of Revenue:** General Fund

#### Revenue History

##### Miscellaneous Revenue

Fiscal Year	Revenue (\$)	Percentage Change
2020	401,865	-6%
2021	615,474	53%
2022	263,983	-57%
2023	141,750	-46%
2024	312,254	120%



## Variance Analysis

In Fiscal Year 2021, the increase in revenue is due to the increase in revenue received from the Sale of Fixed Assets in the amount of \$344,000. In Fiscal Years 2022 and 2023, the decrease in revenue is again caused by a swing in the Sales of Fixed assets as this revenue decreased. Most of the revenue in 2023 is related to SB90 Mandated cost recovery which makes up \$117,000 of the total revenue received. The increase in revenue for Fiscal Year 2024 is related to the SB90 Mandated cost recovery as well which makes up \$259,261 of the total miscellaneous revenue received.

## B. Refunds, Damages, & Cost Recovery

### Background

**Authority:** Government Code Section 53156

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 9-8.1209

**Description:** The provisions of this Article are intended to impose certain fees to be collected at the time of issuance of various permits, in an amount calculated as shown herein, for recovering costs expended by the City for the reduced life expectancy of City-owned and maintained infrastructure caused by the expected actions of the applicants for

said permits while completing their work. The imposition of said fees is intended to regulate the actions of permittees in limiting the damage sustained to such infrastructure, by keeping their damage-causing activities to a minimum. The revenues from said fees shall be added to funds of the City allocated for repairs, rehabilitation, or replacement of the City-owned infrastructure, to provide for more frequent repair, rehabilitation and reconstruction necessitated by the reduction in life expectancy caused by the actions of the permittees.

**Fund:** 0100

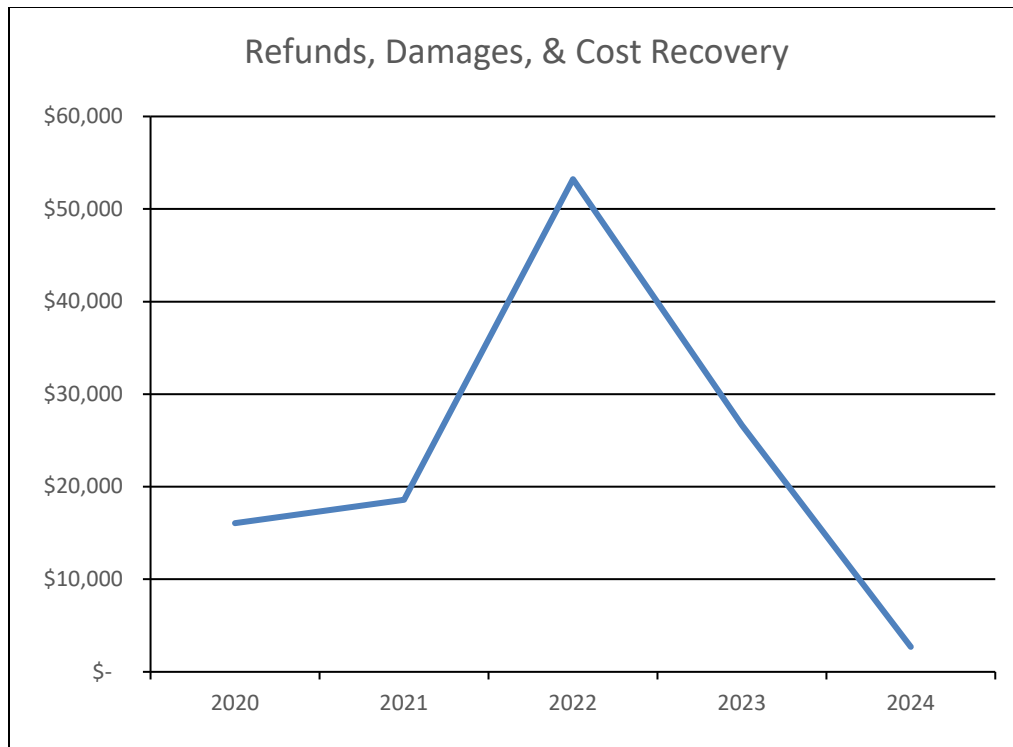
**Cost Center:** 03210; 04010; 18110; 18210; 18230; 18510; 18710; 19110; 19220; 19310; 19320; 19330; 19410; 19420; 19450; 19490; 31010; 32010; 33320; 34110; 34150; 35010; 35220; 52010; 52150; 53120; 90001

**Use of Revenue:** General Fund

## Revenue History

### Refunds, Damages, & Cost Recovery

Fiscal Year	Revenue (\$)	Percentage Change
2020	16,074	-82%
2021	18,593	16%
2022	53,226	186%
2023	26,640	-50%
2024	2,701	-90%



### Variance Analysis

Fiscal Year 2020 had a decrease to the pandemic with a slight increase into Fiscal Year 2021. In Fiscal Year 2022, there was a significant increase in this category in the Parks, Recreation and Neighborhoods Department with an additional \$39,000 in revenue being received from Refunds, Damages, and Cost Recovery fees. In Fiscal Year 2023, most of the revenue related to cost recovery is from the Police Department. In Fiscal Year 2024, Modesto Police Department Field Operations division had zero dollars in refunds received causing the sharp decrease.

## C. Non-Capital Parks Fund (Non-Grant) Fund 1380

### Background

**Authority:** Varies depending on the revenue tied to each project. Fund 1380 is mostly funded with revenue from the Stanislaus Community Foundation and use of that revenue is typically approved by Council.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund was established to accumulate funds for non-capital events for various City foundations such as the Grand Prix, Fund Development Projects/Events

including the Christmas Parade, Night at the Bowl and Junior Giants activities. Its principal revenue sources include donations made to the Stanislaus Community Foundation, entry fees to events and a small portion of cell tower revenue from an agreement with Verizon.

**Fund:** Non-Capital Parks Fund (Non-Grant) 1380

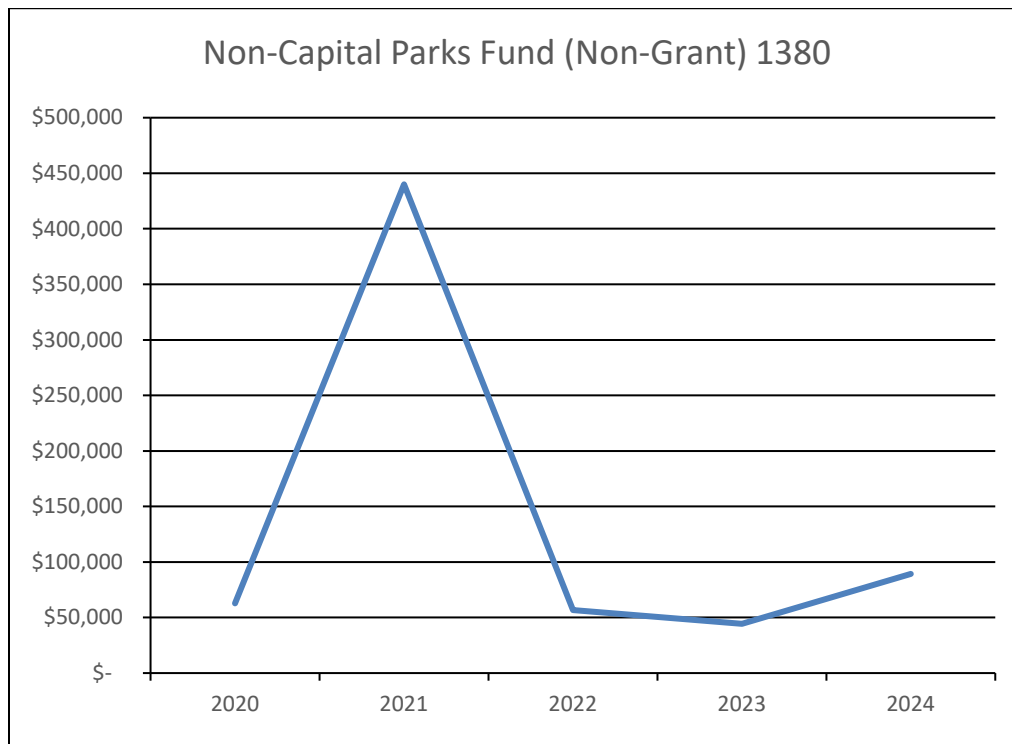
**Cost Center:** 39998 and 59998

**Use of Revenue:** Program-specific functions.

## Revenue History

### Non-Capital Parks Fund (Non-Grant) 1380

Fiscal Year	Revenue (\$)	Percentage Change
2020	62,796	1%
2021	439,983	601%
2022	56,648	-87%
2023	44,354	-22%
2024	89,304	101%



## Variance Analysis

The revenue for this fund fluctuates from year to year as they are all project only funds. The revenue is reimbursed after the expenses are incurred throughout the year on a quarterly basis during the life of the project. Most of the revenue is reimbursed through the Stanislaus Community Foundation. In Fiscal Year 2021, there was an increase in revenue due to the deferred revenue at the Foundation. In Fiscal Years 2022 and 2023, the decreased revenue was a result of this adjustment and is reflective of actual reimbursements made to Stanislaus Community Foundation. In Fiscal Year 2024, miscellaneous revenue and donations increased related to community events.

## D. Non-Capital Public Works Fund (Non-Grant) Fund 1381

### Background

**Authority:** Fund 1381 was created and used in Fiscal Year 2022 to house revenue from Stanislaus Regional Transit Authority (StanRTA) for City-wide agreements.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund was established to account for expenses related to two employees in Fiscal Year 2022 who were previously housed in the Bus funds. Due to the Transit Division breaking away to form the Stanislaus Regional Transit Authority (StanRTA) on July 1, 2021, these two employees were temporarily moved to this fund until they reached retirement. This fund was then utilized as a pass through for expenses that were incurred during the transition of services from the City of Modesto to StanRTA.

**Fund:** Non-Capital Parks Fund (Non-Grant) 1381

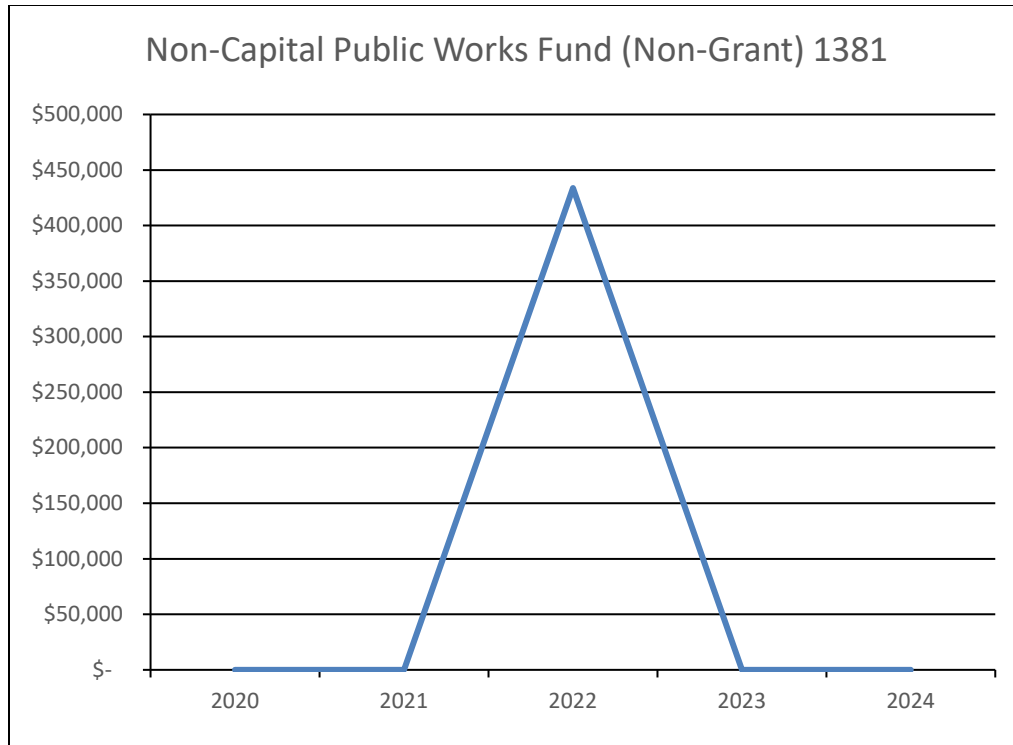
**Cost Center:** 51019

**Use of Revenue:** Program-specific functions.

### Revenue History

#### Non-Capital Parks Fund (Non-Grant) 1381

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	433,772	100%
2023	-	-100%
2024	-	-



### Variance Analysis

The revenue in this fund was a one-time revenue in Fiscal Year 2022 that was reimbursed by StanRTA for expenses related to employees and pass through expenses housed in the fund. In Fiscal Year 2023 there is no revenue activity as there was not a need to have any pass-through expenses with StanRTA. In the future, the fund may be used for non-grant Public Works projects as the need arises.

## E. Disability Access and Education Fund 1850

### Background

**Authority:** California Legislative Senate Bill No. 1186 and Disability Access and California Assembly Bill No. 1379

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 6-1.2

**Description:** This revenue allows the City to collect an additional \$4.00 from any applicant for a local business license or equivalent instrument or permit. The City retains 90% of the fees and the remaining 10% is sent on a quarterly basis to the state. The purpose of the revenue is to increase disability access and compliance with construction-related accessibility requirements.

**Fund:** Disability Access and Education Fund 1850

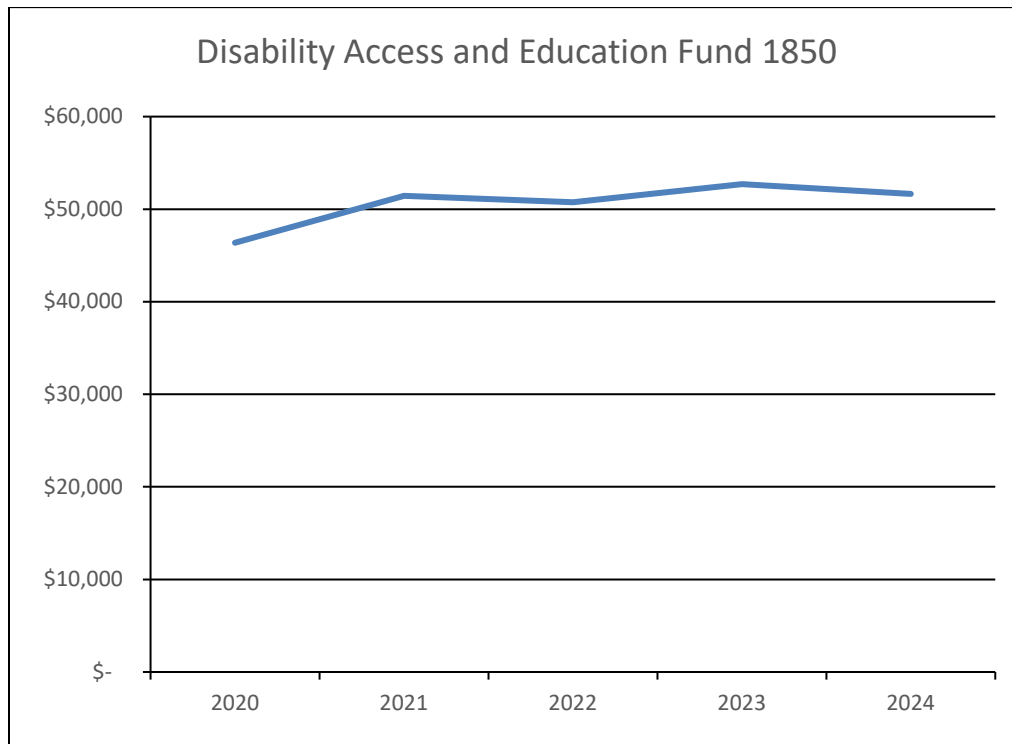
**Cost Center:** 14250

**Use of Revenue:** The revenue collected through this fee can only be used to fund increased Certified Access Specialist (CAS) services for the public and to facilitate compliance with construction-related accessibility requirements. This includes training and retention of certified access specialists to meet the needs of the public. A small portion up to 5% can be used for administrative expenses such as forms, software modifications and noticing.

## Revenue History

### Disability Access and Education Fund 1850

Fiscal Year	Revenue (\$)	Percentage Change
2020	46,373	0%
2021	51,443	11%
2022	50,760	-1%
2023	52,703	4%
2024	51,632	-2%



## Variance Analysis

The revenue for this fund fluctuates year to year, dependent on the number of local business licenses and permits issued by the City. The fee increase caused by Assembly Bill 1379 is directly reflected in the amount of revenue collected.

## F. Abatement and Public Nuisance Fund 4910

### Background

**Authority:** The Abatement and Public Nuisance Fund was created by City Council authority via Council Resolution 2011-437 on November 9, 2011.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not Applicable

**Description:** The Abatement and Public Nuisance Fund is used by the Neighborhood Preservation Unit (NPU) and Building Safety Division to battle against blight in the City of Modesto. The fund helps NPU to enforce accountability and improve the City's image.

**Fund:** Abatement and Public Nuisance Fund 4910

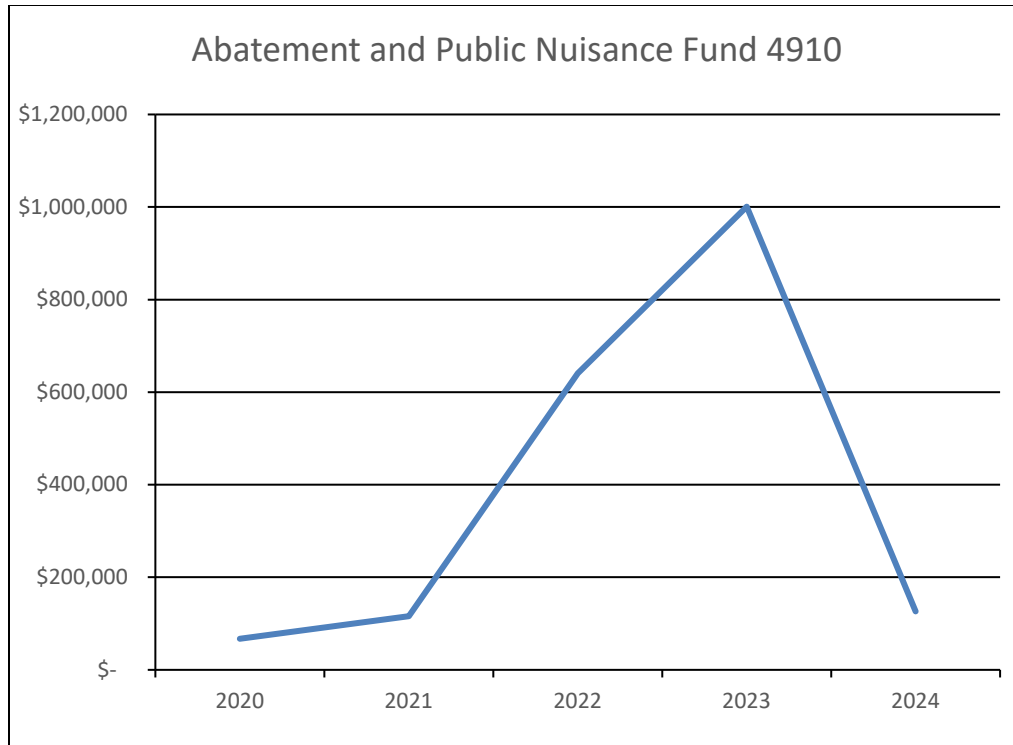
**Cost Center:** 14999

**Use of Revenue:** Revenue for this fund is collected via invoices sent to owners of property in which NPU and/or the Building Safety Division completes abatement services. The cost of the abatement plus any civil penalties, citation fees, and the cost of the City personnel are charged to the property owner. If the owner fails to pay the invoice, a lien is then placed on the property. The goal and intent of the use of the revenues collected is to provide NPU and Building Safety staff access to funds from year to year for completion of abatements throughout the City to combat the blight issues.

### Revenue History

#### Abatement and Public Nuisance Fund 4910

Fiscal Year	Revenue (\$)	Percentage Change
2020	67,183	-71%
2021	116,001	73%
2022	640,687	452%
2023	1,000,802	56%
2024	126,613	-87%



### Variance Analysis

The revenue fluctuates from year to year mainly caused by the nature of the abatements completed as well as the lag time between invoices sent to property owners and actual collection of the fees. The decrease in revenue for Fiscal Year 2020 can be attributed to reductions in Civil Penalties, Abatement Program Citations, Abatement Program Administrative Costs and Abatement Reimbursement. The increase in Fiscal Year 2021 is due to an increase in Civil Penalties collected. The increase in Fiscal Year 2022 is due to an increase in abatement invoices being sent. The increase in Fiscal Year 2023 is due to the recognition of revenues received from civil penalties. The decrease in Fiscal Year 2024 is due to a reduction in civil penalties collected.

# SPECIAL FUNDS

## I. MEASURE L ROAD TAX FUND

### A. Special Revenue – 1410

#### Background

**Authority:** Local Roads First Transportation Fund Measure Ordinance #16-01

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the City's share of a 0.5% sales tax imposed by Stanislaus Council of Governments as approved by a two-thirds majority of the electors voting on the Ordinance at the election held on November 8, 2016, known as Measure L. The Measure is in place for 25 years. The funds are distributed to cities and county for transportation purposes.

**Fund:** Transportation Funds

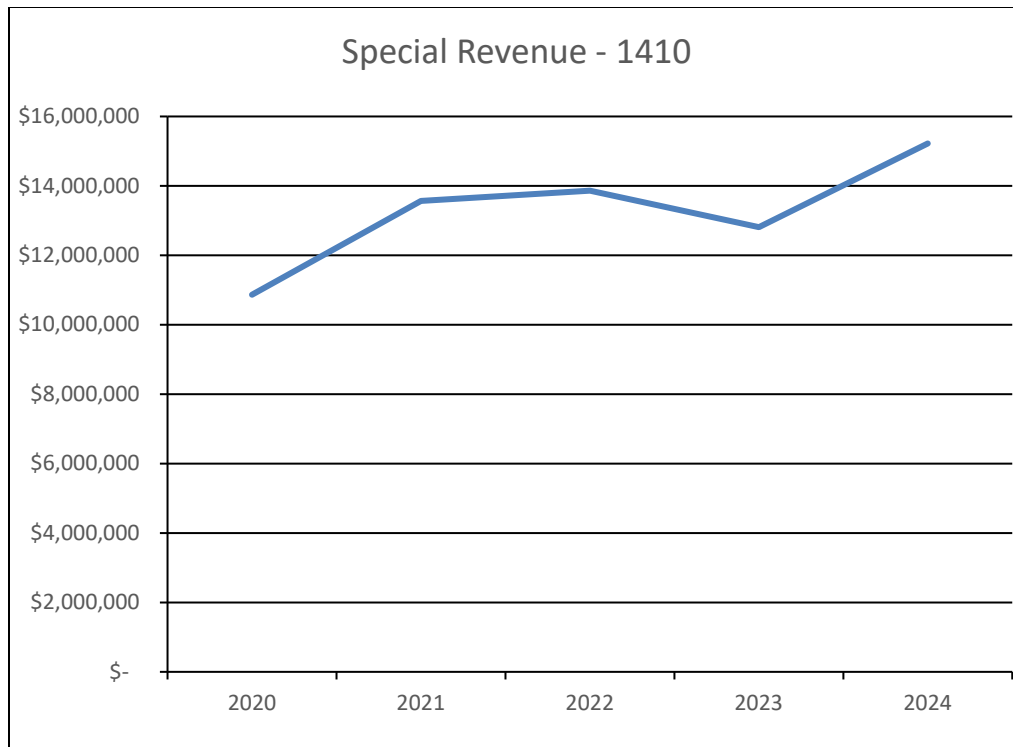
**Cost Center:** 14625, 14626, 14627, 53402

**Use of Revenue:** The revenue is restricted to specific categories for transportation purposes. The categories that the revenue can be used on are: Local Streets & Roads, Traffic Management, Bike & Pedestrian, and Transit Services.

#### Revenue History

##### Special Revenue – 1410

Fiscal Year	Revenue (\$)	Percentage Change
2020	10,864,603	2%
2021	13,570,432	25%
2022	13,862,022	2%
2023	12,810,131	-8%
2024	15,221,944	19%



### **Variance Analysis**

Revenue in the fund is tied to the Measure L sales taxes revenue that is distrusted from StanCOG for the City of Modesto's portion of the tax revenue. The revenue will fluctuate based on the actual sales tax each year. In Fiscal Years 2021 and 2022, revenue continued to come in higher as spending in the City increased and resulted in higher sales tax being received. In Fiscal Year 2024, revenue continued to increase as inflation increased resulting in more revenue coming into the fund.

## II. LOCAL TRANSPORTATION FUND

### A. Special Revenue - 1510

#### Background

**Authority:** Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the City's share of a 0.25% sales tax imposed by the State and distributed to cities and counties for transportation purposes. By law, transit services have priority over street maintenance in claiming this revenue; the Local Transportation Fund (LTF) revenue received by the City for transit purposes is accounted for in the Bus Fund, below.

**Fund:** Transportation Funds

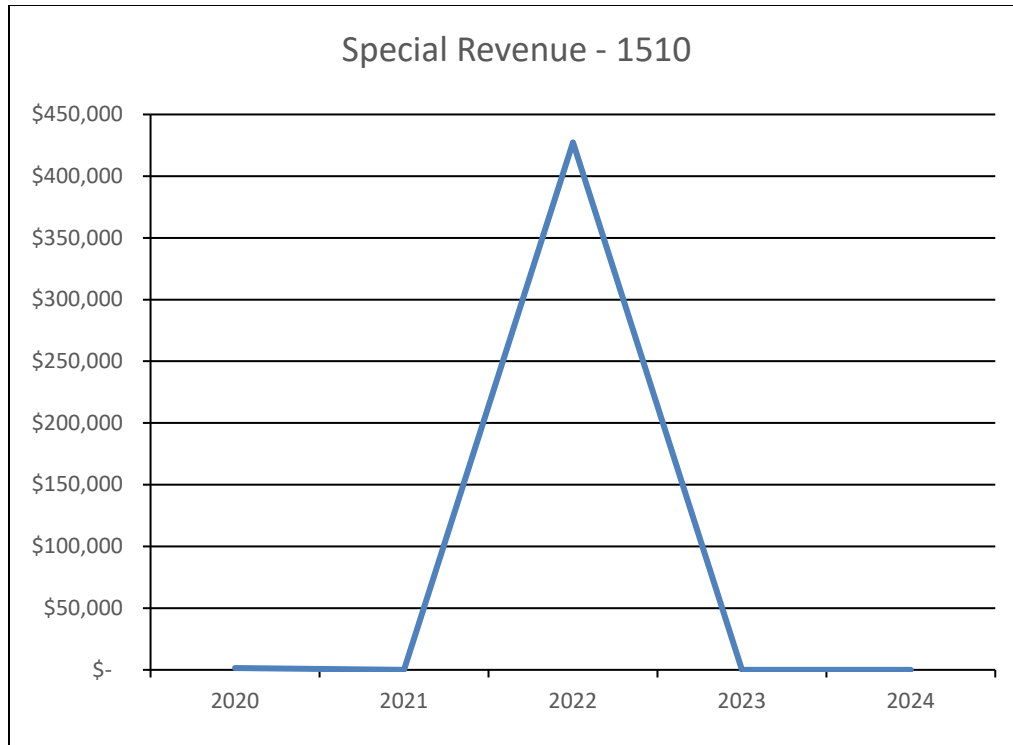
**Cost Center:** 14999; 53410

**Use of Revenue:** Most of the revenue received in this fund is transferred to the Gas Tax fund for expenditure on street maintenance.

#### Revenue History

##### Special Revenue – 1510

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,574	100%
2021	-	-100%
2022	427,374	100%
2023	-	-100%
2024	-	-



### Variance Analysis

The revenue in LTF Streets and Roads Fund fluctuates from year to year for several reasons. The revenue received each fiscal year is based on a claim done by the City of Modesto to Stanislaus Council of Governments (StanCOG). The claim completed each year depends on the Street projects expenditures and the amount of LTF funds that will be utilized. Additionally, this fund houses a few projects and revenues received from the Department of Transportation (Caltrans) to offset the expenses of approved projects. Finally, due to the adopted California Senate Bill 716 which requires cities with a population greater than 100,000 that are in counties that have a population greater than 500,000 to use LTF funds for transit purposes only, City of Modesto is no longer entitled to this type of funding for Streets and Roads. In Fiscal Year 2022, the City was notified by StanCOG that there were remaining interest revenue funds related to Streets and Roads that was due to the City. The increase in revenue for Fiscal Year 2022 are one-time funds for this interest revenue. In Fiscal Year 2023, the revenue is back at \$0 as the City no longer is eligible for the funding.

## III. LOCAL TRANSPORTATION FUND NON-MOTORIZED

### A. Special Revenue - 1520

#### Background

**Authority:** Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for a portion of the Local Transportation Fund (LTF) revenue that is earmarked by law for expenditure on pedestrian, bicycle, and other non-motorized transportation purposes.

**Fund:** Transportation Funds

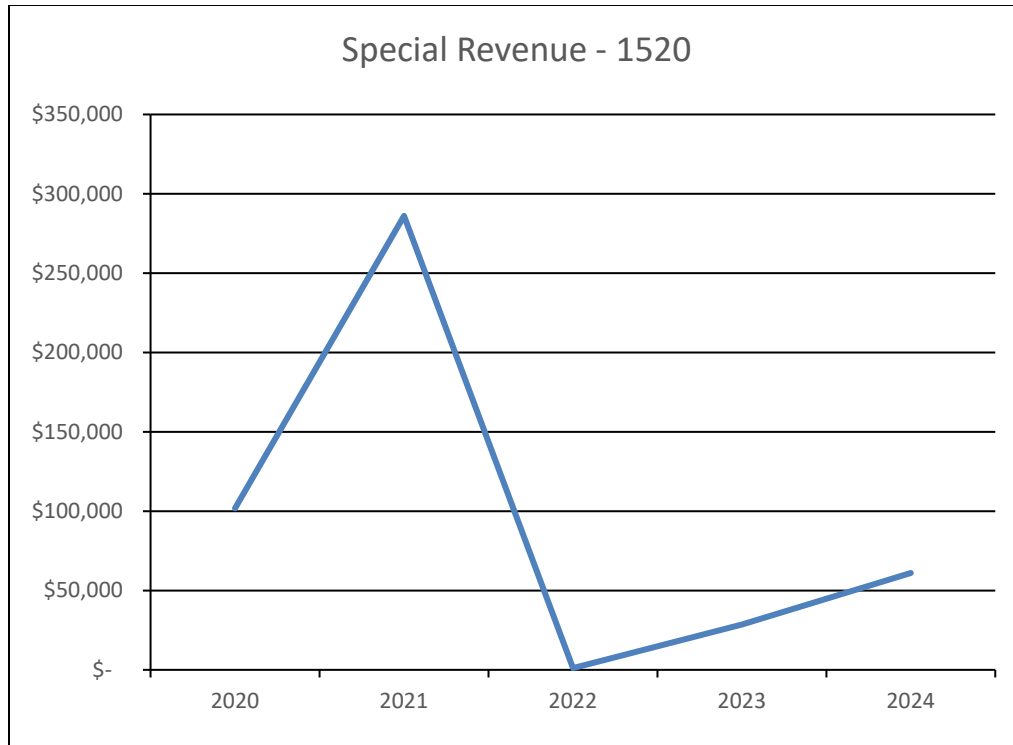
**Cost Center:** 53420

**Use of Revenue:** Uses are restricted to the design and construction of bicycle and pedestrian facilities and amenities including sidewalk, wheelchair, or handicapped ramps.

#### Revenue History

##### Special Revenue – 1520

Fiscal Year	Revenue (\$)	Percentage Change
2020	101,826	-63%
2021	286,082	181%
2022	1,101	-100%
2023	28,574	2495%
2024	60,993	113%



### Variance Analysis

During Fiscal Year 2020, LTF revenues for non-motorized projects in the amount of \$130,301 were used as a match contribution for the TRRP Gateway Phase II Bicycle Trails and Virginia Corridor. During Fiscal Year 2021, LTF revenues for non-motorized projects in the amount of \$189,759 for the TRRP Riverwalk Project: Gateway to Legion and \$96,323 of previously years funds were recognized for the Virginia Corridor Phase VII project. For Fiscal Year 2022, the non-motorized LTF revenue was deferred as no revenue was recognized during the year. In Fiscal Year 2023 and 2024 some of the revenue was recognized and applied to the Tuolumne River Regional Park (TRRP) Gateway Phase II Bicycle Trails and Virginia Corridor projects. The revenue will fluctuate from year to year based on what is recognized in the year and applied to eligible projects.

## IV. SURFACE TRANSPORTATION FUND

### A. Special Revenue - 1700 thru 1750

#### Background

**Authority:** Article XIX, Section 1 of the California Constitution; Sections 7301 et seq. and Sections 8601 et seq. of the Revenue and Taxation Code; Sections 2103-2107 and 2107.5 of the Streets and Highways Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** Revenue sources for this fund include the City's share of the State gas tax, Proposition 1 B funding, and a share of the local garbage collection service agreement fee. It also receives transfers from the General Fund for Maintenance of Effort requirements and traffic engineering support.

**Fund:** Transportation Funds

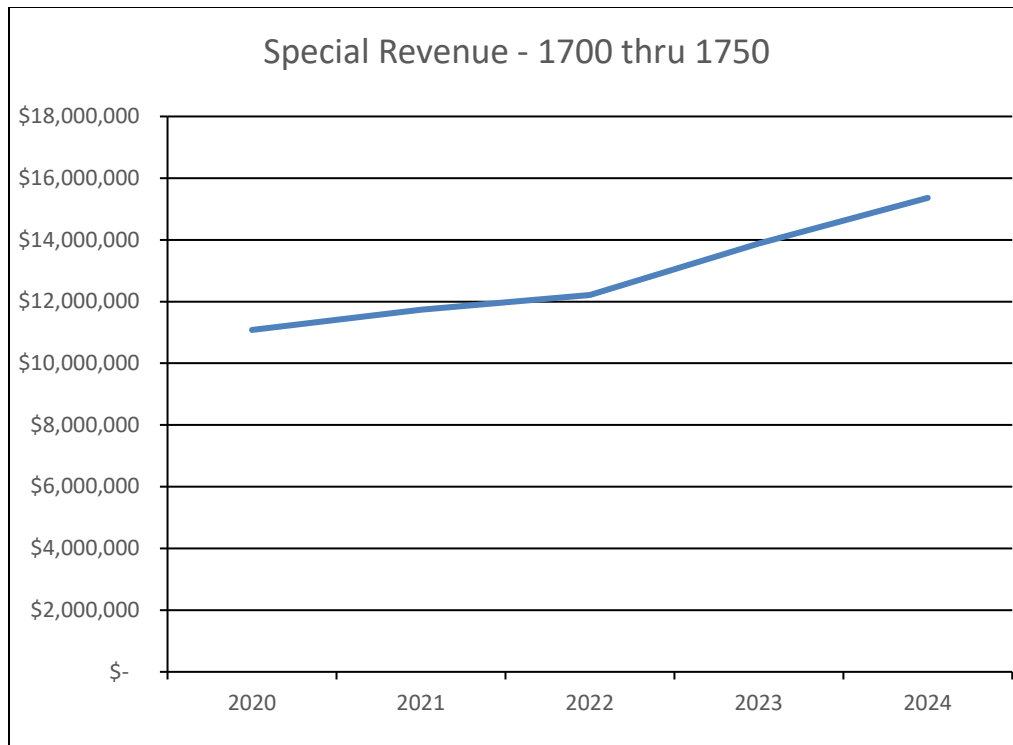
**Cost Center:** 14510; 53110; 53130; 53142; 53510; 53540; 53550; 53132; 53141

**Use of Revenue:** This fund accounts for the City's street maintenance & traffic operations, electrical and engineering costs.

#### Revenue History

##### Special Revenue - 1700 thru 1750

Fiscal Year	Revenue (\$)	Percentage Change
2020	11,081,469	5%
2021	11,738,120	6%
2022	12,208,806	4%
2023	13,878,681	14%
2024	15,361,224	11%



### Variance Analysis

In Fiscal Year 2020 and forward, revenue continues to increase slightly for Senate Bill 1 Road Maintenance Rehabilitation. The City has continued to experience an increase in revenue for Fiscal Years 2022 and 2023 as the SB1 RMRA revenue has continued to increase along with the Garbage Franchise Fees for streets maintenance. In Fiscal Year 2024, this revenue continued to increase with the rise in the cost for fuel and diesel the tax revenue generated from Gas Tax and SB1 RMRA revenue. The garbage franchise fee revenue also had an increase.

## V. AIRPORT FUND

### A. Enterprise - 4310 thru 4330

#### Background

**Authority:** MMC 8-1.101

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 7-3.401

**Description:** This fund accounts for the operation of the Modesto Airport. Primary revenue sources for this fund include hangar rental fees, office space leases, fees for tie downs, landing fees, a passenger facility charge, commercial services, ultralight vehicle fees, and taxes levied on the owners of aircraft housed in Modesto. The Airport fund also receives Federal Aviation Authority (FAA) grants for capital improvements.

**Fund:** Transportation Funds

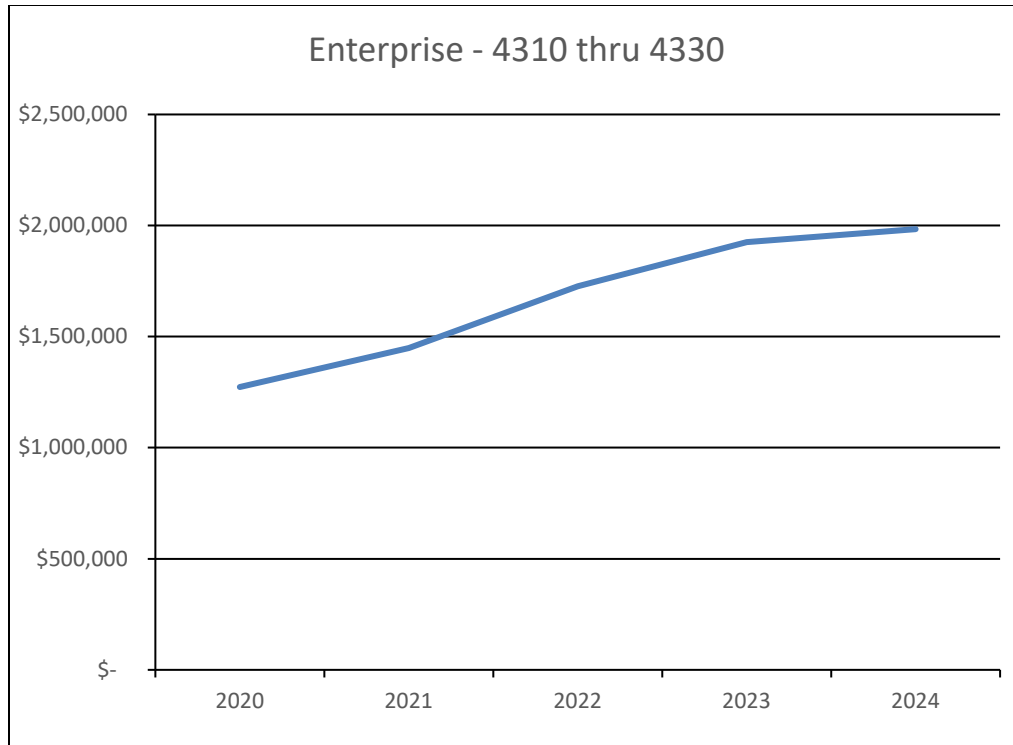
**Cost Center:** 53312; 53238; 53340

**Use of Revenue:** Airport maintenance, operations, and improvements.

#### Revenue History

##### Enterprise - 4310 thru 4330

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,273,174	-23%
2021	1,449,252	14%
2022	1,726,690	19%
2023	1,925,917	12%
2024	1,983,751	3%



### Variance Analysis

For Fiscal Year 2021, the increase in revenue is mostly due to Aircraft Taxes and the County Contribution coming in higher. This is because of the taxes on the aircraft out at the airport being valued higher and assessed at a higher amount. Additionally, on September 1, 2020, the Council authorized adjustments to various airport rates and fees to take effective September 1, 2020. The increase resulted in a 2.8% increase. The increase in Fiscal Year 2022 is related to revenue being received for the River Road Airport Property purchase which was previously paid from the County Aircraft Tax fund and now received FAA grants funds. The City received additional revenue in the year related from the FAA for ARPA funding. The increase in Fiscal Year 2023 is related to increased revenues mostly due to Aircraft Taxes and the County Contribution coming in higher. The City also received additional revenue from FA and CA Department of Transportation funding. In Fiscal Year 2024, Aircraft taxes increased slightly while Airport Hangar rentals decreased resulting in a small increase in revenue from the previous Fiscal Year.

## VI. BUS FUNDS

### A. Enterprise – 4510 thru 4560

#### Background

**Authority:** Section 29530 of the Government Code; Section 130000 of the Public Utility Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds account for the operation of the City's transit system, including fixed-route buses, dial-a-ride, and the Modesto Amtrak station. Principal revenue sources in this fund include a portion of the State's 0.25% sales tax for transportation (see Local Transportation Fund, above), transit-related grants, and rider fares.

**Fund:** Transportation Funds

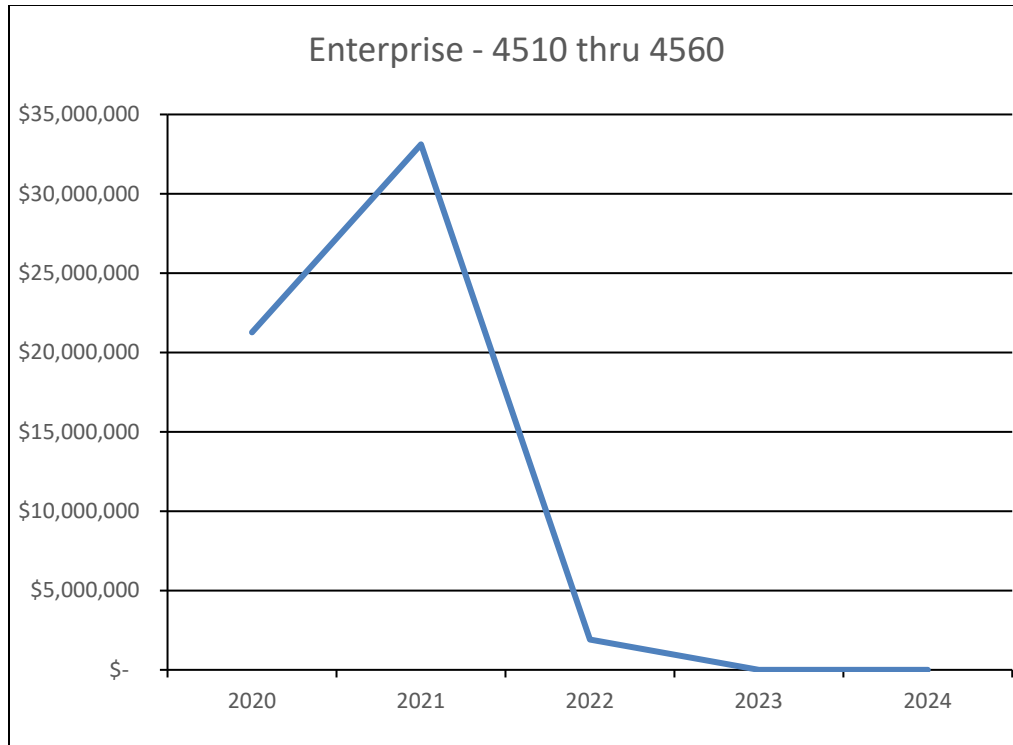
**Cost Center:** 53477; 59999; 53473; 53474; 53475; 53244; 53401; 53472; 53480; 53237; 53476; 53478; 53490

**Use of Revenue:** Transit

#### Revenue History

##### Enterprise – 4510 thru 4560

Fiscal Year	Revenue (\$)	Percentage Change
2020	21,265,867	-19%
2021	33,116,005	56%
2022	1,902,731	-94%
2023	-	-100%
2024	-	-



### Variance Analysis

During Fiscal Year 2020, the COVID-19 pandemic caused serious declines in ridership for both MAX and Dial-A-Ride services. City Council approved free fares from April 6, 2021, to October 4, 2021, causing declines in fare revenues. In Fiscal Year 2020, operating revenues declined due to reduction in operations. Contract payments reduced based on low ridership and reduced services, only \$103,074 was disbursed to sub-grantees, and many purchases were put on hold. During Fiscal Year 2021, because of COVID and in a measure to assist public transportation riders, transit offered free rides for several months which were funded by State grants. Additionally, during this fiscal year transit purchased a fleet of vans for Dial-A-Ride services totaling \$1,513,827 in Federal grant funds. Finally, during Fiscal Year 2021, transit operating assistance funds from federal grants totaling \$11,467,431 and distributed \$2,185,035 to subrecipients. As of July 1, 2021, the bus funds related to transit moved to Stanislaus Regional Transit Authority (StanRTA) which results in the decrease of revenue. Although the Transit Division left the City in Fiscal Year 2022, there was some revenue generated from necessary accounting entries to close out the funds. For any future fiscal years, no revenue will be generated.

## VII. WATER FUND

### A. Enterprise – 4100 thru 4181

#### Background

**Authority:** Section 29530 of the Government Code; Section 99200 of the Public Utility Code; Section 2374 of the Streets and Highways Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 11-6.05, 11-6.06, 11-6.08

**Description:** This fund accounts for the City's water utility. All expenses relating to the provision of water services are charged to this fund, which is financed with customer utility rate payments and connection fees. This fund also accounts for debt issued on behalf of the water utility and for the repayment of such debt. This fund also accounts for grant activity received for operations and capital activity.

**Fund:** Utilities

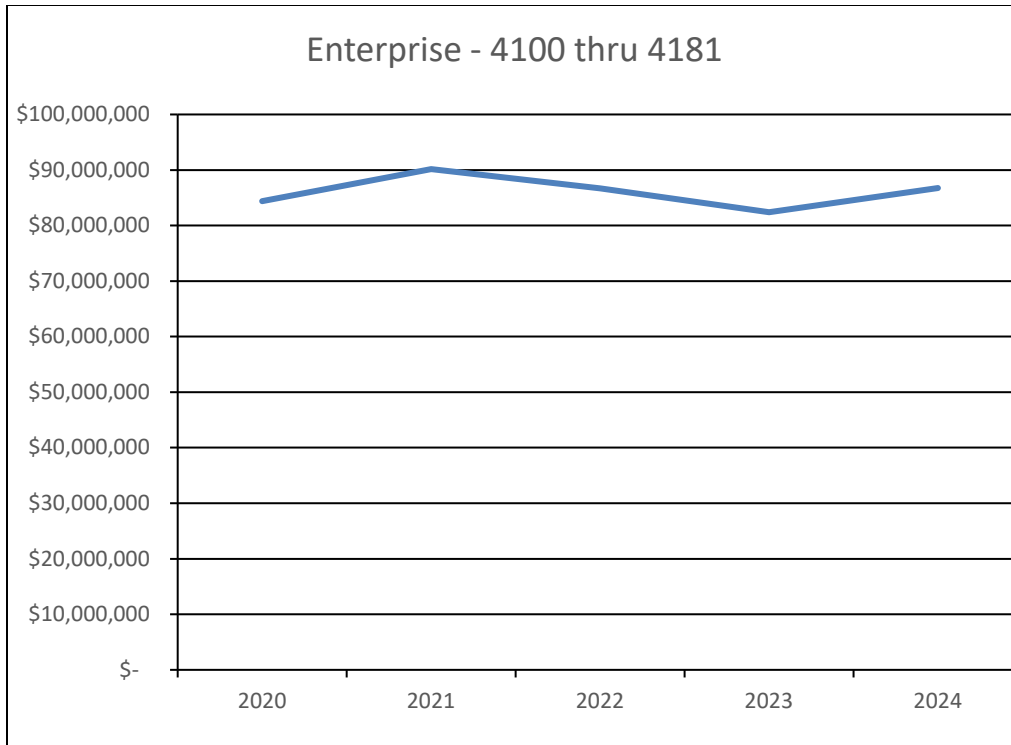
**Cost Center:** 12135; 12182; 12460; 12470; 12480; 41010; 41410; 42024; 42100; 42140; 42200; 42210; 43030; 43060; 45010; 45020; 45040; 45050; 45055; 45060; 45065; 45070; 49998; 49999; 53256; 55050; 55060; 55080; 55090; 55110; 55140

**Use of Revenue:** Water system maintenance, operations, capital, and debt service.

#### Revenue History

##### Enterprise – 4100 thru 4181

Fiscal Year	Revenue (\$)	Percentage Change
2020	84,403,859	9%
2021	90,160,949	7%
2022	86,713,140	-4%
2023	82,398,803	-5%
2024	86,751,900	5%



### Variance Analysis

Revenues in the water fund vary based on metered water usage by customers. The City Council authorized a 6% increase on the water rates effective April 1, 2020. The decline in revenue for Fiscal Year 2022 is due to a reduction in revenue related to the flat rate for water sales and utility miscellaneous clearing fees. There was also a large reduction in grant revenue as grant funds were received in the year prior and not received in Fiscal Years 2022 and 2023. The City Council approved a 4.5% rate increase effective October 1, 2023, which generates additional revenue in Fiscal Year 2024.

## VIII. SEWER FUND

### A. Enterprise - 4210 thru 4280

#### Background

**Authority:** Council Resolution 2004-627

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 11-6.09

**Description:** This fund accounts for the City's sewer utility. All expenses relating to the provision of sewer services are charged to this fund, which is financed with customer utility rate payments and connection fees. This fund also accounts for debt issued on behalf of the sewer utility and for the repayment of such debt. This fund also accounts for grant activity received for operations and capital activity.

**Fund:** Utilities

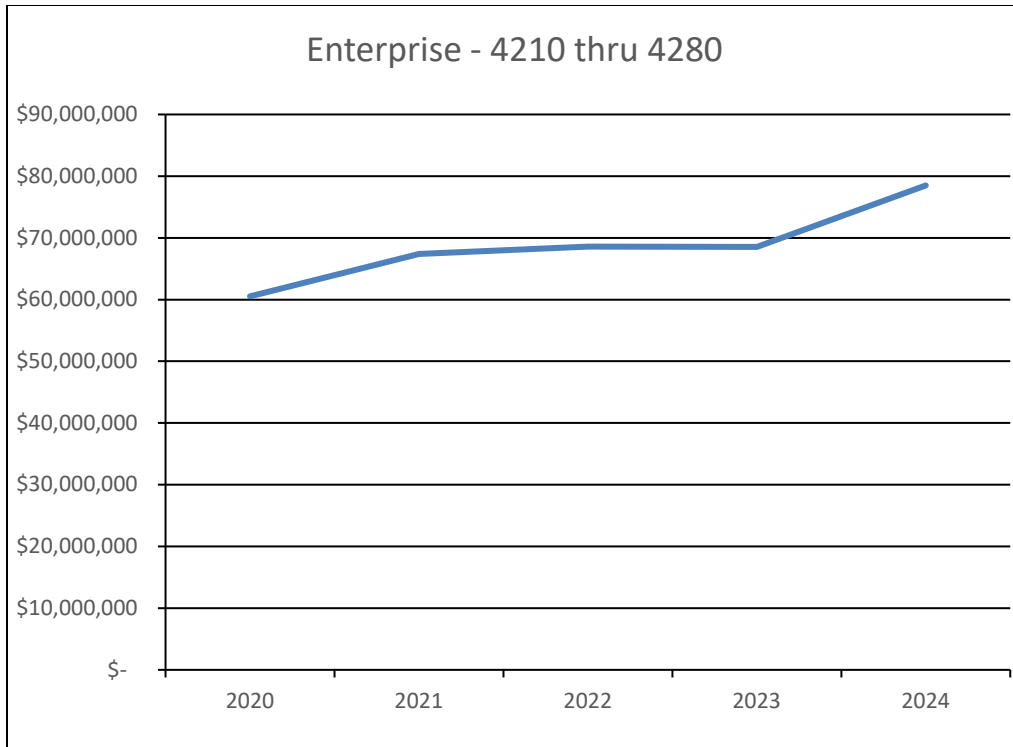
**Cost Center:** 12136; 12188; 41310; 41320; 42026; 42120; 42300; 42310; 42500; 42610; 43090; 43100; 43110; 43600; 44010; 44110; 44112; 44113; 44210; 44211; 44213; 44214; 44310; 44312; 44313; 44314; 44315; 44316; 44317; 44318; 44410; 49998; 49999; 51010; 53242

**Use of Revenue:** Sewer and wastewater system maintenance, operations, capital, and debt service.

#### Revenue History

##### Enterprise - 4210 thru 4280

Fiscal Year	Revenue (\$)	Percentage Change
2020	60,524,394	-6%
2021	67,407,388	11%
2022	68,579,054	2%
2023	68,543,546	0%
2024	78,497,119	15%



**Variance Analysis**

The City Council authorized a 6% increase of the wastewater rate effective January 1, 2020. Revenues in Fiscal Year 2020 is in line with future expectations. In Fiscal Year 2021, a 4% rate increase was implemented on January 1, 2021. On April 12, 2022, City Council authorized a 3.5% increase of the wastewater rate effective July 1, 2022. The City Council approved a 3.5% rate increase effective July 1, 2023, which generates additional revenue in Fiscal Year 2024.

## IX. STORM DRAIN FUND

### A. Enterprise - 4480 thru 4489

#### Background

**Authority:** MMC Sec. 5-6.02 and 5-6.24, Res. 2001-433

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 11-6.10

**Description:** This fund accounts for the City's storm water drainage utility and is financed primarily with storm water drainage fees. The City charges a storm drainage surcharge based on the size and intensity of use of property within City limits, as well as a charge for surface water runoff for properties outside City limits which discharge into the City's storm drain system.

**Fund:** Utilities

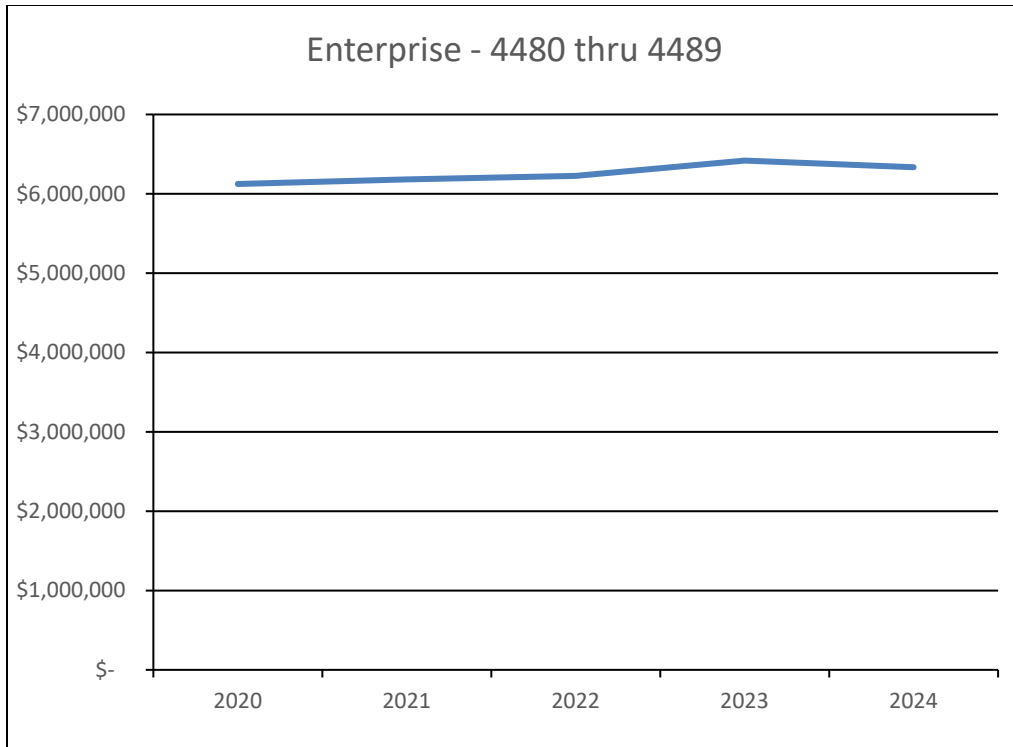
**Cost Center:** 41210; 44222; 53150; 54114; 54222

**Use of Revenue:** Storm water system capital, maintenance, and operations.

#### Revenue History

##### Enterprise - 4480 thru 4489

Fiscal Year	Revenue (\$)	Percentage Change
2020	6,123,750	0%
2021	6,183,361	1%
2022	6,227,295	1%
2023	6,418,674	3%
2024	6,334,133	-1%



### Variance Analysis

Storm drain fund revenues are reflective of the developed properties within the City. Post-recession, there has been limited development within the City, and rates have not been adjusted. As a result, the storm drain fund has been stable.

## X. DEBT SERVICE FUNDS

### A. Transfers and Interest Earnings from General Fund & the Modesto RDA

#### Background

**Authority:** Article XVI, Section 16 of the California Constitution; Section 33000 et seq. of the Health and Safety Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** Debt service funds (2140, 2150 and 2902) account for principal and interest payments on certificates of participation (COP's) and bonds issued by the City other than those accounted for in Enterprise and Internal Service funds. The primary revenue sources for these funds are transfers from the General Fund and the Modesto Redevelopment Agency (RDA).

**Fund:** Debt Service Funds

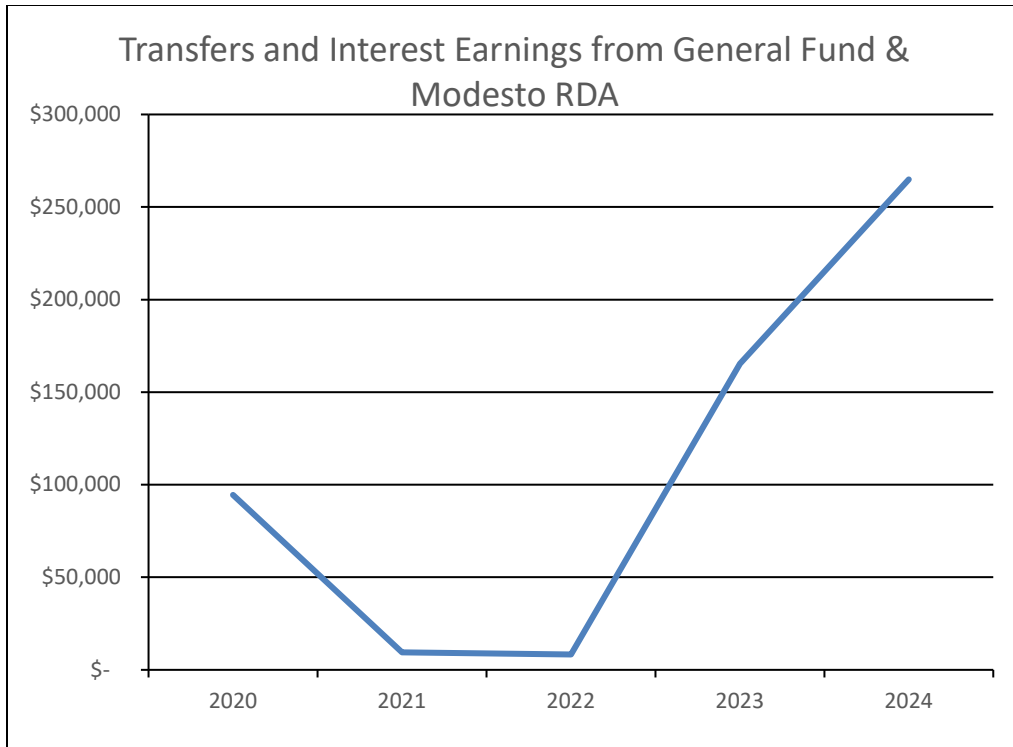
**Cost Center:** 12180; 14810

**Use of Revenue:** Debt service payments

#### Revenue History

##### Transfers and Interest Earnings from General Fund & the Modesto Redevelopment Agency

Fiscal Year	Revenue (\$)	Percentage Change
2020	94,451	-19%
2021	9,516	-90%
2022	8,307	-13%
2023	165,420	1891%
2024	264,914	60%



### Variance Analysis

Redevelopment Agencies (RDA) in California were disbanded by state law in 2011. Any increases/decreases in revenue shown in this chart are due to fluctuations in interest earnings on funds with the trustee. There are currently no transfers from the General Fund.

# XI. COMMUNITY DEVELOPMENT BLOCK GRANT – NEIGHBORHOOD STABILIZATION PROGRAM

## A. Special Revenue - 1131

### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Federal government, City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for Federal Community Development Block Grant (CDBG) revenues received by the City for neighborhood stabilization programs (NSP). Expenditures include a variety of housing-related programs primarily targeted at low-income areas. The Department of Housing and Urban Development (HUD) awards grants to entitled cities to carry out a wide range of community development activities directed towards revitalizing neighborhoods, economic development and providing improved community facilities and services. The grants are awarded based on a formula that considers such factors as population, poverty level and age of housing stock.

**Fund:** Other Funds

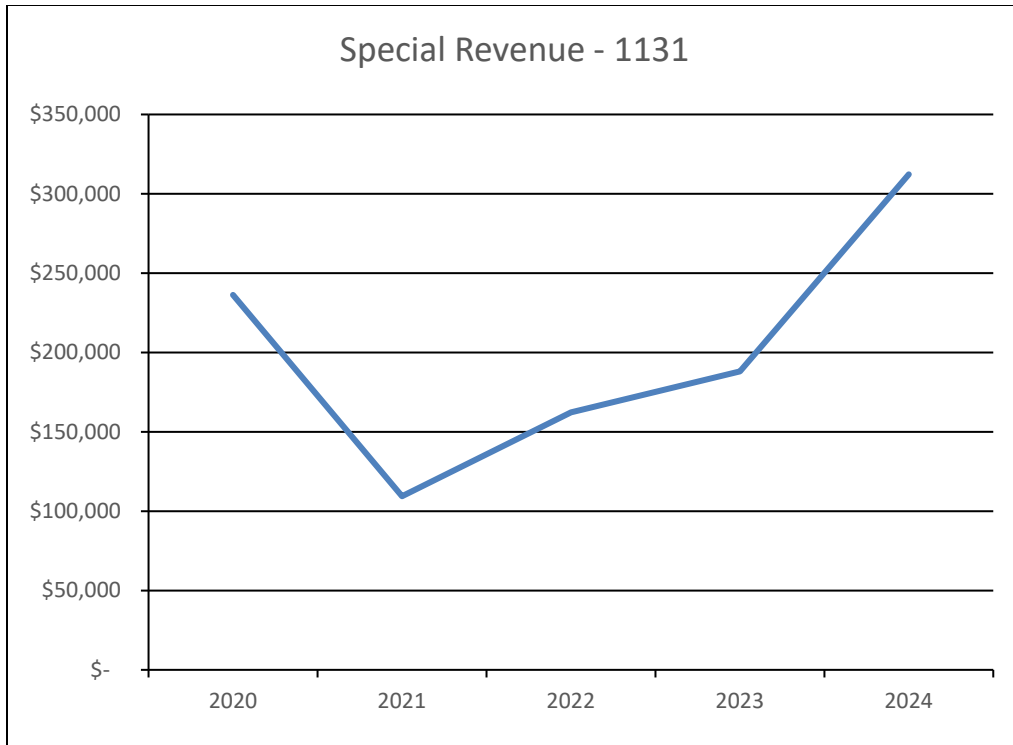
**Cost Center:** 14016; 39999

**Use of Revenue:** Restricted to the revitalization of low- and moderate-income areas within the City; also limited funding for social service type programs to a “not to exceed 15% of entitlement” amount.

### Revenue History

#### Special Revenue – 1131

Fiscal Year	Revenue (\$)	Percentage Change
2020	236,238	-25%
2021	109,412	-54%
2022	162,177	48%
2023	188,118	16%
2024	312,258	66%



**Variance Analysis**

HUD funds operate based on reimbursement from the Federal Government, and the number and size of projects completed vary from year to year. The Neighborhood Stabilization Program grant monies tracked in this fund were from a one-time funding source that has since been completed. Ongoing revenues in this fund represent program income only. Revenue continues to fluctuate due to the number of loans that are refinanced or are paid off due to the sale of the property.

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## XII. HOME INVESTMENT PARTNERSHIPS PROGRAM

### A. Special Revenue - 1170

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for revenues received from the Department of Housing and Urban Development (HUD) under the Home Investment Partnerships Program (HOME). The HOME Investment Partnerships Program provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households.

**Fund:** Other Funds

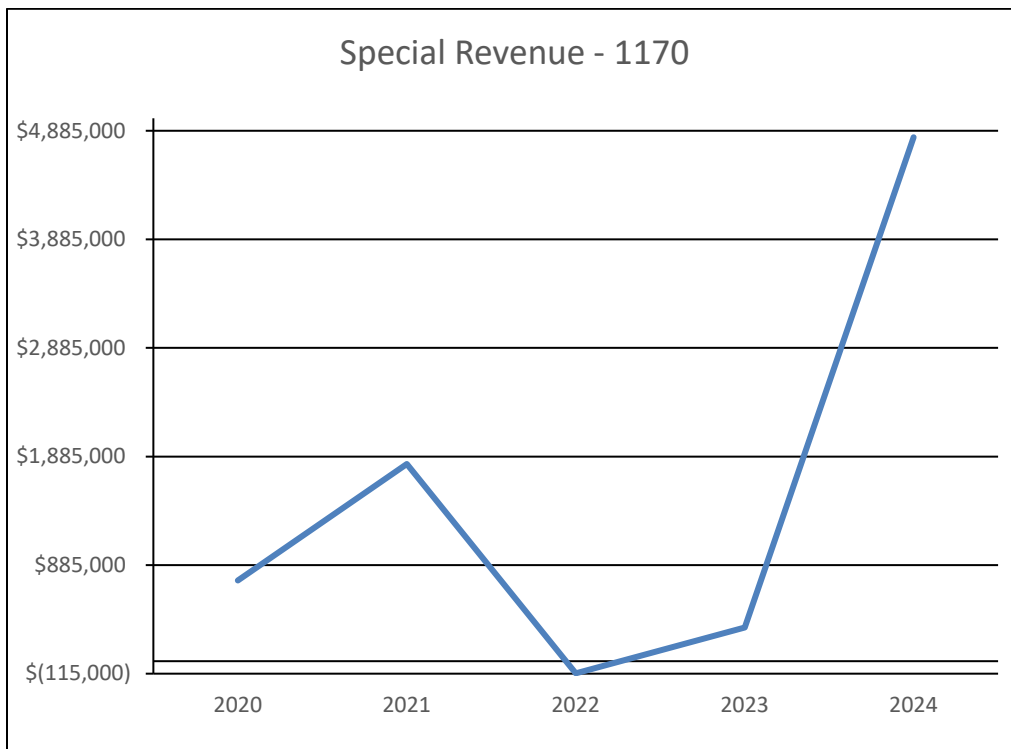
**Cost Center:** 14030; 14998; 38500; 38700; 39998; 39999

**Use of Revenue:** Participating jurisdictions (PJs) may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers; build or rehabilitate housing for rent or ownership; or for "other reasonable and necessary expenses related to the development of non-luxury housing," including site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and payment of relocation expenses. PJs may use HOME funds to provide tenant-based rental assistance contracts of up to 2 years if such activity is consistent with their Consolidated Plan and justified under local market conditions. This assistance may be renewed. Up to 10 percent of the PJ's annual allocation may be used for program planning and administration.

## Revenue History

### Special Revenue – 1170

Fiscal Year	Revenue (\$)	Percentage Change
2020	743,073	-50%
2021	1,816,378	144%
2022	-111,919	-106%
2023	309,698	-377%
2024	4,825,182	1,458%



## Variance Analysis

HUD funds operate based on reimbursement from the federal government, and the number and size of projects completed vary from year to year. During Fiscal Year 2021, the Archway Commons Phase II project began using HOME funds, resulting in an increase compared to the prior year. Revenue from a previous fiscal year was reclassified during Fiscal Year 2022, leading to negative revenue. During Fiscal Year 2023, an increase was recorded due to program income received, which includes payments received on principal and interest for loans previously issued. In Fiscal Year 2024, a significant increase occurred, primarily due to activity related to the Traveler’s Motel project. Another contributing factor to this increase was program income received for the Archway Commons Phase II project in the form of a loan principal and interest payment.

## XIII. EMERGENCY SHELTER PROGRAM

### A. Special Revenue - 1180

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Federal government, City of Modesto

**Fee Source:** Council

**Municipal Code:**

**Description:** This fund accounts for emergency shelter grant (ESG) revenue received from the Department of Housing and Urban Development (HUD).

**Fund:** Other Funds

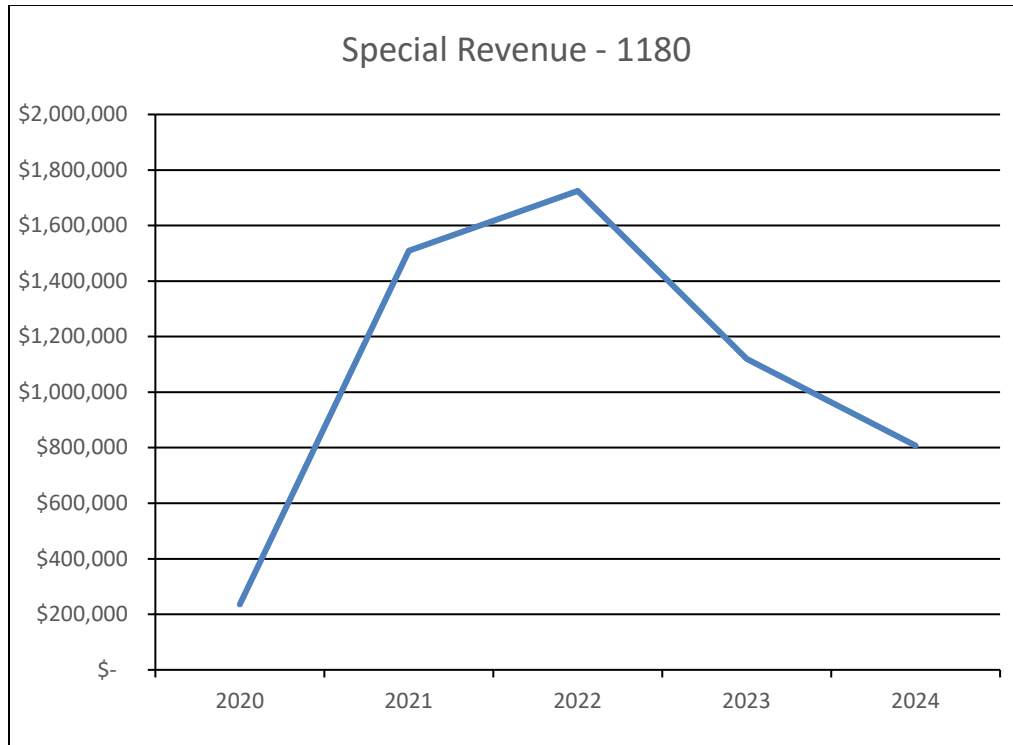
**Cost Center:** 14050; 14998; 38900; 39999

**Use of Revenue:** HUD provides grants by formula to states, metropolitan cities, urban counties and U.S. territories for eligible activities, generally including essential services related to emergency shelter, rehabilitation and conversion of buildings to be used as emergency shelters, operation of emergency shelters, and homelessness prevention services.

#### Revenue History

##### Special Revenue – 1180

Fiscal Year	Revenue (\$)	Percentage Change
2020	235,876	105%
2021	1,509,508	540%
2022	1,724,735	14%
2023	1,119,573	-35%
2024	806,917	-28%



### Variance Analysis

HUD funds operate based on reimbursement from the federal government, and the number and size of projects completed vary from year to year. During Fiscal Year 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated additional funding totaling \$1,118,269 to the ESG program, which will be utilized over multiple fiscal years. In Fiscal Year 2021, the City was allocated an additional \$1,267,503 from the CARES Act, for a cumulative amount of \$2,385,772. This resulted in an increase of revenue during Fiscal Years 2021 and 2022, which then trended back down during Fiscal Years 2023 and 2024 as the CARES funding was exhausted.

## XIV. COMMUNITY SYSTEM OF CARE

### A. Special Revenue - 1185

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Federal government, City of Modesto

**Fee Source:** Council

**Municipal Code:**

**Description:** This fund accounts for Emergency Shelter Grant (ESG) revenue received from the Department of Housing and Urban Development (HUD).

**Fund:** Other Funds

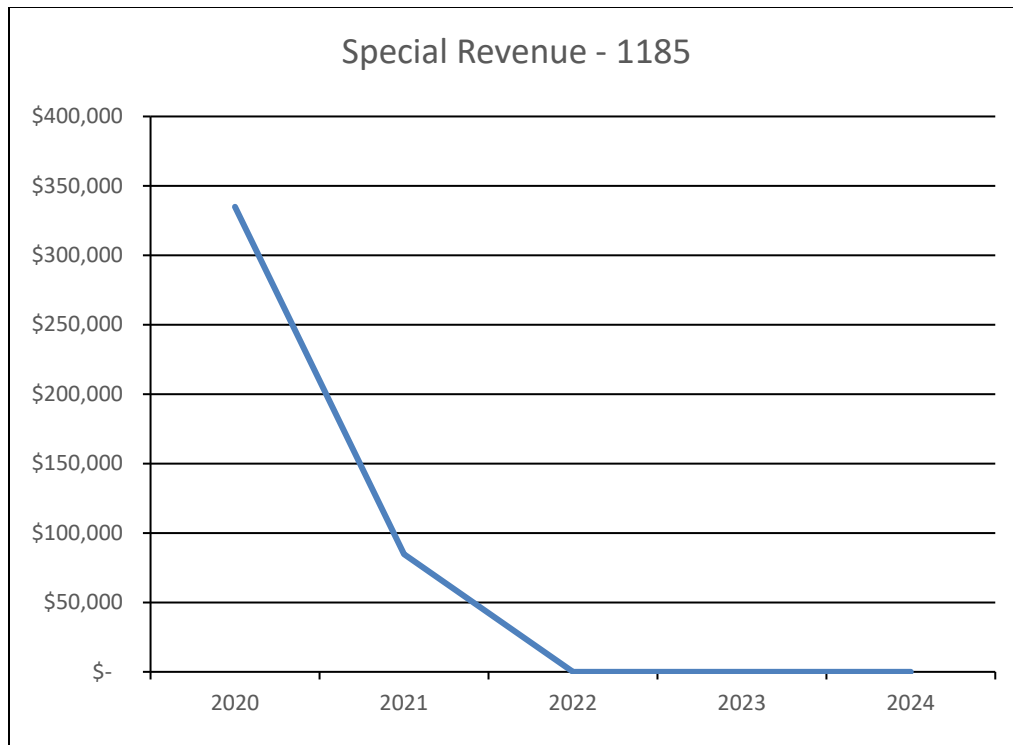
**Cost Center:** 14055; 14056

**Use of Revenue:** HUD provides grants by formula to states, metropolitan cities, urban counties, and U.S. territories for eligible activities, such as overseeing the Homeless Management Information System (HMIS) by acting as the collaborative applicant for the Stanislaus Community System of Care, including compliance, reporting, monitoring, grant application requirements, monitoring activities, and providing technical assistance to non-profit organizations receiving Continuum of Care Funds.

#### Revenue History

##### Special Revenue – 1185

Fiscal Year	Revenue (\$)	Percentage Change
2020	334,921	46%
2021	84,779	-75%
2022	-	-100%
2023	-	-
2024	-	-



### **Variance Analysis**

HUD funds operate based on reimbursement from the federal government, and the number and size of projects completed vary from year to year. During Fiscal Year 2021, Stanislaus County assumed the Collaborative Applicant role, and all future funding will be directed to them. The revenue received in Fiscal Year 2021 was the remaining grant funding from prior fiscal years.

## XV. DOWNTOWN IMPROVEMENT DISTRICT

### A. Business License Tax - Mill Tax Downtown Improvement District - 1200

#### Background

**Authority:** MMC 6-3

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 6-3

**Description:** This fund accounts for the activities of the business downtown improvement district (DID) which covers the core downtown area of Modesto. Revenues are derived from an additional mill tax (a gross receipts tax) imposed on businesses within the area. Expenditures include various promotional programs intended to boost business activity in the area served.

**Fund:** Other Funds

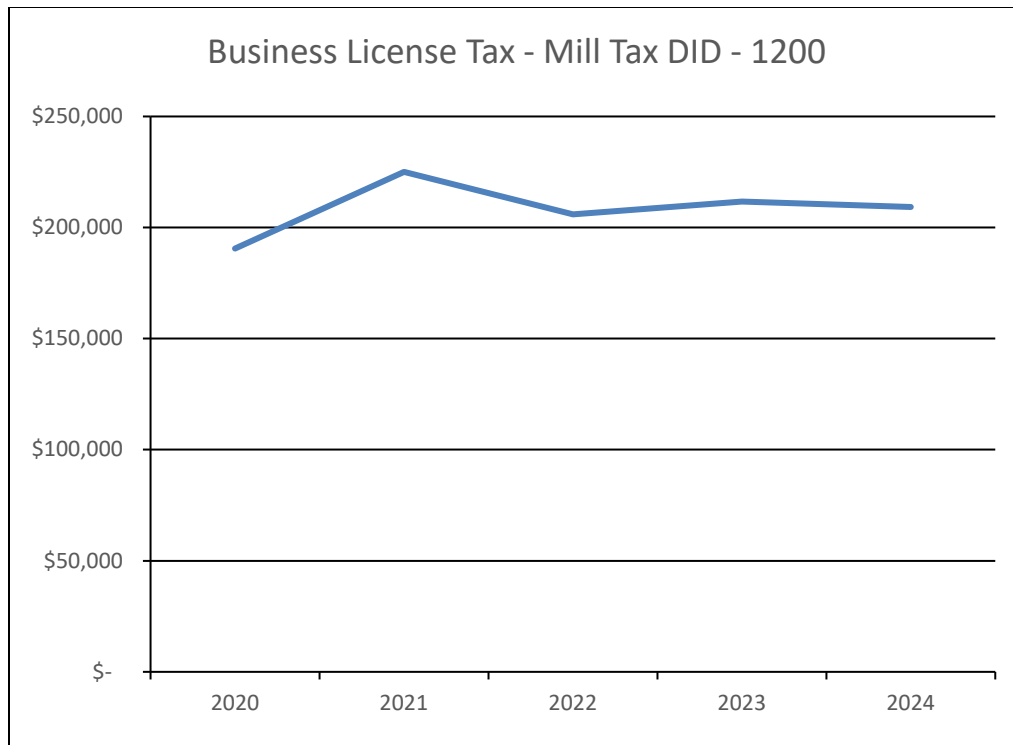
**Cost Center:** 80030

**Use of Revenue:** Decoration of any public place, promotion of public events which are to take place on or in public places, furnishing of music in any public place, the general promotion of retail trade activities in the DID; and/or the acquisition, construction, or maintenance of parking facilities for the benefit of the DID.

#### Revenue History

##### Business License Tax - Mill Tax Downtown Improvement District

Fiscal Year	Revenue (\$)	Percentage Change
2020	190,543	-6%
2021	225,051	18%
2022	205,995	-8%
2023	211,646	3%
2024	209,236	-1%



### Variance Analysis

In Fiscal Year 2020 trends slowed due to lower downtown business revenues during the initial stages of the COVID-19 pandemic. The increase in Fiscal Year 2021 can be attributed to initiatives taken by the City, such as the OpenAir Temporary Outdoor Dining Initiative, which has allowed more businesses to remain open and operate during the pandemic. There has been a slight decrease in Fiscal Year 2022 as there has been some decline in the number of businesses in the downtown area. This revenue has leveled in Fiscal Year 2023 and Fiscal Year 2024.

# XVI. DOWNTOWN MODESTO COMMUNITY BENEFIT DISTRICT

## A. Special Revenue – 1210

### Background

**Authority:** MMC 8-9.101

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 8-9.101

**Description:** The Downtown Modesto Community Benefit District serves to improve and provide special benefits to individual parcels located within the boundaries of the district including cleaning, security, beautification, district identity, possible transportation related activities and other special benefit programs. It also serves to attract new customers to their businesses, increase sales, increase occupancies, and enhance the benefitting individual parcels within the community benefit district.

**Fund:** Other Funds

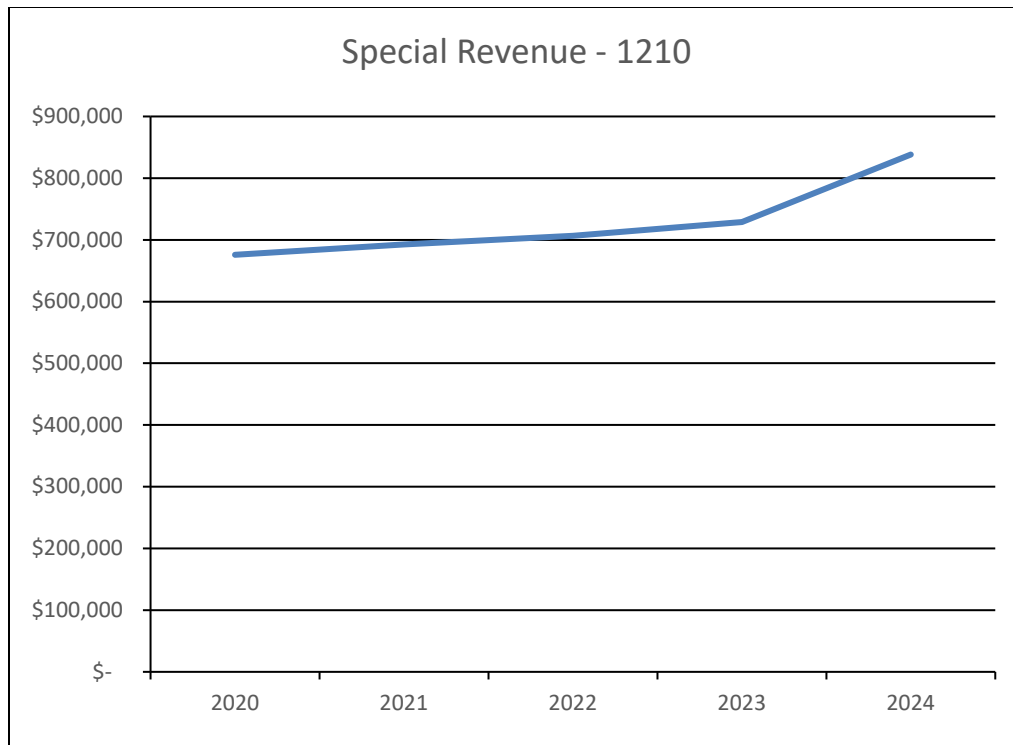
**Cost Center:** 80035

**Use of Revenue:** Engage the Modesto Improvement Partnership, Inc. to provide for the operation and management of the District, and the implementation of the Management Plan. Such services include, but are not limited to, creating a District budget and policies to comply with the Management Plan, preparing and filing annual reports with the City reflecting compliance with the Management Plan, providing annual financial statements and independent audits, and overseeing the day-to-day implementation of the Management Plan.

### Revenue History

#### Special Revenue – 1210

Fiscal Year	Revenue (\$)	Percentage Change
2020	675,841	-5%
2021	692,373	2%
2022	706,625	2%
2023	729,012	3%
2024	838,281	15%



### **Variance Analysis**

The revenue for this fund is based on assessments levied against property owners in the District. This declined in Fiscal Year 2020 due to impacts from the initial stages of the COVID-19 pandemic but has seen a gradual increase post pandemic.

## XVII. EDUCATION & GOVERNMENT COMMUNICATION

### A. Special Revenue - 1320

#### Background

**Authority:** Public Utilities Code Cable Section 5800 et seq., “The Digital Infrastructure and Video Competition Act of 2006” (Assembly Bill 2987 Nunez)

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the costs of providing educational and government - related cable television programming. It is financed with transfers from the General Fund and payments from other Access Modesto agencies.

**Fund:** Other Funds

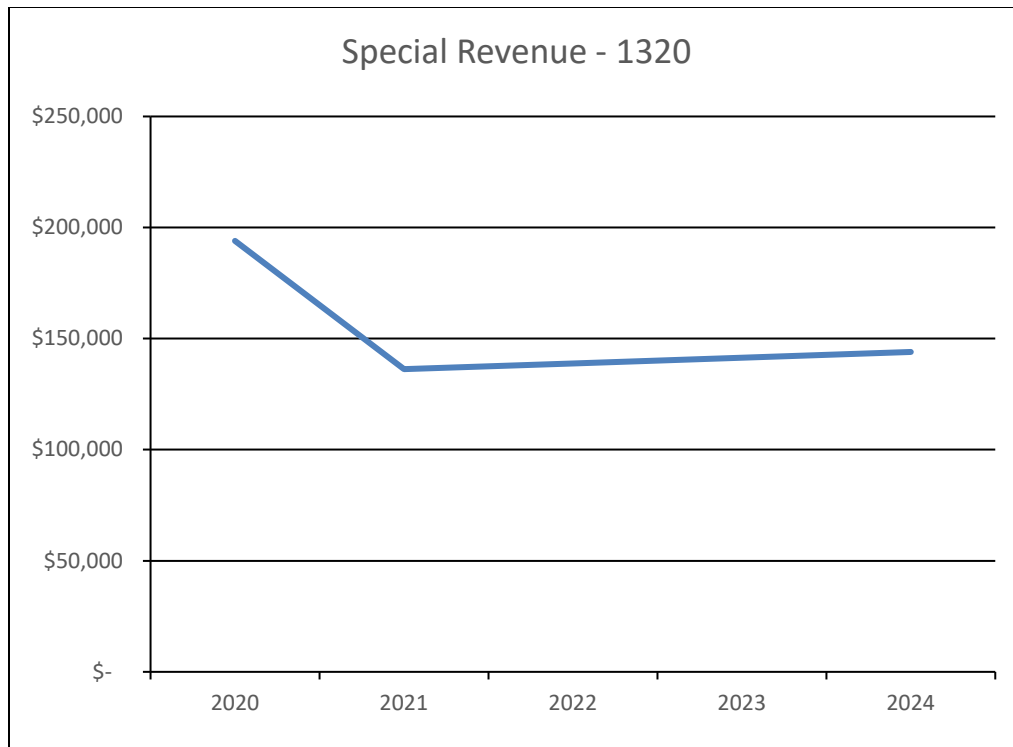
**Cost Center:** 07130; 17420; 61320

**Use of Revenue:** Government channel programming

#### Revenue History

##### Special Revenue – 1320

Fiscal Year	Revenue (\$)	Percentage Change
2020	193,990	104%
2021	136,262	-30%
2022	138,794	2%
2023	141,388	2%
2024	144,048	2%



### **Variance Analysis**

The revenue for this fund fluctuates based on the City/County agreement of contributions. There was some prior year revenue that was receipted in Fiscal Year 2020 which results in a higher amount of revenue. In Fiscal Year 2021, the revenue is more in align with prior years and that continues to be the case in the subsequent years.

## XVIII. PUBLIC, EDUCATIONAL AND GOVERNMENTAL FEE

### A. Special Revenue - 1321

#### Background

**Authority:** Public Utilities Code Cable Section 5800 et seq., "The Digital Infrastructure and Video Competition Act of 2006" (Assembly Bill 2987 Nunez); Ord. 3645-C.S.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the capital expenditures related to the broadcasting of the City of Modesto Council Meetings and Stanislaus County Board Meeting. It is financed through a 1% fee on Comcast and AT&T U-verse TV customers within the City of Modesto.

**Fund:** Other Funds

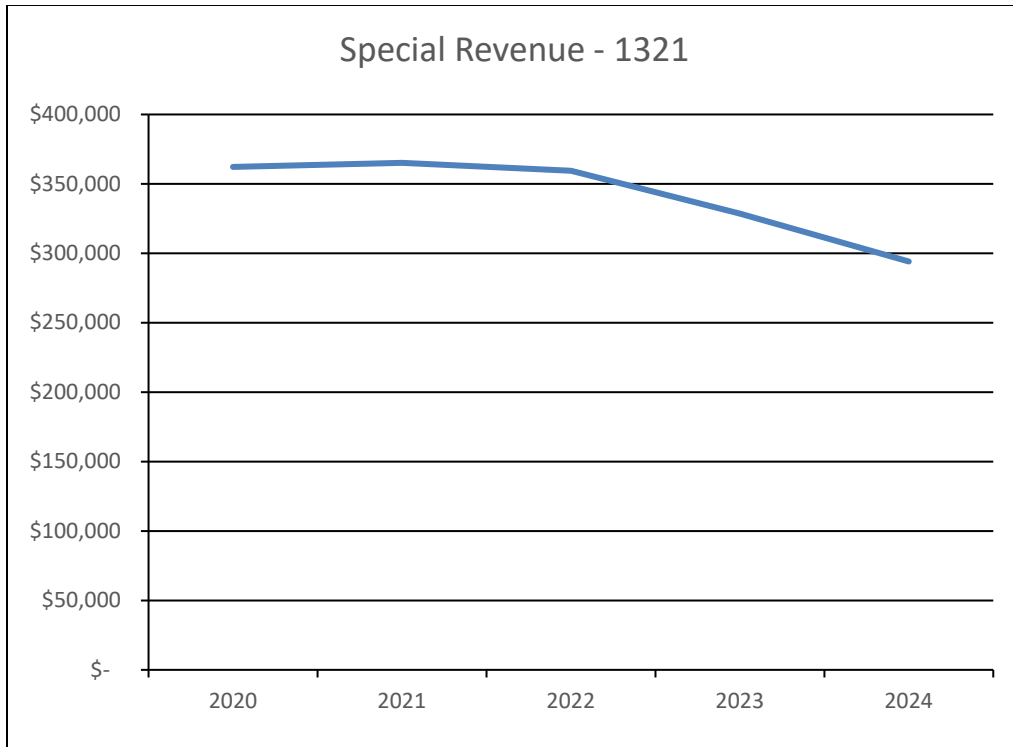
**Cost Center:** 17425

**Use of Revenue:** Capital Assets

#### Revenue History

##### Special Revenue – 1321

Fiscal Year	Revenue (\$)	Percentage Change
2020	362,300	-2%
2021	365,152	1%
2022	359,353	-2%
2023	328,586	-9%
2024	294,108	-10%



### Variance Analysis

Revenues vary from year to year, based on fees collected and remitted by cable franchises.

## XIX. OPERATING GRANTS - BLOCK

### A. Special Revenue - 1340

#### Background

**Authority:** Various

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund was established to account for non-capital grants received by the City (other than grants received by Enterprise and Internal Service funds). This fund receives revenues from block grant-style programs, in which the City receives a fixed amount of funding "up front." The types of expenditures incurred in this fund depend on the specific grants being received in any given year. Currently, the largest grant received in this fund is from the State's Special Law Enforcement Service Fund program.

**Fund:** Other Funds

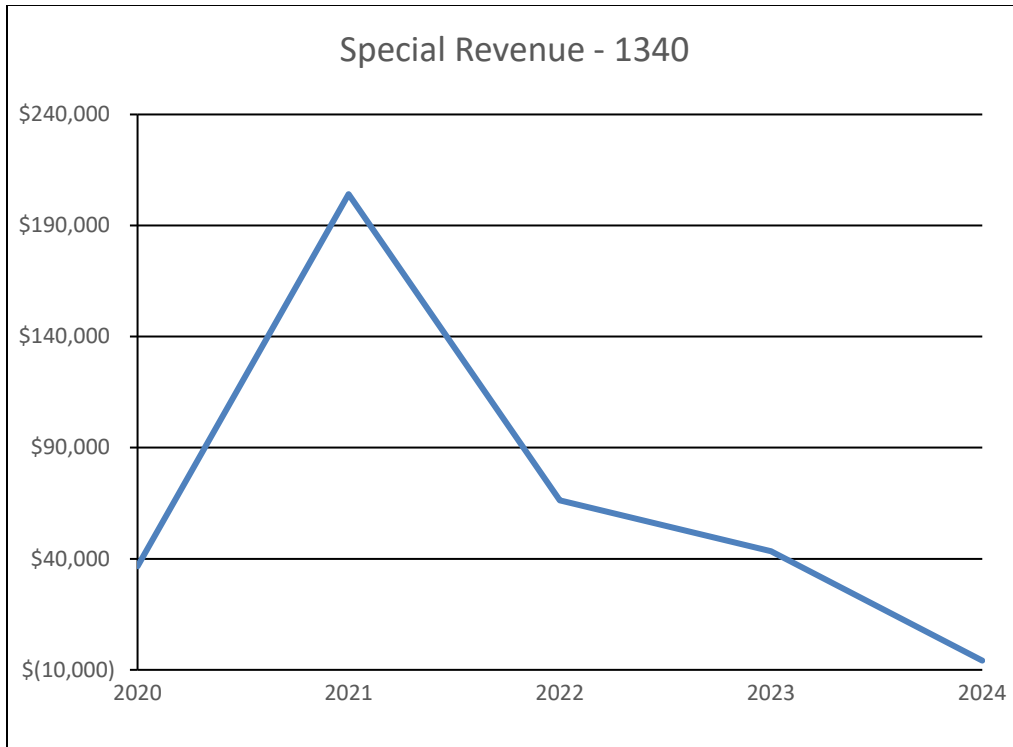
**Cost Center:** 02999; 14998; 19998; 19999; 39999; 59998; 90002

**Use of Revenue:** Specific program-related expenditures

#### Revenue History

##### Special Revenue – 1340

Fiscal Year	Revenue (\$)	Percentage Change
2020	36,616	-72%
2021	204,125	457%
2022	66,257	-68%
2023	43,351	-35%
2024	-5,835	-113%



**Variance Analysis**

The revenue for this fund fluctuates annually with available non-capital grant funding.

## XX. TRAFFIC SAFETY FUND

### A. Special Revenue - 1600

#### Background

**Authority:** State Legal System – State of California Vehicle Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 3-2

**Description:** This fund accounts for revenues received from traffic safety fines and forfeits.

**Fund:** Other Funds

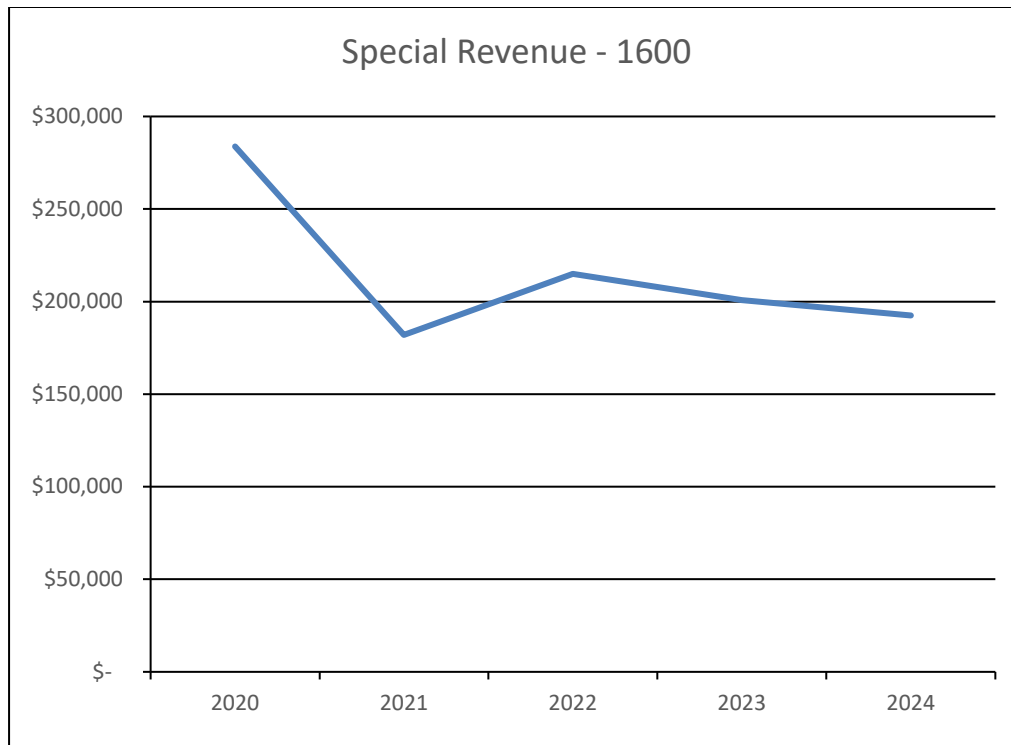
**Cost Center:** 19385

**Use of Revenue:** Money from this fund is transferred to the General Fund to pay for traffic related maintenance and expense. These funds are used to purchase equipment and supplies for traffic law enforcement and for traffic accident prevention.

#### Revenue History

##### Special Revenue – 1600

Fiscal Year	Revenue (\$)	Percentage Change
2020	283,780	-2%
2021	181,997	-36%
2022	214,903	18%
2023	200,723	-7%
2024	192,433	-4%



### **Variance Analysis**

The decrease in revenues received from traffic safety fines and forfeitures reflects reductions in Traffic Division Police Officers. With regards to vehicle release fees, increased traffic operations lead to more incidences in which the towing of vehicles is necessary. A decrease has continued into Fiscal Year 2021. There has been an increase in revenue from this category as there has been an increased focus on Traffic Division operations within the Police Department in recent years.

## XXI. TRAFFIC OFFENDER FUND

### A. Special Revenue - 1610

#### Background

**Authority:** State Legal System - State of California – Office of Traffic Safety

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** 8-1.1001 – Traffic Offender Fund

**Description:** This fund accounts for revenues received from a portion of vehicle release fees.

**Fund:** Other Funds

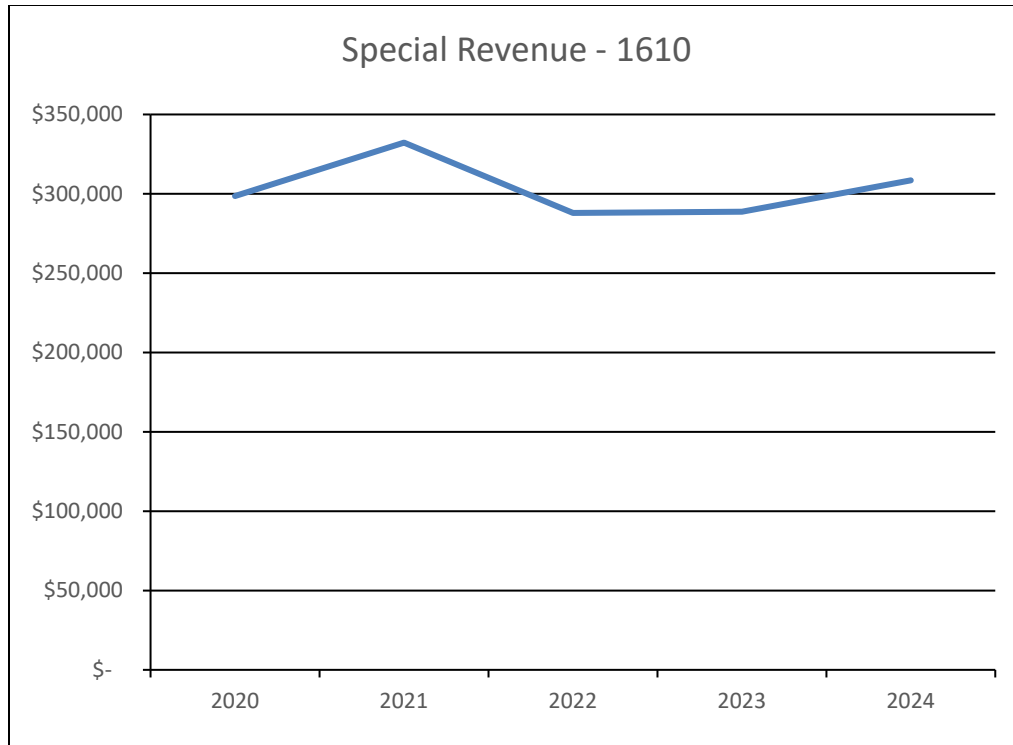
**Cost Center:** 19390

**Use of Revenue:** Expenditures include general police operations.

#### Revenue History

##### Special Revenue – 1610

Fiscal Year	Revenue (\$)	Percentage Change
2020	298,635	-1%
2021	332,259	11%
2022	287,941	-13%
2023	288,723	0%
2024	308,517	7%



### Variance Analysis

This funding is for special traffic operations such as Checkpoints, etc., as programmed in the grant. The department was able to conduct a greater number of operations, this generally results in more vehicles being towed, which leads to an increase in vehicle release fees. The elevated level of funding has continued into Fiscal Year 2021, in which the greater number of operations conducted by the Department is reflected in the increase of revenue. This amount has decreased as less funding has been received in Fiscal Year 2022. In Fiscal Year 2024, the checkpoint operation increased resulting increase revenue. With the increase planned traffic operations, this also results in increased vehicle impound fees received.

## XXII. COMMUNITY FACILITIES DISTRICT ADMINISTRATION

### A. Capital Projects - 3220

#### Background

**Authority:** The formation documents for each Community Facilities District (CFD) establishes the authority for administration expenses, including staff time, to be paid from special tax revenues.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for administrative costs associated with the CFD program. The fund is financed with CFD revenues and inter-fund service credits. The City of Modesto's CFD are created to provide a funding and reimbursement mechanism for public facilities and/or services for various Specific Plan areas. CFDs are the preferred method of financing infrastructure because no finding of special benefit for each parcel is required. They are also established to ensure that new development projects do not solely become the responsibility of the General Fund.

**Fund:** Other Funds

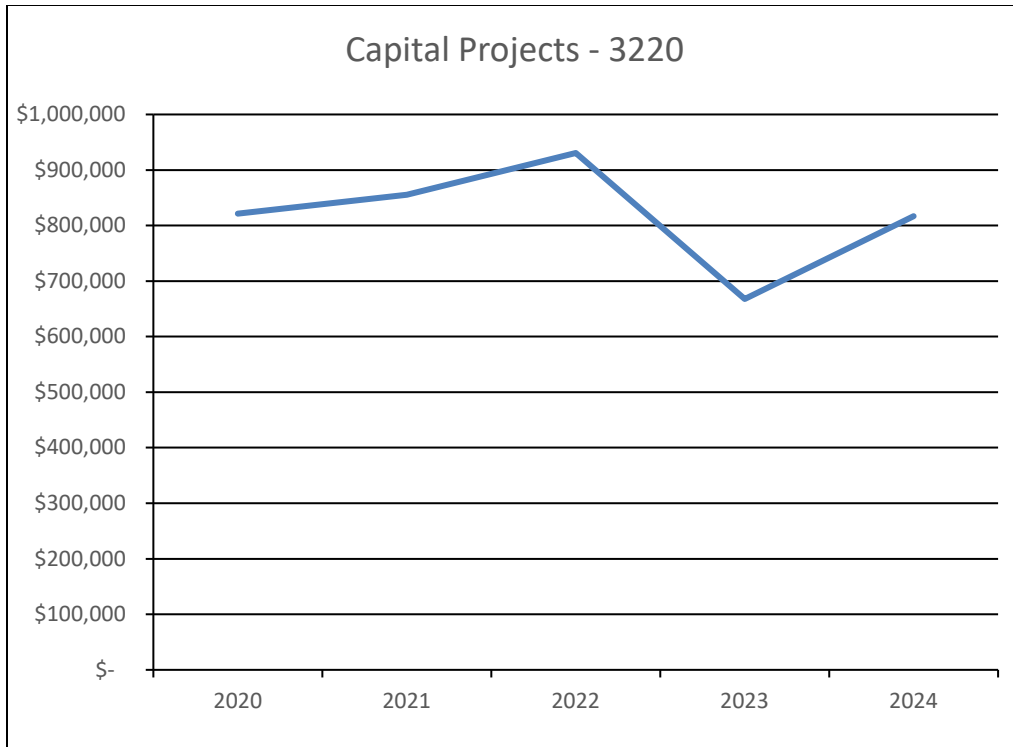
**Cost Center:** 14160; 14998; 14999

**Use of Revenue:**

#### Revenue History

##### Capital Projects – 3220

Fiscal Year	Revenue (\$)	Percentage Change
2020	821,584	2%
2021	855,608	4%
2022	930,634	9%
2023	667,744	-28%
2024	816,894	22%



### Variance Analysis

A variety of revenue sources provide revenue for this fund. The variance between years can be due to the use of fund balance to offset expenses or a decrease in staff hours charged to a funding source. The reduction in revenue in Fiscal Year 2023 can be attributed to a reduction in administrative time charged out to other funds. Fiscal Year 2024 had an increase in staff hours charged to other funds.

## XXIII. CAPITAL FACILITIES FEES ADMINISTRATION

### A. Capital Projects - 3480

#### Background

**Authority:** The formation documents for the City's Capital Facilities Fee (CFF) Program, establishing the authority to collect this fee and use it for administration expenses, including staff time.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for administrative costs associated with the CFF program. The fund is financed with CFF revenues. These funds account for the accumulation and expenditure of CFFs, which are charged to new development in the City to offset the impact of growth on community infrastructure.

**Fund:** Other Funds

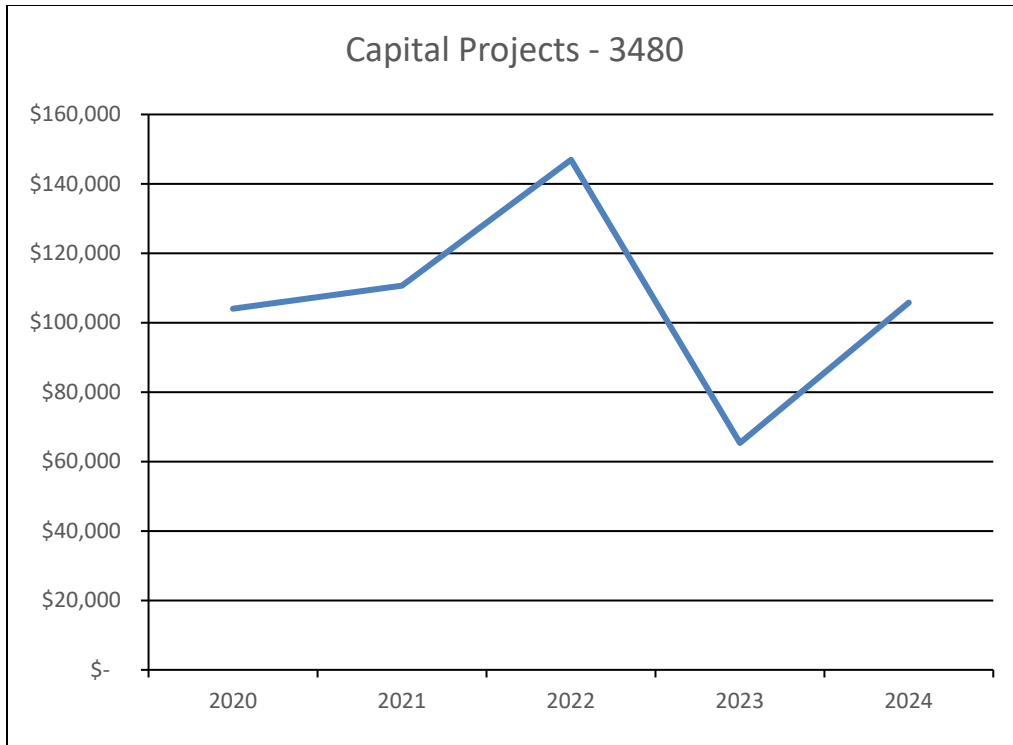
**Cost Center:** 14130

**Use of Revenue:** Administration of the CFF program.

#### Revenue History

##### Capital Projects – 3480

Fiscal Year	Revenue (\$)	Percentage Change
2020	104,020	90%
2021	110,688	6%
2022	146,945	33%
2023	65,356	-56%
2024	105,823	62%



### Variance Analysis

Variances in this revenue are caused by the level of development activity and the fees collected associated with said department.

## XXIV. GOLF FUND

### A. Enterprise – 4600 and 4605

#### Background

**Authority:** Council approved resolution number 2005-328

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 12-2

**Description:** This fund accounts for the maintenance, operation, and improvement of the three City-owned golf courses. Revenues in this fund are derived primarily from green fees.

**Fund:** Other Funds

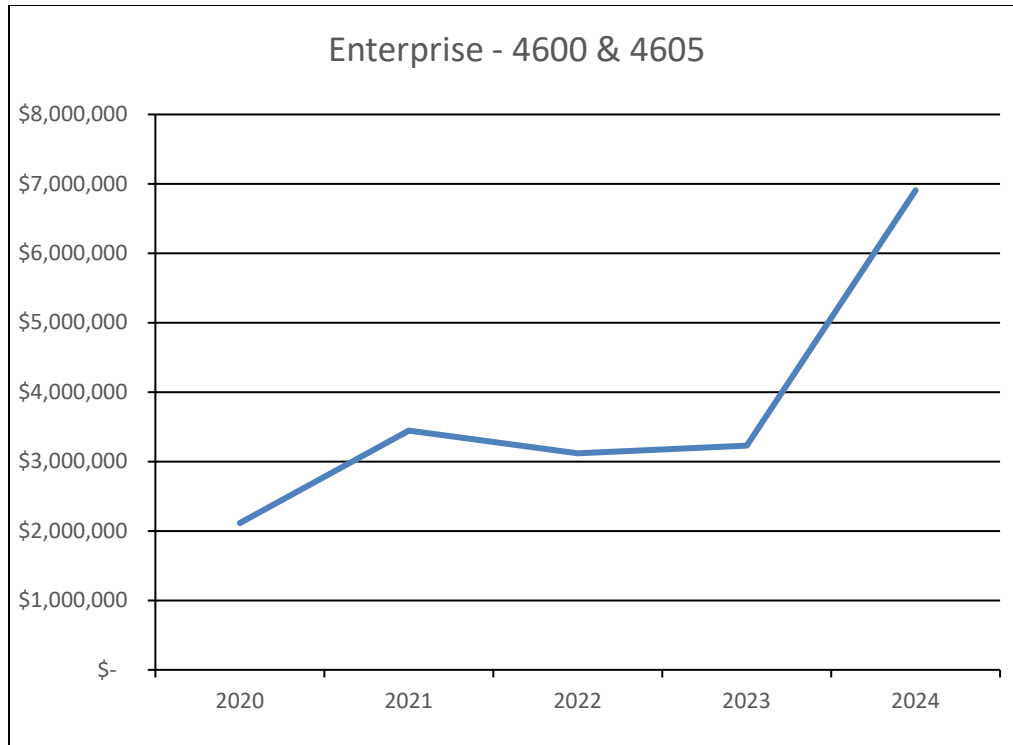
**Cost Center:** 14910; 34170

**Use of Revenue:** Expenditures include golf course maintenance and debt service on COP's issued to finance the development of the Creekside golf course

#### Revenue History

##### Enterprise - 4600 & 4605

Fiscal Year	Revenue (\$)	Percentage Change
2020	2,114,462	-17%
2021	3,446,119	63%
2022	3,119,452	-9%
2023	3,228,071	3%
2024	6,907,615	114%



### Variance Analysis

Fiscal Year 2020 saw a decrease in revenue due to pandemic related restrictions. As these restrictions began to be lifted and social-distancing measures began to take shape for the community in Fiscal Year 2021, revenues began to increase for the Golf Fund. Rounds began to increase as playing golf began to be a popular activity for members of the community with the new social distancing guidelines for outdoor activities in Fiscal Year 2021. Golf Fund revenue declined somewhat in Fiscal Year 2022 as there have been some extenuating circumstances at the golf courses that have led to a decline in the number of rounds played. These items are being addressed in future fiscal years and an increase in rounds is anticipated along with an increase in revenues. This ended up being the case and revenues increased in Fiscal Year 2023 and the trend is expected to continue beyond. The large increase in revenue for Fiscal Year 2024 is related to a one-time insurance reimbursement for the Dryden Golf Course Clubhouse.

## XXV. COMMUNITY DEVELOPMENT BLOCK GRANT - DIRECT

### A. Special Revenue – 1130, 1133 and 1139

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** Federal government, City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds account for federal Community Development Block Grant (CDBG) revenues received by the City. Expenditures include a variety of housing-related programs primarily targeted at low-income areas. The Department of Housing and Urban Development (HUD) awards grants to entitled cities to carry out a wide range of community development activities directed towards revitalizing neighborhoods, economic development and providing improved community facilities and services. The grants are awarded based on a formula that considers such factors as population, poverty level and age of housing stock.

**Fund:** Other Funds

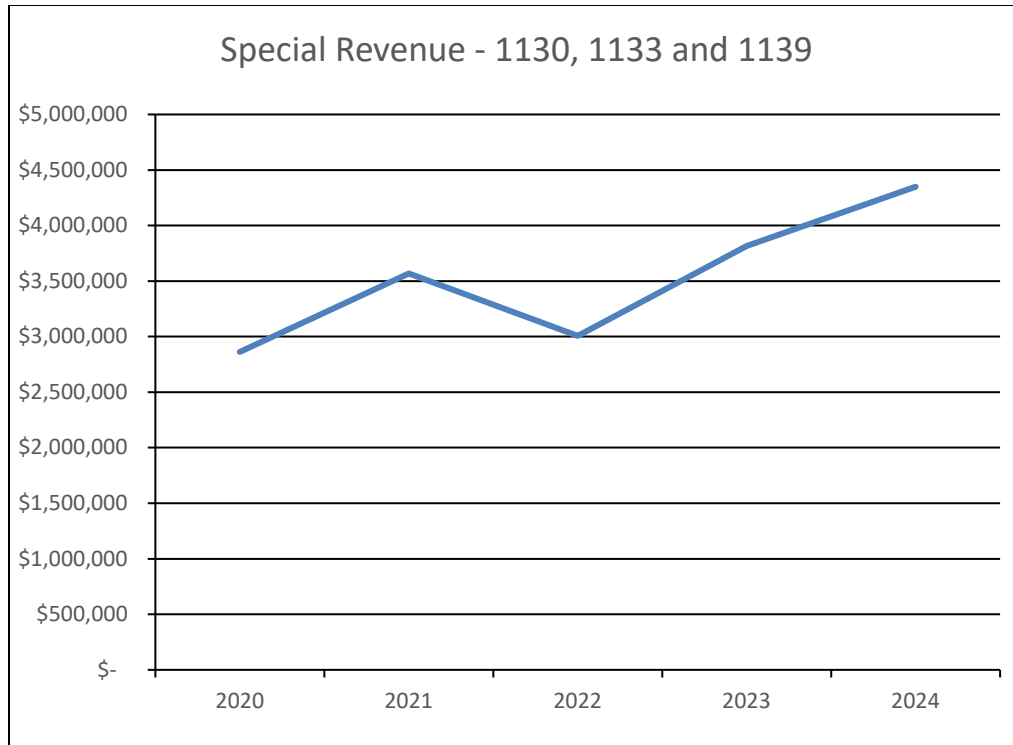
**Cost Center:** 14010, 14015; 14020; 14111; 14998; 38100; 38300; 38400; 39999; 53227

**Use of Revenue:** Restricted to the revitalization of low- and moderate-income areas within the City; also limited funding for social service type programs to a “not to exceed 15% of entitlement” amount.

#### Revenue History

##### Special Revenue - 1130, 1133 and 1139

Fiscal Year	Revenue (\$)	Percentage Change
2020	2,862,234	-9%
2021	3,567,359	25%
2022	3,008,101	-16%
2023	3,815,482	27%
2024	4,349,152	14%



### Variance Analysis

HUD funds operate based on reimbursement from the federal government, and the number and size of projects completed vary from year to year. During Fiscal Years 2020 and 2021, the Coronavirus Aid, Relief, and Economic Security (CARES) Act allocated additional funding totaling \$2,385,711 for the CDBG program, which will be utilized over multiple fiscal years. Most of the CARES Act funding began to be utilized in Fiscal Year 2021. During Fiscal Year 2022, two projects funded by CDBG were the Ralston Tower Park Upgrade and the replacement and relocation of the Boys and Girls Clubhouse. During Fiscal Year 2023, funds were received for the Downtown Streets Team project, along with a grant awarded to Stanislaus County Affordable Housing Corporation (STANCO) for the acquisition and rehabilitation of property at 319 Laurel Avenue. The trend continued upward, reaching a five-year high during Fiscal Year 2024. Revenue related to CARES Act funding saw a significant decrease due to most of the funding being received in prior fiscal years. That said, increased activity for projects such as Martin Luther King Park and 7th Street Village caused the overall uptrend in revenue.

## XXVI. HOUSING LOAN PROGRAM

### A. Special Revenue - 1150 thru 1155

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These are revolving funds, which provide housing loans to low-income individuals. The original funding to establish the funds was received from the Federal Department of Housing and Urban Development (HUD). Current revenues in the funds come from loan repayments, which are accumulated to provide new loans.

**Fund:** Other Funds

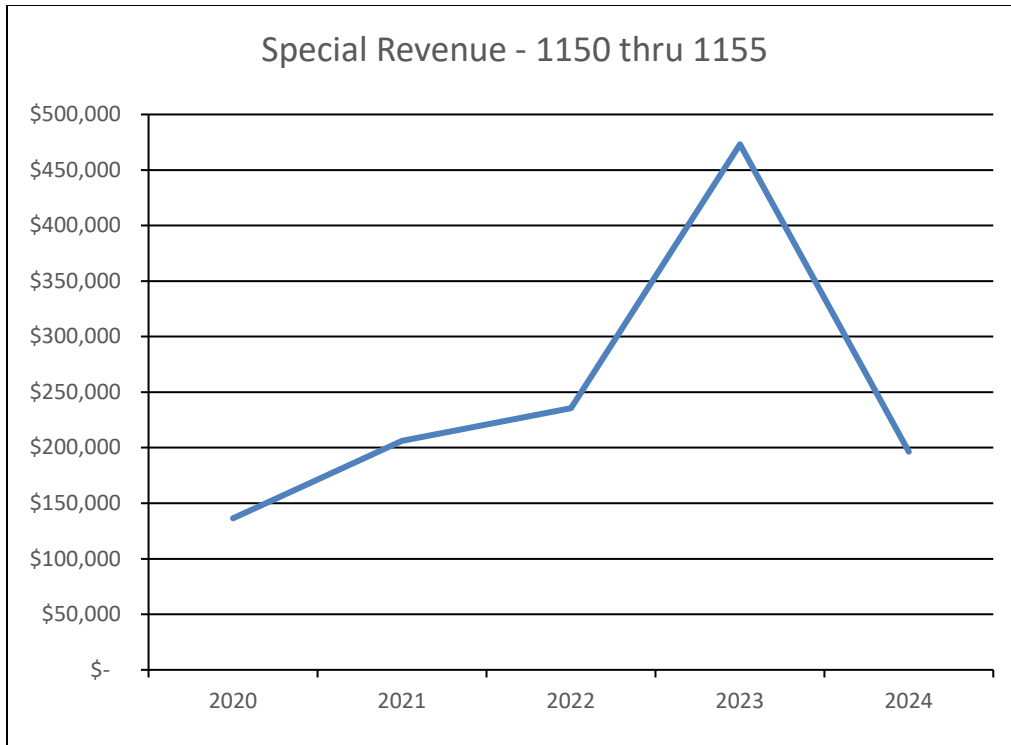
**Cost Center:** 14045; 14998; 38800; 39998; 39999

**Use of Revenue:** Housing loans to low-income individuals

#### Revenue History

##### Special Revenue - 1150 thru 1155

Fiscal Year	Revenue (\$)	Percentage Change
2020	136,420	-70%
2021	206,051	51%
2022	235,494	14%
2023	473,155	101%
2024	196,263	-59%



**Variance Analysis**

These HUD funds are revolving loan funds (RLF) that operate based on program income received. The amount of program income received, and the number and size of projects completed vary from year to year.

## XXVII. CAPITAL IMPROVEMENT SUPPORT

### A. Special Revenue - 1300 thru 1309

#### Background

**Authority:** MMC Sec. 4-15.103, Ord. 3582-C.S. and MMC Sec. 7-1.106, Ord. 782-C.S.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC Sec. 4-15.101 and MMC Sec. 7-1.103

**Description:** This fund was established to account for all operations governed by a Federal Indirect Cost Allocation Plan agreement. It is financed almost exclusively by labor charges to Capital Improvement Program (CIP) projects.

**Fund:** Other Funds

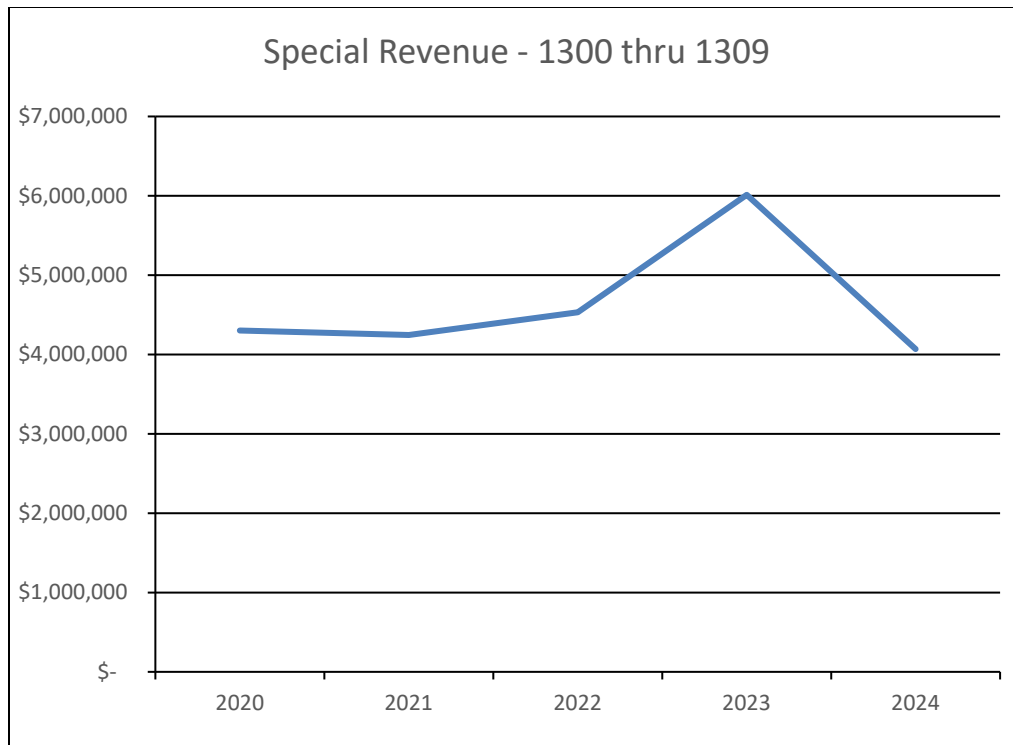
**Cost Center:** 13210; 13211; 13215; 13220; 13225; 42025

**Use of Revenue:** The revenue collected in this cost center - Construction Administration is generally used to offset the departmental operating expenditures.

#### Revenue History

##### Special Revenue - 1300 thru 1309

Fiscal Year	Revenue (\$)	Percentage Change
2020	4,303,860	15%
2021	4,246,267	-1%
2022	4,534,034	7%
2023	6,012,339	33%
2024	4,068,241	-32%



### Variance Analysis

This revenue is related to the time, material, and encroachment permits. Therefore, the revenue fluctuates from year to year depending on the economy and the number of permits being requested and applied for within the City. Additionally, the bulk of the revenue is received through direct charges that include the Cal-trans overhead rate. As the rate fluctuates year to year, the revenue fluctuates. The rate looks back two years prior the rate will fluctuate based on actual activity in that year.

## XXVIII. OPERATING GRANTS - REIMBURSED

### A. Special Revenue – 1341, 1342 and 1346

#### Background

**Authority:** Various

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds were established to account for non-capital grants received by the City on a reimbursement basis. In these programs, the City incurs the "up front" cost of delivering services, then requests reimbursement for those costs from the granting agency. The types of expenditures incurred in this fund depend on the specific grants being received in any given year.

**Fund:** Other Funds

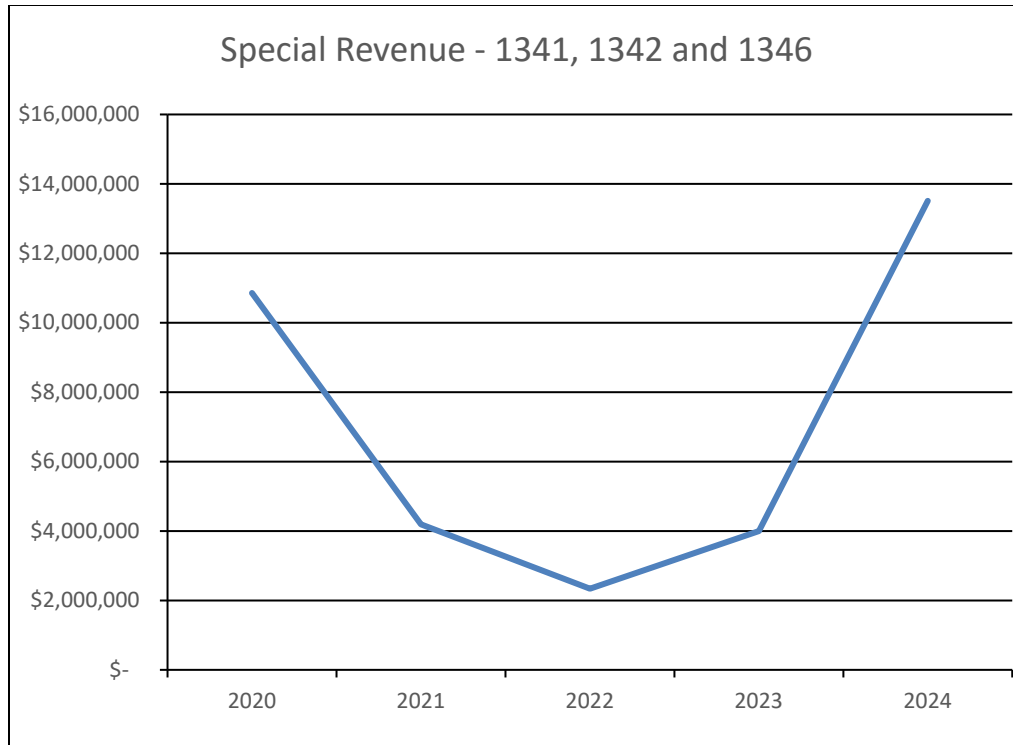
**Cost Center:** 14998; 14999; 18515; 18998; 18999; 19240; 19241; 19361; 19362; 19363; 19395; 19998; 19999; 39998; 39999; 49998; 59998; 19371

**Use of Revenue:** Generally restricted to the purpose/program for which the grant was approved.

#### Revenue History

##### Special Revenue – 1341, 1342 and 1346

Fiscal Year	Revenue (\$)	Percentage Change
2020	10,859,003	148%
2021	4,189,246	-61%
2022	2,337,756	-44%
2023	3,996,473	71%
2024	13,511,116	238%



### Variance Analysis

The revenue fluctuates annually with available non-capital grant funding. The City received \$7.5M in Fiscal Year 2020 from Coronavirus Relief Act (CRA) Funds. Fiscal Year 2021 will reflect a reduction compared to Fiscal Year 2020 as the CRA Funds were one-time. Fiscal Year 2022 continued to have a reduction in revenue due to the decrease in one-time funds that are no longer available. In Fiscal Year 2023, the City received \$1.4M in grant revenue from FEMA related to the SAFER Hiring grant being in its first full year of operations. The revenue within these funds reached a five year high in Fiscal Year 2024 due to the Homekey state grant funds for the Traveler's Motel housing project and also funding received for the Police Organized Retail Theft Prevention grant.

## XXIX. PARKING FUND

### A. Enterprise - 4000 and 4009

#### Background

**Authority:** MMC Sec. 3.2.1601, Ord. 625-C.S., amended by Ord. 683-C.S. and Ord. 1673C.S. sec. 1

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the City's off-street parking facilities, including the downtown parking garages. Parking fees for validated lots and other offstreet parking are the primary revenues in this fund. On October 25, 2016, by Resolution No. 2016-432, Council approved a pilot program changing the evening parking fee from a \$5 flat fee to the hourly rate of \$1 per hour. Staff estimated that an increase in evening patronage would compensate for the loss in revenue incurred by the reduction, but there was still a loss in revenue. On October 3, 2017, by Resolution No. 2017-393, council approved an amendment to change the parking fee structure for single space vehicles form \$1 per hour to \$1.25 per hour, 24 hours per day. This increase keeps the Parking Services Fund whole while still encouraging patronage downtown.

**Fund:** Other Funds

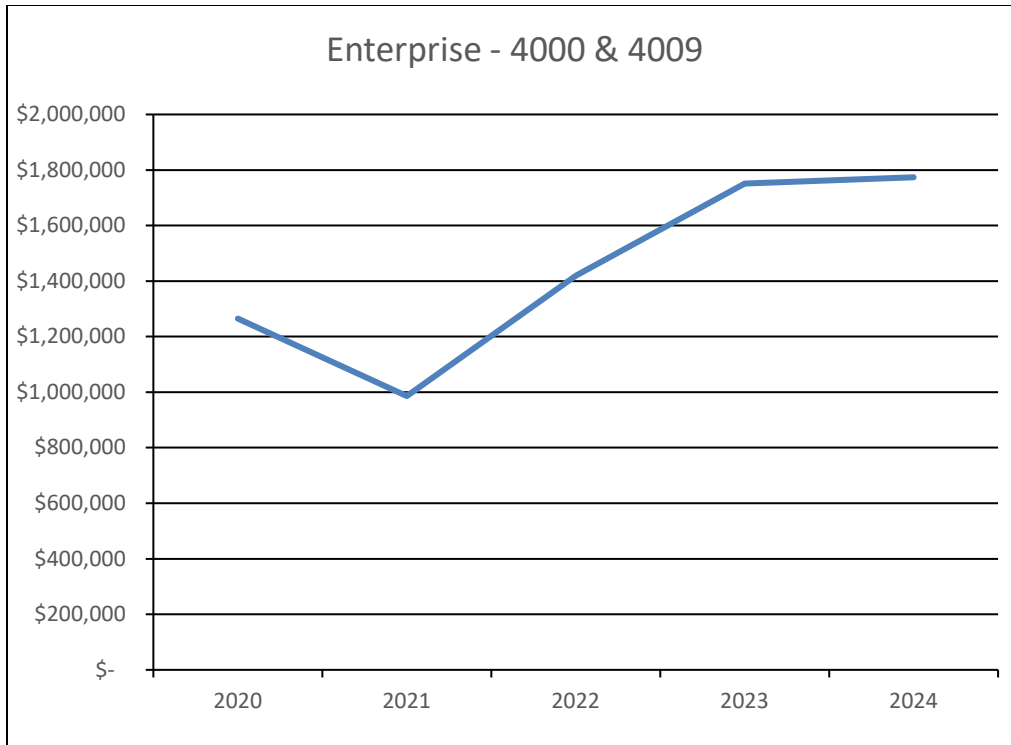
**Cost Center:** 12455; 53250

**Use of Revenue:** Operation, maintenance, and development of City parking facilities

#### Revenue History

##### Enterprise - 4000 & 4009

Fiscal Year	Revenue (\$)	Percentage Change
2020	1,264,942	-17%
2021	985,879	-22%
2022	1,419,644	44%
2023	1,751,103	23%
2024	1,773,814	1%



### Variance Analysis

The revenue in the Parking Fund fluctuates from year to year as it is dependent on agreements for leasing garage spaces with local businesses downtown as well as the number of visitors coming to the downtown area for dining, events, and other activities. Fiscal Year 2021 saw a continued decrease in parking revenue due to pandemic related restrictions to businesses in the downtown area. In Fiscal Year 2022, there was a rebound in parking garage revenues as the Parking Fund collected \$413,000 in additional revenues in this category. Fiscal Year 2023 saw revenues continue the trend with increases in all parking revenue categories including special events, monthly fees, flat lot revenues and parking agreement revenues. Fiscal Year 2024 revenues have remained steady.

## XXX. AMERICAN RECOVERY & REINVESTMENT ACT GRANTS

### A. Special Revenue – 1100, 1101, 3100, 1345 and 1353

#### Background

**Authority:** Various; Authority depends on the Grant or Loan tied to each project

**Administering Agency:** Federal government, City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds were established to account for the various functional grants received by the City from the American Recovery and Reinvestment Act (ARRA) of 2009. For these programs, the City incurs the "up front" cost of services, then request reimbursement for these costs from the granting agency. These grants were intended to provide stimulus to the U.S. economy in response to the national economic downturn.

**Fund:** Other Funds

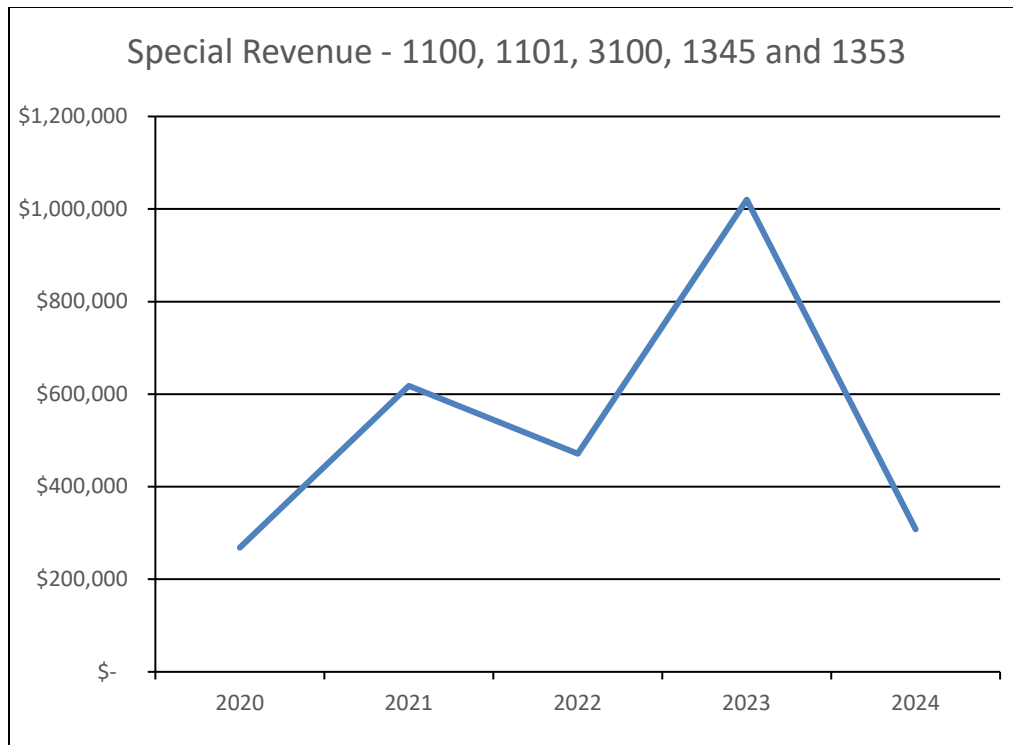
**Cost Center:** 38200; 39999; 14999; 19381; 39999;

**Use of Revenue:** Generally restricted to the purpose/program for which the grant was approved.

#### Revenue History

##### Special Revenue - 1100, 1101, 3100, 1345 and 1353

Fiscal Year	Revenue (\$)	Percentage Change
2020	268,391	-74%
2021	617,893	130%
2022	471,342	-24%
2023	1,020,126	116%
2024	308,410	-70%



### Variance Analysis

ARRA funds were distributed beginning in 2010, and sunset as ARRA-funded projects are completed. There are three remaining ARRA projects, two related projects for the Department of Housing and Urban Development and an Energy Efficiency Improvement Modifications project. Ongoing revenues in this fund represent program income only. Revenue continues to fluctuate due to the number of loans that are refinanced or are paid off due to the sale of the property.

## XXXI. CENTRE PLAZA FUND

### A. Enterprise - 4700 thru 4710

#### Background

**Authority:** Council approved resolution number 2015-22

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for the operation of the Modesto Centre Plaza convention and community center. The primary revenue sources for this fund include room rental fees, commissions, transfers from the General Fund.

**Fund:** Other Funds

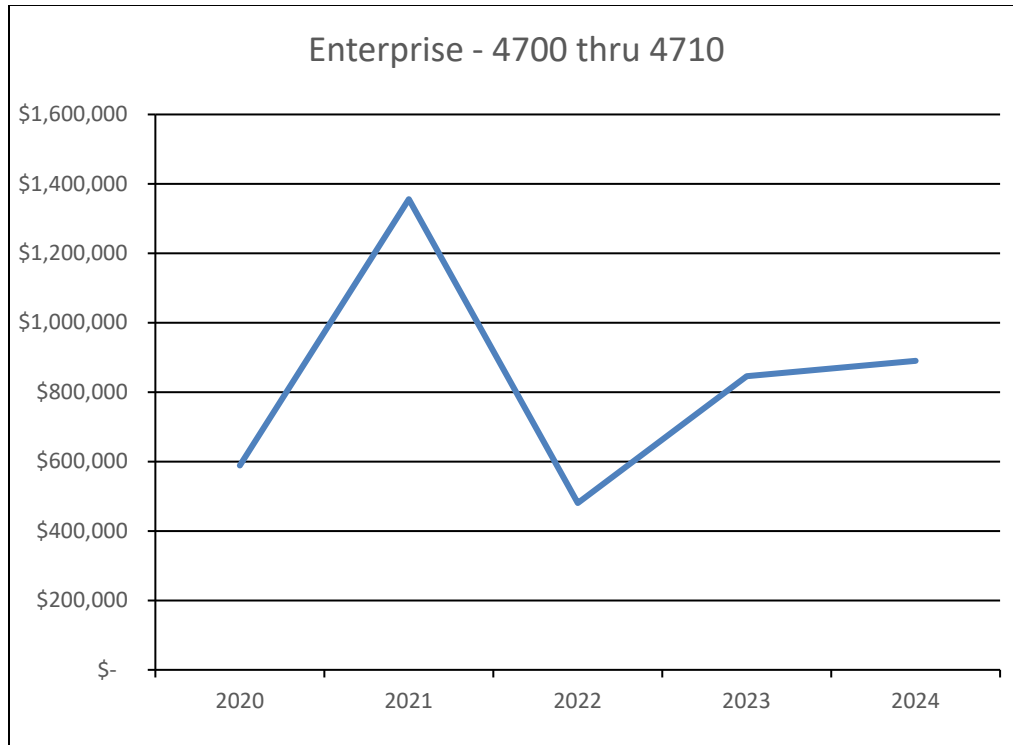
**Cost Center:** 14940; 14945; 34200; 34210

**Use of Revenue:** Operation, maintenance, and capital for Modesto Centre Plaza.

#### Revenue History

##### Enterprise - 4700 thru 4710

Fiscal Year	Revenue (\$)	Percentage Change
2020	588,584	-32%
2021	1,355,891	130%
2022	480,613	-65%
2023	846,373	76%
2024	890,231	5%



### Variance Analysis

This revenue has decreased as utilization of Modesto Centre Plaza has declined over time. In addition, the City has reduced General Fund support to Centre Plaza in favor of other priorities. Fiscal Year 2020 saw a decrease in revenue due to pandemic related restrictions. This trend has continued in terms of use of the facility for regular rentals. The chart above does show an increase in revenues for Fiscal Year 2021 as the facility did receive revenues from the County for its use as a vaccination site for COVID-19 vaccinations during the peak of the pandemic in Fiscal Year 2021. After the Fiscal Year 2021 revenues had the one-time payments from the vaccination site, the Centre Plaza revenues have regained some level of normalcy but are still far lower than their pre-pandemic levels. In Fiscal Year 2023, there was a large increase in revenue related to an increase in room rentals as the Centre Plaza revenue continues to recover back to pre-pandemic levels. In Fiscal Year 2024, much of the operating revenue remained the same, but there was a sale of fixed asset that can attribute to the slight increase in revenue.

## XXXII. SOLID WASTE FUND

### A. Enterprise Fund - 4890 thru 4899

#### Background

**Authority:** Various

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** MMC 11-6.11, 11-6.12, 11-6.15

**Description:** This fund is comprised of garbage rates and the operational activity from the sale and operations for compost, including tip fees and the sale of compost. Other revenue sources for this fund include income from the waste energy Joint Powers Agency (JPA), State funding for recycling, recycling program fees. The fund also receives inter-fund service credit revenue based on staff time charged to other City programs.

**Fund:** Other Funds

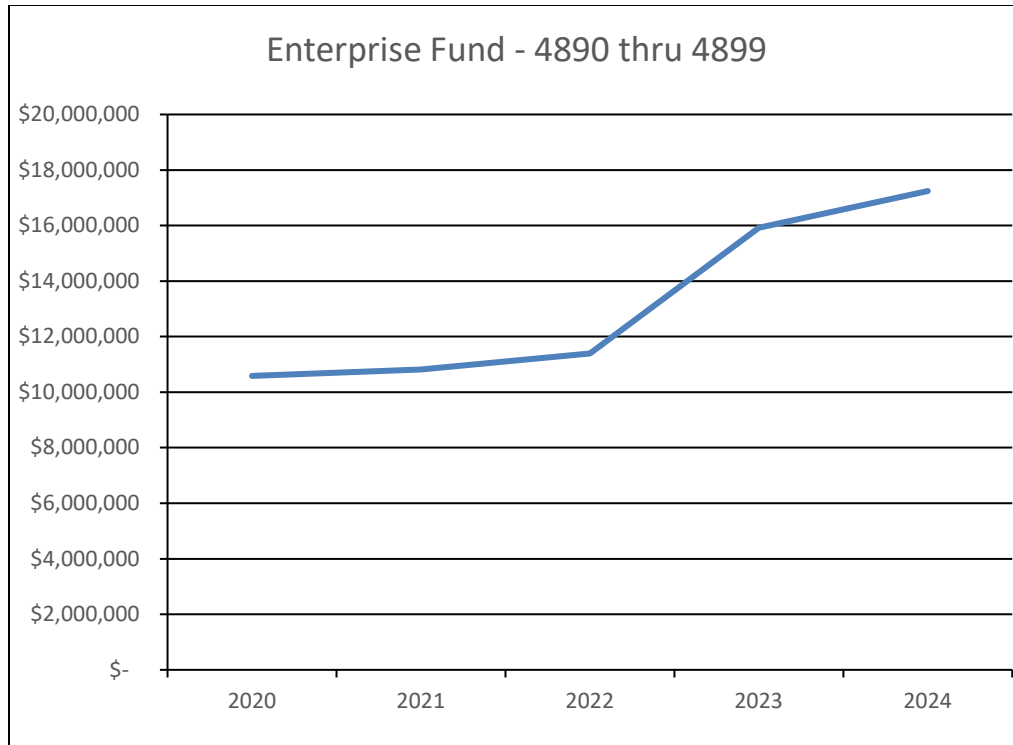
**Cost Center:** 56010;56016, 56017; 56020; 56025; 56030; 56035

**Use of Revenue:** This fund accounts for the cost of administering the City's service agreements with private solid waste hauling firms as well as the costs of recycling programs, forestry, and green waste diversion; operations and maintenance of the City's compost facility and nursery; and the street sweeping program.

#### Revenue History

##### Enterprise Fund - 4890 thru 4899

Fiscal Year	Revenue (\$)	Percentage Change
2020	10,585,084	1%
2021	10,811,856	2%
2022	11,391,422	5%
2023	15,923,632	40%
2024	17,242,846	8%



### Variance Analysis

On February 7, 2019, Council approved the increase of the Recycling Fee and the Green Waste Fee by 2.4% based on the United States Bureau of Labor Statistics, Consumer Price Index Western Region for March 2019 that went into effect on July 1, 2020. In June 2021, City Council passed a resolution approving the annual rate adjustment to the maximum rate schedule for City Solid Waste Collection Services for an increase of \$0.79 per month for residential services, an increase of \$6.56 per cubic yard for commercial services, and a decrease of \$14.78 per pull for industrials services that became effective July 1, 2021. In June 2022, City Council passed a resolution to comply with SB 1383 regulations with a 3-container system that saw the maximum monthly household rate increase to \$51.25 per month over two phases. Phase 1, effective July 1, 2022, increased the residential rate by \$8.40 per month, \$9.95 per cubic yard for commercial, and \$8.05 per pull for industrial services. Phase 2, effective January 1, 2023, increased the residential rate by \$5.40 per month and an increase of \$25 per organics and/or recycling cart for commercial services. The increase for Fiscal Year 2024 can be attributed to the new rates effective September 1, 2024. Staff analyzed hauler financials from Fiscal Year 2022 and 2023 and increased the base rate per month increase by \$3.32, the Green Waste Fee increased by \$0.17, and the SB1383 Collection Fee was halved to \$2.70.

## XXXIII. LANDSCAPE MAINTENANCE DISTRICT

### A. Capital Projects - 6470 thru 6490

#### Background

**Authority:** Streets & Highways §22500

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** The City of Modesto's Landscape Maintenance Assessment Districts (LMADs) are created to pay for landscaping, lighting and other improvements and services in public areas. As a form of benefit assessment, it is based on the concept of assessing only those properties that benefit from improvements financed, either directly or indirectly, through increased property values.

**Fund:** Other Funds

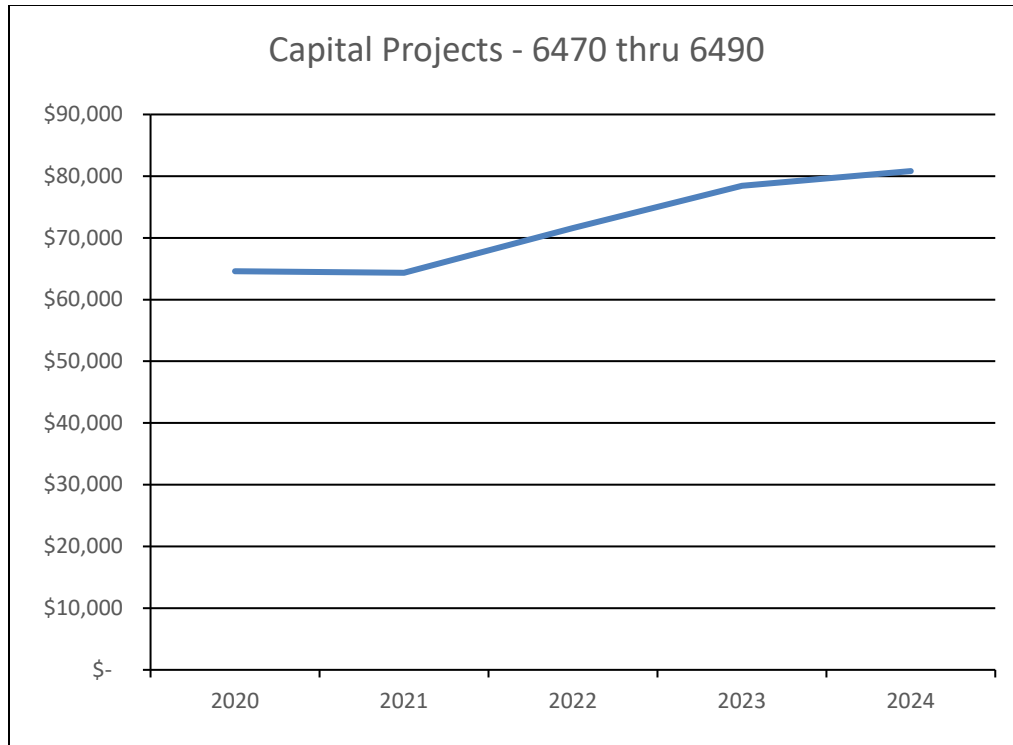
**Cost Center:** 80015; 80010

**Use of Revenue:** Under the Landscape and Lighting Act of 1972, a LMAD may be used for the installation, construction and maintenance of landscaping and lighting facilities within the boundaries of the district.

#### Revenue History

##### Capital Projects - 6470 thru 6490

Fiscal Year	Revenue (\$)	Percentage Change
2020	64,596	-3%
2021	64,344	0%
2022	71,620	11%
2023	78,461	10%
2024	80,824	3%



### Variance Analysis

Funding for LMAD is dependent on Direct Assessment Collections from Stanislaus County. Collection amounts vary yearly depending on property values. The drop-in revenues for Fiscal Year 2020 are related to delinquencies that should show in Fiscal Year 2021. The increase in Fiscal Year 2022 assessments can be attributed to an increase in Fiscal Year 2022 annual assessment for residential parcels from \$46.11 to \$59.80 per parcel in the Shackelford Landscape and Lighting District. The increase in Fiscal Year 2023 is due to the annual assessment for LMAD #2 increasing from \$36.52 to \$45.78 per parcel. The increase in Fiscal Year 2024 is due to the annual assessment for LMAD #2 increasing to \$46.87 for each residential property.

## XXXIV. STRATEGIC PLANNING FUND

### A. Special Revenue - 1800

#### Background

**Authority:** Council approved resolution number 2011-104

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** In past years, the fund's principal revenue sources have been transfers from the General Fund and from the Village I Community Facility District Fund. Both of these revenues have been eliminated in the current year's budget, so expenditures from this fund are financed with accumulated fund balance only.

**Fund:** Non-Operating Funds

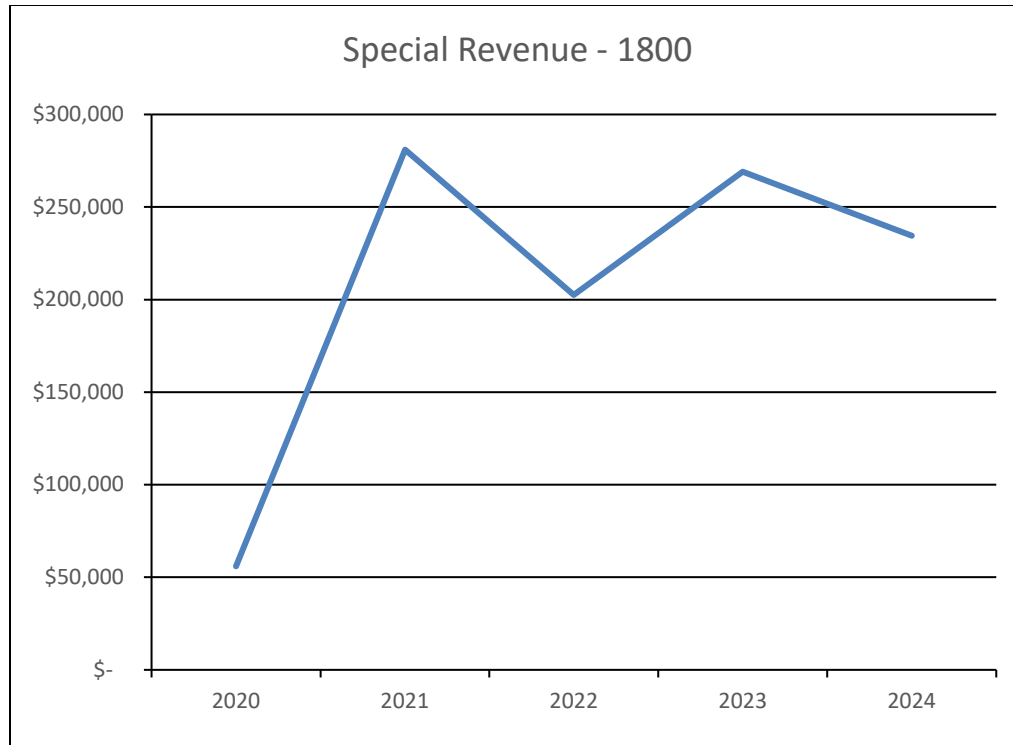
**Cost Center:** 14998; 14999

**Use of Revenue:** This fund was established to accumulate resources for major long-term planning projects, such as updates to the General Plan.

#### Revenue History

##### Special Revenue – 1800

Fiscal Year	Revenue (\$)	Percentage Change
2020	55,939	40%
2021	280,986	402%
2022	202,517	-28%
2023	269,110	33%
2024	234,566	-13%



### Variance Analysis

General Fund support for this fund was eliminated during the recession. The remaining budgets in this fund are for "multi-year projects," which are adopted separately from the City's annual operating budget. This fund provides funding for various projects related to strategic plans and time and material type projects. Due to the nature of the projects that are funded, budgets and actual can vary wildly from year to year depending upon development and/or strategic direction.

## XXXV. SPECIAL FUND FOR CAPITAL OUTLAY

### A. Capital Projects - 3120

#### Background

**Authority:** Not Applicable

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund accounts for general City capital improvement projects and is funded from other funds including the General Fund as appropriate for the specific project.

**Fund:** Non-Operating Funds

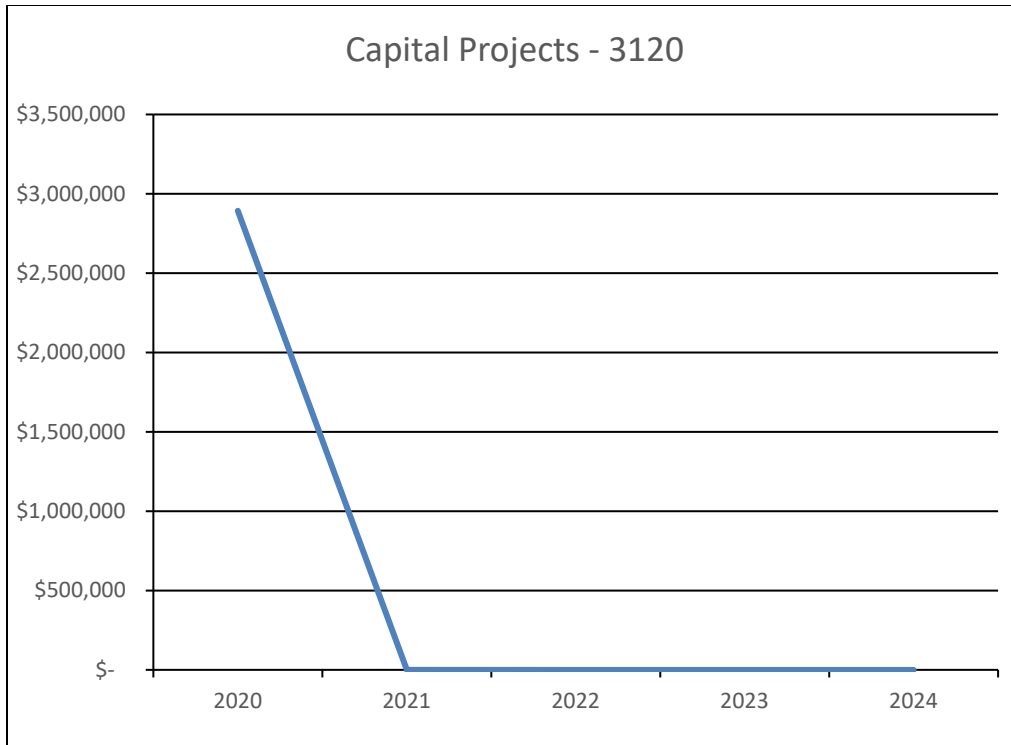
**Cost Center:** 12120; 18999; 19999

**Use of Revenue:** Capital improvement projects

#### Revenue History

##### Capital Projects – 3120

Fiscal Year	Revenue (\$)	Percentage Change
2020	2,892,907	100%
2021	-36	-100%
2022	-	-100%
2023	-	-
2024	-	-



**Variance Analysis**

Revenue for this fund depends on specific City capital improvement projects. In Fiscal Year 2020, the City received funding for the Stanislaus Food Products Traffic Study, the 10<sup>th</sup> Street Improvements for B Street to D Street and for 10<sup>th</sup> Street Aesthetic Improvements. The revenue received in this year were one-time funds for specific projects. The decrease in revenue in Fiscal Years 2021 and 2022 is due to no revenue being received for projects in the year.

## XXXVI. PARK FUND

### A. Capital Projects - 3130

#### Background

**Authority:** Various; Authority depends on the Grant or Loan tied to each project

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** This fund was established to accumulate funds for capital improvements in the City's parks. Its principal revenue sources include transfers from the General Fund and development fees. The fund also receives transfers from the Parks Community Facility Fee fund (see Non-Operating Funds, above) and grant revenue.

**Fund:** Non-Operating Funds

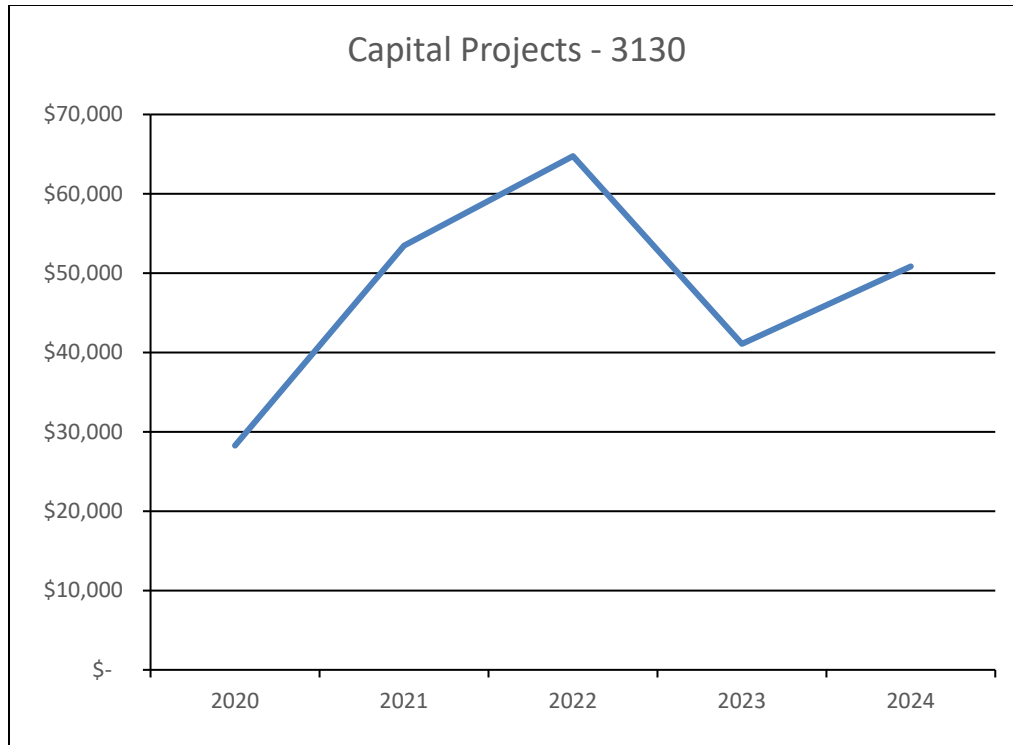
**Cost Center:** 31040; 33060; 39999

**Use of Revenue:** Parks capital improvements.

#### Revenue History

##### Capital Projects – 3130

Fiscal Year	Revenue (\$)	Percentage Change
2020	28,265	19%
2021	53,448	89%
2022	64,748	21%
2023	41,068	-37%
2024	50,864	24%



### Variance Analysis

Revenue in this fund fluctuates year to year depending on Park project activities. Funding is typically received through grants and donations as part of a reimbursement for expenses incurred. Additionally, a small amount of revenue is received for a Cell Tower Agreement within the Park Partner project. The slight increase in revenue for Fiscal Year 2020 is due to an increase in Building Inspection Fees for Parks and additional miscellaneous revenue being received for the Various Park Partners project. The increase in revenue for Fiscal Year 2021 is related to a new cell tower agreement being established. As part of the monthly revenue, the City also received a sign-on bonus for the agreement in the amount of \$12,500. The increase in revenue in Fiscal Year 2022 is related to the new cell tower agreements being in service for a full year rather than a partial year from the year prior. The decrease in revenue in Fiscal Year 2023 is related to one-time revenues not being received in the Park Security Camera project. The increase in revenue in Fiscal Year 2024 is attributed to a one-time cell tower revenue for Park Security Cameras.

## XXXVII. CAPITAL GRANT FUNDS

### A. Capital Projects - 3140 thru 3170

#### Background

**Authority:** Various, Authority depends on the Grant or Loan tied to each project. Fund 3160 is most funded with California - Department of Transportation funds.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds were established to accumulate funds for capital improvements for various City functions such as roads and streets and traffic related projects. Its principal revenue sources include grants from various state agencies such as Caltrans with City match funds from the Surface Transportation Fund, General Fund or Capital Facility Fees.

**Fund:** Non-Operating Funds

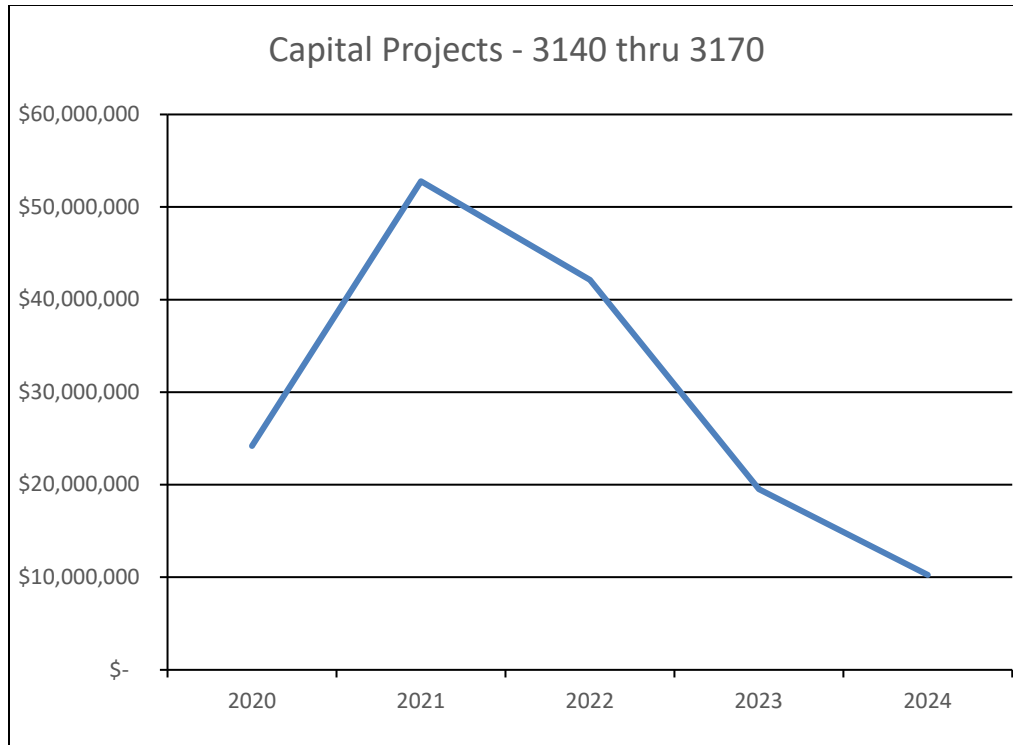
**Cost Center:** 39999; 39999; 14999; 49999; 59999

**Use of Revenue:** Capital improvements

#### Revenue History

##### Capital Projects - 3140 thru 3170

Fiscal Year	Revenue (\$)	Percentage Change
2020	24,192,513	552%
2021	52,782,768	118%
2022	42,145,101	-20%
2023	19,511,581	-54%
2024	10,259,581	-47%



## Variance Analysis

The revenue for these three funds fluctuates from year to year as they are all project only funds. The revenue is reimbursed after the expenses are incurred throughout the life of the project. In Fiscal Year 2020, the City began construction work on the State Route 132 West Expressway project, the revenue from this project makes up 82% (\$19.9M) of the total revenue. This revenue is received as reimbursement from Federal, State, and Regional Measure L grant funds for project expenses. Two other projects with significant revenue in Fiscal Year 2020 were the Right Turn W B D Street project, which had \$984,000 in federal and state funds and the project for Installing New Emergency Vehicle Pre-Emption equipment which had \$527,000 in State grant fund revenue. In Fiscal Year 2021 there is a significant increase in revenue. The increase is mostly related to the State Route 132 West Expressway revenue. The project is currently in construction and had a total of \$48.2M in grant revenue received. Additionally, there were two pavement rehabilitation projects that are grant tied which resulted in \$3.9M in grant revenue. In Fiscal Years 2022 and 2023, the revenue decreased slightly as spending on projects came in less, specifically the State Route 132 West Expressway project completed much of the construction work and expenses in 2022. Revenues were \$32.5M and \$10.9M in 2023 compared to \$48.2M in Fiscal Year 2021. Additionally, projects that were in previous Bus Funds were moved to Fund 3140 which resulted in revenue moving to the fund. This accounted for \$6.7M in revenue in Fiscal Year 2023. The revenue decrease in Fiscal Year 2024 is a result of less revenue being reimbursed on project activity in the year. As the SR 132 was completed, the amount of revenue to these has decreased.

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## XXXVIII. COMMUNITY FACILITIES DISTRICT FUNDS

### A. Community Facilities Districts - 3200 thru 3294 (excluding 3220)

#### Background

**Authority:** The formation documents for each Community Facilities District (CFD) establishes the authority for facilities special taxes to be collected and used for approved facilities. They also establish the authority for the issuance of land-secured bonds, whose proceeds can be used to fund authorized facilities.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds account for the accumulation and expenditure of Community Facilities District (CFD) capital and maintenance levies. CFDs are created to provide a funding and reimbursement mechanism for public facilities and/or services for various Specific Plan areas. CFDs are the preferred method of financing infrastructure because no finding of special benefit for each parcel is required. They are also established to ensure that new development projects do not solely become the responsibility of the General Fund. Expenditures from these funds include capital infrastructure project (CIP) costs and debt service on bonds issued to finance earlier capital projects. CFD funds are organized by district. Budgets for the CFD funds are adopted as part of the City's CIP.

**Fund:** Non-Operating Funds

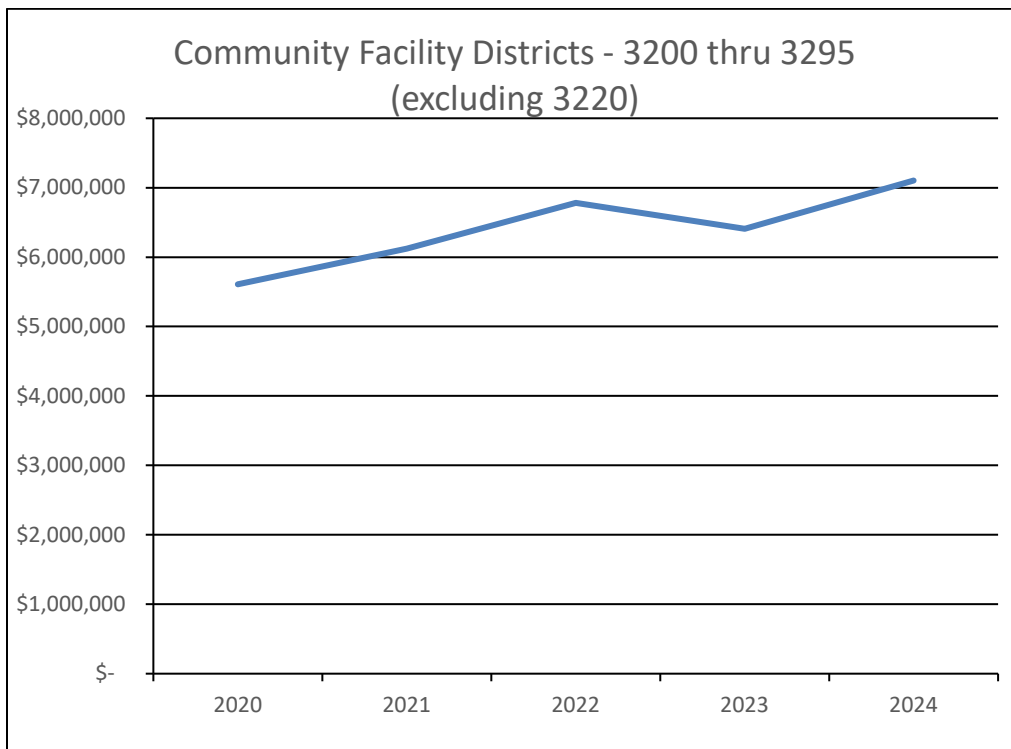
**Cost Center:** 14702; 14703; 14726; 14780; 14707; 14709; 14758; 14735; 14715; 14716; 14761; 14738; 14719; 14720; 14722; 14755

**Use of Revenue:** Under the Mello-Roos Community Facilities Act of 1982, a CFD may be used to purchase, construct, expand, rehabilitate or acquire public improvements, or provide public services.

## Revenue History

### Community Facility Districts - 3200 thru 3295 (excluding 3220)

Fiscal Year	Revenue (\$)	Percentage Change
2020	5,608,768	-3%
2021	6,121,924	9%
2022	6,781,358	11%
2023	6,406,333	-6%
2024	7,103,229	11%



## Variance Analysis

Variances are caused by the different assessments received within the multiple Community Facility Districts based upon their maintenance and capital needs. Fiscal Year 2020 through Fiscal Year 2024 are in line with expected revenues.

## XXXIX. CAPITAL FACILITIES FEE FUNDS

### A. Capital Projects - 3410 thru 3470

#### Background

**Authority:** §66000 of the California Government Code

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** These funds account for the accumulation and expenditure of Capital Facilities Fees (CFFs), which are charged to new development in the City to offset the impact of growth on community infrastructure. Each fund accounts for fees collected for a specific type of capital facility. New buildings and nonresidential building projects are assessed for CFFs, which are due and payable at the time of building permit issuance. CFF are inflated annually effective July 1<sup>st</sup> and updated every five years. CFF exemptions and deferrals are available for qualified projects.

**Fund:** Non-Operating Funds

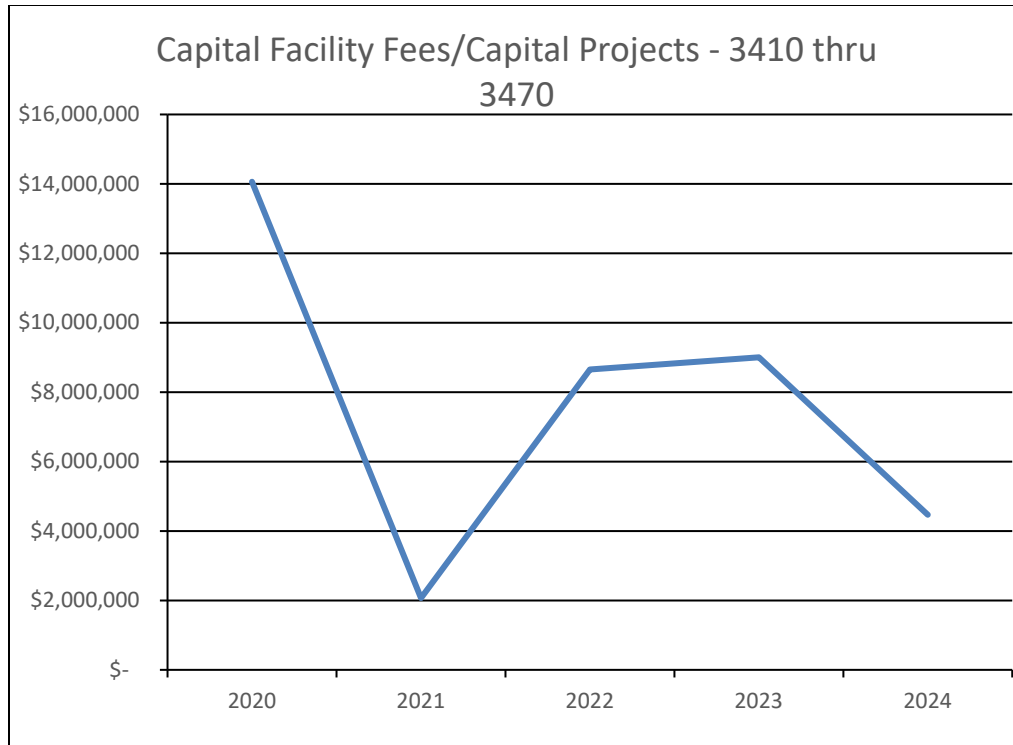
**Cost Center:** 14140; 53499; 14150; 19130; 18120; 31030; 14120

**Use of Revenue:** The CFF collected may be used for the purchase, construction, expansion, rehabilitation, or acquisition of public facilities. Expenditures from these funds are governed by the City's CFF plan. Expenditure budgets for these funds are adopted as part of the City's capital infrastructure projects.

#### Revenue History

##### Capital Facility Fees/Capital Projects - 3410 thru 3470

Fiscal Year	Revenue (\$)	Percentage Change
2020	14,061,705	23%
2021	2,068,329	-85%
2022	8,656,767	319%
2023	9,002,314	4%
2024	4,469,793	-50%



## Variance Analysis

The revenue for these funds is based on fees collected from the issuance of building permits for new buildings/construction of residential and non-residential buildings. The cost of the permit varies on the type of building, whether it is residential or non-residential, and the size of the building. As the economy has improved, the revenue for these fees has increased. However, the revenue fluctuates from year to year depending on the activity within the City and the number of permits requested. For Fiscal Year 2020, the increase in revenue is mostly related to Capital Facility Fee revenue impact fees. For Fund 3410, the revenue increased by \$1.5M and for Fund 3460 revenue increased by \$500,000. Additionally, the revenue related to the Design and Land Acquisition Phase of the State Road 132 West Expressway made up 61.7% (\$8.6M) of the total revenue between all 7 funds. For Fiscal Year 2021 there is a significant drop in revenue. This is due to the State Route 132 West Expressway project. The design and right of way for the project is housed in Fund 3410 and as the project is now in construction there was not as much remaining grant tied revenue to reimburse. For Fiscal Year 2022, there was drastic increase in revenue related to May 2011 program fees. As development increased in the fiscal year, the impact fees tied to these funds increased. This revenue makes up 89% of the total revenue for all 7 funds. Additionally, project 100632 for a right turn lane received \$911,000 in revenue from Caltrans for a grant reimbursement. For Fiscal Year 2024, most of the projects in these funds have slowed as they are close to completion which has resulted in the funds showing a significant decrease in revenue received overall.

## XL. OTHER AGENCIES

### A. Other Agencies (Fund 1910, 2903, and 6100 thru 6799)

#### Background

**Authority:** Authority based on each individual Joint Powers Authority board/agreement. For Industrial Fire: "Article XIII and XIII A of the California Constitution; Revenue and Taxation Code Sections 95, 97."

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** Other Agencies funds represent the finances of outside agencies for which the City of Modesto acts as fiscal agent. The City performs day-to-day accounting and treasury functions for these entities, but they are governed by independent boards and are not City departments. Budgets for agency funds are adopted by their respective governing boards and are outside the City's operating budget process. Notable agency funds include the following: Industrial Fire Joint Powers Agency (6100); Stanislaus Drug Enforcement Agency (6600); Tuolumne River Regional Park (6700 thru 6799); Modesto Redevelopment Successor Agency (1910 and 2903)

**Fund:** Other Agencies

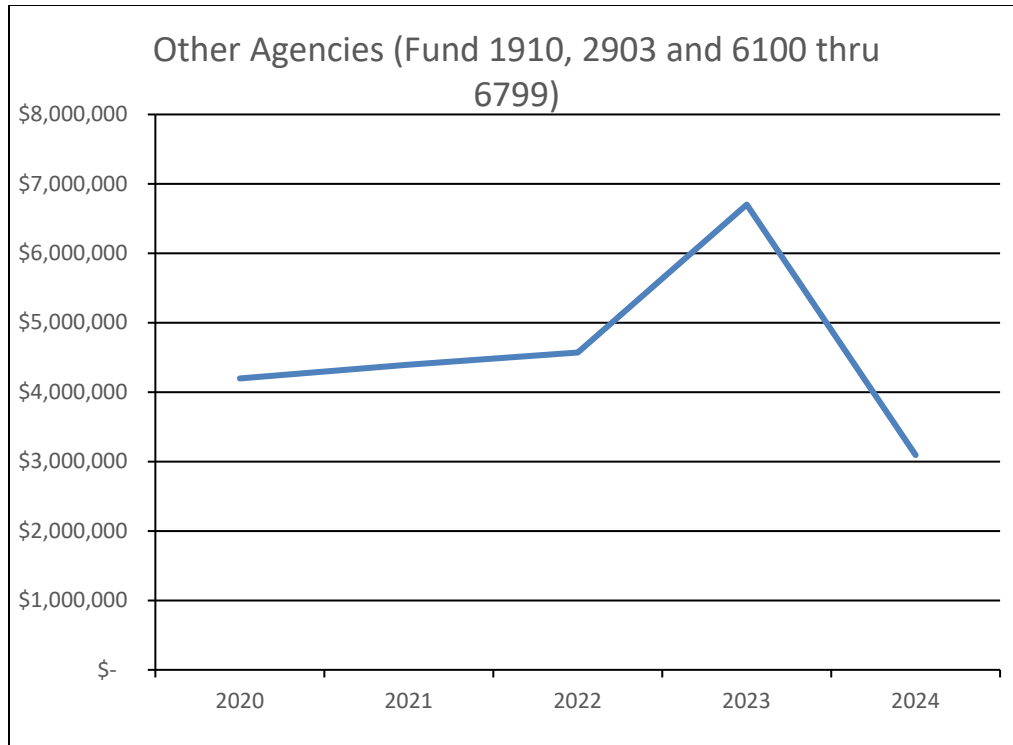
**Cost Center:** 14860; 14870; 80040; 80210; 80220; 80225; 80230; 80240; 89998; 89999; 80300; 39999; 80310; 53233

**Use of Revenue:** Program-specific functions.

#### Revenue History

##### Other Agencies (Fund 1910, 2903 and 6100 thru 6799)

Fiscal Year	Revenue (\$)	Percentage Change
2020	4,195,873	-1%
2021	4,394,701	5%
2022	4,569,184	4%
2023	6,702,011	47%
2024	3,093,693	-54%



### Variance Analysis

TRRP Capital Improvement Program projects had an increase of grant revenue in the amount of \$520,000. In Fiscal Year 2022, there was slight increases in revenue for TRRP operations due to increased contribution from the city and increased revenue for lease of land. There were also increases due to additional grant revenues in the TRRP Capital Improvement Program. In Fiscal Year 2023, the increase in revenues was due to the insurance proceeds received from the American Legion Hall which caught on fire and was demolished. In Fiscal Year 2024, the property taxes received decreased across each Joint Powers Agencies.

# XLI. EMERGENCY RENTAL ASSISTANCE

## A. Special Revenue – 1344

### Background

**Authority:** Emergency Rental Assistance (ERA) program in the Consolidated Appropriations Act, 2021 (Division N of P.L. 116-260) and Section 3201 of the American Rescue Plan Act of 2021 (P.L. 117-2)

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** On December 21, 2020, Congress passed the Consolidated Appropriations Act of 2021 and the Emergency Rental Assistance Program (ERAP), which made available \$25 billion nationwide to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. The funds were provided directly to States, U.S. Territories, local governments, and Indian tribes.

**Fund:** Other Agencies

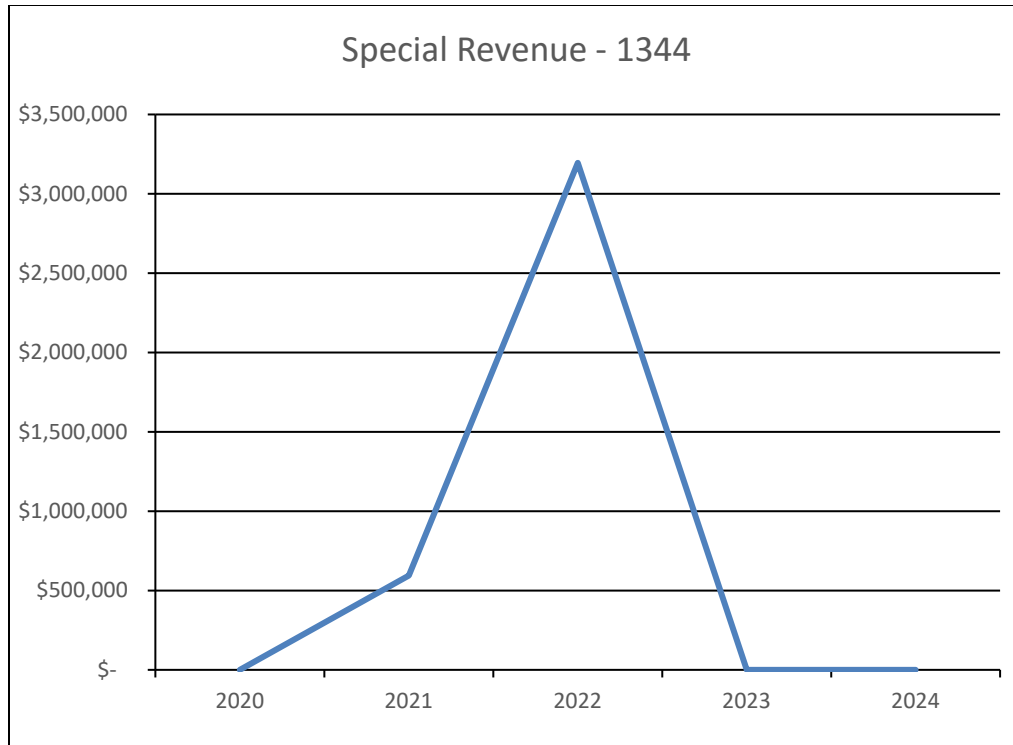
**Cost Center:** 14998

**Use of Revenue:** Use of funds is to aid eligible households through existing or newly created rental assistance programs.

### Revenue History

#### Special Revenue - 1344

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	593,636	100%
2022	3,195,031	438%
2023	-	-100%
2024	-	-



### Variance Analysis

The City of Modesto received \$6.39M in January 2021 to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. Applications were received from February 2021 to August 2021. There were 52 households assisted during Fiscal Year 2021 and 403 households during Fiscal Year 2022. The ERA program was administered by the City until March 2022, when remaining funds and administration of the program were reallocated to the State Department of Housing and Community Development. Since the ERA program administration ended by the City, the revenue will no longer be received.

## XLII. AMERICAN RESCUE GRANTS FUND

### A. Special Revenue – 1390

#### Background

**Authority:** Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act (ARPA)

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** In April 2021, President Biden signed into law the American Rescue Plan Act which was a \$1.9T emergency relief measure intended to provide relief to address the impact of COVID-19. Key allocations from the American Rescue Plan that have been made available directly from the federal government for the community include direct support for businesses, homeowners, renters, and restaurant/bar owners. On May 25<sup>th</sup>, 2021, City Council approved the ARPA spending plan known as the Modesto Forward strategy by Resolution No. 2021-194. This spending plan allocated funding to various areas and was later revised by Resolution No. 2022-104 on February 8<sup>th</sup>, 2022. The spending plan for reallocating funds was again revised and approved in Resolution No. 2023-251 on June 6<sup>th</sup>, 2023. On June 4<sup>th</sup>, 2024, the spending plan for reallocating funds to existing or new programs was revised and approved in Resolution No. 2024-194.

**Fund:** Other Agencies

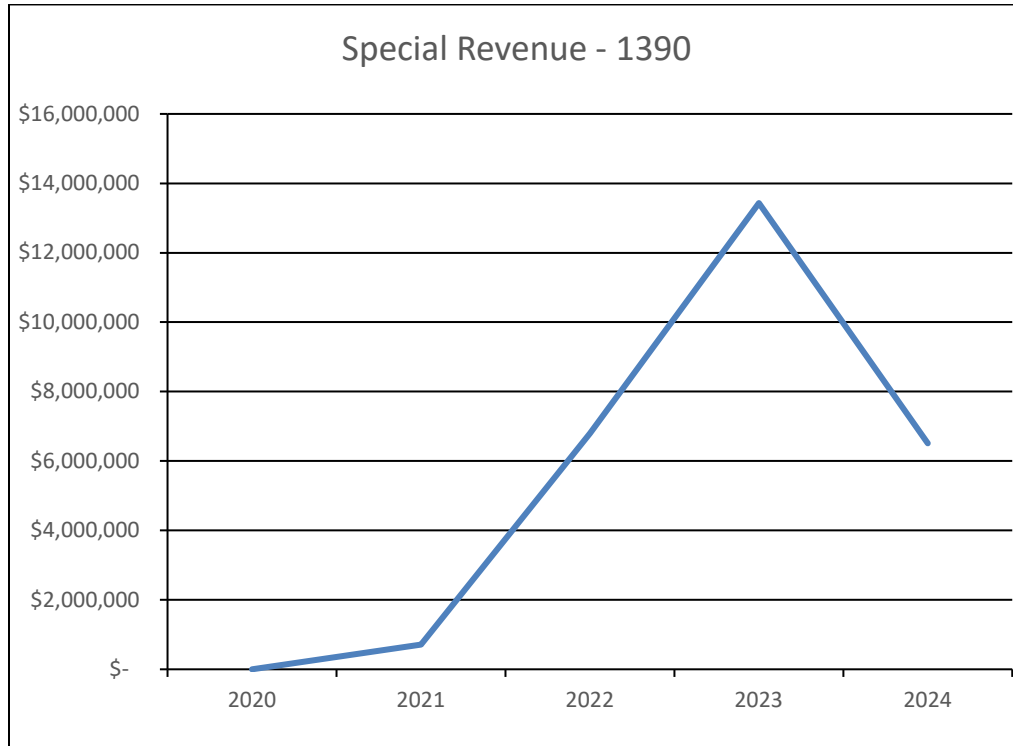
**Cost Center:** 12998, 19000, 19225

**Use of Revenue:** Emergency relief measure intended to provide relief to address the impact of COVID-19. With the ARPA funds allocated to Modesto, the City is prioritizing critical investments in the following areas: Economic Vitality; Governance and Service Delivery, and Quality of Life.

#### Revenue History

##### Special Revenue - 1390

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	708,500	100%
2022	6,796,319	859%
2023	13,431,610	98%
2024	6,509,590	-52%



## Variance Analysis

The City of Modesto has been allocated \$45.8M in American Rescue Plan Funds that will be allocated from the US Treasury in two tranches, with the first installment received in May 2021, totaling \$22.9M. The deadline to obligate funds is December 31, 2024, and the deadline to expend funds is December 31, 2026. During Fiscal Year 2021, approximately \$700,000 was spent addressing negative economic impacts by supporting small businesses with an investment in the Relief Across Downtown (RAD) Card program. Funding was received towards the end of Fiscal Year 2021, so the additional time in Fiscal Year 2022 allowed for more ARPA funding to be used to respond to community needs. ARPA funding was used for multiple expenditures including, but not limited to, offsetting negative economic impacts, increased the public sector capacity in staffing, provided much needed medical service equipment to prevent and treat COVID-19, and provided long term housing security. This includes general salaries for Modesto Firefighters for their efforts in mitigating the COVID-19 Pandemic when responding to COVID-19 emergency calls, aiding impacted non-profit organizations, and implementing the Park Ranger Program to proactively engage and support persons experiencing homelessness or mental health or substance abuse issues, specifically citizens in the City's parks and open spaces. In Fiscal Year 2023, the increase in revenue is due to the increase of approved Spending Plan activities and the funding being in its second full year of activities. The decrease in Fiscal Year 2024 is attributed to the decrease in approved Spending Plan activities as the funding was in the fourth year of activities. Approximately sixty-six percent of the Spending Plan programs have been completed.

## XLIII. AGRICULTURAL MITIGATION FUND

### A. Special Revenue – 1810

#### Background

**Authority:** Authority dependent on the agreement with new developments.

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** Fee generated from developers that pay the City for the loss of agricultural land. Revenue is received when new development goes ahead.

**Fund:** Other Agencies

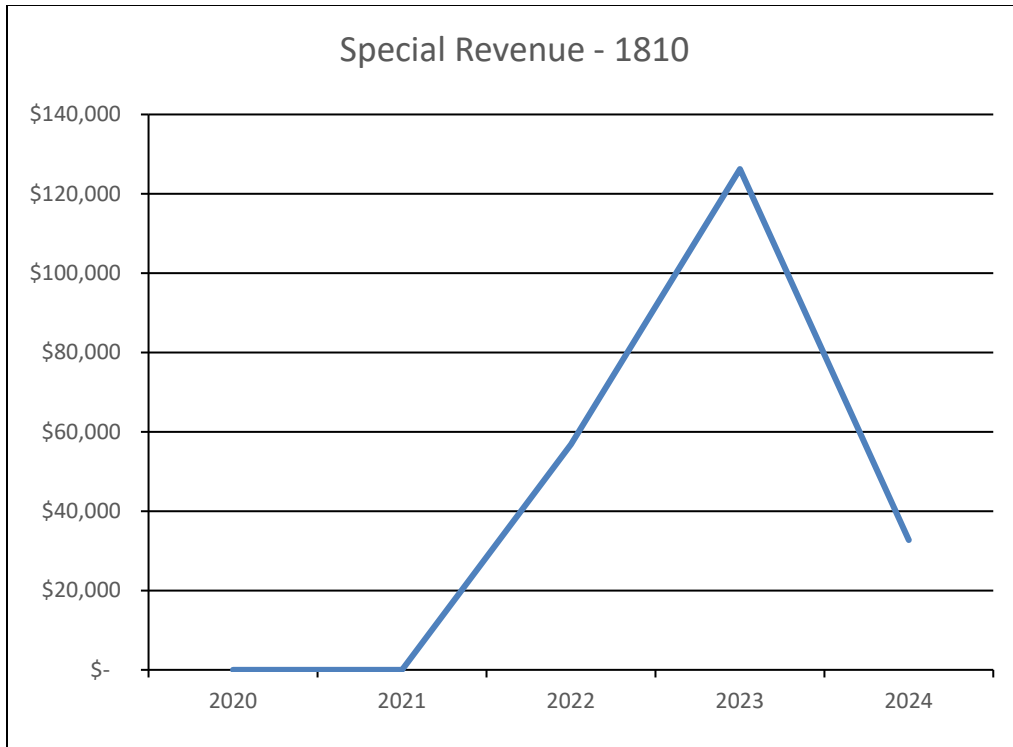
**Cost Center:** 14480

**Use of Revenue:** Revenue is received to the Planning division to account for staff time to create and manage the program, legal fees, and other potential agreements.

#### Revenue History

##### Special Revenue - 1810

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	56,856	100%
2023	126,239	122%
2024	32,764	-74%



### Variance Analysis

The Agricultural Mitigation fund was established in Fiscal Year 2022. The revenue in this fund will fluctuate year to year as it is dependent on permits from new developments. The program revenue comes from a fee charged to developers for the loss of agricultural land.

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## XLIV. PERMANENT LOCAL HOUSING ALLOCATION (PLHA)

### A. Special Revenue – 1120

#### Background

**Authority:** California Department of Housing and Community Development

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** In 2017, Senate Bill 2 (SB 2), known as the Building Homes and Jobs Act (Act), established a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. The Act established the Permanent Local Housing Allocation (PLHA) program administered by the California Department of Housing and Community Development (HCD). Allocated revenues to the City will fluctuate because the number of real estate transactions recorded in each county will vary from year to year.

**Fund:** Other Agencies

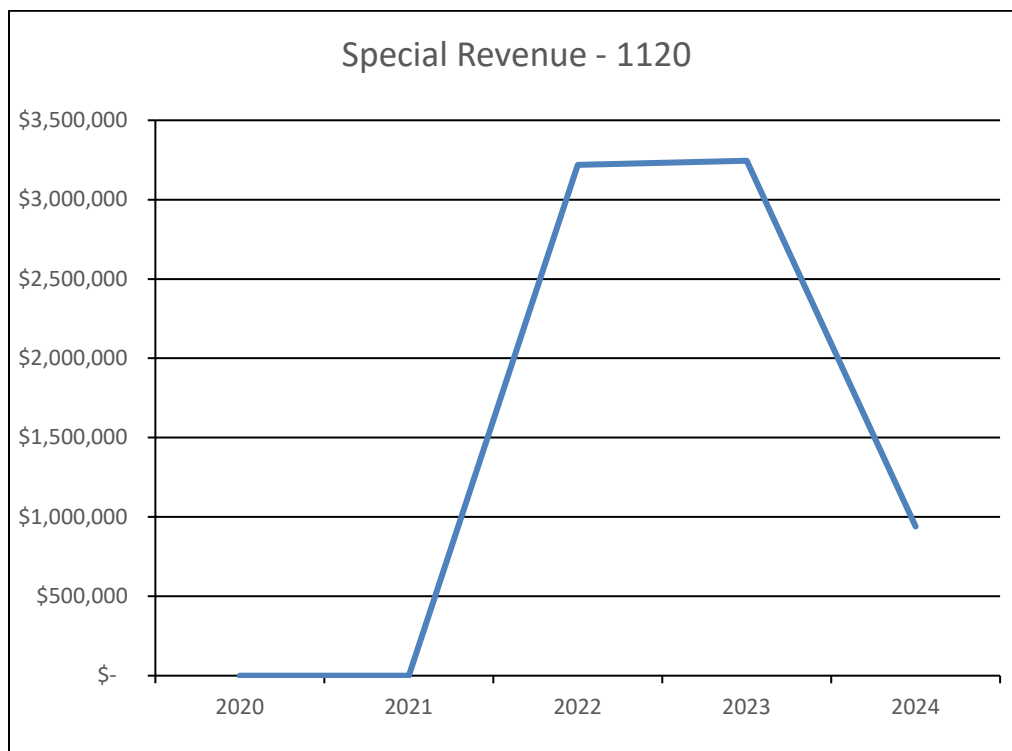
**Cost Center:** 14060; 14998

**Use of Revenue:** Eligible Uses include, but are not limited to: the predevelopment, development, acquisition, rehabilitation and preservation of multifamily, residential live-work, rental housing that is affordable to extremely low-, very low-, low- or moderate-income households; the predevelopment, development, acquisition, rehabilitation, and preservation of Affordable rental and ownership housing, including Accessory Dwelling Units (ADUs), that meet the needs of a growing workforce earning up to 120-percent of AMI, or 150-percent of AMI in high-cost areas; assisting person who are experiencing or at risk of homelessness, including, but not limited to, providing rapid rehousing, rental assistance, supportive/case management services that allow people to obtain and retain housing; accessibility modifications in lower-income owner-occupied housing, efforts to acquire and rehabilitate foreclosed or vacant homes and apartments; home-ownership opportunities, including but not limited to, down payment assistance.

## Revenue History

### Special Revenue 1120

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	3,218,544	100%
2023	3,244,991	1%
2024	940,226	-71%



## Variance Analysis

PLHA funds operate on a reimbursement basis from the state government. The number and size of projects completed vary from year to year. During Fiscal Year 2022, PLHA funds were utilized for the conversion of a commercial space at 1208 9<sup>th</sup> Street to serve as permanent supportive housing for youth ages 18-24. It also allowed the City to partner with Stanislaus Equity Partners for the acquisition of a 7-unit apartment building to operate as permanent supportive affordable housing. During Fiscal Year 2023, funds received remained consistent from the prior fiscal year. The funds were related to the youth housing project at 1208 9<sup>th</sup> Street and the James Street project. In Fiscal Year 2024, revenues reflected a decrease due to finishing projects such as 1208 9<sup>th</sup> Street and James Street.

## XLV. CALHOME LOAN PROGRAM

### A. Special Revenue – 1343

#### Background

**Authority:** Department of Housing and Community Development

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not applicable

**Description:** In July 2005, the City of Modesto received a one-time Mortgage Assistance Program, a state program providing funding for affordable home ownership.

**Fund:** Other Agencies

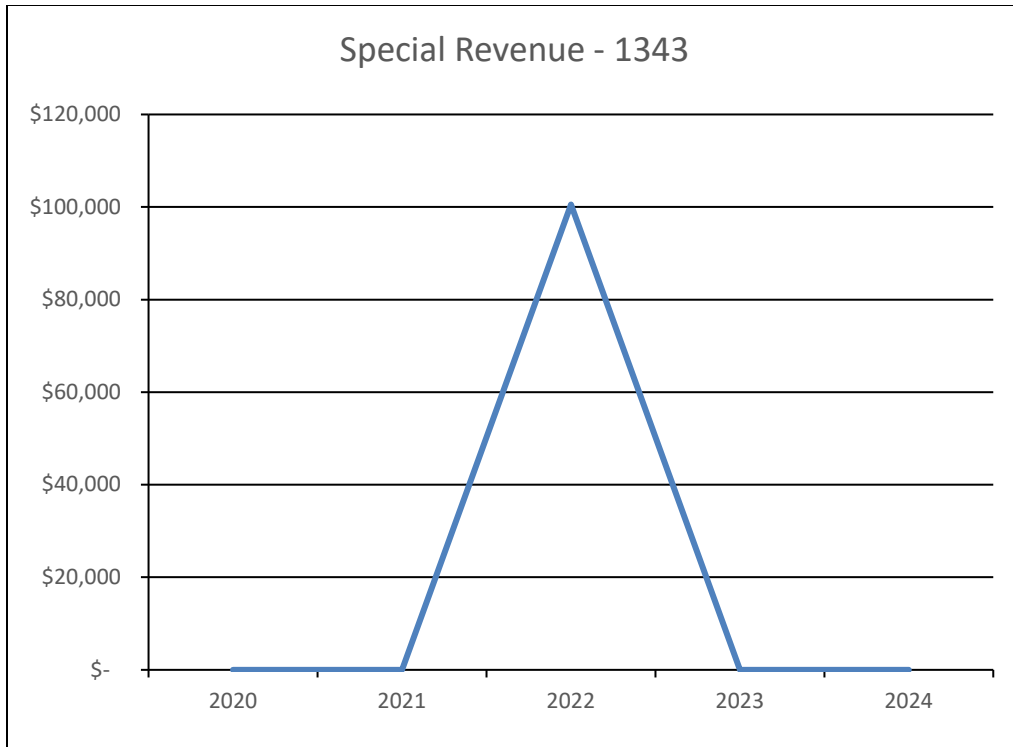
**Cost Center:** 38600

**Use of Revenue:** Housing loans to low-income individuals

#### Revenue History

##### Special Revenue - 1343

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	100,542	100%
2023	-	-100%
2024	-	-



**Variance Analysis**

The amount of program income received, and the number and size of projects completed vary from year to year. It is anticipated that this is a one-time payment.

# XLVI. CANNABIS FUND

## A. Special Revenue – 1820

### Background

**Authority:** State of California Proposition 64

**Administering Agency:** State of California

**Fee Source:** State Law

**Municipal Code:** MMC 8-2.1108

**Description:** The Adult Use of Marijuana Act, approved by State voters in 2016, ended the prohibition on adult-use of cannabis in California and created a statewide regulatory structure for adult-use cannabis business. In 2017, Modesto voters approved ballot measure “Measure T”, allowing the City Council to implement an excise tax on cannabis businesses within the City and allow it to be imposed by Resolution. Subsequently, Council adopted Ordinance No. 3684-C.S. establishing the regulatory framework for commercial cannabis businesses to operate within the City of Modesto and Resolution 2017-526 approved an application and permit fee for commercial cannabis businesses to recover the cost of materials, staff time, and consultant time. Resolution 2021-441 reduced the annual permit fee from \$21,740 to \$18,732. The initial application fee had two phases. Phase I had a fee of \$4,750 and Phase II was a deposit of \$10,000 or \$20,000 (if retail or over 10,000 square feet). Resolution 2021-442 simplified the phase I and II application deposit fee into a single non-refundable fee of \$6,380. Resolution 2023-506 approved the creation of the new Cannabis Fund to track program activities.

**Fund:** 1820

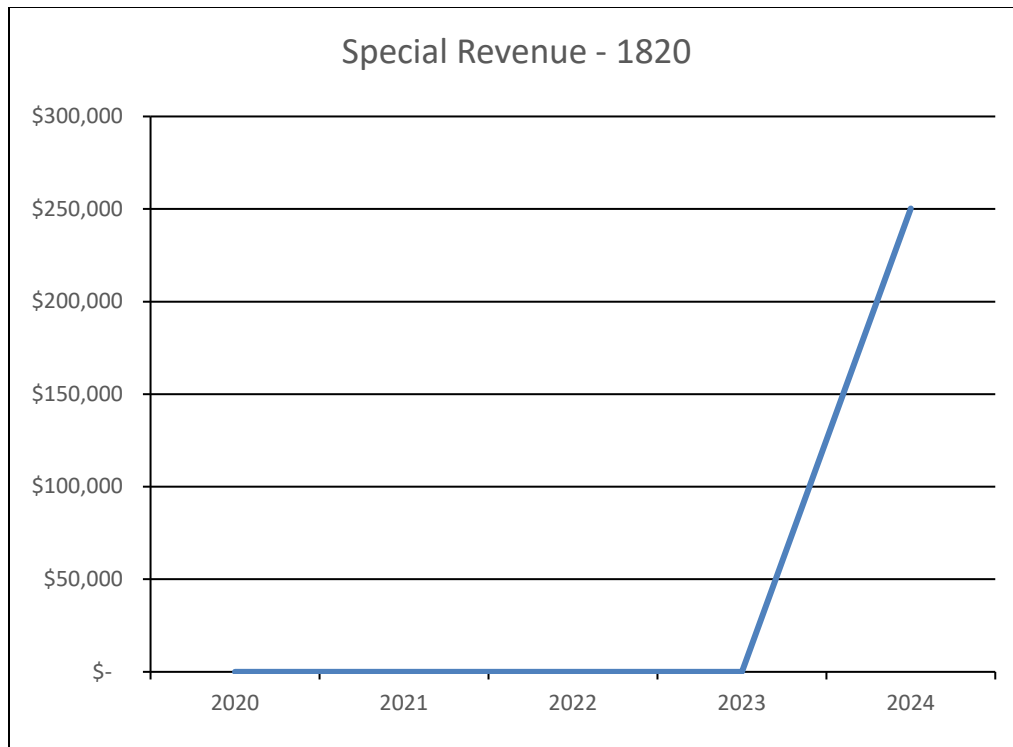
**Cost Center:** 14471

**Use of Revenue:** Cannabis Program

### Revenue History

#### Special Revenue - 1820

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	-	-
2023	-	-
2024	250,282	100%



### **Variance Analysis**

The Cannabis Fund was created in Fiscal Year 2024 and therefore has no revenue prior. The fund is replacing the previous cost center used within the General Fund for cannabis. Revenues are based on the annual permit fees due once a cannabis business is approved and can fluctuate due to the number of operational and non-operations permits active during the fiscal year.

## XLVII. ECONOMIC VITALITY

### A. Special Revenue – 1840

#### Background

**Authority:** Article XI, Section 5 and Section 11 of the California Constitution

**Administering Agency:** City of Modesto

**Fee Source:** Council

**Municipal Code:** Not Applicable

**Description:** This is an economic vitality fund that houses revolving loan funds designed to support local businesses. Initial funding to establish the fund was provided through public-private partnerships. Revenues in the fund are generated from loan repayments, which are reinvested to support new and growing businesses within the community.

**Fund:** Other Funds

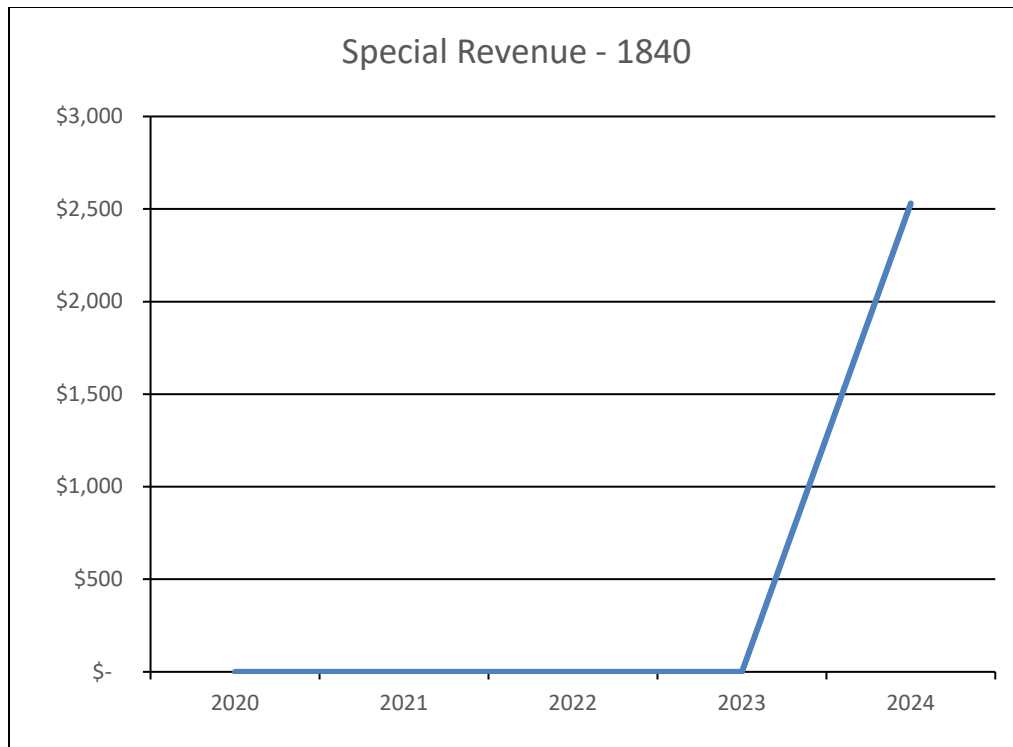
**Cost Center:** 14998

**Use of Revenue:** Loans to support economic vitality within the community

#### Revenue History

##### Special Revenue - 1840

Fiscal Year	Revenue (\$)	Percentage Change
2020	-	-
2021	-	-
2022	-	-
2023	-	-
2024	2,530	100%



### **Variance Analysis**

These funds are revolving loan funds (RLF) that operate based on program income received. The amount of program income received, and the number and size of projects completed vary from year to year.