FIRST AMENDMENT TO THE PORTABLE TOILET RENTAL SERVICES WITH SUN VALLEY PORTABLE RESTROOMS

Economic Development Committee, January 8, 2024

DeAnna Christensen, Director of Finance
Will Wong, Director of Utilities

BACKGROUND

- City departments use portable toilet rental services on a regular basis
- The use for these services relate to temporary construction projects and City special events/recreational activity
- These services are needed to comply with health and safety codes and ADA accessible units onsite
- The City departments who primarily use these services include Utilities and Parks

BACKGROUND

RFB bid opening occurred on January 28, 2020 with two bid responses, United Site Services and Sun Valley Portable Restrooms

On April 28, 2020, under Reso. 2020-194 Council approved a two year agreement with three one-year extension options for an annual cost of $54,888 and total amount of $274,440 over five years between both vendors

On April 13, 2021, under Reso. 2021-135 Council approved a First Amendment with United Site Services to increase the overall agreement by $91,210 to a revised total of $365,360 for the added services for the Dryden Golf Park Clubhouse fire for the Restroom Trailer

On January 10, 2023, under Reso. 2023-16 Council approved a Second Amendment with United Site Services to increase the overall agreement by $217,600 to a revised total of $583,250 for the extended services for the Dryden Golf Park Clubhouse fire for the Restroom Trailer

DISCUSSION

For Sun Valley Portable Restrooms, only one price increase of 37% has been requested through Year 4 of this agreement

For United Site Services, no price increases have been requested through Year 4 of this agreement other than the added services

The First Amendment for Sun Valley Portable Restrooms is needed to capture the price increase based on the services needed for Utilities

Staff is evaluating if an additional Amendment will be needed for United Site Services due to the increase in rental services and damages for these portable toilet under City's care

FISCAL IMPACT

- Fund are budgeted in the Water Fund to cover the First Amendment for SunValley Portable Restrooms of $20,000 through the remaining term of the agreement
- The anticipated Amendment for United Site Services will be funded through General Fund, Solid Waste, various funding services based on the needs and will be brought forward if moved forward to Council for approval

STAFF RECOMMENDATION

- Motion recommending a First Amendment to the Portable Toilet Rental Services Agreement to increase the amount by $20,000 from $538,250 to a revised total amount not to exceed $603,250 over the term of the agreement with SunValley Portable Restrooms Inc. and United Site Services and forwarded to Council for approval.
    - This amount may need to be increased based on the additional amount needed for United Site Services to address the increase in rental services and damage of the Portable Toilet Rental

QUESTIONS?

ITEM 1

Medallion Wellness Business Modification Request-Change in Ownership

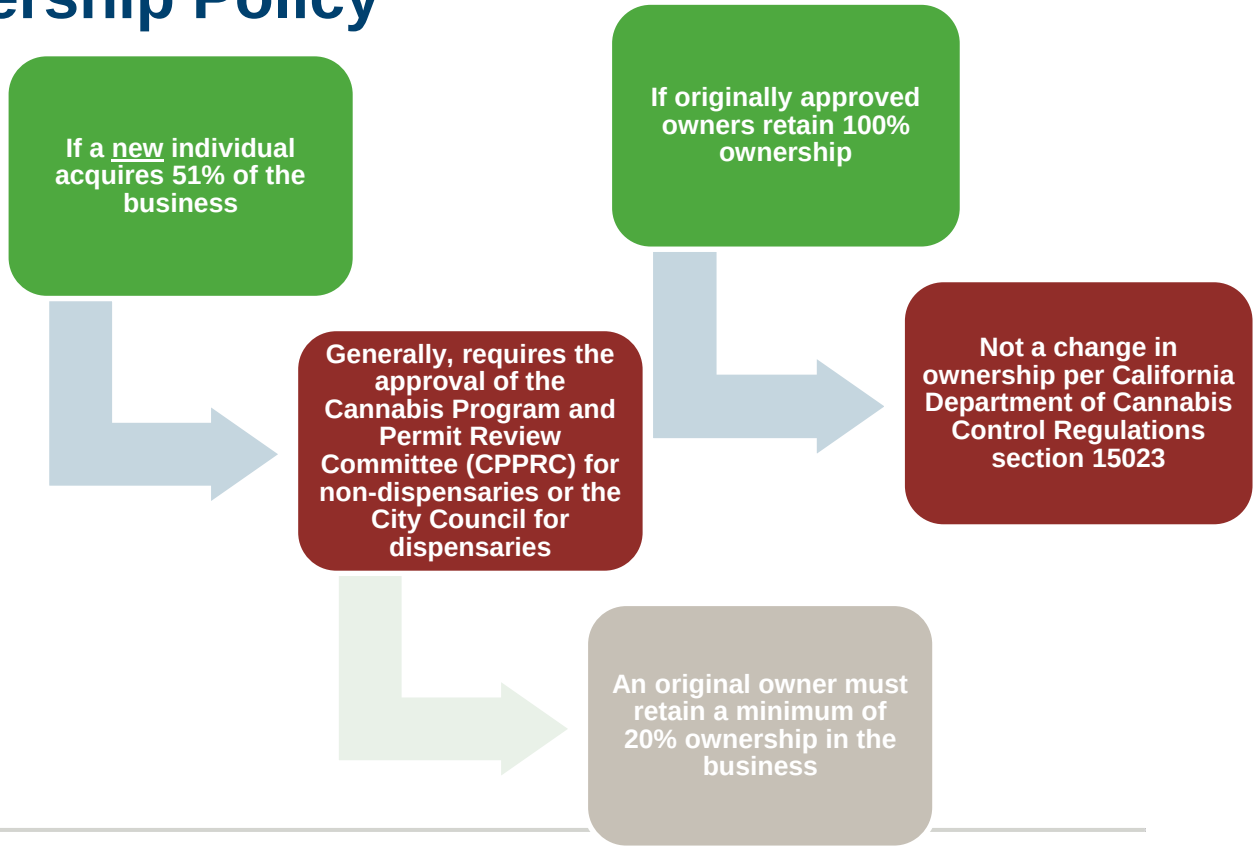
Jessica Hill, Director of Community and Economic Development

Business Modification Request-Change in Ownership

- Medallion Wellness is a commercial cannabis retail dispensary currently operating at 1313 McHenry Ave and is currently 100% owned by Michael Sean O'leary.
- On September 8, 2023, the City received an application from Medallion Wellness and Phenos Collective legal counsel to initiate a change in ownership.
- The new ownership proposed is: Phenos Collective (a dispensary at 1234 McHenry Ave) would acquire an 80% ownership interest in the business. The owner of Medallion Wellness would retain the remaining 20%

Commercial Cannabis Change in Ownership Policy

- A change in ownership policy was approved by Council on June 27, 2023 through Resolution Number 2023-298
- The ownership change proposed aligns with the approved policy.



Change in Ownership Review

- As part of the application for the change of ownership the following items are required:
  - Signed board of directors' resolution for Medallion Wellness acknowledging the proposed change by the original owner
  - Public filings with the California Secretary of State were provided confirming the new ownership structure
  - Completed background checks for the new ownership group
- The documentation submitted and new ownership proposed are in alignment with the approved ownership change policy.

Questions?

Staff Recommendation

- Motion recommending the approval of the change in ownership request for retail dispensary Medallion Wellness and forwarding to Council for approval.

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ITEM 2

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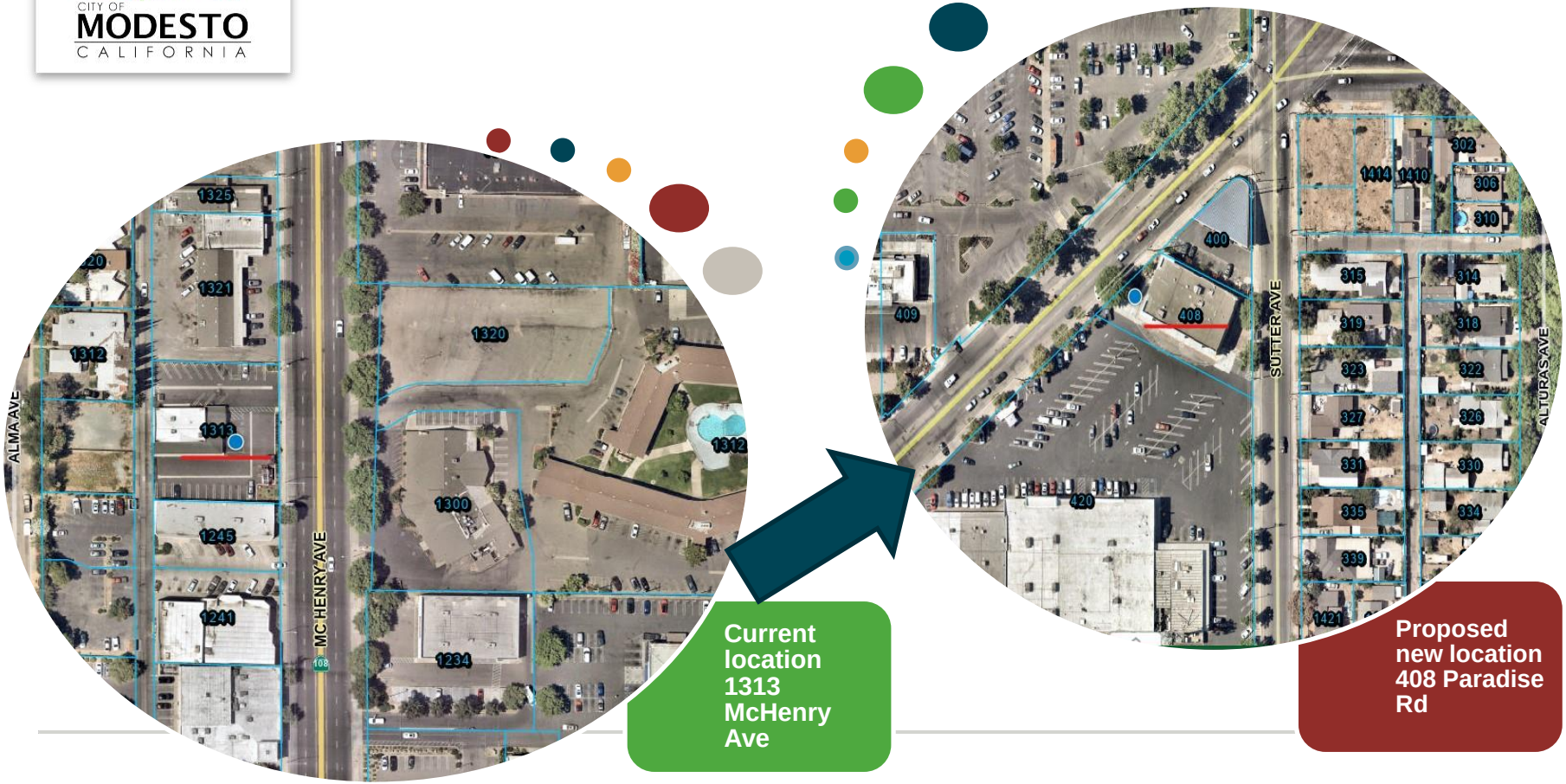
Medallion Wellness Business Modification Request-Relocation

Jessica Hill, Director of Community and Economic Development

Business Modification Request -Relocation

- Medallion Wellness is a commercial cannabis retail dispensary currently operating at 1313 McHenry Ave.
- On September 8, 2023 the City received an application from Medallion Wellness and Phenos Collective legal counsel requesting to relocate the current business from 1313 McHenry Ave to 408 Paradise Rd.

New Location for Medallion Wellness



Relocation Review Steps

The Business making the request provides

- Narrative explanation of the reason for the relocation.
- Updated security plans for the intended location, and proposed site and floor plans.
- Site Control -Copy of a lease agreement (if applicable).
- Payment of a commercial cannabis permit application fee which is currently $6,380.

Cannabis Consultant (HDL)

- Reviews Security and site plans for compliance.

Planning

- Reviews zoning and proximity to areas of sensitive use.

Cannabis Admin Staff

- Reviews the reason for the change.
- Performs an initial site visit.
- Reviews lease agreement to ensure property is secured through the two-year permit period.

Finance

- Confirms whether all taxes and fees are current.

CPPRC Approval for Non-Dispensaries

Council Approval for Dispensaries

Application Review

- Reason: The reason for the relocation was noted due to the change in ownership and a relocation to a new better served area of the City.
- Security Plan with Site and Floor Plans: After a thorough review by Staff and HDL Companies (Cannabis Consultant) the plans were found to be compliant with the regulatory requirements of the California DCC and the City of Modesto.
    - High-intensity, motion-activated LED lighting covering the entire perimeter and parking lot.
    - Cement crash posts (bollards).
    - Continuous video surveillance 24 hours per day, footage is retained for 90 days at a minimum.
    - On-site security guards 24 hours per day.
- Site Visit: Staff visited the site on 10/19/2023 and found no sign of unpermitted commercial cannabis activity, only preparation for tenant improvements.
- Site Control: A lease agreement was received and reviewed which shows that the property will be secured through the two-year permit period.
- Finance Review: Both parties to the relocation and change in ownership request are current on all City taxes and fees.

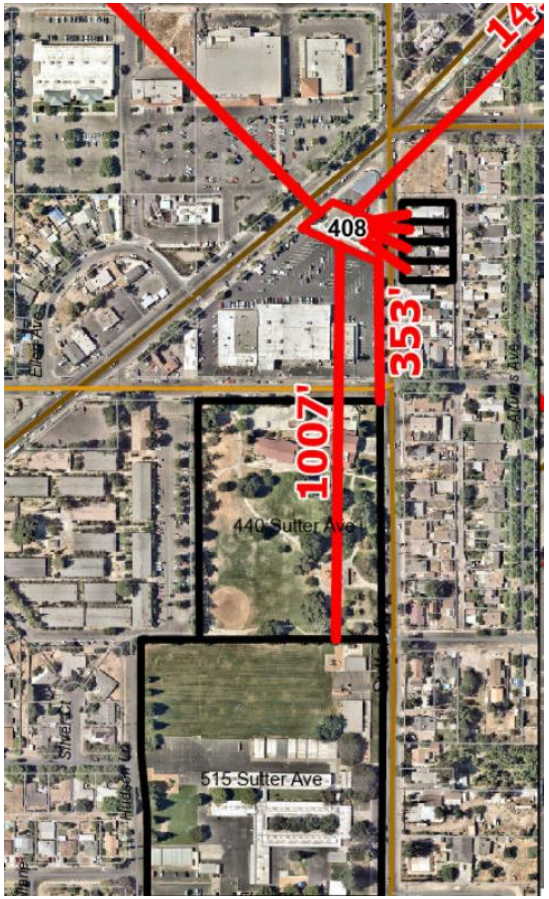
Zoning and Proximity Requirements

- Zoning Requirements
  - Cannabis retail dispensary businesses are allowed in Zones C-2, C-3, C-M, M-1, and M-2
    - Proposed site is in a C-2 Zone

- Proximity Requirements
  - Cannabis businesses are required to be located a minimum distance away from certain land uses:
    - 200 feet from a park or library measured from the nearest property lines
    - 600 feet from a school, childcare center or youth center measured from the nearest property lines
    - 100 feet from any residence measured from any building or structure containing a commercial cannabis use to an existing residential structure used for residential purposes

Park: James Marshall

- James Marshall Park: Located at 440 Sutter Ave
- 353 feet away from the proposed location
- Distance complies with the 200 ft proximity requirement



Library: Stanislaus County Library

- Stanislaus County Library: Located at 1500 I St
- 7,753 feet away from the proposed location
- Distance complies with the 200 ft proximity requirement

School- Modesto High School

- Modesto High School: Located at 18 H St
- 1,411 feet away from the proposed location
- Distance complies with the 600 ft proximity requirements

School- James Marshall Elementary

- James Marshall Elementary: Located at 515 Sutter Ave.
- 1,007 feet away from the proposed location
- Distance complies with the 600 ft proximity requirements

Child Care Center-Tuolumne Christian

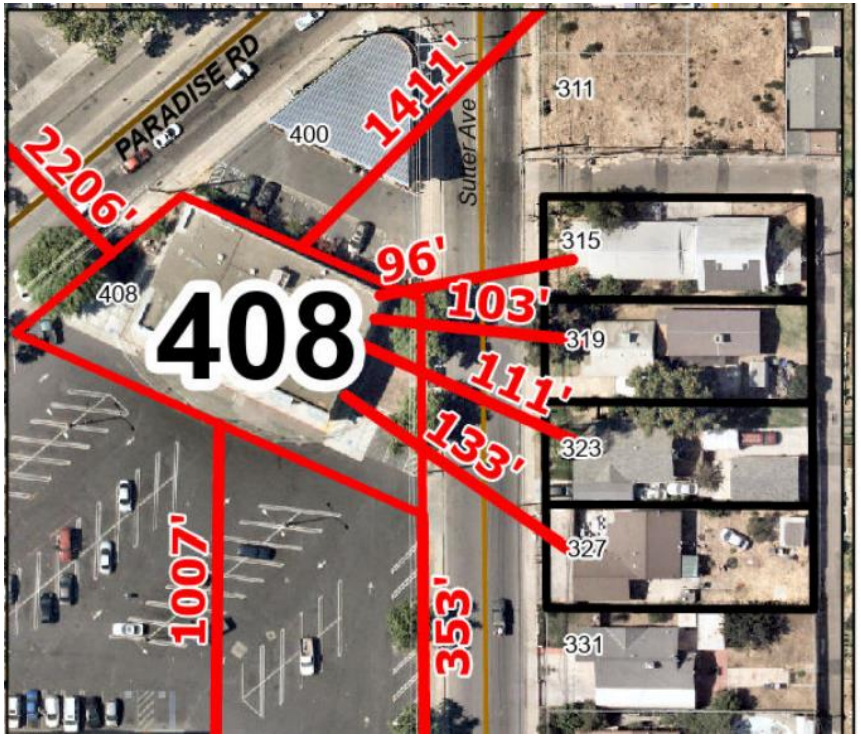
- Tuolumne Christian: Located at 133 Tuolumne Blvd
- 4,621 feet away from the proposed location
- Distance complies with the 600 ft proximity requirements

Youth Center- Neighborhood Center at Marshall Park (NCAMP)

- Municipal Code Definition: Any public or private facility that is ***primarily*** used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.
- Neighborhood Center at Marshall Park (NCAMP): Located at 420 Chicago Avenue
    - 11,202 Sq ft of space
    - 7,750 sq ft (70%) is allocated to Fire Station 2
    - The remaining 3,452 sq ft (30%) is comprised of City Department Offices and a shared conference room area where various community and youth events take place
- Because the primary use is not for youth activities it was determined that NCAMP would not be considered a Youth Center

Residence- Sutter Avenue

- Residence: 315 Sutter Avenue
- Approximately 93-96 feet away from the proposed location
- Does not meet the 100 feet requirement, therefore applicant has requested a proximity waiver
- The business agrees to construct an 8-foot wrought iron fence between the dispensary and the residence
- This fence would qualify for the granting of a proximity waiver at the discretion of The City Council



Other Land Use Considerations

- Staff also reviewed land uses that could create public health and safety concerns for citizens. However, these are not outlined in the current cannabis ordinance for review:
  - Religious Services: Westside Neighborhood Church at 821 California Ave,
    - Approximately 2,000 feet away from proposed location
  - Addiction Treatment: BreakThroughts Outpatient Treatment at 704 I St
    - Approximately 4,700 feet away from proposed location
  - Dispensary: Modesto Cannabis Collective at 439 Maze Blvd
    - Approximately 4,100 feet away from proposed location
  - Non-Dispensary: Exclusive VIP at 1404 N Carpenter Road
    - Approximately 11,500 feet away from the proposed location

Questions?

Staff Recommendation

- Motion recommending the approval of the relocation request for Medallion Wellness from 1313 McHenry Avenue to 408 Paradise Road with the granting of a residential proximity waiver and forwarding to Council for approval.

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Current Proximity Waivers

Business	Address	Proximity Issue	Waiver Justification
Modesto Cannabis Collective	439 Maze Blvd	Residence within 100 ft School within 600ft	Masonry sound wall between dispensary and the residence including an alley School is separated by a State highway 132 with no pedestrian crossings nearby
Doctors Choice	2039 Yosemite Blvd	Residence within 100 ft	Adjacent buildings prevent direct access to the residences
Medallion Wellness	1313 McHenry Avenue	Daycare within 600 ft	State Highway 108 separates the land uses, over 1,200 feet walking distance between the dispensary and the daycare
Cookies	1944 W Orangeburg Ave	School within 600 ft	Land uses separated by Orangeburg avenue, no pedestrian crossings nearby, over 1,000 feet walking distance
Phenos	1234 McHenry Ave	School within 600 ft	Masonry wall separates uses, over 1,200 feet walking distance
Levels	121 Phoenix ave	Residence within 100ft	8-foot-high wrought iron fence with a locking gate to the rear of the business

PROJECT UPDATE

Virginia Corridor Trailway, Phase 7 Project

Woodrow Avenue to Hetch Hetchy Trail Intersection

Nathan Houx,
Acting Director, Parks, Recreation & Neighborhoods

January 2024

Virginia Corridor Trailway, Phase 7, Summary

- Conversion of Tidewater Southern Railway Spur
- Non-motorized Transportation System
  - Planned 4-Mile Multi-use Class 1 Bikeway/Linear Park
  - Backbone of the City's Trail Network
  - Provides Important Links to City Destinations
  - Promotes a Healthy and Active Community
  - Increases the Urban Forest

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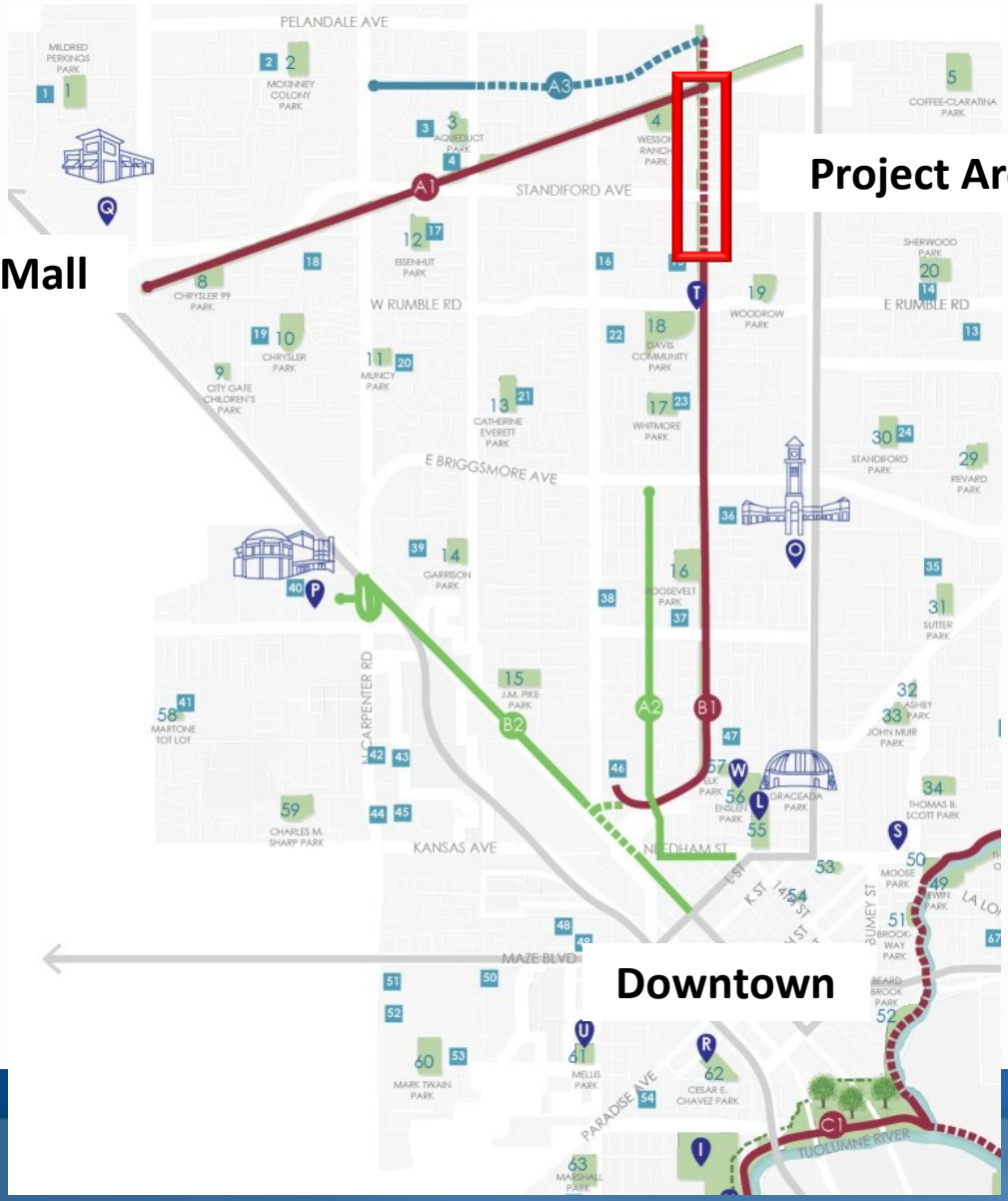
Virginia Corridor Trailway, Phase 7, Project Area



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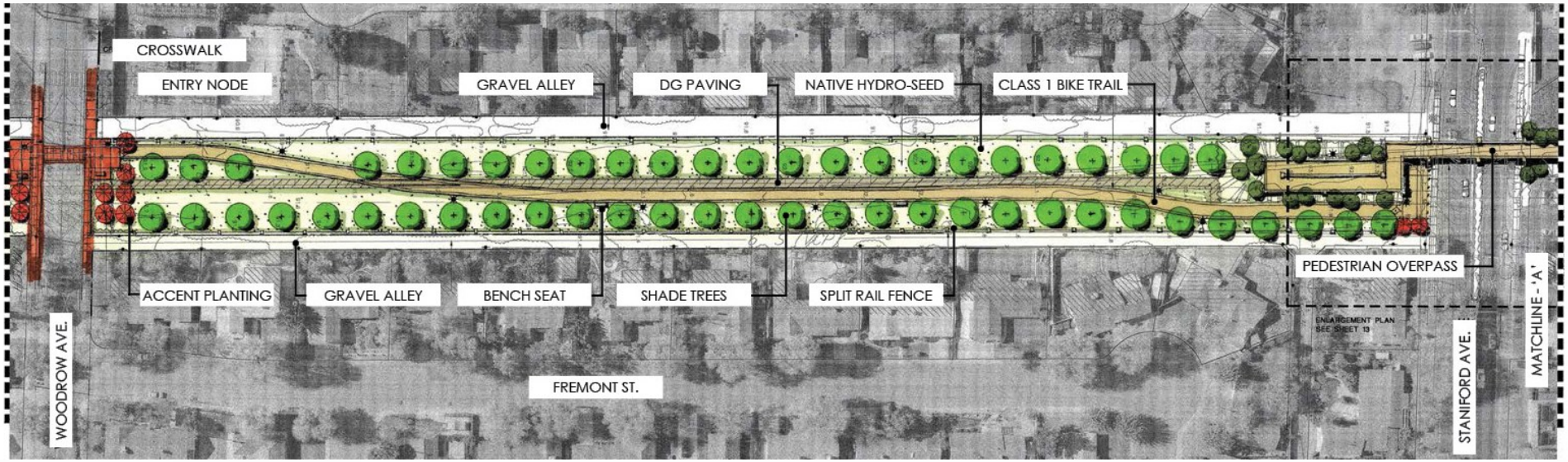
Virginia Corridor Trailway, Phase 7, Site Plan

- Woodrow Avenue to Standiford Avenue Segment



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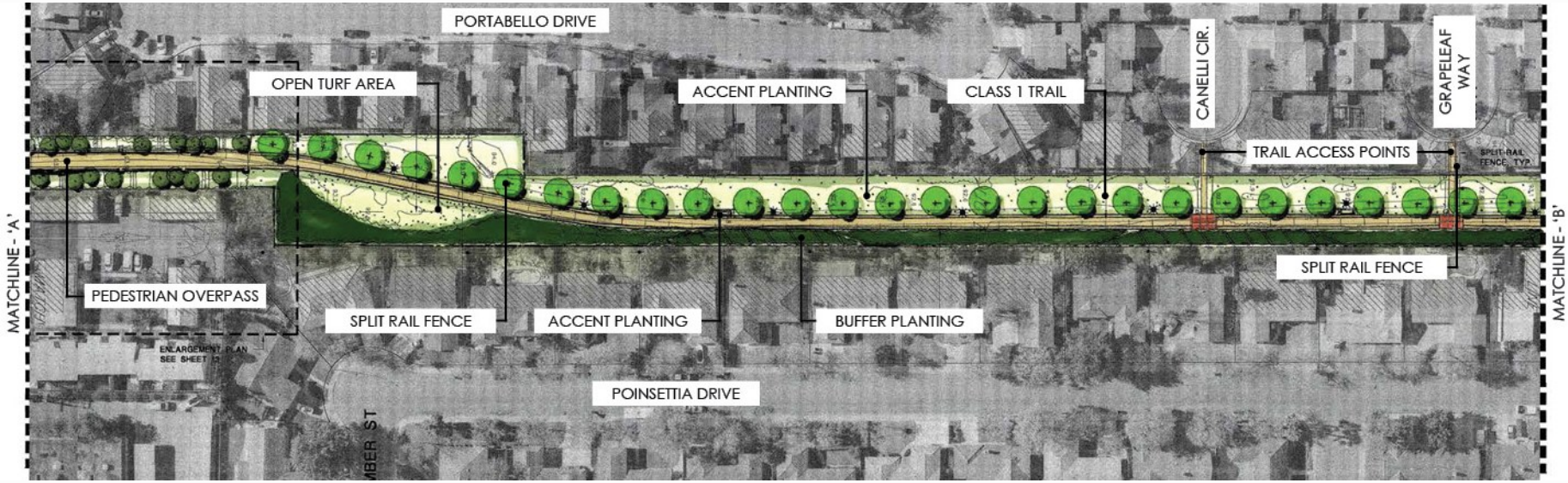
Virginia Corridor Trailway, Phase 7, Site Plan

- Standiford Avenue to Grapeleaf Way Segment



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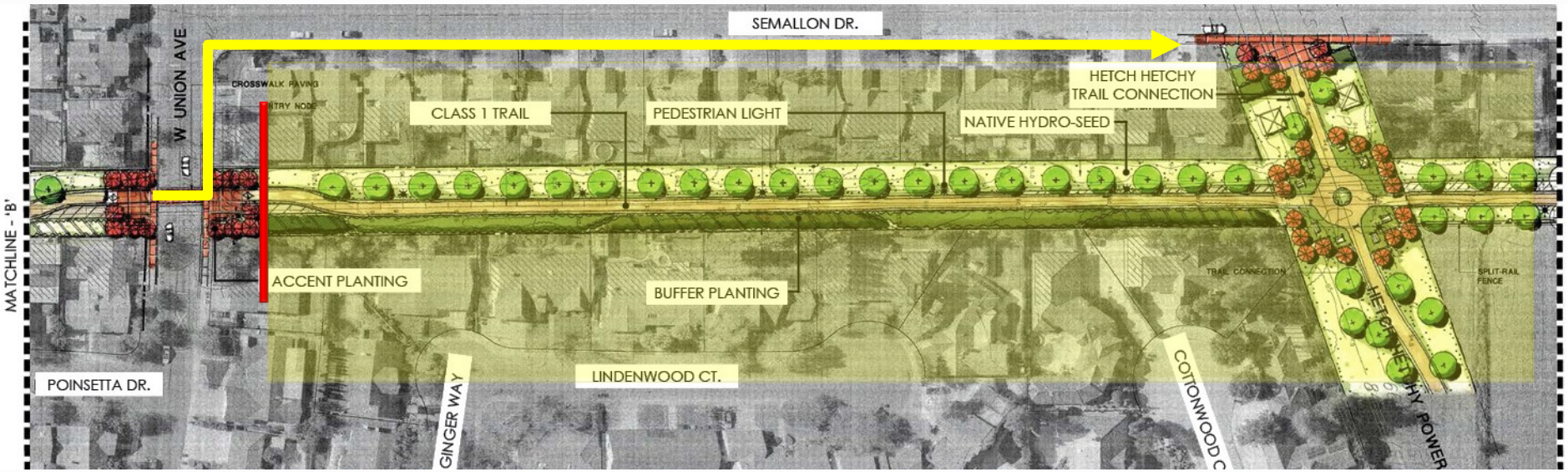
Virginia Corridor Trailway, Phase 7, Site Plan

- Grapeleaf Way to Hetch Hetchy Trail Intersection Segment



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Virginia Corridor Trailway, Phase 7, Site Plan

- Standiford Avenue Pedestrian Bridge Crossing

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Virginia Corridor Trailway, Phase 7, Site Plan

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Virginia Corridor Trailway, Phase 7, Site Plan

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Virginia Corridor Trailway, Phase 7, Cost Estimate

- Parks and Air Quality Capital Facility Fee: $1.50 M
- Department of Transportation: $0.44 M
- Local Non-Motorized Transit Funds (LTF): $1.97 M
- California Urban Greening Grant Program: $3.19 M

Total Estimated Project Funding: $7.10 M

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Virginia Corridor Trailway, Phase 7, Next Steps

Task Item:	Date:
• RFP for Design and Engineering:	Summer 2018
• Design Review and Workshops:	Fall 2018
• Develop Construction Package:	Spring 2019
• COVID & SFPUC Delay:	2020-2023
• Update Construction Package:	Winter 2024
• Request for Construction Bids:	Spring 2024
• Begin Project Construction:	Summer 2024
• Project Ribbon Cutting:	Fall 2025

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Questions?

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ITEM #13 - SECOND AMENDMENT – FUEL CARD-LOCK SERVICES

City Council, January 23, 2024

DeAnna Christensen, Director of Finance
Bill Sandhu, Public Works Director

BACKGROUND

- Public Works Fleet Division must maintain fuel for all City vehicles/equipment by utilizing fuel card services
- Fuel card services will allow the designated staff assigned to the vehicle to purchase fuel as needed through a local fuel station
- Fuel usage charged to these fuel cards are monitored by the Fleet Division and billed to the department through ISF charges

BACKGROUND

On Sept. 2019 the County and City jointly issued an RFP for Fuel Card-Lock Services and staff recommended to award to Boyett Petroleum

On June 2020 under Reso 2020-247, Council approved an agreement with Boyett Petroleum for an annual estimated cost of $1,800,000 and $12.6M over 7 years

On June 8, 2023, a First Amendment was approved under the City Manager authority due to the sale of various retail locations by Boyett Petroleum

Boyett Petroleum only retained two of their retail locations at 320 Codoni Avenue and 401 9th Street which are the two main locations used by Modesto by 70%

City analysis determined no fiscal impact

DISCUSSION

Over the last four years of the agreement fuel pricing has fluctuated from 42% in Year 2, 81% in Year 3 and 29% in Year 4

With the outside services fleet agreement with StanRTA, fleet grew by 30 buses and an additional 15 buses will be added soon

City programs have increased due to Measure H, adding 57 new vehicles to the fleet with 50 more on the way

With the added outside service agreements and increase in City programs this will be adding about 137 vehicles to our Fleet

CITY PROGRAM GROWTH

Slurry Crew Expansion	Forestry Program Enhancements	Park Rangers and CHAT Programs
Park Maintenance Expansion	Blight Abatement Program	Solid Waste Programs

CITY EQUIPMENT INVENTORY

Fiscal Year	StanRTA	Program Enhancements/Measure H
23/24	30	57
24/25 (Proposed)	45	137

- Current City inventory is 1288 vehicles, StanRTA is 144

FISCAL IMPACT

- Fuel Card Services is funded through Fleet ISF but allocated directly to all City departments and outside service agencies
- Below is a four-year spending and usage history:

Year	Spend
1	$946,428
2	$2,073,859
3	$3,207,914
4 (thru Dec)	$2,768,295
Total	$8,996,496

Year	Gallons
1	573,252
2	587,929
3	728,705
4 (thru Dec)	635,121
Projected	750,000 - 800,000

STAFF RECOMMENDATION

- Resolution approving a Second Amendment to the Agreement with Stan Boyett & Son, Inc. dba Boyett Petroleum, Modesto, CA for Fuel Card-Lock services by $2,700,000 from $1,800,000 to a revised annual estimated amount of $4,500,000 for Year 4 and Year 5 and a revised total amount not to exceed $14,400,000 over five years; revising the term of the Agreement from March 9, 2027 to March 9, 2025; and authorizing the City Manager, or his designee, to execute the Amendment.

QUESTIONS?

Item #20

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THE CROSSINGS

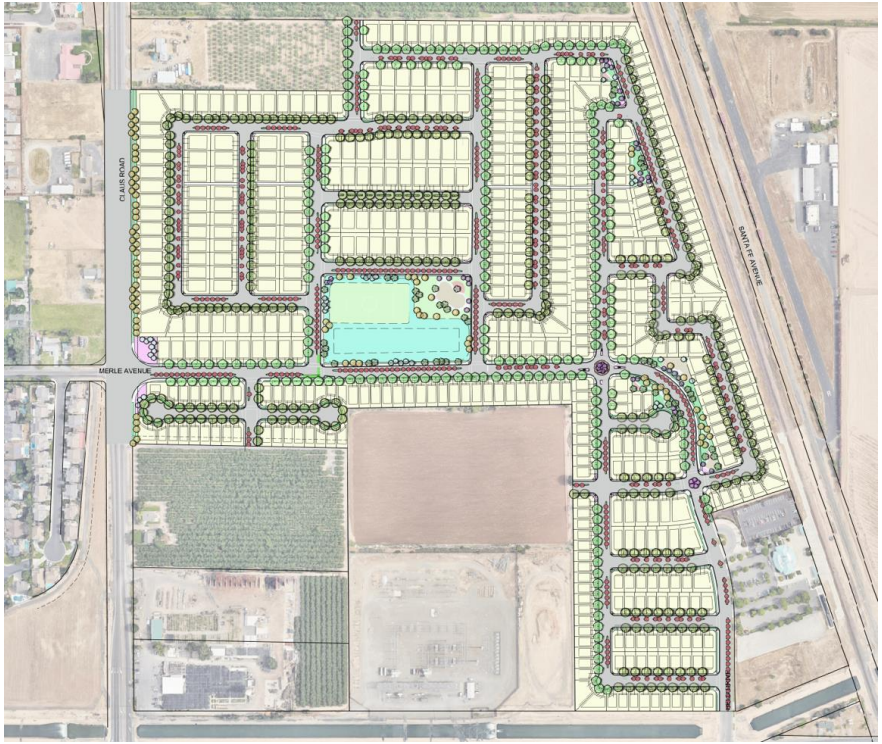
Jessica Hill, Director of Community and Economic Development

City Council
January 23, 2024

Proposed Project: The Crossings

Received an application (July 2022) from D.R. Horton to convert the area to:

- 84.1 acres / 6-7 dwelling units per acre
- Lot sizes: 3,400-7,000 s.f.
- Park space/dual-use storm basin
- Landscape lots
- Bike paths



Site Background

- Village One Specific Plan, adopted in Oct. 1990.
  - 35 Precise Plan Areas, mostly built-out.
- Precise Plan Area 35, “Village One Triangle”.
  - Allows for Business Park uses.
- General Plan land use: Business Park-Commercial-Residential (BCR)

Components of Application

A. General Plan Amendment
   - Land Use Element, Circulation Element, Parks Planning Policy

B. Specific Plan Amendment
   - Land Use Diagram, Circulation Diagram, Development Standards

C. Precise Plan Document
   - Proposed adoption of Precise Plan Area No. 35 South (south of Milnes Avenue)

D. Vesting Tentative Subdivision Map (VTSM) “The Crossings”
   - 527 single-family residential lots, five landscape lots, one park/dual-use basin lot

E. Final Development Plan
   - Architectural standards and home siting/setback standards for the VTSM

(A) GPA- Land Use

1 Land Use Element:

- Business Park-Commercial-Residential ("BCR") to Residential ("R")
- 140 Acres

(A) GPA- Parks

3 Neighborhood Parks

- Neighborhood park sizing policy: seven-acre per park to seven-acres in aggregate.

7-acre *per park* → 7-acre *aggregate* *(min. 3.5 ac. each)*

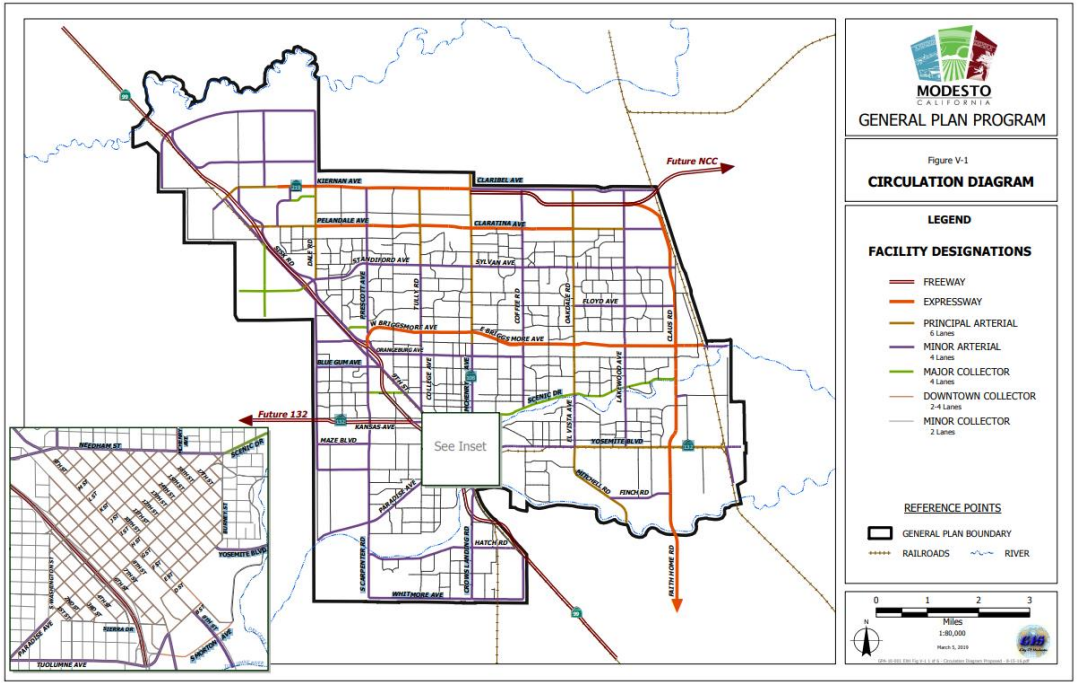
Park Concept

(A) GPA- Circulation

2

Circulation Element:

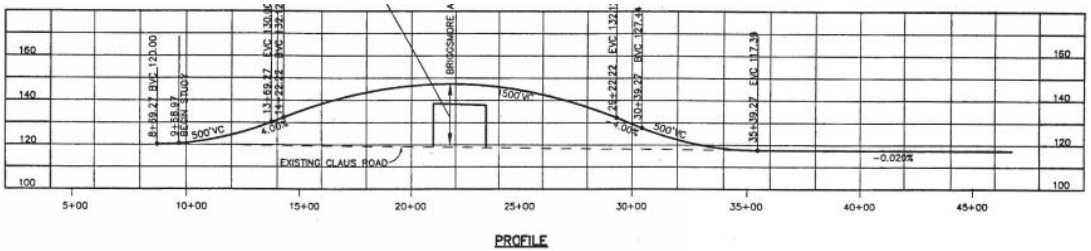
- Claus Road downgrade from 6-lane Expressway to 4-Lane Principal Arterial Street (E. Briggsmore Ave. to Sylvan Ave.)
- E. Briggsmore Avenue downgrade from Expressway to 4-Lane Principal Arterial Street (Claus Road to BNSF Railroad).

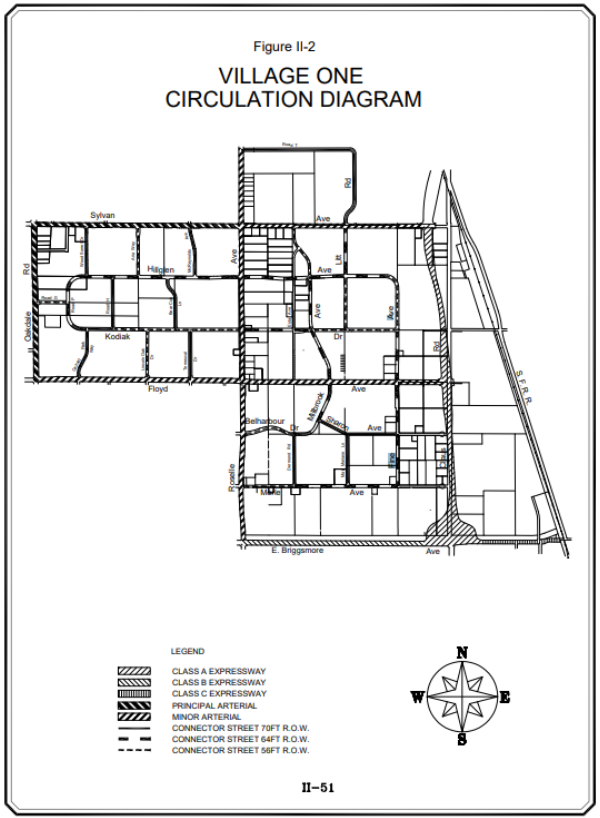


(A) GPA- Circulation Claus Road

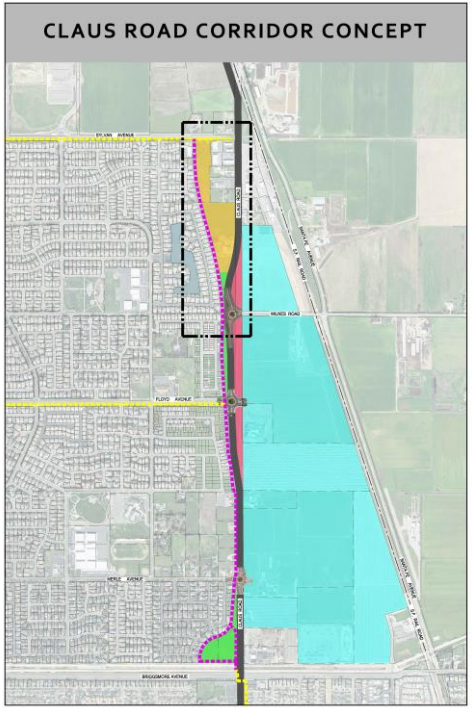
Original Village One Facilities Master Plan Concept – Claus Rd

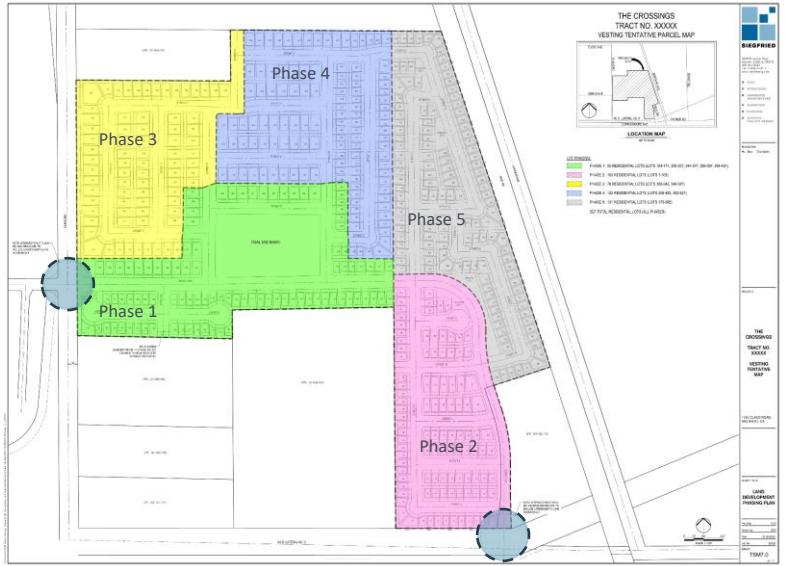
- Urban interchange over Briggsmore
- Underpass under Floyd
- Over Sylvan and the Railroad tracks





Analysis: Proposed Roundabouts Timing





- Claus/Merle Roundabout
  - Design: Phase 1 Final Map
  - Installation: Prior to Phase 2 Final Map
- E Briggsmore/Held
  - Design: Phase 2 Final Map
  - Installation: Prior to Ph 3 Final Map

(B) Proposed Specific Plan Amendment

Land Use Diagram

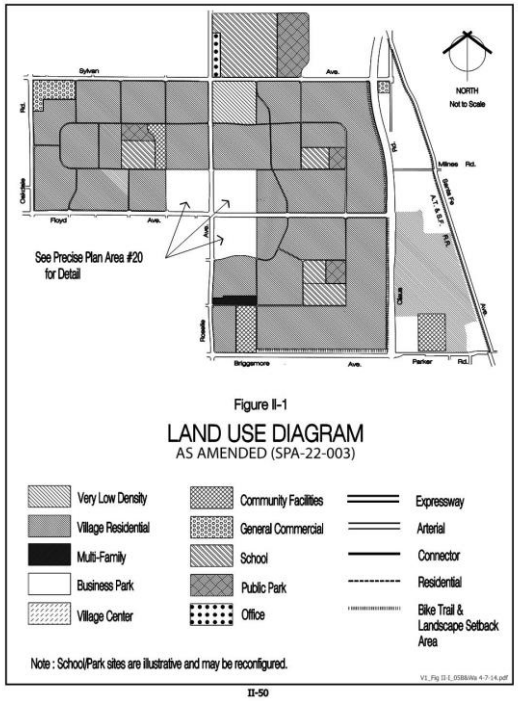
- Business Park ("BP") to Village Residential ("VR"), 140 Acres

Circulation Diagram

- Claus Road and E. Briggsmore Avenue downgrade from Expressways to 4-Lane Principal Arterial Streets
  - *(E. Briggsmore Ave. to Sylvan Ave. // Claus Road to BNSF Railroad)*

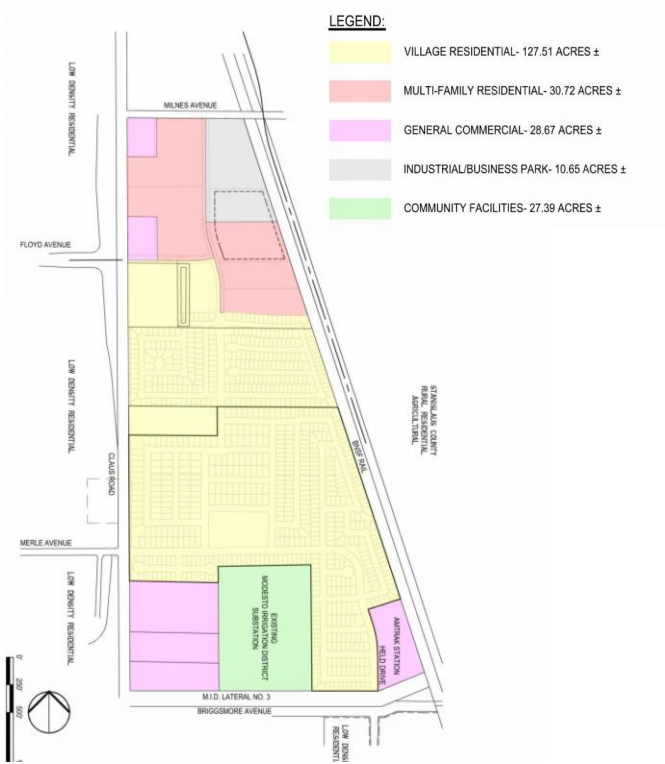
Development Standards

- 10-foot-wide front yard setbacks for homes and 18-foot setbacks for garages, with Final Development Plan (FDP) by Commission; *(typical: 15' front, garage 20')*
- Shorter 10-foot dimension for private rear-yard open space (maintaining 300 s.f. minimum area); *(typical: 15' rear and side setbacks)*
- Allowances for multifamily development in BP areas with an FDP.



(C) Proposed Precise Plan No. 35 South

- Precise Plan No. 35 South
  - Approx. 257 acres, E. Briggsmore Ave to Milnes Avenue, between Claus Road and BNSF Rail.
  - Establishes land uses, circulation, and utility requirements for the Precise Plan area.
  - Establishes development policies in accordance with Village One Specific Plan.



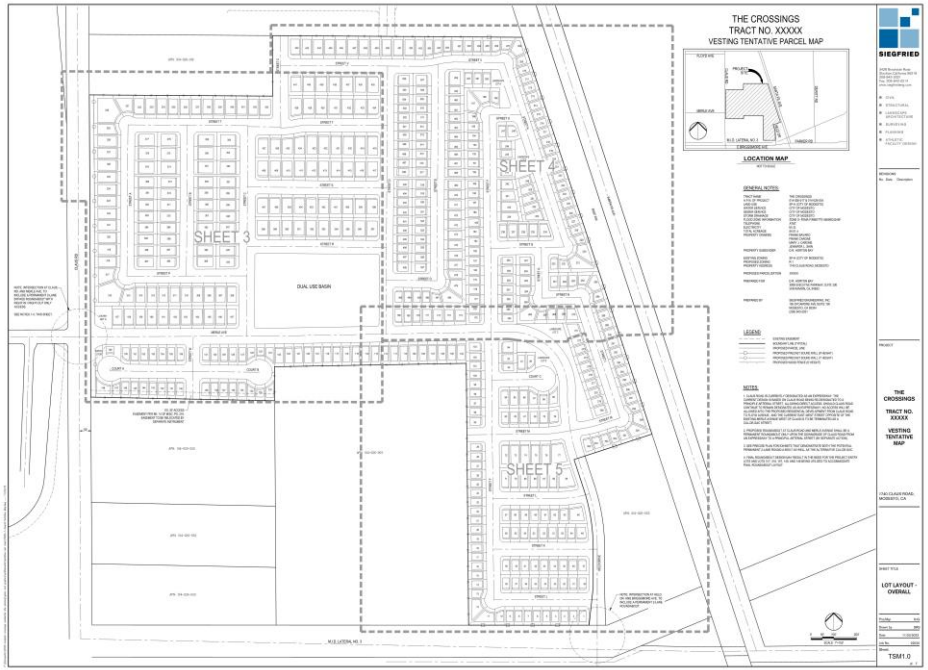
(C) Proposed Precise Plan No. 35 South

- Circulation plan provides for two-lane roundabouts at Claus Road/Merle Ave and E. Briggsmore/Held Drive.
- Sound walls:
  - 7’ sound walls along Claus Road (including landscaping as well as curb, gutter, and sidewalk);
  - 7’ sound wall along E. Briggsmore Ave; and
  - 9’ sound wall along BNSF railroad alignment.
- Provides for 60- and 69-foot residential street cross-sections with Class IV Separated Bikeways.
- Provides for two new 100-foot wide roundabouts within tentative map for internal intersection controls.
- Provides for landscaped gateway entry features at Claus/Merle.

Proposed Bike Infrastructure

(D)- Vesting Tentative Subdivision Map

- Vesting Tentative Subdivision Map (“VTSM”): “The Crossings”
  - 84.1 acres into 527 single-family residential lots, five landscape lots, and one park/dual-use basin lot.
  - Active transportation improvements and sound walls.



(D)- Vesting Tentative Subdivision Map

- Design and installation of enhanced crosswalk and HAWK-system signal for pedestrian safety.
- Design and installation of 100-ft wide roundabouts at Merle/"Street F" and Held/"Street M" for local street intersection controls.
- Due to sound study, the following is proposed to mitigate traffic and railroad noise, as well as operations of mosquito abatement district facility to the east.
  - New 7-ft sound wall, landscaping, and curb-gutter-sidewalk along Claus Road frontage.
  - New 7-ft sound wall along E. Briggsmore Avenue frontage.
  - New 9-ft sound wall along BNSF alignment.
  - Acoustical treatment for homes within 200-ft of railway to reduce interior noise.
  - Noticing future homeowners of noise impacts from nearby Mosquito Abatement District operations/airfield.
- Claus Road/Merle Avenue entry landscaping into subdivision.

Pedestrian Safety Improvements

(E)- Final Development Plan

- Development and architectural standards, including home siting and setbacks.

Next Steps

- City Council Adoption Hearing (tonight)
- Formation of Community Facilities District (“CFD”)- Prior to final map
  - Mechanism to fund public facilities, streetscape improvements, etc.
- Grading and demolition plans already submitted to City
- Developer expected to submit Improvement Plans by Spring 2024
- Home construction expected to begin in 2024 (Fall/Winter)

Staff Recommendations

- Resolution approving an Amendment to the Modesto Urban Area General Plan;
- Resolution approving Specific Plan Amendment No. 26 to the Village One Specific Plan, to amend the Land Use Diagram from Business Park (BP) to Village Residential (VR), 140 acres east of Claus Road and north of East Briggsmore Avenue, with associated amendments to the Circulation Diagram and text amendments;
- Motion introducing and waiving the first reading of an Ordinance adopting a Precise Plan for Village One Precise Plan Area No. 35 South, with amendment of Section 18-3-10 of the Zoning Map to rezone from Specific Plan-Holding (SP-H) Zone to Specific Plan (SP) Zone, property located east of Claus Road, south of Milnes Road and north of East Briggsmore Avenue;

Staff Recommendations (Continued)

- Resolution approving the Vesting Tentative Subdivision Map of "The Crossings".
- Resolution adopting a Final Development Plan for "The Crossings", in the Village One Specific Plan, for 527 single-family residential lots, five landscape lots, and one park lot on property located east of Claus Road and north of East Briggsmore Avenue.
- Resolution adopting a Mitigated Negative Declaration for a General Plan Amendment, the Village One Specific Plan Amendment No. 26 ,Village One Precise Plan No. 35 South, Vesting Tentative Subdivision Map "The Crossings", and Final Development Plan "The Crossings."

Questions?

CITY OF
MODESTO
CALIFORNIA

Item 21

710 N. 9TH STREET – TRAVELER'S MOTEL PROJECT AWARD

CITY OF MODESTO CALIFORNIA

Jessica Hill, Director of Community and Economic Development

January 23, 2024

BACKGROUND

- In early 2023, the City received a proposal from RHCB Development LP (RHCB) for the rehabilitation of Traveler's Motel located at 710 N. 9th Street to serve as a 56-unit permanent supportive housing project that devotes 38 units to serve youth experiencing homelessness,17 units for the general population that is experiencing homelessness, and 1 manager's unit.

- On May 2, 2023, Council authorized staff to apply for a Project Homekey Grant in an amount up to $17,00,000. This project was also funded the commitment of $1,775,077; from the Community System of Care (CSOC), $2,150,000; from the Health Plan of San Joaquin, and earmarked $2,274,923 from the City of Modesto for a total of a $23.2M project.

- The City applied for and on September 26, 2023, the City was notified of the Homekey Round 3 award to the City and RHCB Development in the amount of $16,059,562.

SITE DETAILS AND PROJECT STATUS

Traveler's Motel

- Proposed Permanent Supportive Housing on 710 N. 9th Street

Unit Composition: 56 total units

- 38 youth units
- 17 traditional homeless units
- 1 manager unit

Project Status

- The property is currently in escrow pending Council acceptance of the Homekey award.

HOMEKEY AWARD – TRAVELERS MOTEL

- Funding in the amount of $1.2M was awarded to the project to assist with relocation of those who were living in the hotel. All households have been relocated to safe and stable environments in accordance with their individual relocation plan.

- Supportive services will be offered onsite including case management, peer support activities, mental health services, and linkage to outside community services providers, including physical and dental health care.

- The service provider team will be trained in assessing mental health and substance use disorders so clients can be linked to the appropriate services.

PROJECT SOURCES AND USES BUDGET

Source	Capital Allocation	Relocation Allocation	Operating Allocation	TOTAL
Homekey Round 3 Award				
Capital Award (Acquisition and/or Rehab)	$14,950,000			
Relocation Costs		$750,000		
Operating Subsidy			$359,562	
Homekey Commitment	**$14,950,000**	**$750,000**	**$359,562**	**$16,059,562**
Other Local Commitments				
Stanislaus County Community System of Care HHAP	$1,775,077			
Health Plan of San Joaquin HHIP (Cal-AIM)	$1,670,901	$479,099		
Other Local Commitments	**$3,445,978**	**$479,099**		**$3,925,077**
Developer Commitments	**$27,573**			**$27,573**
Modesto Commitment				
Modesto HOME-ARP	$2,800,000			
Modesto HOME	$673,712			
Modesto Commitment	$3,473,712			$3,473,712
TOTAL	**$21,897,263**	**$1,229,099**	**$359,562**	**$23,485,924**

BUDGET DETAILS

Traveler's Project	Total
Acquisition and Demolition	$6,924,950
Rehabilitation Costs	$10,745,182
Relocation	$1,229,099
Architectural Fees	$251,489
Construction Interest and Fees	$217,572
Legal Fees	$118,500
HCD Required Reserves	$551,301
Contingency Costs	$1,283,336
Permits and Lease-Up Costs	$933,095
Developer Costs	$1,231,400
Total Project Cost	**$ 23,485,924**

PROJECT AGREEMENTS

- To meet the Homekey award timeline staff is seeking the following approvals:

1. Memorandum of Understanding with Stanislaus County to manage the project funds for the Stanislaus Community System of Care's (SCOC) Homeless Housing Assistance and Prevention Program (HHAP) for the awarded amount of $1,775,077 and executing a grant to the project for this funding.

2. HOME American Rescue Plan (HOME-ARP) contribution in an amount not to exceed $2,800,000.

3. HOME Investment Partnership contribution in an amount not to exceed $673,712

4. Total City contribution loan totaling: $3,473,712. Funds will be dispersed on a cost reimbursement basis.

PROJECT TIMELINE

Milestone	Estimated Date
Agreement Execution and Acquisition	January 2024
Construction Start	February 2024
Construction Completion	September 2024
Full Occupancy	December 2024

QUESTIONS?

STAFF RECOMMENDATION

- Resolution accepting the Homekey 3 award in the amount of $16,059,562 and approving the Homekey Regulatory Agreement authorizing the City Manager or his designee to negotiate and execute an Agreement with Modesto Homekey LP and the State of California for the development at 710 N. 9th Street.

- Resolution approving a HOME American Rescue Plan Act loan to Modesto Homekey LP in an amount not to exceed $2,800,000, and $98,308 in staff activity delivery, and authorizing the City Manager or his designee to negotiate and execute an Agreement with Modesto Homekey LP for the development at 710 N. 9th Street.

- Resolution approving a HOME Investment Partnership Program loan to Modesto Homekey LP in an amount not to exceed $673,712, and $102,000 in staff activity delivery, and authorizing the City Manager or his designee to negotiate and execute an Agreement with Modesto Homekey LP for the development at 710 N. 9th Street.

STAFF RECOMMENDATION CONT.

- Resolution approving an Agreement with Stanislaus County Community Services Agency (CSA) for the acceptance of Homeless Housing Assistance and Prevention Program (HHAP) funding in the amount of $1,775,077 and to issue a grant in an amount not to exceed $1,755,077 to Modesto Homekey LP and authorizing the City Manager or his designee to negotiate and execute an Agreement with Modesto Homekey LP for the development at 710 N. 9th Street.

- Resolution rescinding Resolution 2023-213 and amending the fiscal year 2023-2024 multi-year fund budget for the Traveler's project fund (101542) to be funded with Homekey 3.0 program funds, HOME American Rescue Plan Funds (HOME ARP) funds, HOME Investment Partnerships funds (HOME), and Homeless Housing Assistance and Prevention Program (HHAP) funds for the development of the 710 N. 9th Street affordable housing project totaling $21,308,351 and $200,000 for activity delivery costs and budgeting the necessary revenue, expense transfers and authorizing the City Manager or his designee to take the necessary steps to implement the provisions in this Resolution.

CITY OF
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PRESENTATION TO THE AUDIT COMMITTEE OF THE CITY OF MODESTO

January 24, 2024

VASQUEZ + COMPANY LLP

An independently owned member RSM US Alliance

RSM

/ AGENDA

- ❑ The Audit Team
- ❑ Scope of Services
- ❑ Independence
- ❑ Summary of Audit Results
  - Financial Statements Audit
  - Single Audit
  - Financial Reporting Highlights
- ❑ Required Communications to the City Council
- ❑ New Accounting Pronouncements – Effective in Future Years
- ❑ Questions
- ❑ Contact Information

VASQUEZ + COMPANY LLP

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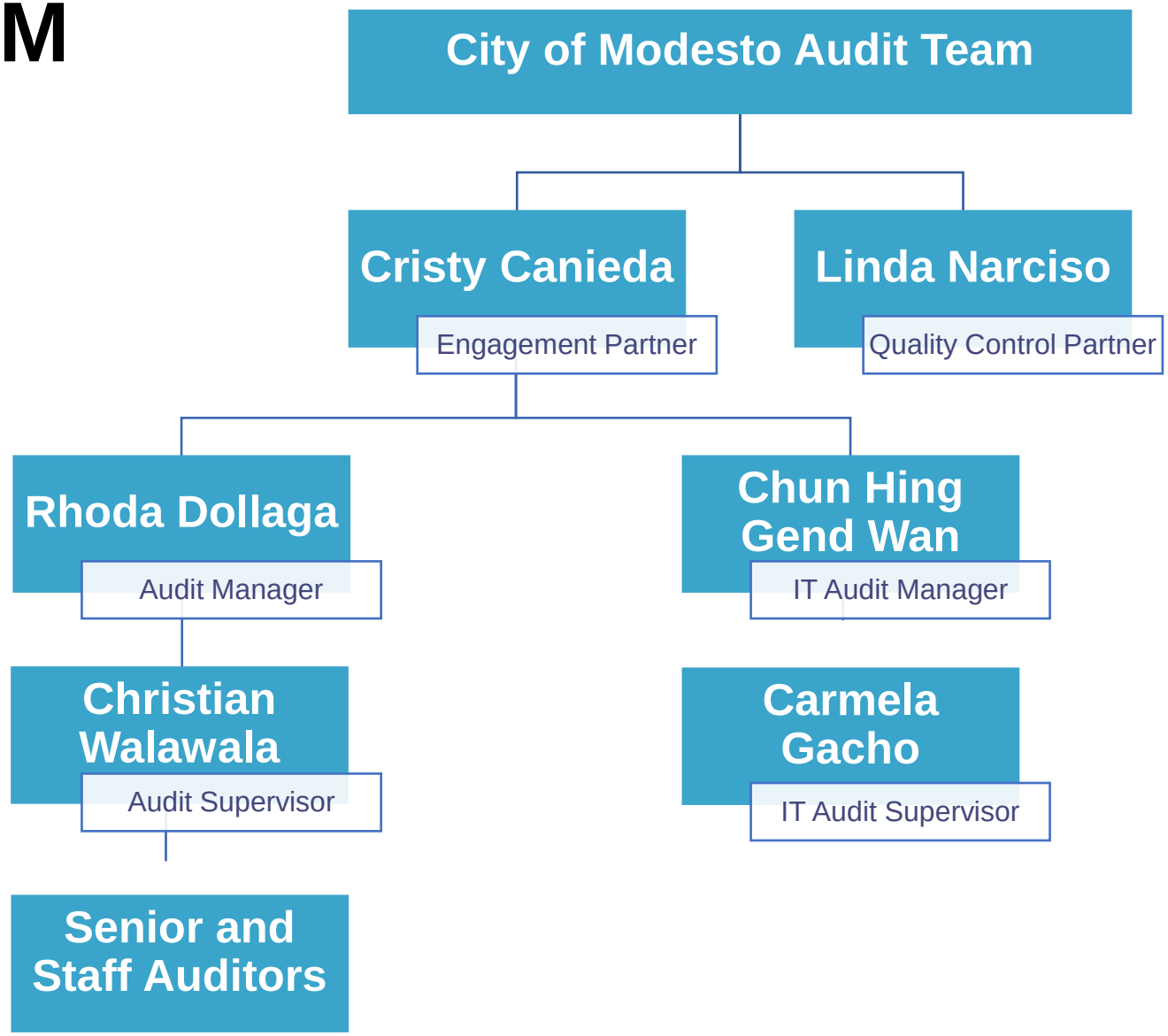
/ THE AUDIT TEAM



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SCOPE OF SERVICES

/ SCOPE OF SERVICES

1 The Financial Statements Audit

- City's basic financial statements
- City's IT General Controls
- City's 13 Community Facilities Districts
- City's Measure H Fund
- City's Transportation Development Act Funds
- City's Abandoned Vehicle Abatement Program
- Tuolumne River Regional Park
- Modesto-Ceres Fire Protection Agency

2 The Single Audit

Audit of Major Federal Grant Programs in accordance with the Uniform Guidance

3

Year-Round ***Consultation*** on Financial and Accounting Matters

/ INDEPENDENCE

- There are no relationships between any of our representatives and the City that in our professional judgment may reasonably be thought to bear on independence.

- Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to City.

SUMMARY OF AUDIT RESULTS

/ FINANCIAL STATEMENTS AUDIT

Unmodified Opinion on Financial Statements

- The financial statements present fairly, in all material respects, the City's financial position and changes in net position.
- The supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Internal Control over Financial Reporting

- No material weaknesses and significant deficiencies were noted on internal control over financial reporting.

/ SINGLE AUDIT

1 Major Programs

- ALN 15.916 - Outdoor Recreation Acquisition, Development and Planning ($532 thousand)
- ALN 20.526 - Federal Transit Cluster ($2.7 million)
- ALN 21.027 - Coronavirus State and Local Fiscal Recovery Funds ($17.3 million)

The major programs covered 66.4% of total federal expenditures of $30.9 million.

2 Classification

- The City is classified as a “Low-Risk Auditee” based on the Federally-prescribed criteria.

3 Results

- No financial statements findings.
- No federal awards findings.
- No prior year financial statements and federal awards findings.

/ FINANCIAL REPORTING HIGHLIGHTS – GOVERNMENT-WIDE

Overall Net Position	• The City's overall net position increased by $54.35 million from $1.28 billion at June 30, 2022 to $1.34 billion as of June 30, 2023. (ACFR p. 21)
Unrestricted Deficit in Net Position	• The City's unrestricted net position increased by $128.76 million from a deficit of $74.16 million at June 30, 2022 to $54.60 million as of June 30, 2023. (ACFR p. 9)
City-wide Expenses	• City-wide expenses increased to $400.14 million in FY 2023 from $351.19 million in FY 2022, an increase of $48.95 million. (ACFR p. 10)

Pension and OPEB liability	• The City reported the following Net Pension and Net OPEB liabilities at June 30, 2023:
	  • Net Pension liability - $416.05 million (2022 - $249.80 million)
	  • Net OPEB Liability - $18.94 million (2022 - $29.55 million)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL

Governmental Fund Expenditures

- Governmental Fund expenditures decreased in 2022-23.
  - Governmental Fund expenditures 2022-23 $255.59 million
  - Governmental Fund expenditures 2021-22 $257.23 million

General Fund Total Fund Balance

- The City's General Fund total fund balance increased by $14.15 million during the year (from $39.4 million in 2022 to $53.57 million at the end of 2023). The City projected a budget fund balance of $30.62 million for the fiscal year. (ACFR p. 90)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL

Enterprise Funds

- The Enterprise Funds generated net revenues before contributions and operating transfers of $25.63 million.
  - Water generated a net income of $5.28 million before contributions and operating transfers.
  - Sewer generated a net income of $17.33 million before contributions and operating transfers.
  - Nonmajor Enterprise Funds generated a net income of $2.63 million before contributions and operating transfers.

Internal Service Funds

- The Internal Service Funds reported a net position of $21.23 million, which was an increase of $2.74 million from $18.49 million in FY 2022.

/ FINANCIAL REPORTING HIGHLIGHTS – MEASURE H FUND

Revenues	• Measure H Fund's Sales Tax revenue source generated $11.1 million for the year. The City expects approximately $39 million in annual sales tax revenues in the future years.
Expenditures	• Measure H Fund's total expenditures for the year was $827 thousand or $3.6 million lower than the budgeted expenditures of $4.5 million.
Fund Balance	• Measure H Fund balance was $10.3 million as of June 30, 2023. This amount is available for any purpose or unassigned.

REQUIRED COMMUNICATIONS

/ REQUIRED COMMUNICATIONS

Management's Responsibility	Management has the primary responsibility for the accounting principles used, their consistency, application and clarity.
Consultations with Other Accountants	We are not aware of any consultations by management with other accountants about accounting or auditing matters.
Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures.
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters.
Significant Accounting Policies	We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The implementation of this statement has resulted in reporting SBITA asset and liability in the entity-wide and proprietary financial statements.

/ REQUIRED COMMUNICATIONS (CONTINUED)

Significant Unusual Transactions	We did not identify any significant unusual transactions.
Shared Responsibilities for Independence	Independence is a **joint responsibility** and is managed most effectively when management, City Council, and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. AICPA and GAO rules require independence both in mind and in appearance when providing audit and other attestation services. Vasquez ensures that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement. Vasquez maintains a system of quality control over compliance with independence rules and firm policies.
Audit Adjustments	There were no proposed audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

/ REQUIRED COMMUNICATIONS (CONTINUED)

Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.
Management Representations	The City provided us with a signed copy of the management representation letters prior to issuance of our auditor's opinions.
Management Letter Comments	Management letter comments were issued to management.

NEW ACCOUNTING PRONOUNCEMENTS EFFECTIVE IN FUTURE YEARS

/ NEW ACCOUNTING PRONOUNCEMENTS – EFFECTIVE IN FUTURE YEARS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023, that have effective dates that may impact future financial presentations.

To be implemented in FY 2024	• GASB 99 – Omnibus 2022 (related to financial guarantees and derivative instruments) • GASB 100 – Accounting Changes and Error Corrections
To be implemented in FY 2025	GASB 101 – Compensated Absences

QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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Cristy Canieda, CPA, CGMA
213-873-1720 OFFICE
ccanieda@vasquezcpa.com

Rhoda Dollaga, CPA
213-873-1746 OFFICE
rdollaga@vasquezcpa.com

www.vasquez.cpa

Los Angeles \ San Diego \ Irvine \ Sacramento \ Fresno \ Phoenix \ Las Vegas \ Manila, PH

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\ 213-873-1700
\ solutions@vasquezcpa.com

THANK YOU FOR YOUR TIME AND ATTENTION.

MEASURE L AUDIT – FISCAL YEAR 2022-2023

CITY OF MODESTO – AUDIT COMMITTEE

January 24, 2024

Maria Garnica, Accounting Manager

INTRODUCTION

Measure L – Overview

- In November 2016 – the Voters of Stanislaus County approved the county wide, 25-year, half cent sales tax increase known as Measure L
- Measure L revenues were approved for the improvements of local streets and roads and to improve connectivity and reduce congestion.
- Stanislaus Council of Government (StanCOG) is the Local Transportation Authority for Stanislaus County, responsible for administration of Measure L funds.
- The approval of this sales tax measure requires an annual independent audit.

Measure L – Overview

- The ordinance also requires that no more than 1% of revenues are expended for administrative purposes.
- StanCOG, determines the auditing firm assigned to perform annual Financial Audit.
- Fiscal Year 2022-2023 - Hudson, Henderson and Company, Inc. conducted the annual Financial Audit at the expense of StanCOG as part of the 1% administrative costs.

Independent Audit – Fiscal Year 2022-2023

Per the report issued by Hudson Henderson and Company, Inc. On December 15, 2023, it was noted as follows;

1. The financial statements were found to fairly present the financial position of the Agency and to be in accordance with Generally Accepted Accounting Principles (GAAP).

2. No material deficiencies in internal controls or instances of noncompliance were identified.

FINANCIAL STATEMENT HIGHLIGHTS

Financial Statement Highlights

Statement of Net Position

- Ending Net Position: $38,872,366
- Increase in Net Position: $6,104,888

Measure L Funds are restricted, with majority of net position already committed to future and ongoing Measure L projects.

Financial Statement Highlights

Statement of Revenues, Expenditures, and Changes in Fund Balance

- 2023 Revenue: $13,096,521, increase of $919,460 as compared to prior year.

Only 11 months of revenues recorded for fiscal year 2023, additional revenues in amount of $1,294,264 received late October.

- 2023 Expenses: $8,285,897, an increase of $5,060,993 as compared to prior year.

Financial Statement Highlights

Schedule of Expenditure by Project

- 2023 Expenses for Local Streets and Roads projects $5,533,300
- 2023 Expenses for Traffic Management projects $1,624,102
- 2023 Expenses for Bike and Pedestrian projects $1,128,495

Questions???

CITY OF
MODESTO
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MULTIFAMILY DWELLING BULKY ITEM PICKUP PILOT PROGRAM EXTENSION

Finance Committee
January 29, 2024

Rosene Nguyen, Integrated Waste Program Manager
Public Works Department

What is the Bulky Item Collection Program?

- Bulky Item Collection is offered to Modesto single family dwellings (SFDs)
- Includes two bulky item pickups per calendar year
- SFD residents pay an estimated monthly rate of $0.25 for this program

What are acceptable and unacceptable items?

Acceptable and Unacceptable Items

Below you will find examples of acceptable and unacceptable items that you may dispose of using this program.

Acceptable Items

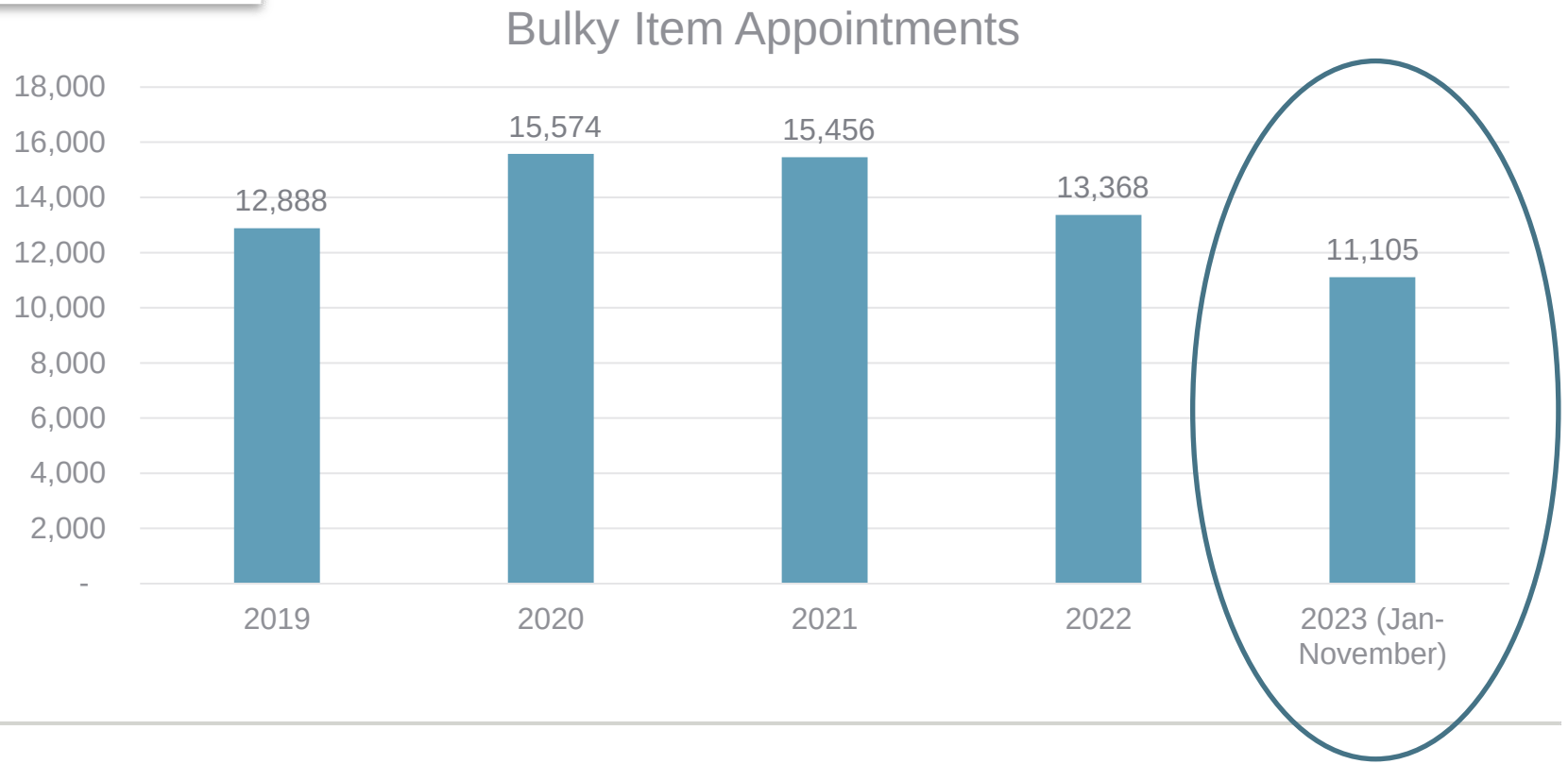
- Air Conditioners
- Doors, Ladders
- Exercise Equipment, Bicycles
- Plastic or Fake Christmas Trees
- Large Appliances (all doors must be removed)
- Mattresses, Couches, Chairs
- Patio Furniture, Barbecues (Remove propane tank)
- Tables, Desks
- Toilets, Sinks, Tubs, Hot Tubs
- Water Heaters, Water Softeners

Unacceptable Items

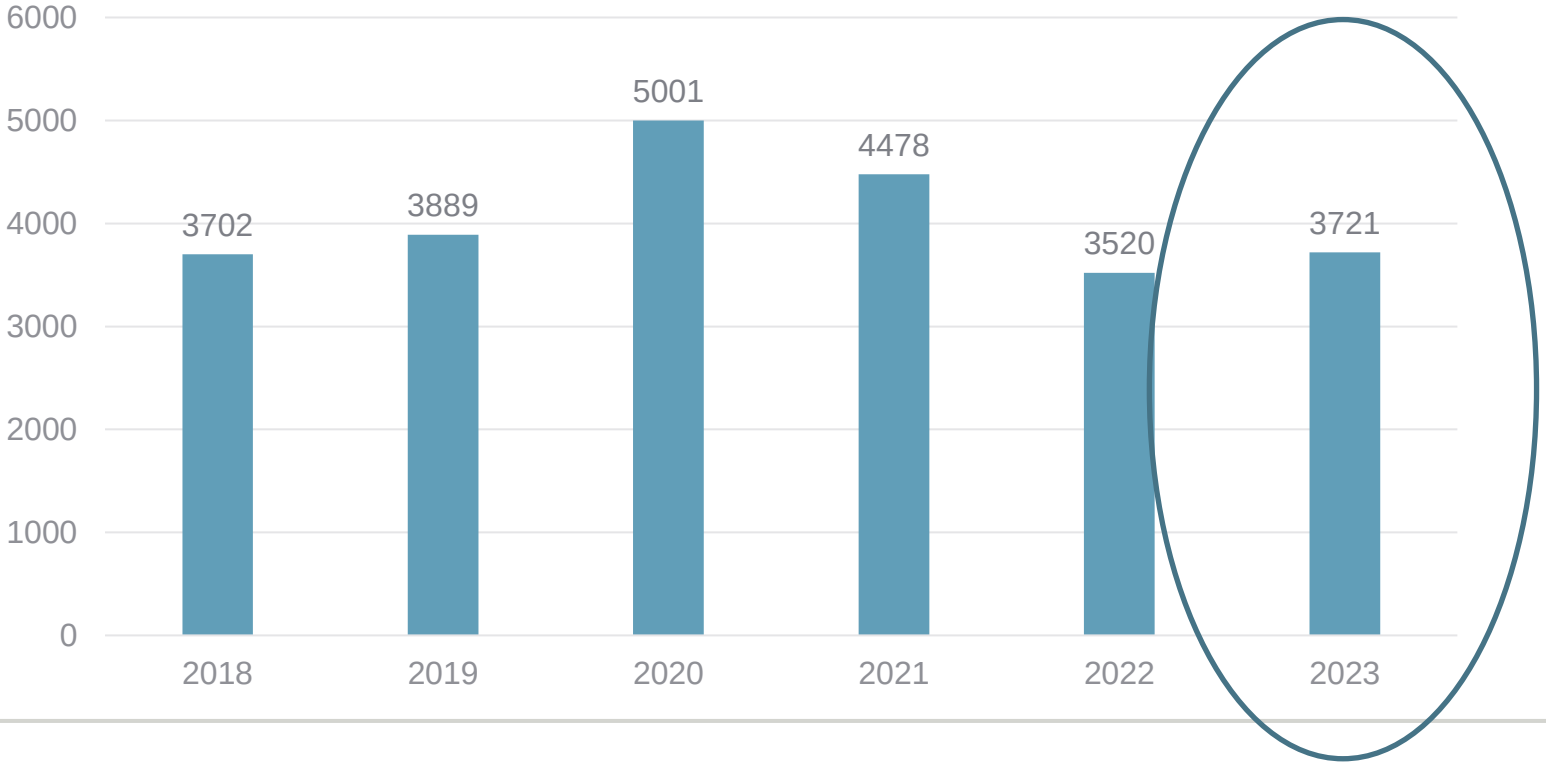
- No Concrete or Asphalt
- No Construction or Demolition Debris, Wood, Yard Waste
- No Dead Animals
- No Hazardous Waste, Chemicals, Toxic Materials
- No Household Garbage
- No Items Associated With Businesses
- No Liquids, Paints, Solvents
- No Plate Glass, TV's, Computer Monitors
- No Tires, Automobile Parts

View the Municipal Code (Title 5, Chapter 5, Article 143) for more specific information regarding this offering.

Single Family Bulky Item Pickup

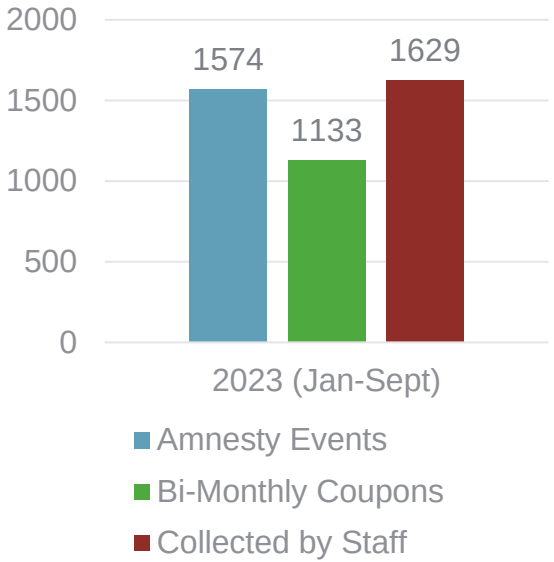


Illegal Dumping Reports

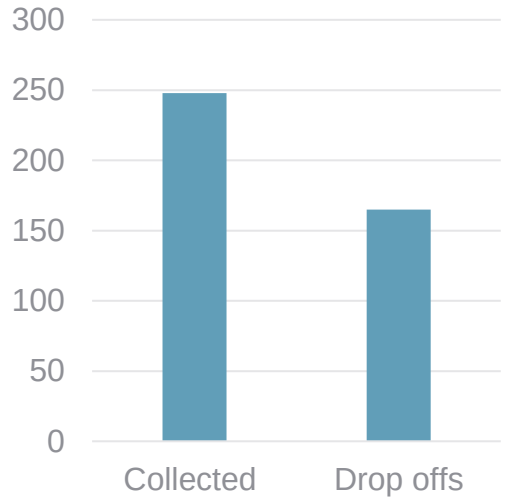


Tire Collection and Mattresses

Tire Collection and Recycling



Mattress Data (May 23-Dec 24)



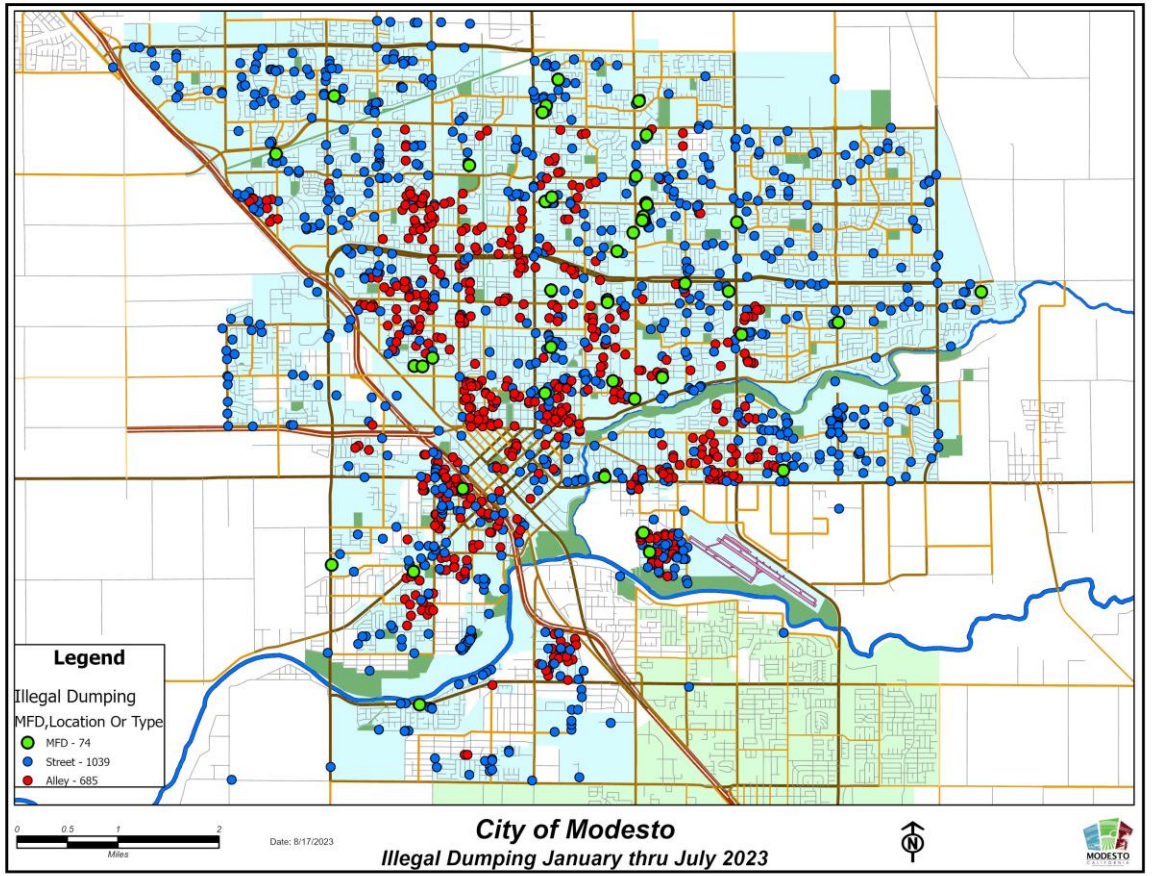
Multi-Family Dwelling (MFD) Bulky Item Pickup

Pilot Program Under Resolution 2023-42:

- Multifamily residents requested options to deal with the growing concern of illegal dumping.
- Expansion of the program was included as an intermediate-term goal of the Blight Abatement Strategy.
- In response, Solid Waste created a pilot program that benefits both property managers and multifamily residents and is fully funded by ARPA from March 2023 to February 2024.
- During the pilot program, staff have been gathering data and receive feedback that will help develop a permanent program.

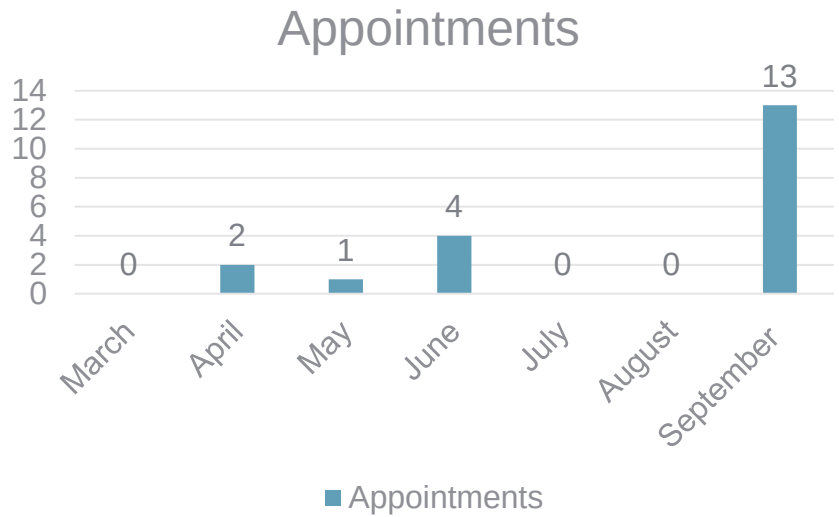
Illegal Dumping Around MFDs

- 344 MFDs in Modesto
  - 14,529 units
- Dumping around MFD was estimated to be 20% of illegal dumping
- Since January 2023, dumping has been reduced to approximately 3% around MFDs
  - Due to the Pilot program and Drive Up Drop Off Events



Phase 1- March 1 to September 30, 2023

- Tenants must contact the account holder (property manager, landlord) to schedule the bulky item appointment.

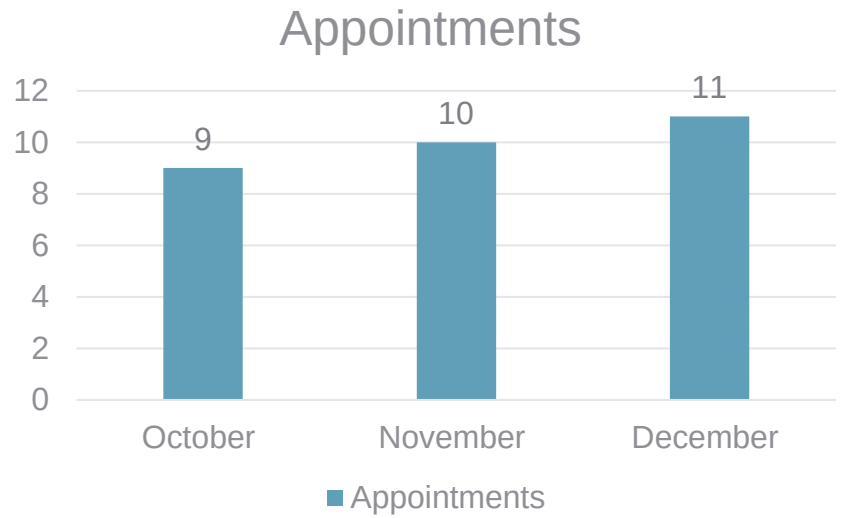


Outreach

- Door hangers distributed to 2,780 apartments
- Social media
- Modesto View & Bee
- Tabling at events

Phase 2- October 1, 2023 to February 1, 2024

- Tenants can contact their haulers directly to schedule the appointment.

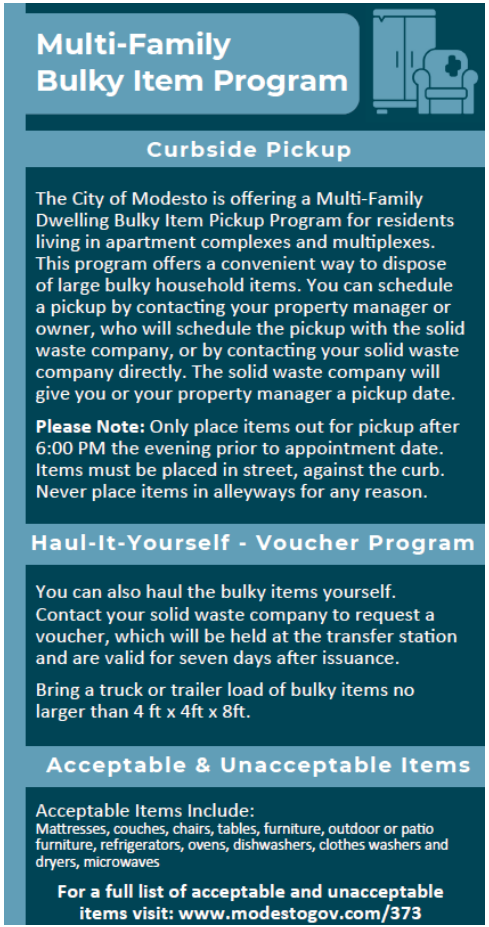


Outreach

- Door hangers distributed to 879 apartments
- Social media
- Modesto View & Bee
- Tabling at events

Next Steps

- Request to extend Phase 2 to December 31,2026 to utilize the rest of the ARPA funding
- Increase outreach efforts
  - Create Billboards
  - In person outreach
  - Social media (Instagram, Facebook, Nextdoor)
  - City of Modesto Cue and Beat
  - Attend events
  - Advertise on Bee, View and City Direct



Recommendation

Motion recommending the Pilot Extension for the Multi-family Dwelling Bulky Item Pick Up Program for an additional thirty-three months, with a pilot expiration date of December 31, 2026 and forwarding to Council for approval**.**

CITY OF
MODESTO
CALIFORNIA

Questions

FISCAL YEAR 2022-23 GENERAL FUND CARRYOVER RESERVES

Stephan Christensen, Budget Manager

Finance Committee Meeting
1.29.24
Item #8

BACKGROUND

CITY OF
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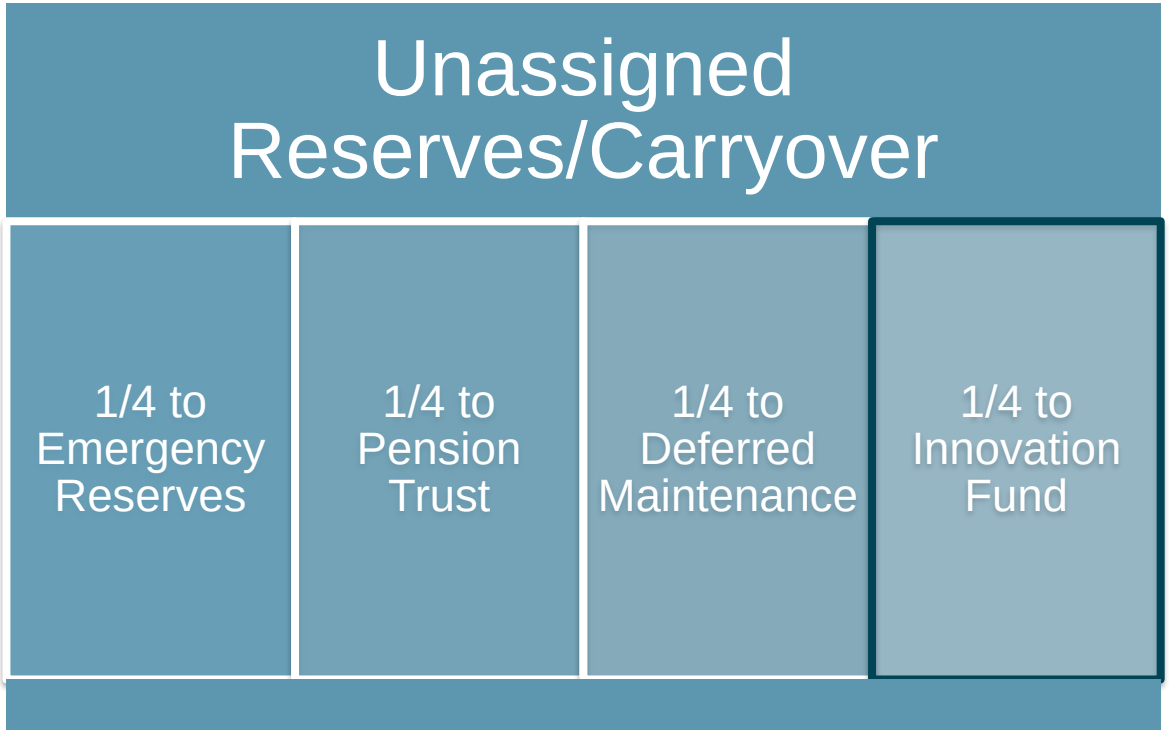
GENERAL FUND UNASSIGNED CARRYOVER RESERVES POLICY

General Fund Unassigned Reserves Carryover Policy



Innovation Fund Category

- New category created as part of FY 2023-24 Budget Adoption Process
- Created to be used for projects/programs that City Council would approve through a majority vote
- Projects/Programs would be identified by staff and be brought to Council for vetting at their discretion
- Intent of projects/programs is that they would result in meaningful transformation across the City and have impactful improvements on quality of life for its residents

SECTION 115 - PENSION AND OPEB TRUSTS

Section 115 – Pension and Other Post-Employment Benefits (OPEB) Trusts

Pension

- Funds deposited can be withdrawn and used to pay some portion of the growing Unfunded Accrued Liability costs in peak years.
- Initial Council action deposited $2.3M into the Pension Trust to start the account.

OPEB

- Funds deposited into this trust will be used to manage and mitigate growing liabilities due to growth in the workforce.
- Initial Council action deposited $1.4M into the OPEB Trust to start the account.

RECOMMENDED GENERAL FUND RESERVES

Recommended General Fund Emergency Reserves

Government Finance Officers Association Recommends		
No less than two months of regular General Fund operating revenues or regular general fund operating expenditures.	This is an important goal for the City as it positively impacts bond ratings, future issuances, and assists in mitigating risks associated with unanticipated expenses.	Two months of General Fund operating expenditures are currently calculated at $26.9 million.
Target for Emergency Reserves = $26.9M		

CITY OF
MODESTO
CALIFORNIA

FY 2022-23 GENERAL FUND UNASSIGNED RESERVES

FY 2022-23 General Fund Unassigned Reserves

Fiscal Year	Amount
Unassigned Fund Balance[1]	$23,445,340
Measure H Sales Tax Fund Balance[2]	$10,289,494
General Fund Unassigned Fund Balance[3]	**$13,155,846**

[1]Reflects the Combined General Fund and Measure H Unassigned Fund Balance as reported in the Annual Comprehensive Financial Report (ACFR) (https://www.modestogov.com/Archive.aspx?AMID=39)
[2]Reflects the Measure H Sales Tax Fund Balance as reported in the Measure H Audited Financials (https://www.modestogov.com/ArchiveCenter/ViewFile/Item/4021)
[3]Reflects the true General Fund Unassigned Fund Reserves with no Measure H funds included. Of this amount $9.9M is General Fund Unassigned Reserve carryover from the previous fiscal year.

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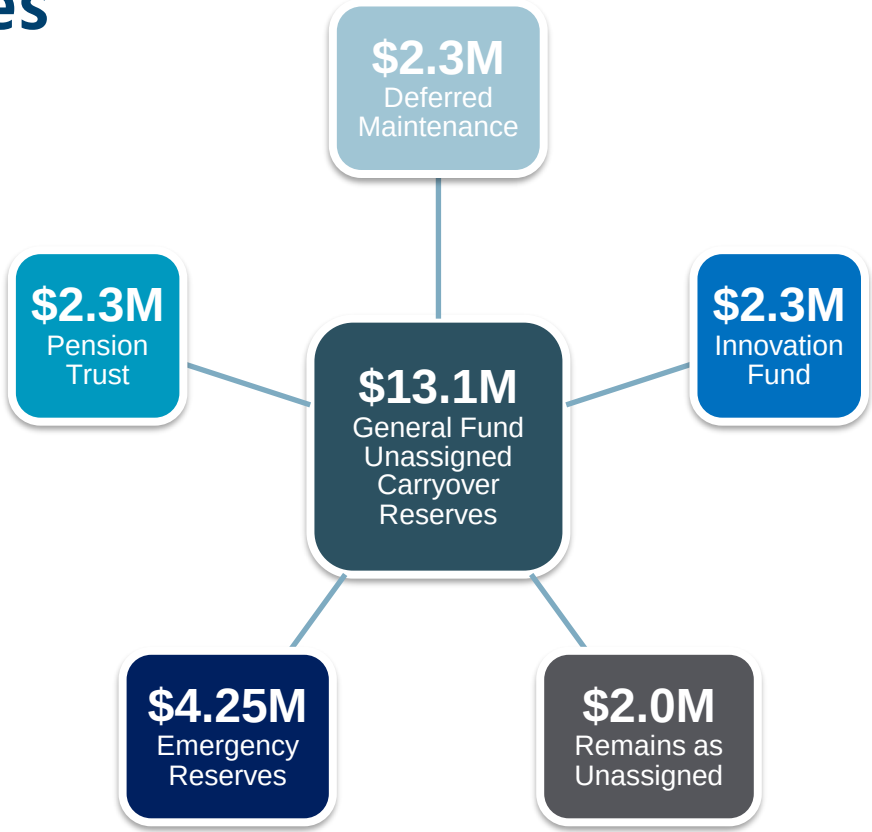
STAFF RECOMMENDATIONS

Allocation of FY 2022-23 General Fund Unassigned Reserves

- The allocation shown places allocation to each of the defined categories per the General Fund Unassigned Reserves Policy.
- Also does to additional things:
  - Provides financial flexibility through leaving funds in the Unassigned category.
  - Gets the City Council and the organization closer to the GFOA General Fund recommended reserve level by placing additional funds in this category.



Allocation of FY 2022-23 General Fund Unassigned Reserves

General Fund Balance Category	Initial Amount	Increase/Decrease Amount	Recommended Amount
Unassigned	$ 13,155,846	$ (11,155,846)	$ 2,000,000
Emergency Reserves	$ 18,397,817	$ 4,255,846	$ 22,653,663
Pension Trust	$ 2,764,139	$ 2,300,000	$ 5,064,139
Deferred Maintenance	$ -	$ 2,300,000	$ 2,300,000
Innovation Fund	$ -	$ 2,300,000	$ 2,300,000
Totals	**$ 34,317,802**	**$ -**	**$ 34,317,802**

- The recommended allocation of General Fund Unassigned Reserves will place an additional of $4.25M in the Emergency Reserves bringing the total to $22.65M which is approximately $4.3M less than the GFOA recommended level for General Fund Reserves.
- The Pension Trust will increase to $5.1M after the additional contribution from the recommended allocation of the General Fund Unassigned Reserves.

Staff Recommendation:

Motion recommending allocation of the FY 2022-23 General Fund Carryover Reserves to the following categories in the following amounts: $2,000,000 to remain as unassigned reserves, $4,255,846 to the Emergency Reserves, $2,300,000 to the Pension Trust, $2,300,000 to Deferred Maintenance, and $2,300,000 to the Innovation Fund; and forwarding the recommendation to Council for approval.

Questions?

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REAL ESTATE BROKERAGE SERVICES

Forrest Ebbs, Deputy City Manager
Simerdip Bhangoo, Management Analyst

01/29/2024

Requests for Proposal

- Request for Proposal (RFP) issued October 12, 2023
  - RFP 2223-60RB
  - Planetbids
  - 24 downloads
- Four proposals received
- Evaluation by three City staff
  - Deputy City Manager, Economic Development Manager, Management Analyst
- Top three proposals were selected

Requested Services

City-owned Property

1. Evaluate City Real Estate Portfolio
2. Study market trends, property restrictions
3. Provide value estimates for each property
4. Make recommendations for disposition

Requested Services

Property Acquisition

1. Represent the City and negotiate on the purchase of new real estate.

City Property Sales

1. Market property, analyze offers, appraisals.
2. Full brokerage services

Reminder

All Real Estate transactions require City Council approval.

Selected Proposals

- CBRE, Sacramento, CA
- Kosmont Real Estate, Manhattan Beach, CA
- PMZ, Modesto, CA

Financial Impact - Annual

- Annual Cost = $300,000
  - CBRE = $100,000
  - Kosmont = $100,000
  - PMZ = $100,000

Source of funds = General Fund, Utility Fund, etc.

  - Dependent on Department using services

Contract Terms

All contracts to have:

- Two-year initial contract
- Three one-year extensions

Total Contracts Cost = $1,500,000 over five years

Recommendation

Motion recommending the Award of Proposals and Agreements for Real Estate Brokerage Services to:

- CBRE, Sacramento, CA
- Kosmont Real Estate dba Kosmont Realty, Manhattan Beach, CA
- PMZ, Modesto, CA

- two (2) year agreement with three (3) one-year extension options,
- a combined annual estimated amount of $300,000 and a total combined amount not to exceed $1,500,000 over five years,

Questions?

CITY OF
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Item #4

CALTRANS CLEAN AIR CALIFORNIA GRANT - CYCLE 2

Economic Development Committee
February 5, 2024

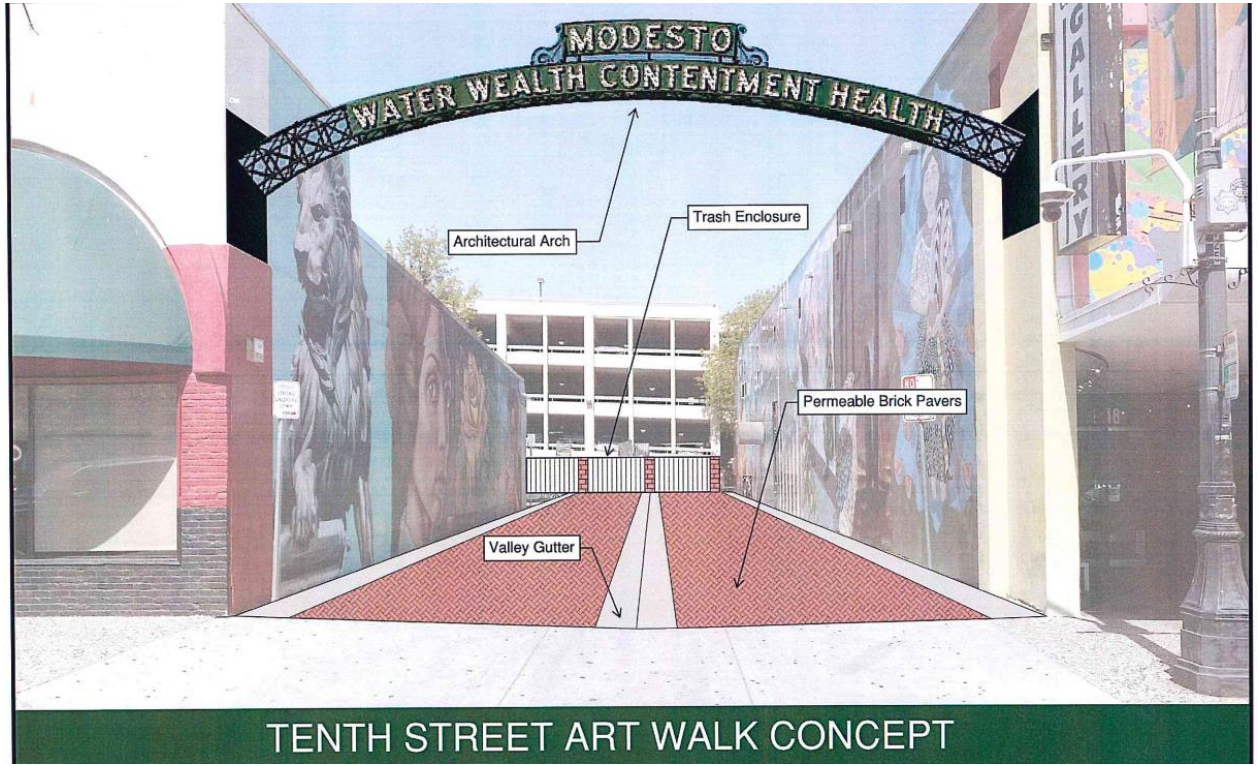
Background

- Department of Transportation (CalTrans) Clean California Local Grant Program is a competitive statewide fund to enhance communities and improve spaces for public use, including beautification and cleaning of local streets, roads, tribal lands, parks, pathways, transit centers and other public spaces.
- On February 14, 2023, by Resolution No. 2023-058, Council authorized the submittal of application(s) to the Department of Transportation (CalTrans) Clean California Local Grant Program.
- The City of Modesto applied for the Program Cycle 2 grant with a project titled Downtown Revitalization that addresses blight concerns and revitalization efforts in Downtown Modesto.

Discussion

- On November 07, 2023, the City of Modesto was notified by CalTrans of being selected as a Cycle 2 awardee for the Program in the amount of $3,129,000.
- Uses of Funds
  - $2,883,000 to boost the City's murals culture by improving Mural Alley's design, aesthetics and visitor appeal
  - $51,000 for Wayfinding Signage and Community Markers
  - $25,000 for Anti-Litter Signs
  - $79,000 for Tamper-Resistant Waste Containers
  - $91,000 for Mural Master Plan

Mural Alley Rendering



Fiscal Impact

- The Program Cycle 2 grant does not require matching funds. The grant will result in amending the Fiscal Year 2023-2024 Multi-Year Operating Budget to establish a project for Downtown Revitalization in the amount of $3,129,000.
- CEQA requirements will be completed prior to going to construction.

Staff Recommendation

Consider motion to accept Department of Transportation (CalTrans) Clean California Local Grant Program Cycle 2 Grant of $3,129,000 for the Downtown Revitalization Project, amend the Fiscal Year 2023-2024 Multi-Year Operating Budget, and forward to Council for approval.

Questions?

CITY OF
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REAL ESTATE BROKERAGE SERVICES

Forrest Ebbs, Deputy City Manager
Simerdip Bhangoo, Management Analyst

01/29/2024

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Questions?

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POSITION ALLOCATION AMENDMENT

Christina Alger, Director of Human Resources
Finance Committee February 12, 2024

Non-Emergency Medical Transport

- Plan for services
  - Modesto Fire Department (MFD) long-term goal
  - Purchase of ambulance – Resolution No. 2022-415, May 2021
  - Interfacility Transfer (IFT) services to the community
- Partnership with Modesto Police Department
  - Grant to support services to unhoused – Substance Abuse and Mental Health Services
  - Accepted by City Council – Resolution No. 2023-557, December 2023
  - Funds to support additional positions to include outreach and non-emergency medical

Allocation Amendment Request

- Single Role Paramedic and Single Role Emergency Medical Technician (EMT)
  - Positions will staff ambulance to provide IFT services and calls from MPD Outreach Specialists
  - MFD currently staffs Firefighter Paramedics and EMTs
  - Single Role solely to focus on ambulance
- Request
  - Add four Single Role Paramedics and three Single Role EMTs
  - Funding will allow partial staffing

Fiscal Impact

The fiscal impact of changes described result in a full fiscal cost of $551,968. However, fiscal year 23-24 will only experience approximately a two-month impact of $91,995 due to the time needed to recruit and hire. This cost will be funded by grant funds. Only four of the requested seven positions will be filled at this time. Should the program be a success, additional grant funds will be sought and/or additional budget will be requested.

The chart below outlines the cost of positions.

Position	Step B	Benefits	Cost Per Position	Number of Positions	Total Cost
	Base Salary	65%			
Paramedic	$ 49,795	$ 32,367	$ 82,162	$ 4	$ 328,648
EMT	$ 45,115	$ 29,325	$ 74,440	$ 3	$ 223,320
					$ 551,968

Staff Recommendation

Motion amending the Position Allocation Plan in the Modesto Fire Department to add four Paramedics and three Emergency Medical Technicians (EMTs) and forwarding to council for approval.

QUESTIONS?

PARKS, RECREATION AND NEIGHBORHOODS

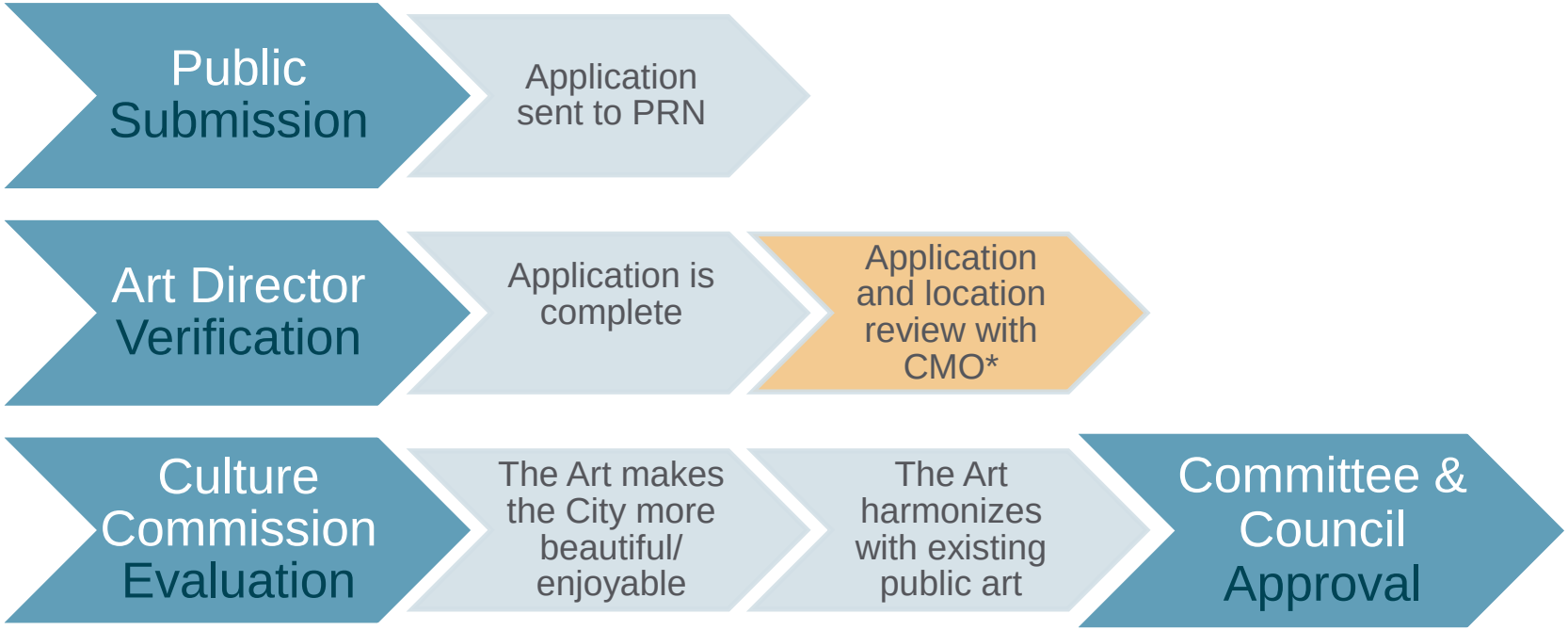
SAFETY AND COMMUNITIES COMMITTEE PUBLIC ART PROPOSAL FROM 333ARTS

Nathan Houx
Parks Planning and Development Manager

Public Art Regulations

- Culture Commission –
  - Advisors to City/Council on all matters pertaining to art, literature, music and cultural activities
- Public Art Ordinance –
  - Application requirements
  - Role for Art Director (PRN Director)
  - Role for Culture Commission

Public Art Ordinance: Application Process



*CMO review is not part of the Public Art Ordinance

Public Art Application: Details

Applicants

333 ARTs

Brenden Mann Foundation

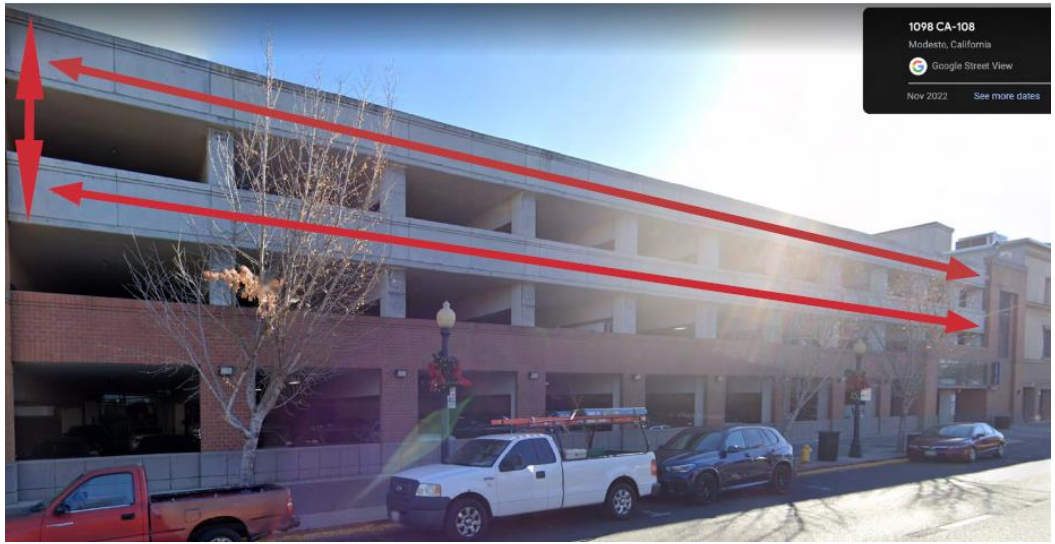
Artist

Estimated Project Budget	
$ 1,500	Design fee (already paid)
$11,000	Artwork installation including priming, mural install and protective coating application
$ 3,200	Paint, protective coating product, mural supplies
$ 3,500	Boom lift rental
$ 1,800	Hotel budget for Artist
$ 2,500	Project management and coordination
$23,500	Estimated Total

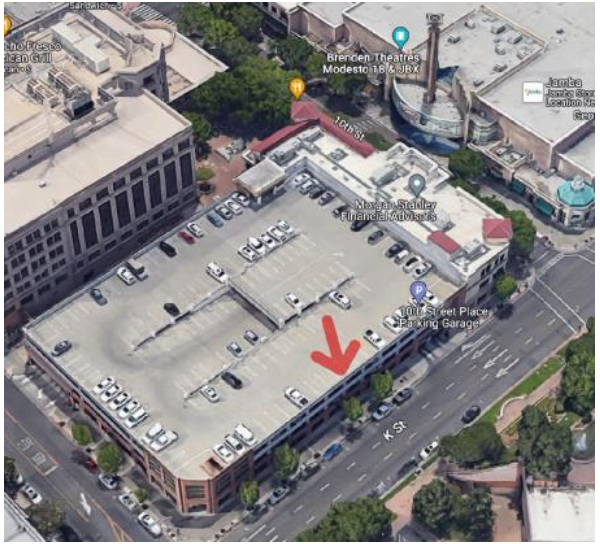
Public Art Application: Details *continued*

Lifespan and Maintenance	
Lifespan	5+ years
Warranty	First 6 months for defects and/or paint degradation
Minor Damage	First 3 years funded by 333Arts
Major Damage	City expense to repair or remove mural
Removal	Subject to Public Art Ordinance

Public Art Application: Location



10th Street Parking Garage on K Street side



Bird's Eye View

Public Art Application: Mural Series

Concord

Oakland

Public Art Application: Artwork
The Saga Continues

Design Concept for 10th Street Parking Garage on K Street side

Public Art Application: Support

Community Ties and Support	
Brenden Mann Foundation	• Non-Profit Organization for Brenden Theaters • 3 California locations
Artist	John Horton is based in Sacramento
Artwork – Local Following	Large Comic Book/Manga Community • Comic Cons: Modesto's and Turlock's annual Comic Cons events are attended by thousands • 3 Comic Book stores in Modesto
Artwork – Culture Commission Review	• Fresh concept that diversifies downtown murals • Speaks to an underrepresented demographic • Meets Public Art Ordinance requirements

Public Art Application: Moving Forward

Next Steps	
3/5/24	City Council Review
3/18/24	Tentative installation start date
April 2024	Promotion on Social Media & VisitModesto

Impact Level	Potential Issues
Low	Installation/ Parking Space Closure
Low	Vandalism
Low	Maintenance
Subjective	Public Perception

Questions?

CITY OF
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AMENDED AND RESTATED AGREEMENT - STANISLAUS REGIONAL TRANSIT AUTHORITY

Finance Committee, February 26, 2024
Public Works Director, Bill Sandhu

BACKGROUND

On January 26, 2021, by Resolution 2021-26, Council approved a Joint Powers Agency (JPA) agreement with Stanislaus County to form the Stanislaus Regional Transit Authority (StanRTA)

On April 6, 2021, by Resolution 2021-114, Council approved an amendment to the JPA agreement with Stanislaus County to form the StanRTA

As part of the transition and implementation process to form StanRTA, several agreements were put in place to assign responsibility, provide services and lease facilities between the City and the StanRTA

BACKGROUND – cont..

On June 22, 2021, by Resolution 2021-252, Council approved the various agreements with StanRTA to transition City transit services to them.

On October 04, 2022, by Resolution 2022-406, Council approved Amendment #1 to the Facility and Fleet Maintenance Agreements with StanRTA

Amendment #1 further defined indemnifications, building access, hourly rates, and delegated authority to Modesto City Manager and StanRTA Chief Executive Officer to approved minor changes the agreement

DISCUSSION

Over the past year of this agreement additional buses have been added to the StanRTA fleet

Additional route of approximately 1,000,000 miles annually were added to improve services to the community

12 key performance indicators and their associated monthly reports, will be added to the monthly statements

Purchase authorization levels, and warranty claim parameters are clarified

BUS FLEET MIX

	Fixed Route	Commuter Bus	Demand Response	Total	Delta
StanRTA 7/1/21	61	6	0	**67**	
Mechanics by Mode	9	1	0		
StanRTA 1/1/22	85	7	26	**118**	**76%**
Mechanics per Mode	12	1	2		
Current Fleet Makeup 1/1/24	84	7	40	**131**	**96%**
Mechanics per Mode	11	1	3		

VEHICLE MAINTENANCE PROGRAM

- Increase Fleet Maintenance personnel to properly manage the contractual obligations
  - Properly manage maintenance tasks
  - Address monthly reporting and key performance indicators and reporting
- Additional maintenance and office support personnel
  - Administrative Services Technician (AST) – 1 position
  - Equipment Services Technician – 3 positions
  - Maintenance Worker I/II – 4 positions
  - Reclassify Heavy Equipment Mechanics to Heavy Equipment Mechanic Crew leader – 2 positions

VEHICLE MAINTENANCE PROGRAM – cont.

- Authorize the City Manager to approve additional personnel based on need and prior StanRTA approval
- Agreed maximum levels that with mutually agreement include
  - Equipment Services Technician – 4 positions
  - Heavy Equipment Mechanics – 2 positions

FISCAL IMPACT

- Bus Maintenance Services is funded through reimbursement for all direct and indirect expenses
- The revenue received from StanRTA is documented through monthly billing
- There are no impacts to the General Fund resulting from these amendments between the City and StanRTA

STAFF RECOMMENDATION

- Motion recommending an Amended and Restated Agreement for Maintenance Services Fleet Maintenance Agreement between the City of Modesto and the Stanislaus Regional Transit Authority and amending the Position Allocation Plan to add one Administrative Services Technician, three Equipment Services Technicians, four Maintenance Worker I, and reclassifying two Heavy Equipment Mechanics to two Heavy Equipment Mechanic Crew Leaders and forwarding to Council for approval

QUESTIONS?

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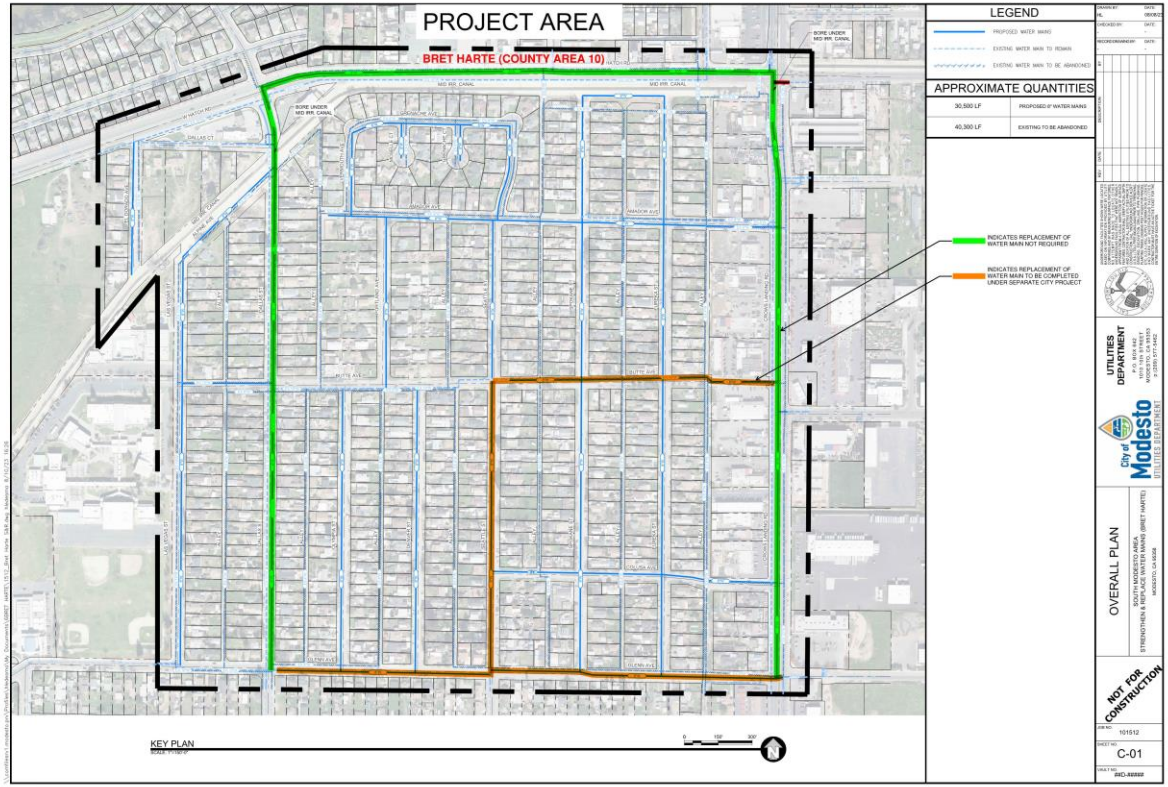
MOU FOR THE SOUTH MODESTO AREAS STRENGTHEN & REPLACE WATER MAINS PROJECT

Will Wong, P.E.
Director of Utilities

Project Background & Scope

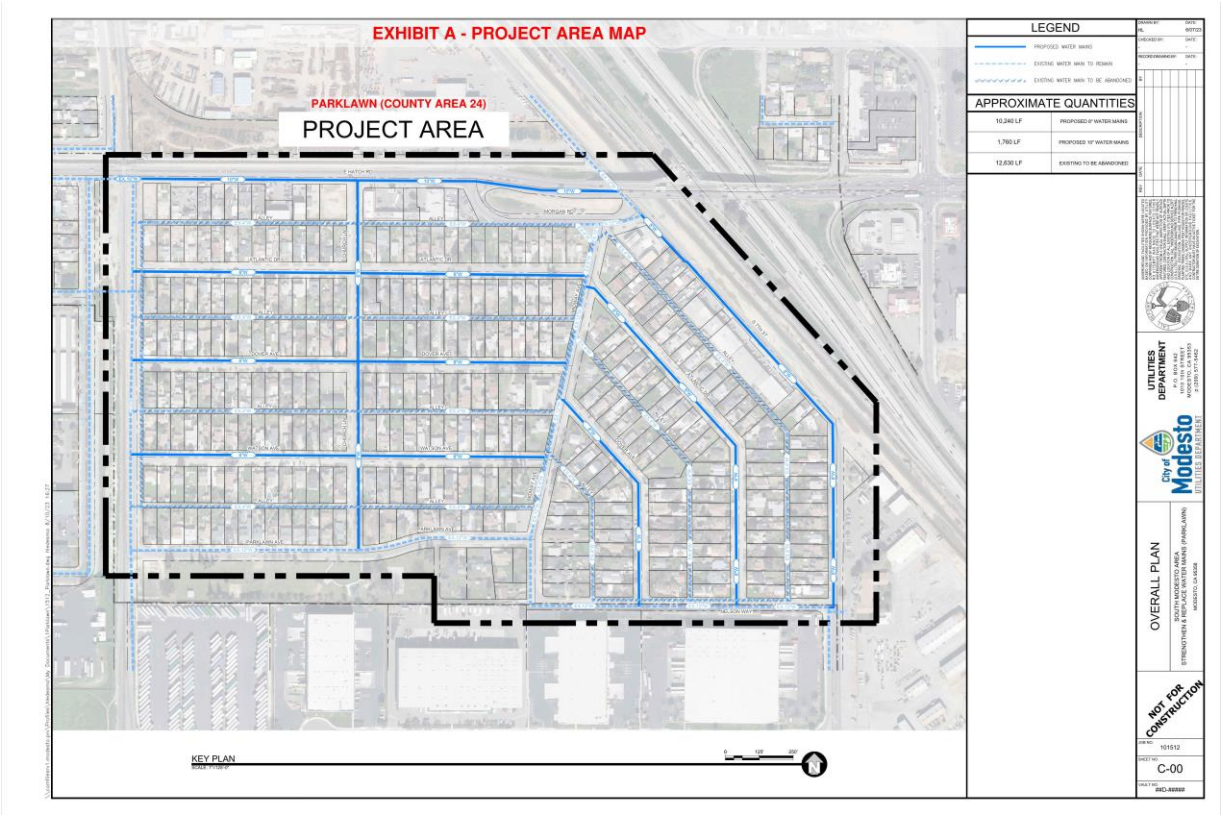
- Stanislaus County ARPA funded Projects in the Bret Harte & Parklawn Neighborhoods for street improvements.
- Water Master Plan calls for priority fire flow water main improvements to these areas
- County ARPA projects have funding deadlines and must be bid by Summer 2024 to meet funding deadlines
  - County design efforts are currently underway.
- To increase efficiency, minimize disruption, and ensure both City and County projects are completed on time, MOU will allow the City and County to collaborate on the design and construction efforts.
  - County consultant will design water system improvements for City Staff to review.
  - City will reimburse County for consultant design effort and construction of water
  - County has agreed to waive encroachment permit trench fees for water mains being installed resulting in approx. $700,000 in cost savings from permit fees.

- Improving Approx. 30,500 LF of Water Mains
- Cost Savings of Approx. $400,000 from County Encroachment Permit Fees



BRET HARTE NEIGHBORHOOD – COUNTY AREA 10

- Improving Approx. 12,000 LF of Water Mains
- Cost Savings of Approx. $300,000 from County Encroachment Permit Fees



Parklawn Neighborhood – County Area 24

Anticipated Project Expenditures

Engineering Services Agreement	**$753,920**
Additional Services	$75,392
Construction	$10,000,000
Contingency	$1,000,000
Subtotal – MOU Related Expenses	$11,829,312
Engineering/Design/Administration - City Staff	$200,000
Construction Administration - City Staff	$1,000,000
City Construction Forces	$50,000
Total	**$13,079,312**

Recommended Actions

- Entering into a Memorandum of Understating with Stanislaus County for the South Modesto Area Strengthen & Replace Water Mains Project, in an amount not to exceed $11,829,312 and forwarding to Council for approval.

- Amending the Fiscal Year 2023/24 Capital Improvement Program Budget in the amount of $11,829,312

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Questions?

PARKS, RECREATION AND NEIGHBORHOODS

PLAYGROUND EQUIPMENT PURCHASE FOR SIX (6) PLAYGROUNDS

Nathan Houx
Parks Planning and Development Manager
Parks, Recreation and Neighborhoods

February 27, 2024

Background

- In June 2023, Council approved the FY 2023-2024 budget, which included $6,100,000 of Measure H funding for deferred park maintenance.
- The deferred park maintenance allocation included $2,520,000, for the replacement of playground structures at eight (8) City parks.
- Staff is still working on the design of two (2) of these playgrounds (Coleman F. Brown Park and Davis Community Park) but is prepared to purchase play equipment for the other six (6) playgrounds.

Background

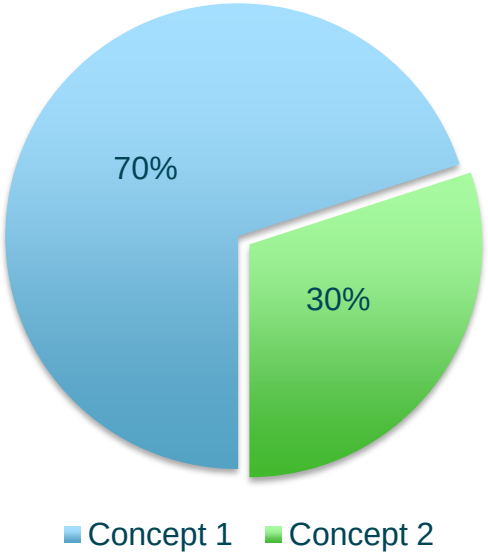
- Staff sought public input on the design for all six (6) playgrounds via the City website, social media, and on-site interactive signage.
- Public input for Lakewood Park, Mildred Perkins Park, Orchard Park, and Riverside Park was from November 17, 2023 to December 8, 2023.
- Public input for Aqueduct Park and City Gate Children's Park was from January 5, 2024 to January 19, 2024.

Design Adjustments

- Following public input staff adjusted each design based on public comments during the voting period and included more shade canopies/roofs, specific elements and more accessible elements.
- Consistent comments received were:
  - Ensuring ADA accessibility
  - Request for spinning and climbing features
  - Request for additional swings
  - Request for shade

Lakewood Park Playground

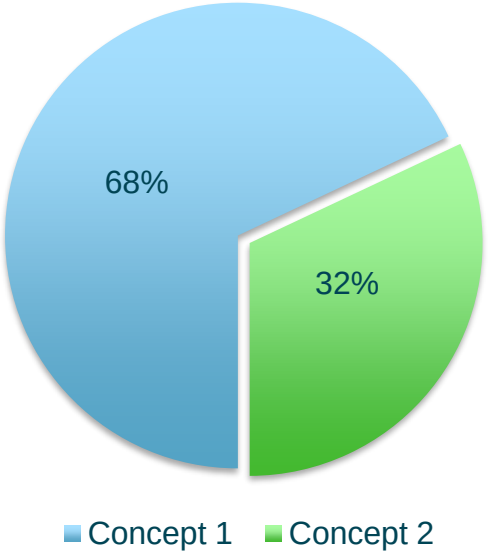
Tree House Theme



- Winner – Concept 1 with 283 Votes
- Playground received 404 Total Votes

Mildred Perkins Park Playground

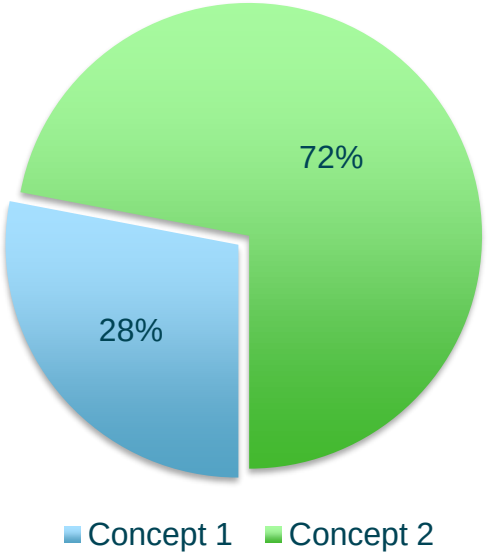
Rocket Theme



- Winner – Concept 1 with 197 Votes
- Playground received 290 Total Votes

Orchard Park Playground

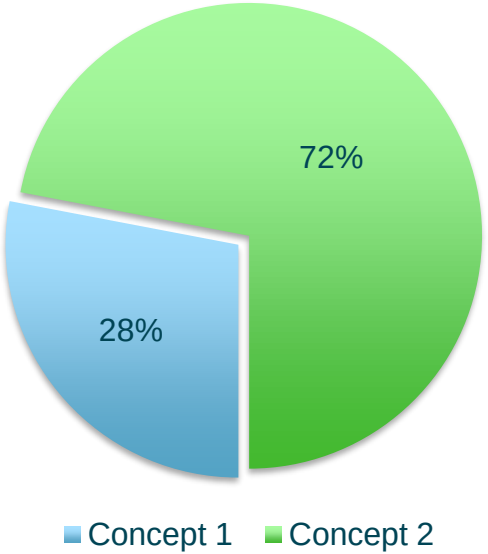
Castle Theme



- Winner – Concept 2 with 267 Votes
- Playground received 372 Total Votes

Riverside Park Playground

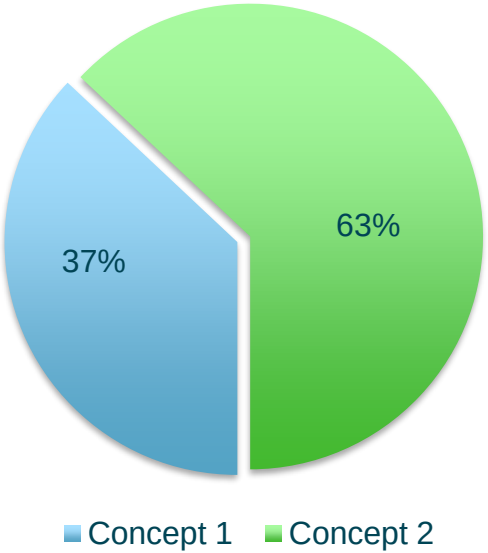
Adventure Theme



- Winner – Concept 2 with 162 Votes
- Playground received 224 Total Votes

Aqueduct Park Playground

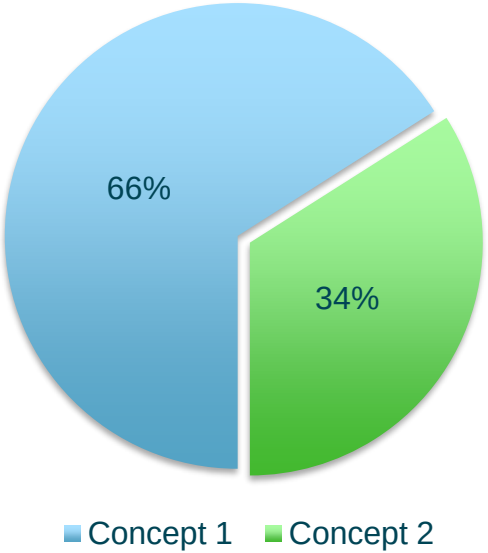
Whimsical Theme



- Winner – Concept 2 with 81 Votes
- Playground received 129 Total Votes

City Gate Children's Park Playground

Island Theme



- Winner – Concept 1 with 42 Votes
- Playground received 64 Total Votes

Anticipated Schedule

If approved, the anticipated schedule is as follows:

- Bid Installation – March 2024
- Order Play Equipment – March 2024
- Award Construction Contract – May 2024
- Play Equipment Delivered - Summer 2024
- Project Completion – Fall 2024

Staff Recommendation

Resolution approving the Competitive Bidding Processes of National Purchasing Partners (NPP), League of Oregon Cities, with Ross Recreational Equipment Company, Inc. and Sourcewell (formerly National Joint Powers Alliance) who completed the bid and the State of California Multiple Award Schedule (CMAS) with Miracle Recreation – PlayPower, Inc. for the Purchase and Delivery of playground equipment for Lakewood Park, Riverside Park, Mildred Perkins Park, Orchard Park, Aqueduct Park, and City Gate Children's Park, for a total amount not to exceed $959,394, and authorizing the Purchasing Manager, or her designee, to issue the Purchase Order.

Questions?

CITY OF
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Item # 26

CALTRANS CLEAN AIR CALIFORNIA GRANT - CYCLE 2

Jessica Hill, Director of Community and Economic Development

City Council
February 27, 2024

Background

- Department of Transportation (CalTrans) Clean California Local Grant Program is a competitive statewide fund to enhance communities and improve spaces for public use, including beautification and cleaning of local streets, roads, tribal lands, parks, pathways, transit centers and other public spaces.
- On February 14, 2023, by Resolution No. 2023-058, Council authorized the submittal of application(s) to the Department of Transportation (CalTrans) Clean California Local Grant Program.
- The City of Modesto applied for the Program Cycle 2 grant with a project titled Downtown Revitalization that addresses blight concerns and revitalization efforts in Downtown Modesto.

Discussion

- On November 07, 2023, the City of Modesto was notified by CalTrans of being selected as a Cycle 2 awardee for the Program in the amount of $3,129,000.
- Uses of Funds
  - $2,883,000 to boost the City's murals culture by improving Mural Alley's design, aesthetics and visitor appeal
  - $51,000 for Wayfinding Signage and Community Markers
  - $25,000 for Anti-Litter Signs
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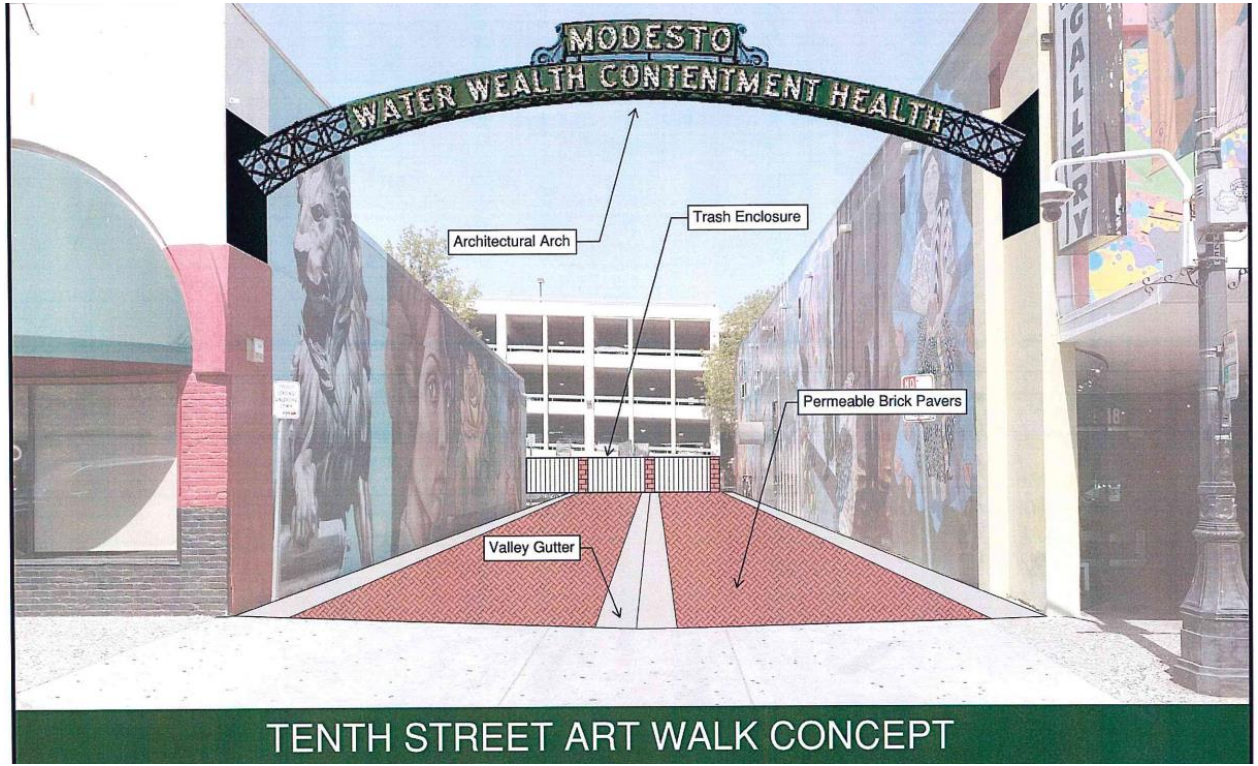
  - $91,000 for Mural Master Plan

Mural Alley Rendering



Fiscal Impact

- The Program Cycle 2 grant does not require matching funds. The grant will result in amending the Fiscal Year 2023-2024 Multi-Year Operating Budget to establish a project for Downtown Revitalization in the amount of $3,129,000.
- CEQA requirements will be completed prior to going to construction.

Questions?

Staff Recommendation

- Resolution approving the Department of Transportation (CalTrans) Clean California Local Grant Program Cycle 2 Grant in the amount of $3,129,000 for the Downtown Revitalization Project, and authorizing the City Manager, or his designee, to execute and submit all documents which may be necessary for the completion of the grant acceptance.

- Resolution amending the Fiscal Year 2023-2024 Multi-Year Operating Budget to appropriate revenue and expenses in the total of $3,129,000 related to the Department of Transportation (CalTrans) Clean California Local Grant Program Cycle 2 Grant, and authorizing the City Manager, or his designee, to take the necessary steps to implement the required budget adjustment.

CITY OF
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ITEM #6

AGREEMENT WITH VISIT MODESTO FOR J & 10TH ST. LIGHTING AND SAFETY PILOT PROJECT

Economic Development Committee,
March 04, 2024

J & 10th St. Lighting and Safety Pilot Project

- Modesto Forward Grant Agreement
  - Visit Modesto
  - Lighting and Safety Pilot Project
- Supports City's 2020-2025 Strategic Plan
  - Goal A: "Improve community safety and quality of life through a combination of prevention and intervention efforts that address safety and its underlying issues"
  - Goal B: "Increase pride in Modesto's diverse neighborhoods and business districts through beautification efforts and by investing in community assets and amenities"

J & 10th St. Lighting and Safety Pilot Project Background

- May 25, 2021, Council approved the Pandemic Recovery Strategy – Modesto Forward
- Modesto Forward includes an outlined spending plan for Quality of Life initiatives such as Downtown Beautification with $700,000
- Since April 2022, Visit Modesto, working with the Downtown Improvement District and the Downtown Modesto Partnership along with private businesses developed a Phase I plan for Entertainment District Safety and Community Lighting for a proposed project titled “J & 10th St. Lighting and Safety Pilot Project”

J & 10th St. Lighting and Safety Pilot Project - Background

Committee Members

Subject Matter Experts in Constituent Disciplines

- Collins Electrical Company
- CHG Structural
- Pezzoni Engineering, Inc.
- O'Dell Engineering
- Downtown Improvement District
- Visit Modesto
- Downtown Modesto Partnership (until 10/22)

$44,835 committee donations for pre-work and testing

J & 10th St. Lighting and Safety Pilot Project
Background: Objectives

- Provide safety corridors for downtown visitors and pedestrians
  - On busiest foot traffic streets
  - At busiest foot traffic intersections
- Create a cohesive downtown entertainment district lighting concept
  - Provide a greater sense of pedestrian safety
  - Create a visual deterrent to mischievous activity after business hours
  - Improved resident and visitor experience to drive added sales in the downtown district
  - Build a private/public partnership for community benefit
  - Contribute to standards for long-term expansion of entertainment district
  - Provide a visual ‘draw’ from the key entertainment/visitor facilities of downtown “into” the downtown dining/entertainment corridor

STOP
STOP

STOP
AS 9527XV

Achieving High-Level Strategic Plan Goals

Drive the success of a vibrant and economically sustainable business climate

Build and promote a recognizable and desirable identity for the City of Modesto

Make downtown Modesto a regional destination

Questions?

J & 10th St. Lighting and Safety Pilot Project – Recommendation

Motion approving a Modesto Forward Grant Agreement for the J & 10th St. Lighting and Safety Pilot Project (the Project) with Visit Modesto for a total amount not to exceed $251,000 and forwarding to Council for approval.

CITY OF
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ITEM #7

CITY-FUNDED SPECIFIC PLANS

Jessica Hill
Director of Community & Economic Development

March 4, 2024

BACKGROUND

- The City's long-range planning approach is to define future Specific Plan areas and requiring a comprehensive, holistic planning process in advance of annexations
- The result is that newly developed neighborhoods are integrated within a larger context that considers roadway circulation, utilities and infrastructure, and land uses like parks, schools, and services in advance
- In the last 24 months, staff has seen an unprecedented increase in developer/development inquiries, all which require the preparation of a specific plan
- The preparation of a specific plan, requiring substantial financial and time investments, especially with multiple landowners, can delay development and prompt developers to delay application submissions amid navigating the process's complexities

CITY-FUNDED SPECIFIC PLANS

- Staff reached out to twenty-one cities across California with respect to city-funded specific plans.
- Of the twenty-one cities, eight of those cities responded that they had funded specific Plans. The following factors were the reasons behind their financial commitment:
  - Economic Development Benefit
  - Community Development Benefit
  - Transportation Benefit

CITY-FUNDED SPECIFIC PLANS, CONT.

- Specific Plan (Approximately $300,000)
  - Land Use, Circulation, Public Facilities, Development Standards, Design Guidelines, Community Services, Environmental Resources, Implementation, and Environmental Review
- Environmental Impact Report (EIR) (Approximately $350,000)
- Staff Time (Approximately $25,000)
- Cost: $675,000
- Timeframe: Approximately 24 months

CITY-FUNDED SPECIFIC PLANS, CONT.

- City staff is proposing that development of the specific plans would be funded from General Fund unassigned reserves – each specific plan would be funded separately as needed
- Recovered costs will include interest, based on the actual rate of return earned by the City's investment portfolio during the 12-month period immediately preceding a payment date. City fronted costs, including interest, will be collected through a specific plan reimbursement fee
- Pursuant to MMC Section 10-9.1102, a specific plan reimbursement fee will be structured to ensure zero net cost to the city - distributed equally among parcels within the designated specific plan area based on net acreage
- Imposed at the time a building permit is issued. Accordingly, it is possible the City will not be fully reimbursed for its costs if portions of the specific plan area do not develop as anticipated.

CITY-FUNDED SPECIFIC PLANS - CONSULTANT AGREEMENT

- In order to develop new specific plans, the Community and Economic Development Department has determined that contracting with private firms is the most efficient way to continue providing specific plan services
- To ensure a thorough process to retain qualified firms, staff followed the general principles as described in Administrative Directive 3.1 by informally advertising the Request for Qualifications (RFQ)
- The following firm was deemed qualified to prepare specific plans: De Novo Planning Group, of El Dorado Hills, CA
- DeNovo anticipates that a new Specific Plan will cost $300,000, staff is recommending to proceed with an agreement totaling $650,000 to complete multiple specific plans.

Questions?

RECOMMENDATION

Consider authorizing the development of City-Led Specific Plans and a Consultant Services Agreement with De Novo Planning Group for Specific Plan Services for a total amount not to exceed $650,000 over three years and forwarding to Council for approval

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2023 STATE MANDATED INSPECTION REPORTING

CALIFORNIA CODE OF REGULATION §13146

Darin Jesberg, Deputy Fire Chief
David Bickle, Division Chief / Fire Marshal

HISTORY

On December 2, 2016, a devastating fire occurred in an illegally converted warehouse in Oakland CA, the Ghost Ship fire; this tragic event killed thirty-six people.

HISTORY

In June 2018, Assembly Bill 1205 was passed in the State of California. The purpose, to ensure fire departments are communicating to their governing bodies regarding the completion of specific safety inspections. The goal, government transparency, compliance, resource allocation needs.

HEALTH AND SAFETY CODE §13146

- Inspections to be reported: hotels or motels (R1), apartment buildings (R2) and public or private buildings used for education (E).
- Report shall occur annually to the administrative authority.
- The administering authority shall acknowledge receipt of the report made in a resolution or a similar formal document.

2023 MODESTO FIRE DEPARTMENT SUMMARY

Hotel/ Motel/ Apartment

Total Inventory	627
Inspections completed	80
Percentage Completed	12%

Public and Private Schools

Total Inventory	74
Inspections completed	1
Percentage Completed	1%

CITY OF MODESTO CALIFORNIA

QUESTIONS?

CITY OF
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Item # 13

WEST TRUNK SEWER REHABILITATION PROJECT

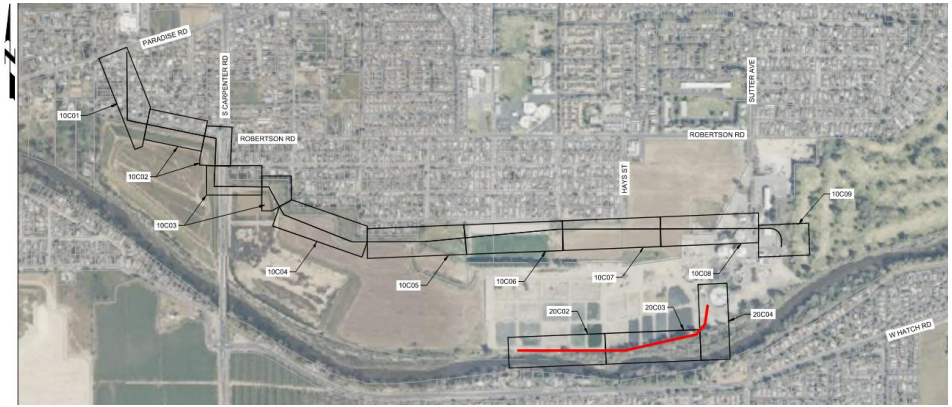
Cristian C. Ciotau, P.E., S.E.
Engineering Division Manager, Utilities Department

Project Background & Scope

- Wastewater Collection System Master Plan includes the rehabilitation of the West Trunk
- The Master Plan concluded that remediation action is needed for the West Trunk
- This first phase of the project is approximately 8,400 linear feet of the West Trunk, including numerous manholes
- This project also includes various trunk rehabilitations at additional locations:
  - Unlined Reinforced Concrete Pipe at the Sutter Campus
  - Sutter Outfall Pipeline
  - Segment of Santa Rosa Trunk and Lakewood Trunk
  - Unlined Reinforced Concrete Pipe trunk on 9th Street

PROJECT LOCATION

West Trunk
(2,100± linear feet of 54-inch and ±6,300 linear feet of 60-inch)

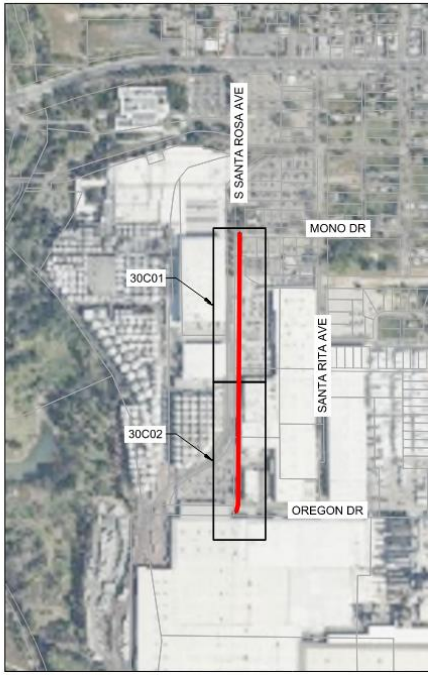


Sutter Outfall
(of 2,100± linear feet of 60-inch rehab with CIPP & 150± linear feet of 60-inch rehab with geopolymer coating)

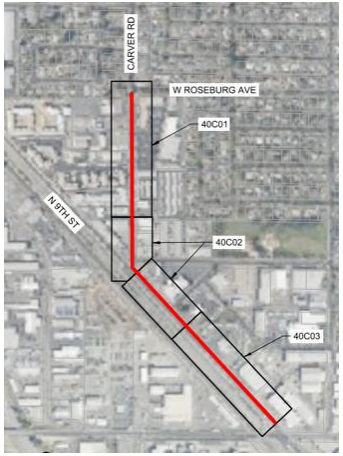
Dryden Box and Influent Pipelines Rehab
(135± linear feet of 60-inch)

CITY OF MODESTO CALIFORNIA

Cannery Segregation Line & Sutter Outfall Siphon Inspection
(550± linear feet of 60-inch)



Santa Rosa Trunk
(1,700± linear feet of 24-inch & 30-inch)



Emerald Trunk
(3,000± linear feet of 18-inch)

Lakewood Trunk Sewer
(700± linear feet of 54-inch)

Contractor Selection

- The project was advertised for bids on December 5, 2023 pursuant to City Charter Section 1307
- Bids were publicly opened on January 23, 2024
- A total of three bids were received
- SAK Construction LLC, was the responsible bidder with the lowest responsive bid
- The bid received from SAK Construction LLC was 0.71% below the Engineer's Estimate

Anticipated Project Expenditures

Estimated Construction Contract	$17,871,543
Construction Contingency	$2,144,586
Construction Administration – City Staff	$750,000
Engineering/Design/Administration – Consultant and City Staff	$550,000
TOTAL ANTICIPATED CONSTRUCTION EXPENDITURES:	**$21,316,129**

Recommended Actions

- Consider approving the Construction Documents for the West Trunk Sewer Rehabilitation Project, accepting the bid, and awarding a contract to SAK Construction LLC, MO, for a total amount not to exceed $20,016,129

- Amending the Fiscal Year 2023/24 Capital Improvement Program Budget in the amount of $15,024,837

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Questions?

Item # 14

MOU FOR THE SOUTH MODESTO AREAS STRENGTHEN & REPLACE WATER MAINS PROJECT

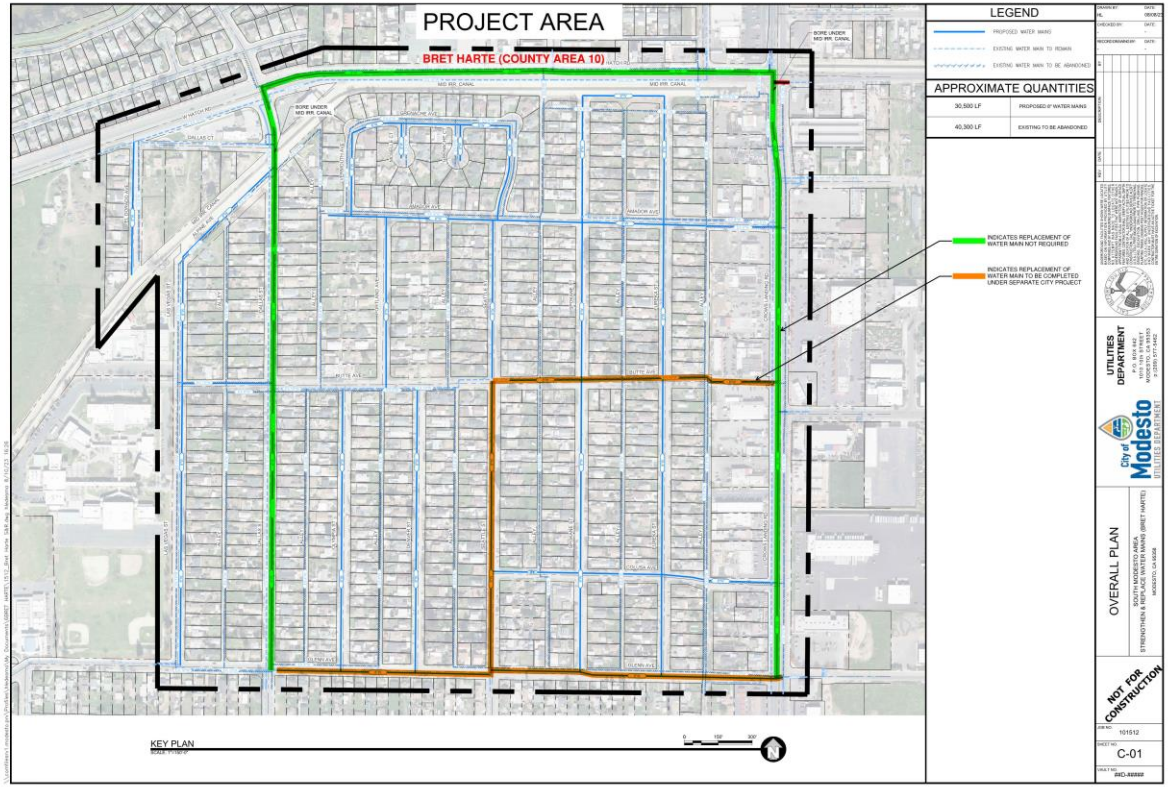
Cristian C. Ciotau, P.E., S.E.

Engineering Division Manager, Utilities Department

Project Background & Scope

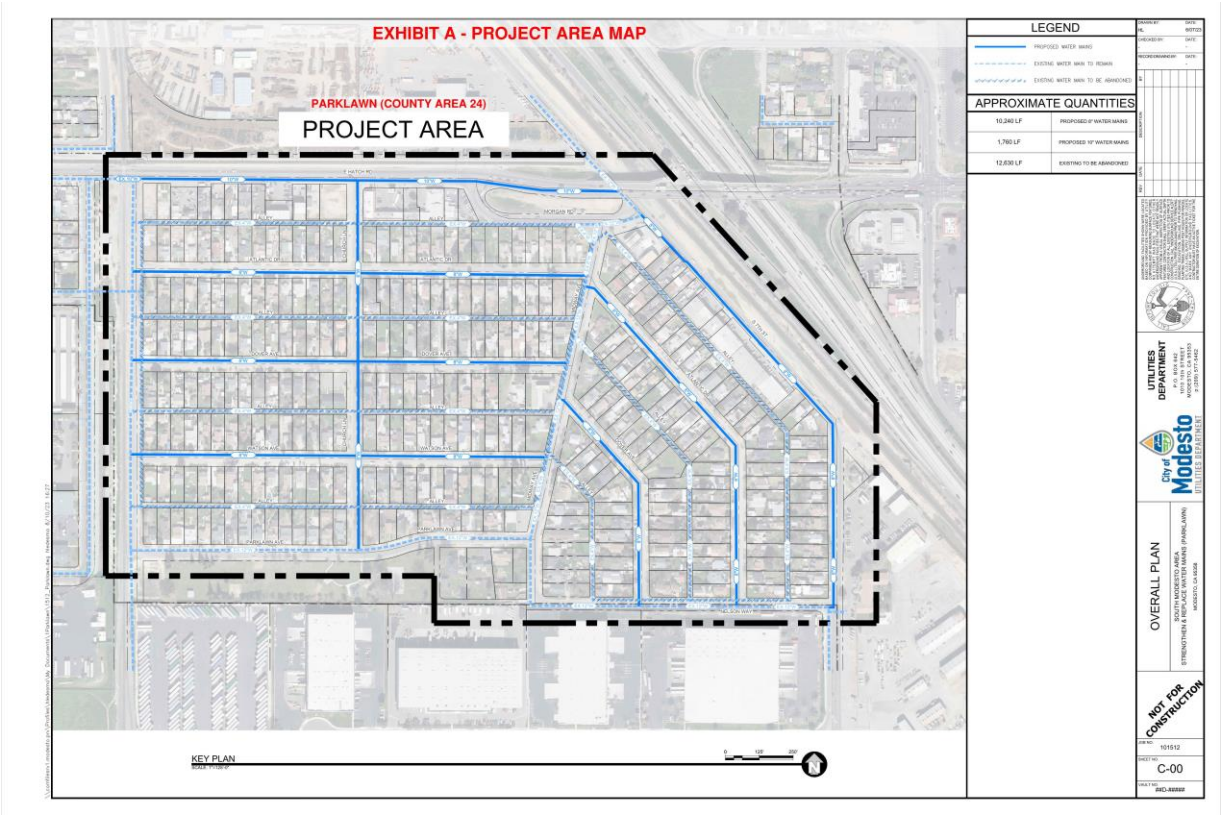
- Stanislaus County ARPA funded Projects in the Bret Harte & Parklawn Neighborhoods for street improvements.
- Water Master Plan calls for priority fire flow water main improvements to these areas
- County ARPA projects have funding deadlines and must be bid by Summer 2024 to meet funding deadlines
  - County design efforts are currently underway.
- To increase efficiency, minimize disruption, and ensure both City and County projects are completed on time, MOU will allow the City and County to collaborate on the design and construction efforts.
  - County consultant will design water system improvements for City Staff to review.
  - City will reimburse County for consultant design effort and construction of water
  - County has agreed to waive encroachment permit trench fees for water mains being installed resulting in approx. $700,000 in cost savings from permit fees.

- Improving Approx. 30,500 LF of Water Mains
- Cost Savings of Approx. $400,000 from County Encroachment Permit Fees



BRET HARTE NEIGHBORHOOD – COUNTY AREA 10

- Improving Approx. 12,000 LF of Water Mains
- Cost Savings of Approx. $300,000 from County Encroachment Permit Fees



Parklawn Neighborhood – County Area 24

Anticipated Project Expenditures

Engineering Services Agreement	**$753,920**
Additional Services	$75,392
Construction	$10,000,000
Contingency	$1,000,000
Subtotal – MOU Related Expenses	$11,829,312
Engineering/Design/Administration - City Staff	$200,000
Construction Administration - City Staff	$1,000,000
City Construction Forces	$50,000
Total	**$13,079,312**

Recommended Actions

- Entering into a Memorandum of Understating with Stanislaus County for the South Modesto Area Strengthen & Replace Water Mains Project, in an amount not to exceed $11,829,312

- Amending the Fiscal Year 2023/24 Capital Improvement Program Budget in the amount of $11,829,312

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Questions?

NON-EMERGENCY TRANSPORT APPLICATION FOR ACTIVE TRANSPORT MEDICAL SERVICES, LLC

Kalani Souza, Lieutenant
Modesto Police Department

Background

- Non-Emergency Medical Transport permit process:
  - MMC 3-9.01 to 3-9.20 outlines the requirements for companies wishing to operate non-emergency medical transports with the City of Modesto
  - Interested parties must submit an application, required documentation, and a filing fee of $1,000
  - Police Department then conducts a thorough background investigation

Non-Emergency Medical Transport Permit

- Active Transport Medical Services, LLC:
  - Completed and submitted application
  - Provided required documentation
  - Paid $1,000 filing fee

- Modesto Police Department:
  - Reviewed and approved application
  - Concluded background investigation - no issues found

- There are currently 12 permitted ambulance companies approved to operate within the City limits.

Staff Recommendation

- Approve the application and issuance of a Non-Emergency Medical Transport permit to Remedy Medical Transportation.

Questions?

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CALIFORNIA

NON-EMERGENCY TRANSPORT APPLICATION FOR REMEDY MEDICAL TRANSPORTATION

Kalani Souza, Lieutenant
Modesto Police Department

Background

- Non-Emergency Medical Transport permit process:
  - MMC 3-9.01 to 3-9.20 outlines the requirements for companies wishing to operate non-emergency medical transports with the City of Modesto
  - Interested parties must submit an application, required documentation, and a filing fee of $1,000
  - Police Department then conducts a thorough background investigation

Non-Emergency Medical Transport Permit

- Remedy Medical Transportation:
  - Completed and submitted application
  - Provided required documentation
  - Paid $1,000 filing fee

- Modesto Police Department:
  - Reviewed and approved application
  - Concluded background investigation - no issues found

- There are currently 12 permitted ambulance companies approved to operate within the City limits.

Staff Recommendation

- Approve the application and issuance of a Non-Emergency Medical Transport permit to Remedy Medical Transportation.

Questions?

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PHASE 1 REPORT: 2023 SOLID WASTE FINANCIAL REVIEW AND RATE ANALYSIS

Finance Committee

March 18, 2024

Bill Sandhu, Public Works Director
Public Works Department

2023 SOLID WASTE FINANCIAL REVIEW AND RATE ANALYSIS

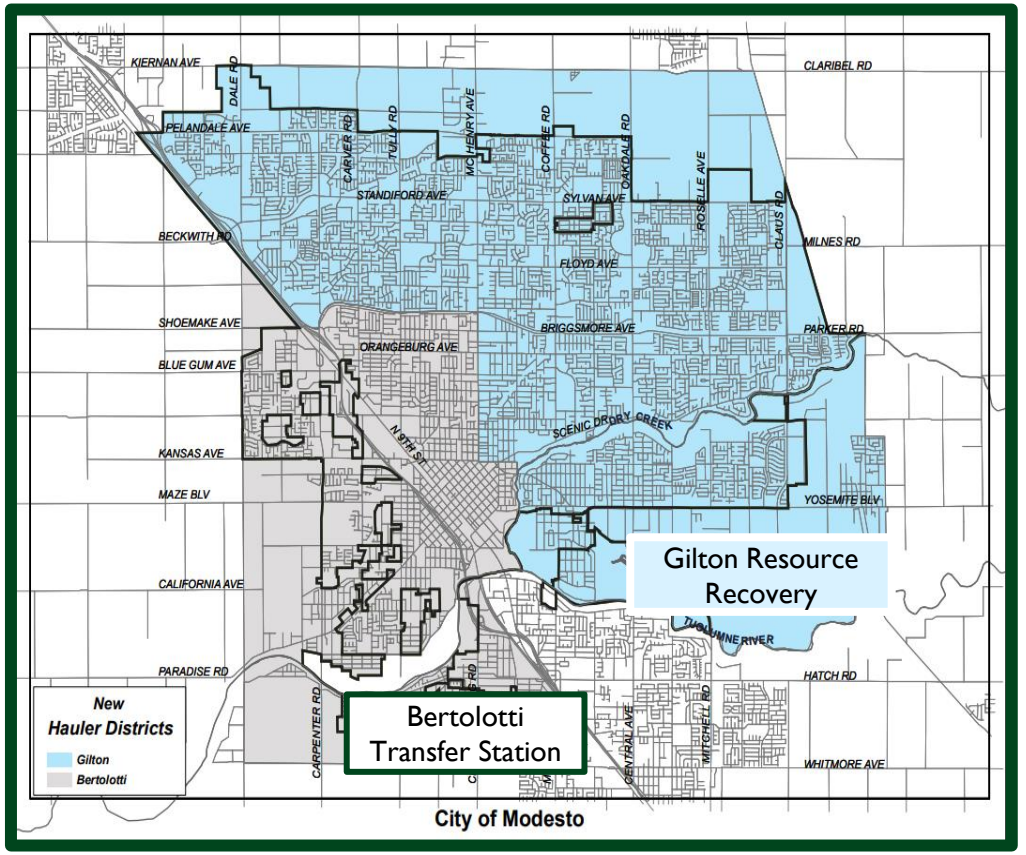
CITY OF MODESTO FINANCE COMMITTEE

AGENDA

- Background
- HF&H Review
- Best Practices
- HF&H Findings
- HF&H Recommendations

BACKGROUND

- The City of Modesto has 2 Solid Waste Haulers:
  - Bertolotti Modesto Disposal Inc. (Bertolotti)
  - Gilton Solid Waste Management Inc. (Gilton)
- City Concerns: Cost Accuracy and Allocation
- City's Request of HF&H:
  - Analyze collection operations, costs and current rate setting methodology
  - Provide recommendations to modify the rate adjustment methodology



BACKGROUND: CURRENT RATE ADJUSTMENT METHODOLOGY

Residential Rate Components	Monthly Rate	Revenues Go To:
Base Rate	$35.76	Haulers
Green Waste Fee	$5.27	Haulers
Carpenter Road Landfill Fee	$0.70	City
Geer Road Landfill Fee	$0.81	City
Recycling Fee	$0.46	City
Compost Facility Improvements	$1.70	City
Organic Waste Pre-Processing	$1.72	Haulers
City SB 1383 Implementation	$1.05	City
SB 1383 Collection Program	$5.40	Haulers
Weekly Organics Collection	$3.14	Haulers
Monthly Residential Rate	**$56.01**	

HF&H ANALYSIS

1. Reviewed annual rate adjustment application used to set rates
2. Evaluated each hauler's allocation of costs to the City for reasonableness
3. Benchmarked program costs against similar jurisdictions
4. Examined current disposal, transfer, and pre-processing arrangements
5. Recalculated hauler's tonnage reports and analyzed detailed general ledgers

COLLECTION BENCHMARKING SUMMARY

Residential

Benchmark Ratio	Bertolotti	Gilton
Operating Cost per Route	5% - 10% Higher than Reasonable	10% - 15% Higher than Reasonable
Total Cost per Route	0% - 5% Higher than Reasonable	20% - 25% Higher than Reasonable
Total Labor Cost per Route Hour	10% - 15% Higher than Reasonable	5% - 10% Higher than Reasonable
Total Fuel Costs per Route	Reasonable	40% - 45% Higher than Reasonable

Commercial

Benchmark Ratio	Bertolotti	Gilton
Operating Cost per Route	Reasonable	Reasonable
Total Cost per Route	0% - 5% Higher than Reasonable	0% - 5% Higher than Reasonable
Total Labor Cost per Route Hour	Reasonable	Reasonable
Total Fuel Costs per Route	Reasonable	Reasonable

CURRENT AGREEMENT CHALLENGES

- Gilton audits combined financials with the City's costs as a supplemental schedule
  - City's costs are unaudited and based on various allocation factors*
- Current Franchise Agreement does **not** designate disposal location (Fink Landfill)
- Annual rate adjustment process does **not** limit the disposal impact on rates
- City compost facility does **not** have rate for contaminated material
- "Cost Plus" arrangement did not include benchmarks for holding haulers accountable to routing/cost efficiencies
- Both hauler's financial information **included** costs to pre-process organic materials which would double-compensate the haulers*
- Lack of reporting requirements – reduces transparency and staff's ability to evaluate costs

**Note: Because the most recent rate increase was based on inflation, and not the financial information presented, there is no impact to current rates.*

SOLID WASTE COLLECTION AGREEMENTS: BEST PRACTICES

- Financial Information:
  - Audited, or if allocated, the allocation methodology is reviewed for reasonableness
- Franchise Agreements:
  - Designate approved disposal and processing facilities, including process for changing facilities under specific circumstances
  - Specify reporting requirements, including the types of information to report and the frequency
- Annual Rate Adjustment Methodology:
  - Designate a specific methodology for increasing annual operational costs (indices & caps)
  - Prescribe calculation of pass-through costs (disposal and processing)
- Compost facilities:
  - Provide a rate for processing contaminated material

HF&H FINDINGS

Gilton's G&A allocation attributed an additional ~$96,000 in indirect expenses to the City (~$0.73 per commercial cubic yard)*

Gilton's overall per route costs, including fuel, are still slightly higher than the reasonable range

Bertolotti's and Gilton's annual rate adjustment application included costs that would double-compensate them for organics pre-processing services*

**Note: Because the most recent rate increase was based on inflation, and not the financial information presented, there is no impact to current rates.*

HF&H RECOMMENDATIONS

Remove City fee components next rate year

- Weekly Organics Collection ($3.14 per month Residential)
- SB 1383 Collection (addition of Recycling) ($5.40 per month Residential)
- Organics Waste Pre-processing ($1.72 Residential, $3.11 Commercial)

Provide Notice to Haulers to Terminate or Amend Agreement

- Negotiate an agreement with additional transparency
- Request resubmission of cost and operations forms to establish new baseline "approved" costs and efficiencies
- Incorporate "Best Practices" into new Agreement

STAFF RECOMMENDATION

Motion recommending the final report and recommendations of HF&H Consultants, LLC., Walnut Creek, CA regarding City of Modesto 2023 Solid Waste Financial Review and Rate Analysis, which provide staff next steps for rate methodology development and haulers' franchise agreement review and forwarding to Council for approval.

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QUESTIONS?

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FISCAL YEAR 2023-24 MID-YEAR GENERAL FUND UPDATE REPORT

Finance Committee
March 18, 2024
Item #9

CITY OF
MODESTO
CALIFORNIA

GENERAL FUND REVENUES

FIGURES THROUGH FEBRUARY 29, 2024

REVENUE OVERVIEW

- General Fund Revenues are classified into three categories:
  - Tax Revenues
  - Fee Revenues
  - Departmental Revenues
- Through February 29, 2024, total General Fund revenues received are $103.5 million or approximately 56% of the total budgeted $186 million for Fiscal Year 2023-24.

REVENUES: ACTUALS-TO-DATE

Category	Current Budget	Actuals (as of Feb 29, 2024)	Amount Outstanding	% Received to Date
Tax Revenues:				
Property Tax - Property	$ 21,948,430	$ 13,050,445	$ 8,897,985	59%
Property Tax - VLF Swap	$ 21,637,453	$ 11,041,557	$ 10,595,896	51%
Sales Tax	$ 41,706,191	$ 19,184,917	$ 22,521,274	46%
Utility Users Tax	$ 21,546,214	$ 11,595,100	$ 9,951,114	54%
Transient Occupancy Tax	$ 3,680,000	$ 1,869,131	$ 1,810,869	51%
Business License/Mill Tax	$ 16,594,603	$ 9,157,438	$ 7,437,165	55%
Cannabis Tax	$ 4,000,000	$ 2,003,202	$ 1,996,798	50%
Total Tax Revenues	*$ 131,112,891*	*$ 67,901,790*	*$ 63,211,101*	*52%*
Fee Revenues:				
Franchise Fees	$ 5,582,755	$ 1,668,709	$ 3,914,046	30%
Motor Vehicle Fees	$ 390,000	$ 411,653	$ (21,653)	106%
Construction Revenues	$ 2,533,654	$ 1,730,434	$ 803,220	68%
Total Fee Revenues	*$ 8,506,409*	*$ 3,810,796*	*$ 4,695,613*	*45%*
Other Revenues:				
Departmental Revenues	$ 39,621,163	$ 31,836,087	$ 7,785,076	80%
American Rescue Plan Act Funds	$ -	$ -	$ -	
Measure H (General Fund Budget Structural Deficit)	$ 6,178,633	$ -	$ 6,178,633	0%
Transfers In	$ 628,640	$ -	$ 628,640	0%
Total Other Revenues	*$ 46,428,436*	*$ 31,836,087*	*$ 14,592,349*	*69%*
Total Revenues	**$ 186,047,736**	**$ 103,548,673**	**$ 82,499,063**	**56%**

PROPERTY TAX REVENUE ANALYSIS

Property Tax category is split into two major types: Property Tax and Vehicle License Fee (VLF) Swap revenues

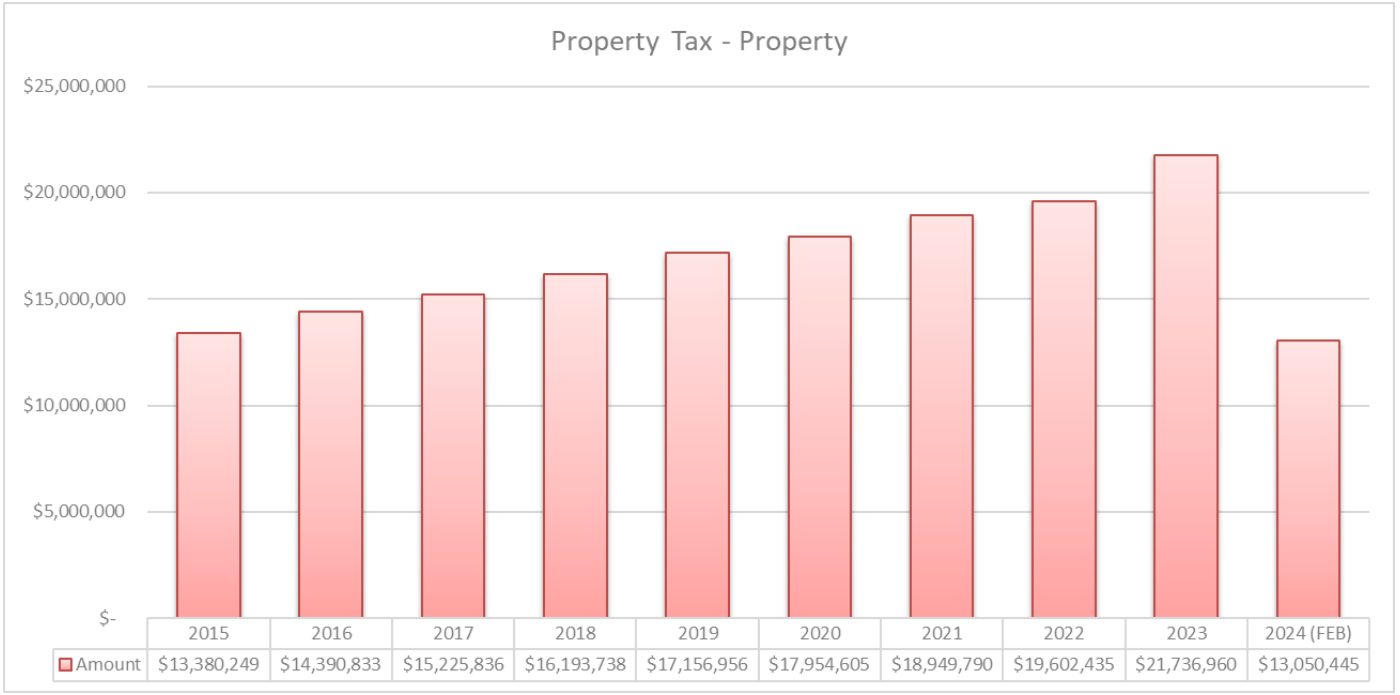
Payments are received in two time periods: December/January and May/June

Property Tax - Property portion is estimated to reach $22.4M in Fiscal Year 2023-24

VLF Swap Revenues are expected to be above the budgeted amounts of $21.6M by fiscal year-end

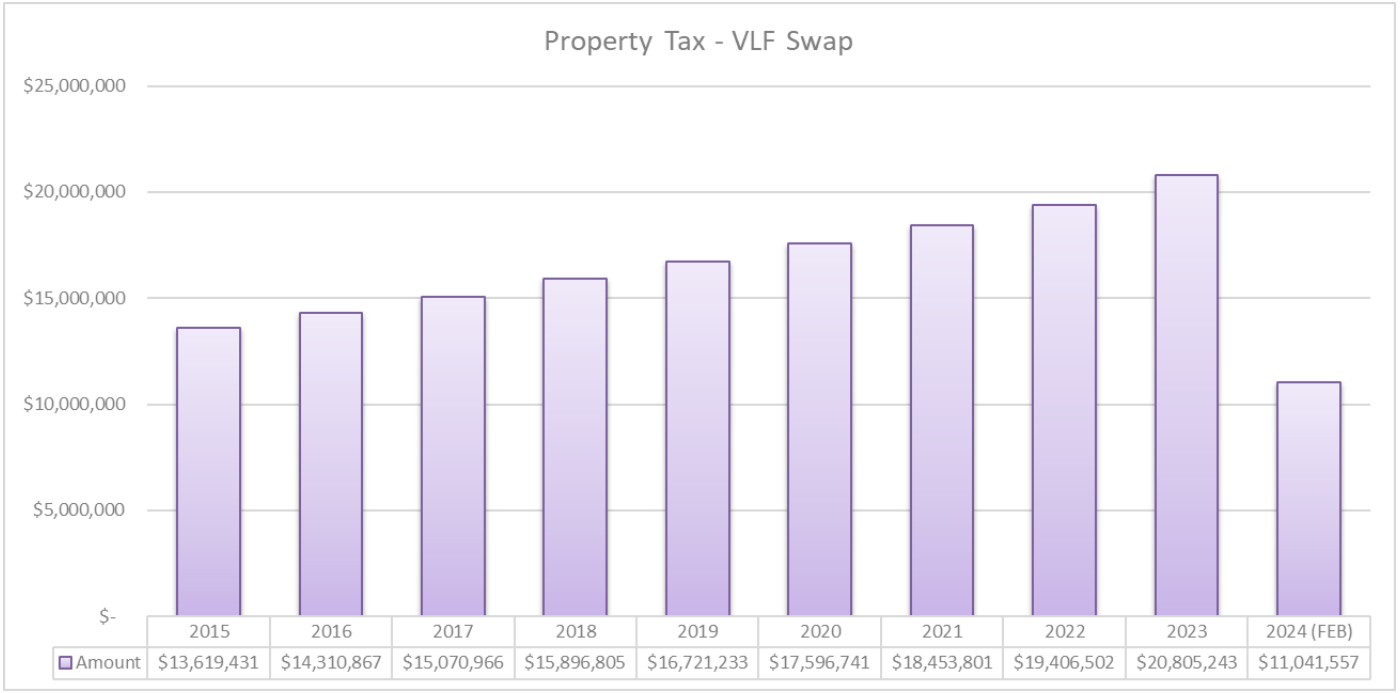
Staff is recommending increases of $464,558 to the Property Tax – Property and $445,661 to the Property Tax – VLF Swap revenues for Fiscal Year 2023-24

ANNUAL PROPERTY TAX - PROPERTY



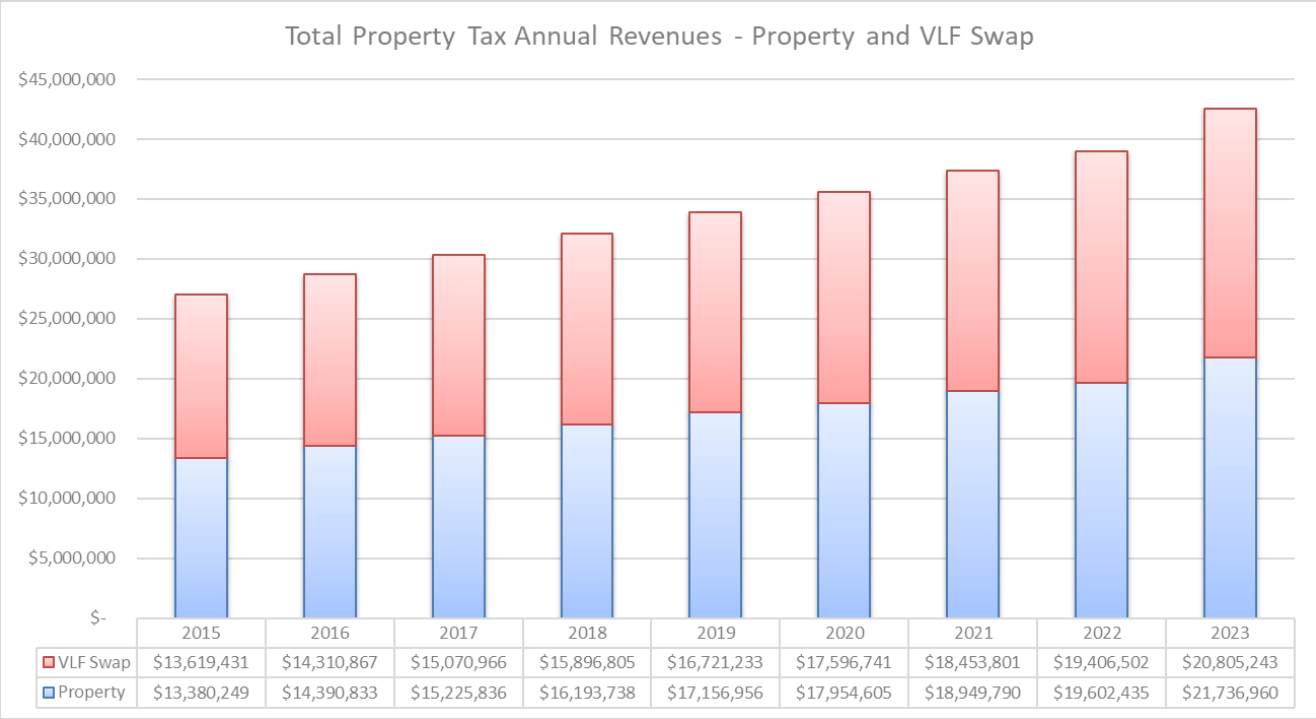
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (FEB)
Amount	$13,380,249	$14,390,833	$15,225,836	$16,193,738	$17,156,956	$17,954,605	$18,949,790	$19,602,435	$21,736,960	$13,050,445

ANNUAL PROPERTY TAX - VLF SWAP



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (FEB)
Amount	$13,619,431	$14,310,867	$15,070,966	$15,896,805	$16,721,233	$17,596,741	$18,453,801	$19,406,502	$20,805,243	$11,041,557

ANNUAL PROPERTY TAX - PROPERTY AND VLF SWAP



	2015	2016	2017	2018	2019	2020	2021	2022	2023
VLF Swap	$13,619,431	$14,310,867	$15,070,966	$15,896,805	$16,721,233	$17,596,741	$18,453,801	$19,406,502	$20,805,243
Property	$13,380,249	$14,390,833	$15,225,836	$16,193,738	$17,156,956	$17,954,605	$18,949,790	$19,602,435	$21,736,960

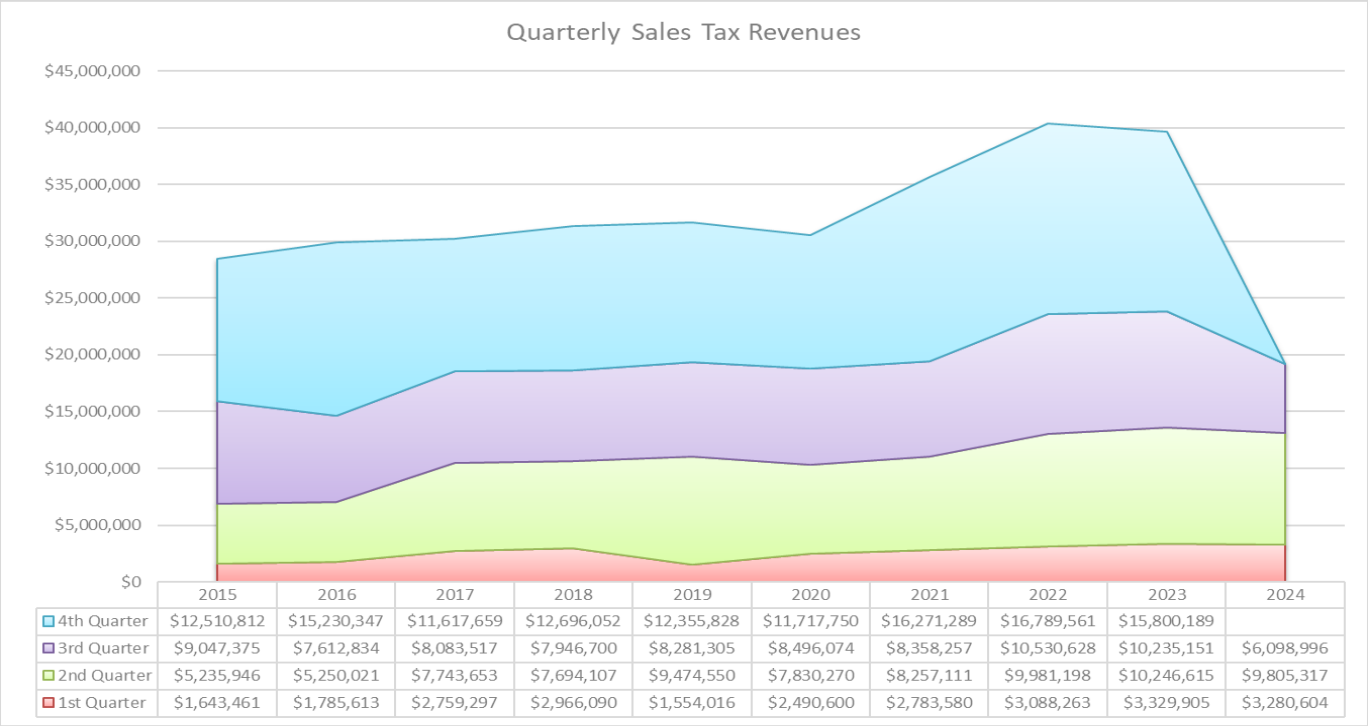
SALES TAX REVENUE ANALYSIS

Countywide Pool (Sales Tax)

Current CA Board of Equalization regulations allocate a portion of the local use portion of sales tax through the countywide pool to local jurisdictions where purchased property is put to its first functional use.	Tax is reported by taxpayer to the countywide pool and distributed to each jurisdiction in the county on a pro-rata share of taxable sales.	City of Modesto consistently receives between 32% to 38% of the allocation of the countywide pool which can represent between $950k to $1.8M on a quarterly basis.

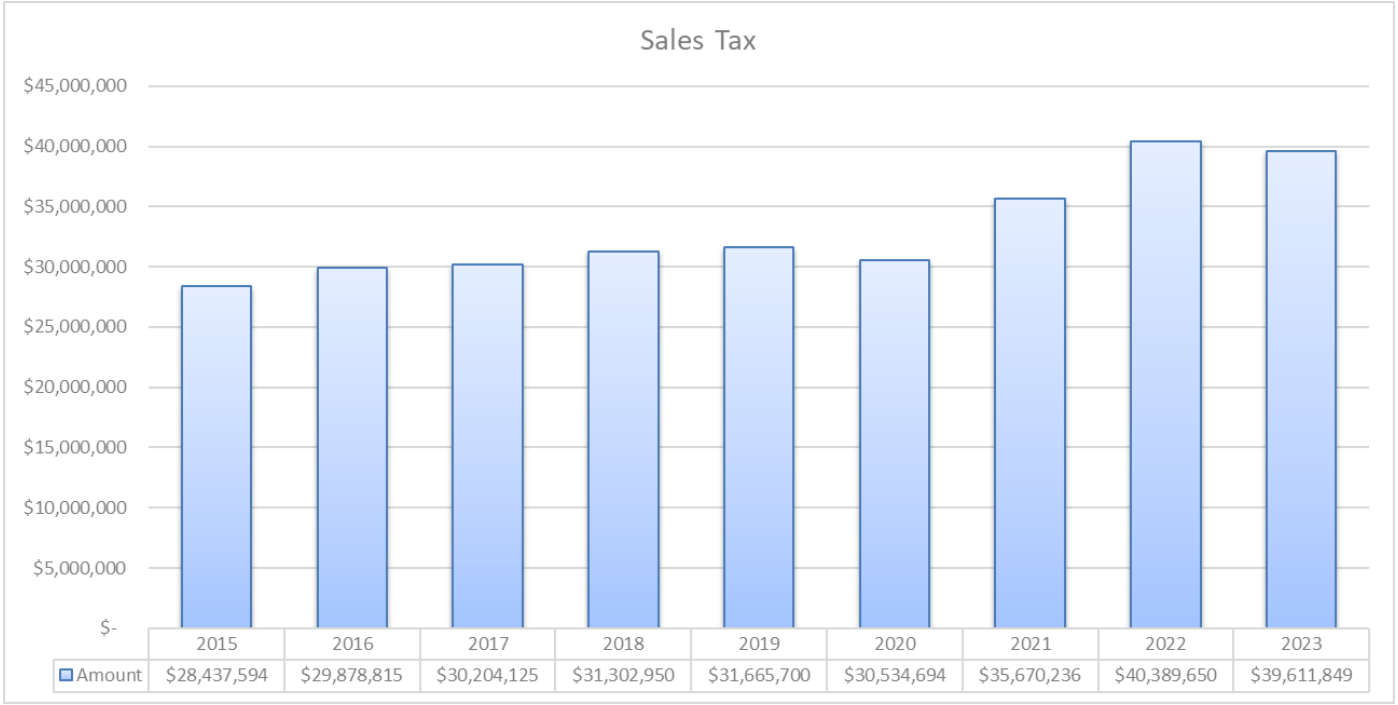
Staff is recommending a decrease of $800,000 for Sales Tax revenues in FY 2023-24.

QUARTERLY SALES TAX

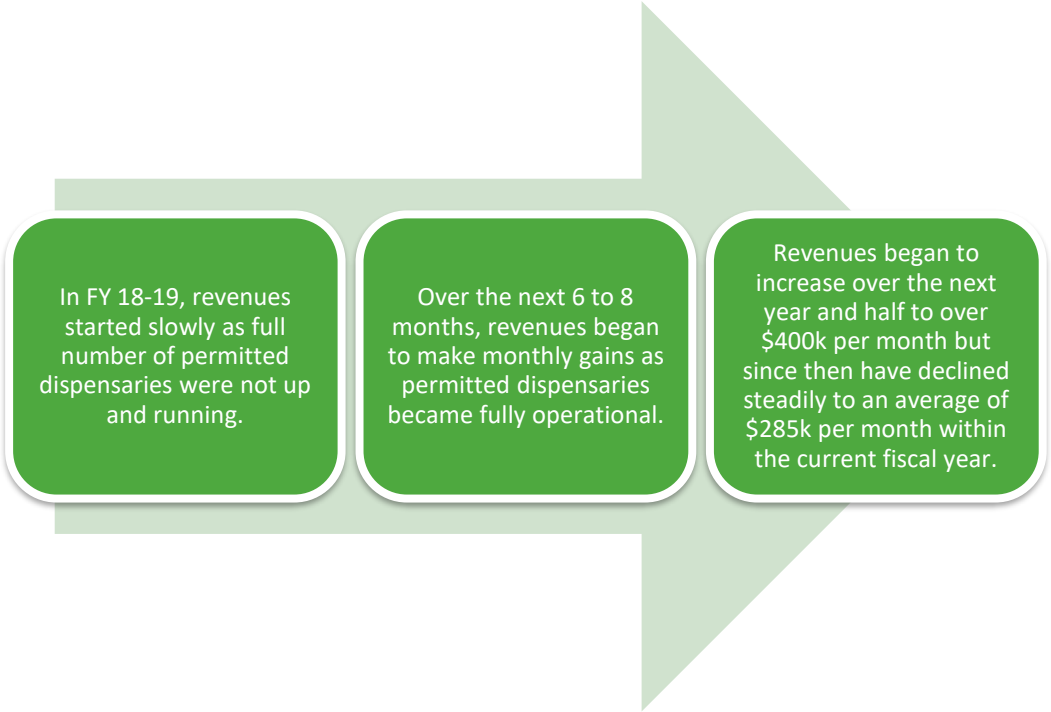


	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
4th Quarter	$12,510,812	$15,230,347	$11,617,659	$12,696,052	$12,355,828	$11,717,750	$16,271,289	$16,789,561	$15,800,189	
3rd Quarter	$9,047,375	$7,612,834	$8,083,517	$7,946,700	$8,281,305	$8,496,074	$8,358,257	$10,530,628	$10,235,151	$6,098,996
2nd Quarter	$5,235,946	$5,250,021	$7,743,653	$7,694,107	$9,474,550	$7,830,270	$8,257,111	$9,981,198	$10,246,615	$9,805,317
1st Quarter	$1,643,461	$1,785,613	$2,759,297	$2,966,090	$1,554,016	$2,490,600	$2,783,580	$3,088,263	$3,329,905	$3,280,604

ANNUAL SALES TAX

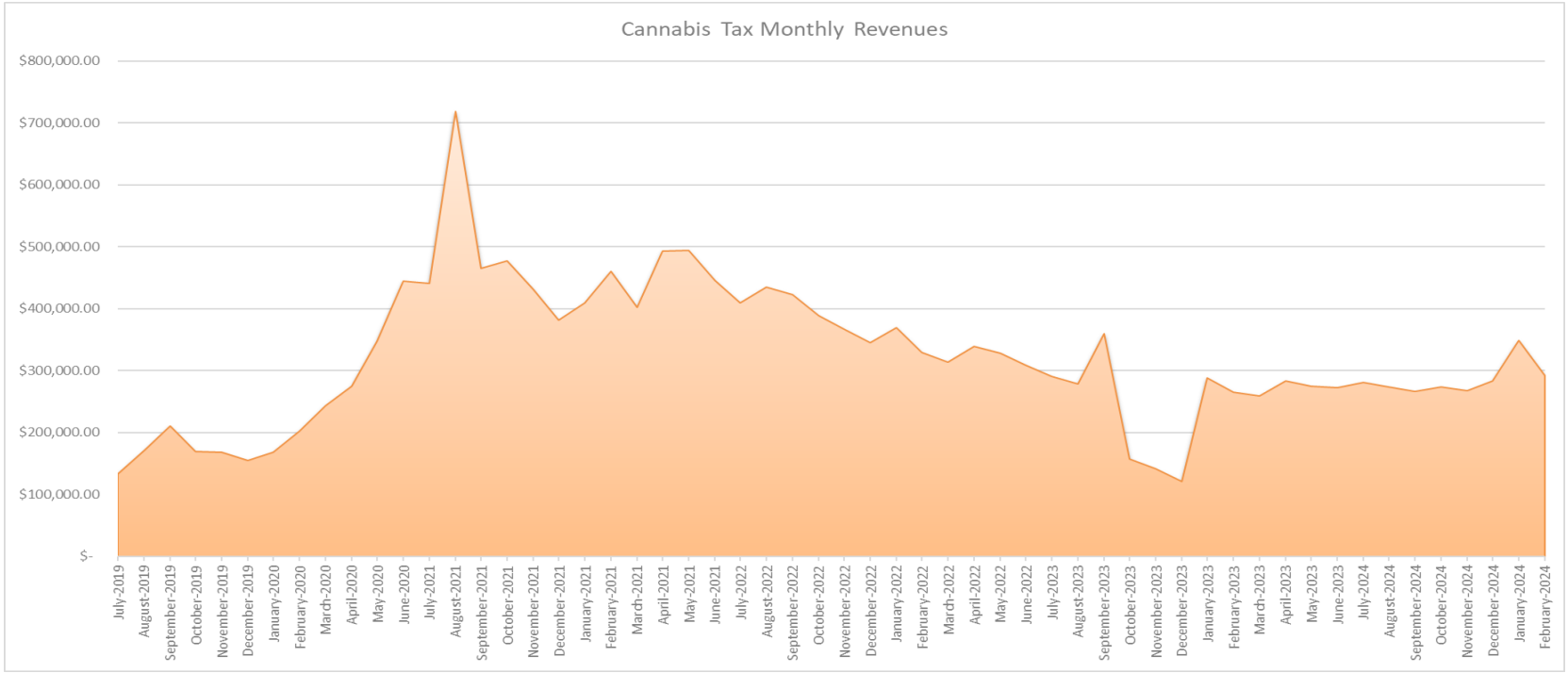


CANNABIS TAX REVENUE ANALYSIS

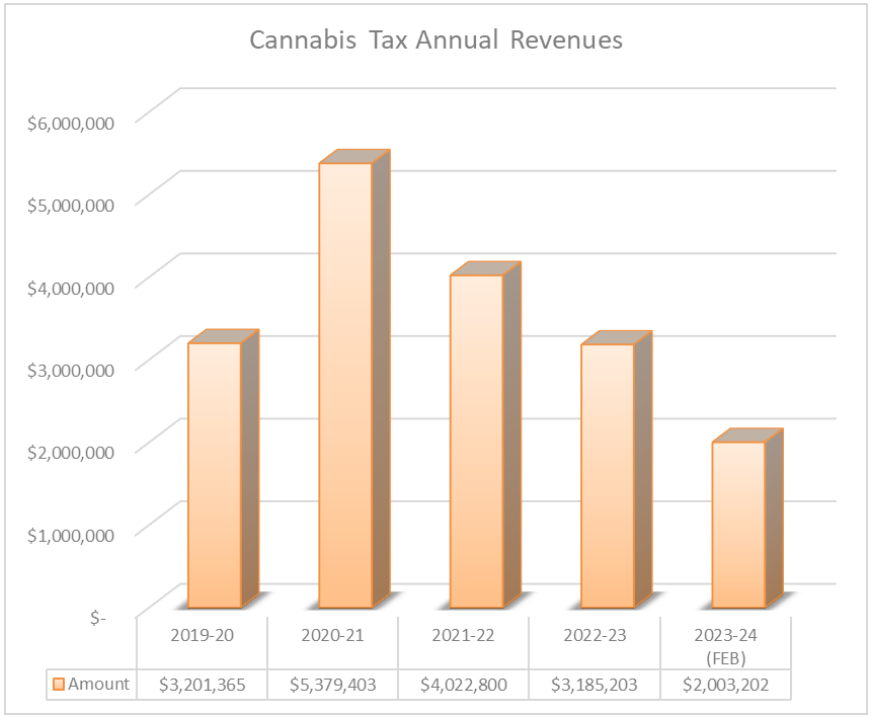


- As of February 29, 2024, $2.0M has been receipted in Cannabis Tax revenues for Fiscal Year 2023-24 or approximately 50% of the budgeted amount of $4M.
- Staff is recommending no change to this category of revenue for Fiscal Year 2023-24.

MONTHLY CANNABIS TAX



ANNUAL CANNABIS TAX



GENERAL FUND EXPENDITURES

FIGURES THROUGH FEBRUARY 29, 2024

EXPENDITURE OVERVIEW

- General Fund Operating Expenditures includes 13 Operating Departments, Transfers Out, and the Variance Rate
  - 13 Operating Departments Total Budget = $191.7M
  - Transfers Out Budget = $9.9M
  - Variance Rate = ($7.5M)
- Through February 29, 2024, total General Fund expenditures actuals are $121.2 million or approximately 63% of the total budgeted $194.1 million for Fiscal Year 2023-24.

EXPENDITURES: ACTUALS-TO-DATE

Department	Current Budget	Actuals (as of Feb 29, 2024)	% of Budget Expended
Police Department	$ (85,706,476)	$ (52,688,679)	61%
Fire Department	$ (49,395,954)	$ (34,139,812)	69%
Oakdale Fire Contract Expense	$ (5,654,780)	$ (3,940,841)	70%
Ceres Fire Contract Expense	$ (7,382,975)	$ (5,125,366)	69%
Stanislaus Consolidated Fire Contract Expense	$ (389,819)	$ (308,353)	79%
Turlock Fire Contract Expense	$ (300,754)	$ (246,369)	82%
Salida Fire Contract Expense	$ (1,790,536)	$ (1,250,165)	70%
Parks, Recreation, and Neighborhoods	$ (17,562,176)	$ (10,022,734)	57%
Community and Economic Development	$ (5,712,735)	$ (3,207,607)	56%
Engineering Department	$ (1,254,560)	$ (693,442)	55%
City Council	$ (529,831)	$ (354,688)	67%
City Manager's Office	$ (3,816,078)	$ (2,309,330)	61%
Human Resources	$ (1,916,205)	$ (1,278,932)	67%
City Attorney's Office	$ (1,946,616)	$ (1,061,339)	55%
City Clerk's Office	$ (950,241)	$ (499,805)	53%
Office of the City Auditor	$ (644,353)	$ (157,834)	24%
Finance Department	$ (6,291,973)	$ (3,879,321)	62%
Non-Departmental	$ (473,400)	$ (80,380)	17%
Total Departmental Expenses	*$ (191,719,462)*	*$ (121,244,995)*	63%
Transfers Out	$ (9,880,825)	$ (1,471,260)	15%
Variance Rate (5%)	$ 7,490,471	$ -	0%
Total Department Expenses	**$ (194,109,816)**	**$ (122,716,254)**	63%

GENERAL FUND EXPENDITURE CONCLUSIONS

- Overall expenditures are trending slightly lower than would be expected at this time in the fiscal year.
- This is being driven by salary and benefit savings being seen in departments due to vacant positions that have been occurring throughout the fiscal year.
    - Salary and Benefit (Appr Unit A) expenditure spending is currently at 63% of the budgeted amount in the Police Department and 53% in the Parks, Recreation and Neighborhoods Department.
- Staff will continue to monitor areas where the General Fund provides subsidies like the Centre Plaza, and the Parking Fund. Should a need for these areas to have their subsidies increased staff will come back to Council with any recommended actions.

STAFF RECOMMENDED BUDGET ADJUSTMENTS

RECOMMENDED COMMITTEE ACTION

Staff Recommendation:

- Motion recommending the informational Fiscal Year 2023-24 General Fund Mid-Year Update Report and forwarding the report and recommended adjustments to the major General Fund revenues and expenditures to Council for acceptance and approval.

Account - Description	Current Budget	Increase/ (Decrease)	Revised Amount	Category
41101 - Property Taxes - CY Secured Taxes	$ 19,680,525	$ 349,576	$ 20,030,101	Property Tax - Property
41111 - Property Taxes - CY Unsecured	$ 944,819	$ 114,982	$ 1,059,801	Property Tax - Property
42157 - Intergov - State - VLF Swap Adjustment	$ 21,637,453	$ 445,661	$ 22,083,114	Property Tax - VLF Swap
41201 - Sales and Use Taxes	$ 41,706,191	$ (800,000)	$ 40,906,191	Sales Tax
42121 - Intergov - State - Motor Vehicle License Fee	$ 165,000	$ 57,653	$ 222,653	Motor Vehicle Fees
Grand Totals	**$ 84,133,988**	**$ 167,872**	**$ 84,301,860**	

CITY OF
MODESTO
CALIFORNIA

Item # 10

CITYWIDE HOT PATCH SERVICES

Finance Committee, March 18, 2024
Will Wong, Director of Utilities
DeAnna Christensen, Director of Finance

BACKGROUND

- Hot Patch Work consists of permanent asphalt repairs when street cuts are made to complete repairs and improvements to City infrastructure.
- City Departments request contractual assistance to perform hot patch work throughout Modesto and our outlying service areas in Salida, Del Rio, Grayson, Empire, and parts of Ceres and Turlock.
- Departments assume highest-need scenarios when estimating annual amounts for services.

BACKGROUND

- May 22, 2018: Council approved the award of bids for hot patch work for two-year agreements with three one-year extension options to Garrett Thompson Construction Inc., not to exceed $4,106,500/yr; and United Pavement Maintenance, not to exceed $200,000/yr (Reso 2018-188).
- May 2019: City terminated the agreement with Garrett Thompson for failure to maintain required insurance coverage, resulting in United Pavement being designated the primary vendor and necessitating a secondary vendor.
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BACKGROUND

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April 5, 2022: Council authorized the third one-year extension option with United Pavement without exceeding a total annual amount of $3,906,500; Patch Crew declined to execute the final extension option (Reso 2022-155).

April 4, 2023: Council authorized the First Amendment to the Agreement with United Pavement to a revised total not-to-exceed amount of $3,906,500, and to extend the term from 5/1/23 to 5/21/24 (Reso 2023-133).

DISCUSSION

July 31, 2023: City Manager authorized the Purchasing Manager to solicit procurement for Hot Patch Services

October 6, 2023: Hot Patch Services Invitation for Bids (IFB) No. 2324-16, issued on PlanetBids; 19 vendors download

November 14, 2023: Bids opened in the City Clerk's Office & broadcast via Microsoft Teams Livestream

Four vendors responded; all were considered responsive. No local bids were received

DISCUSSION

Based on providing the lowest responsive and responsible bids, City staff recommends award of bids for the furnishing of hot patch services to two vendors for a two (2) year agreement with three (3) one-year extension options:

Adams Underground III of Waterford, CA, as primary contractor; and

United Pavement Maintenance, Inc. of Hughson, CA, as secondary contractor

DISCUSSION

- Compared to current pricing, Adam's Underground submitted a 33.01% price increase and United Pavement submitted a 39.22% increase
- Based on the increased pricing, annual Consumer Price Index (CPI) increases, and diesel fuel fluctuations, Staff estimated a new total cost
- The estimated annual amount for the new agreement is $3,500,000 for year 1, with a combined total not to exceed $20,570,000 over five years
- Staff is also requesting to give the City Manager the approval to adjust agreement totals between vendors based on availability and department needs

FISCAL IMPACT

Fund Name	Account Number	Amount
Water Fund	4100-45040-53150	$2,000,000
Storm Drain Fund	4480-44222-53100	$ 500,000
Sewer Operations Fund	4210-44211-53100	$ 350,000
Surface Transportation Fund	1700-59998-53150	$ 100,000
General Fund - Park Operations	0100-35220-53150	$ 50,000
Citywide	Fund/Account Varies	$ 500,000
	Total Estimated Year 1:	**$3,500,000**

Year	Term Period	Amount
Agreement Year 1	05/22/24 – 05/21/25	$ 3,500,000
Agreement Year 2	05/22/25 – 05/21/26	$ 3,780,000
Agreement Year 3	05/22/26 – 05/21/27	$ 4,090,000
Agreement Year 4	05/22/27 – 05/21/28	$ 4,420,000
Agreement Year 5	05/22/28 – 05/21/29	$ 4,780,000
Total Not to Exceed over Five Years:		**$20,570,000**

STAFF RECOMMENDATION

Motion recommending Award of Bid and Agreement for Hot Patch Services for a two (2) year agreement with three (3) one-year extension options to:

- **Adams Underground III of Waterford, CA, and**
- **United Pavement Maintenance, Inc. of Hughson, CA**
- **Annual estimated amount of $3,500,000;**
- **Total amount not to exceed $20,570,000 over five years; and forwarding to Council for approval.**

QUESTIONS?

Item #5

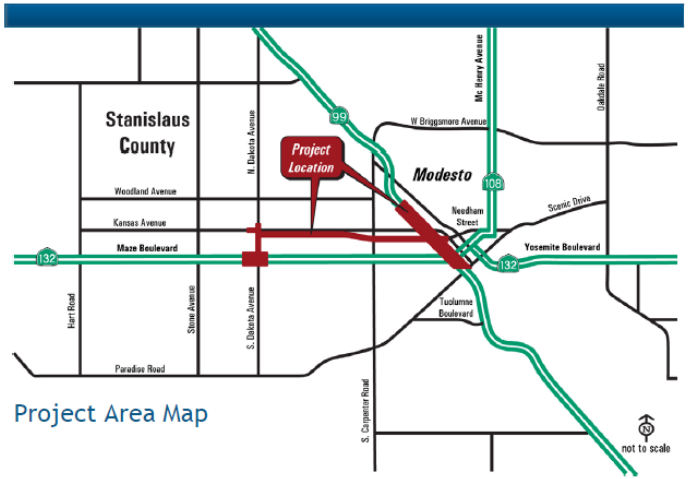
SR 132 – PHASE 1 CONSTRUCTION MANAGEMENT WSP 4TH AMENDMENT

April 8, 2024
Economic Development Committee Meeting

Toby Wells, P.E.
Director of Engineering Services/City Engineer

CITY OF MODESTO CALIFORNIA

STATE ROUTE 132 WEST



Project Area Map

Project Description

- State Route 132 is a main east-west corridor in Stanislaus County and the Central Valley providing interregional connection between Tracy and Modesto and a connecting link between major freeway routes Interstate 580, Interstate 5, and State Route 99
- The Phase I project constructed four miles of the two-lane freeway/expressway on a new alignment south of Kansas Ave from Dakota Ave to east of SR 99 at Needham St.

Current Status

- Construction deemed complete on 12/29/23
- 3-year plant establishment process initiated in May 2022
- Project closeout process underway

WSP Agreement – Construction Management

- WSP was hired in 2019 to provide construction management services
- Agreement amended in 2021, 2022, and 2023 to address changes to the project
- 4th Amendment necessary:
  - to manage project closeout process
  - Plant establishment period
  - Engineering staff vacancies

Staff Recommendation

Motion approving a Fourth Amendment to the Construction Management Services Agreement with WSP USA Inc. for the State Route 132 West Freeway/Expressway - Phase 1 Project, increasing the Agreement amount by $149,697 from $13,140,236 for a total amount not to exceed $13,289,933, and forwarding to Council for approval.

CITY OF
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ITEM #7

ANNEXATION NO. 20 TO CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2004-1 (VILLAGE ONE #2)

Edgar R. Garcia
Community Development Manager

April 8, 2024

MELLO-ROOS DISTRICT

- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments
- Raises money through special taxes that must be approved by 2/3rds vote within the district
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services
- Bonds are secured by special taxes levied on property owners and billed on property tax bills

BACKGROUND

- On April 6, 2004, the City of Modesto formed Community Facilities District No. 2004-1 (Village One #2)

- CFD No. 2004-1 funds:
  - Various infrastructure improvements
  - Maintenance of parks, parkways and open space
  - Maintenance and repair of the storm drain basin

- Special Taxes for Village One #2
  - One-Time Facilities Special Tax
  - Annual Maintenance Special Tax
  - Annual Facilities Special Tax

BACKGROUND, CONT.

- In November 2023, NRB Investments, LLC filed a completed application package requesting parcels be annexed into CFD No. 2004-1 (Village One #2).

- Annexation #20 will consist of APNs 077-008-036 and 077-008-037 totaling approximately 33.69 acres. Modesto 92 LP and NRB Investments LLC are the owners.

077-008-037
077-008-036
OAKDALE RD
HASHEM DR
FLOYD AVE
LA FORCE DR
HILLGLEN AVE
KODIAK DR
DORSET LN
MARINA DR
NORA LN
ELISON DR
KASLIN DR
TRIDENT DR
BEAUFORT DR
KISKA DR
EL VAQUERO DR
CANCUN CT
CANCUN DR
LA PLAYA LN
ACAPULCO WY
VENTANA VIEW WY
GUADALAJARA DR
ORCHARD PARK WY
ESPANA LN
CARLITA LN
HILLBROOK WY
TOBY LN
TOBY CT
ST HERMAN CT
IRON GATE DR
SALONIE LN
SALONIE CT
MAVERICK ST
MAVERICK CT
RIPPLE CT
VALDEZ DR
GAVEN CT
ROSLYN DR
CADEN DR
MILLBAY CT
BROOKSIDE LN
BLOOM CT
COVILLE CT
COHO DR
LAKE HILL CT
LAKESHORE DR
LAKE FRONT CT
PRINCETON CT
N
0 0.04 0.08 0.16 mi
0 0.05 0.1 0.2 km
Web AppBuilder for ArcGIS

MAXIMUM SPECIAL TAX RATES

Special Tax Category Tax Zone #2	Maximum Annual Maintenance Special Tax Fiscal Year 2023-24	Maximum One-Time Facilities Special Tax Fiscal Year 2023-24	Maximum Annual Facilities Special Tax Fiscal Year 2023-24
Village Residential	$3,160.60/per net taxable acre	$57,809.78/per net taxable acre	$9,330.88/per net taxable acre

*Tax rates are good through June 30, 2024. Each January, escalation is 4% or increase in Engineering News Record, whichever is greater.

RECOMMENDED ACTIONS

Motion recommending the annexation of Assessor Parcel Number (APNs) 077-008-036 and 077-008-037 totaling approximately 33.694 acres, to the City of Modesto Community Facilities District (CFD) No. 2004-1 (Village One #2) and authorizing the levy of special tax on the Properties located within the annexation map and forwarding a recommendation to Council for approval.

Questions?

CITY OF
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CALIFORNIA

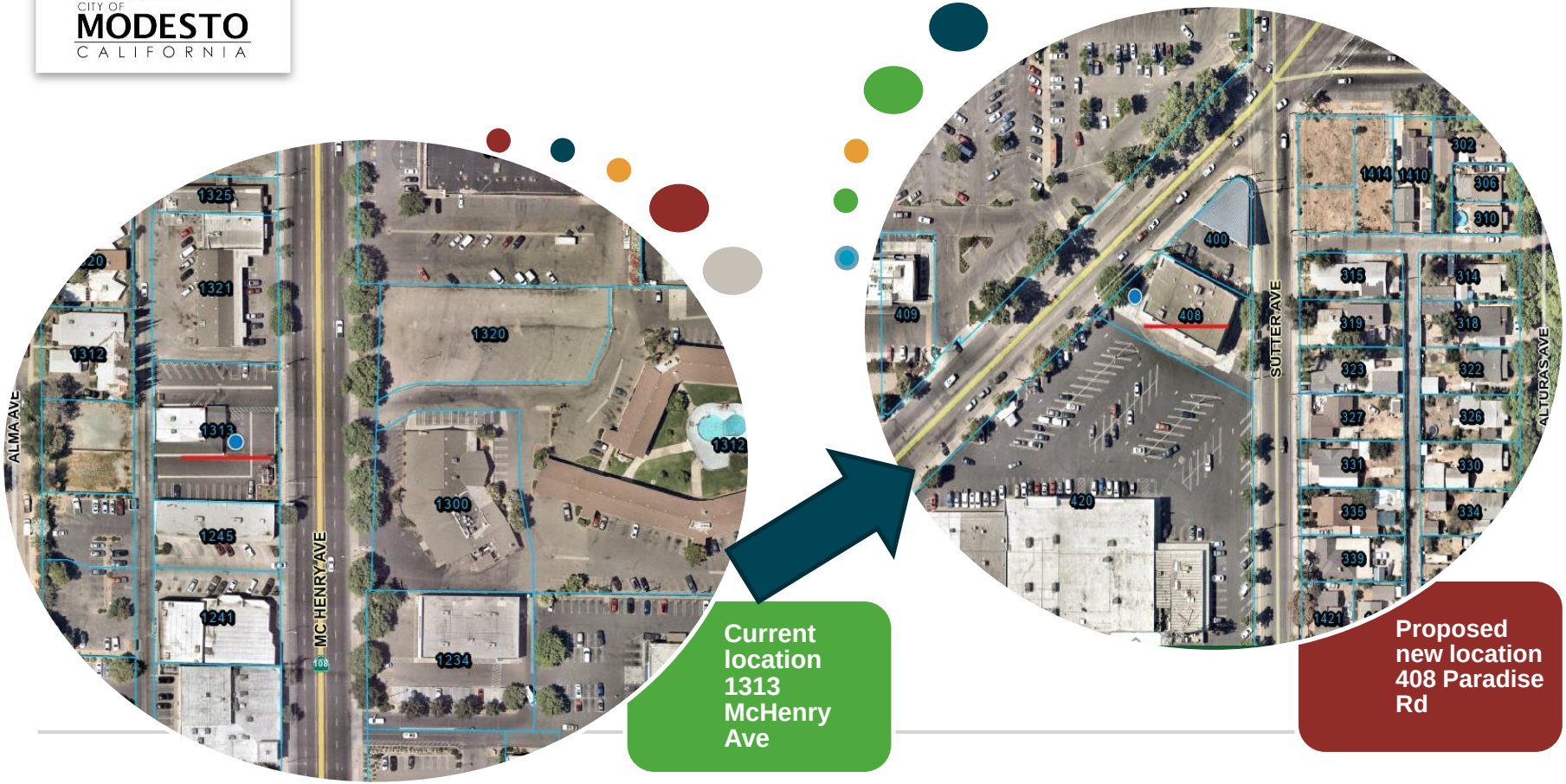
Medallion Wellness Business Modification Request-Relocation

Jessica Hill, Director of Community and Economic Development

Business Modification Request -Relocation

- Medallion Wellness is a commercial cannabis retail dispensary currently operating at 1313 McHenry Ave.
- On September 8, 2023 the City received an application from Medallion Wellness and Phenos Collective legal counsel requesting to relocate the current business from 1313 McHenry Ave to 408 Paradise Rd.

New Location for Medallion Wellness



Relocation Review Steps

The Business making the request provides

- Narrative explanation of the reason for the relocation.
- Updated security plans for the intended location, and proposed site and floor plans.
- Site Control -Copy of a lease agreement (if applicable).
- Payment of a commercial cannabis permit application fee which is currently $6,380.

Cannabis Consultant (HDL)

- Reviews Security and site plans for compliance.

Planning

- Reviews zoning and proximity to areas of sensitive use.

Cannabis Admin Staff

- Reviews the reason for the change.
- Performs an initial site visit.
- Reviews lease agreement to ensure property is secured through the two-year permit period.

Finance

- Confirms whether all taxes and fees are current.

CPPRC Approval for Non-Dispensaries

Council Approval for Dispensaries

Application Review

- Security Plan with Site and Floor Plans: After a thorough review by Staff and HDL Companies (Cannabis Consultant) the plans were found to be compliant with the regulatory requirements of the California DCC and the City of Modesto.
    - High-intensity, motion-activated LED lighting covering the entire perimeter and parking lot.
    - Cement crash posts (bollards).
    - Continuous video surveillance 24 hours per day, footage is retained for 90 days at a minimum.
    - On-site security guards 24 hours per day.
- Site Visit: Staff visited the site on 10/19/2023 and found no sign of unpermitted commercial cannabis activity, only preparation for tenant improvements.
- Site Control: A lease agreement was received and reviewed which shows that the property will be secured through the two-year permit period.
- Finance Review: Both parties to the relocation and change in ownership request are current on all City taxes and fees.

Zoning and Proximity Requirements

- Zoning Requirements
  - Cannabis retail dispensary businesses are allowed in Zones C-2, C-3, C-M, M-1, and M-2
    - Proposed site is in a C-2 Zone

- Proximity Requirements
  - Cannabis businesses are required to be located a minimum distance away from certain land uses:
    - 200 feet from a park or library measured from the nearest property lines
    - 600 feet from a school, childcare center or youth center measured from the nearest property lines
    - 100 feet from any residence measured from any building or structure containing a commercial cannabis use to an existing residential structure used for residential purposes

Proximity Review: Parks or Libraries

- James Marshall Park: Located at 440 Sutter Ave
    - 353 feet away from the proposed location
    - Distance complies with the 200 ft proximity requirement
- Stanislaus County Library: Located at 1500 I St
    - 7,753 feet away from the proposed location
    - Distance complies with the 200 ft proximity requirement

Proximity Review: Schools, Childcare Centers, Youth Centers

- Modesto High School: Located at 18 H St
    - 1,411 feet away from the proposed location
    - Distance complies with the 600 ft proximity requirements
- James Marshall Elementary: Located at 515 Sutter Ave.
    - 1,007 feet away from the proposed location
    - Distance complies with the 600 ft proximity requirements
- Tuolumne Christian: Located at 133 Tuolumne Blvd
    - 4,621 feet away from the proposed location
    - Distance complies with the 600 ft proximity requirements

Neighborhood Center at Marshall Park (NCAMP)

- Municipal Code Definition: Any public or private facility that is ***primarily*** used to host recreational or social activities for minors, including, but not limited to, private youth membership organizations or clubs, social service teenage club facilities, video arcades, or similar amusement park facilities.
- Neighborhood Center at Marshall Park (NCAMP): Located at 420 Chicago Avenue
    - 11,202 Sq ft of space
    - 7,750 sq ft (70%) is allocated to Fire Station 2
    - The remaining 3,452 sq ft (30%) is comprised of City Department Offices and a shared conference room area where various community and youth events take place
- Because the primary use is not for youth activities it was determined that NCAMP would not be considered a Youth Center

Proximity Review- Residences on Sutter Avenue

- Residence: 315 Sutter Avenue
  - Approximately 93-96 feet away from the proposed location
  - Does not meet the 100 feet requirement, therefore applicant has requested a proximity waiver
  - The business agrees to construct an 8-foot wrought iron fence between the dispensary and the residence
  - This fence would qualify for the granting of a proximity waiver at the discretion of The City Council

Other Land Use Considerations

- Staff also reviewed land uses that could create public health and safety concerns for citizens. However, these are not outlined in the current cannabis ordinance for review:
  - Religious Services: Westside Neighborhood Church at 821 California Ave,
    - Approximately 2,000 feet away from proposed location
  - Addiction Treatment: BreakThroughs Outpatient Treatment at 704 I St
    - Approximately 4,700 feet away from proposed location
  - Dispensary: Modesto Cannabis Collective at 439 Maze Blvd
    - Approximately 4,100 feet away from proposed location
  - Non-Dispensary: Exclusive VIP at 1404 N Carpenter Road
    - Approximately 11,500 feet away from the proposed location

Community Benefits

- The City has implemented a community benefit contribution program as a condition of approval for commercial cannabis retail permit holders
- These contributions are intended to offset potential negative impacts of a retail dispensary in the neighborhoods in which they operate
- The applicant has committed to the following community benefits for 408 Paradise Rd

Staff Recommendation

Resolution approving the relocation request for Medallion Wellness from 1313 McHenry Avenue to 408 Paradise Road with the granting of a residential proximity waiver.

Questions?

CITY OF
MODESTO
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Current Proximity Waivers

Business	Address	Proximity Issue	Waiver Justification
Modesto Cannabis Collective	439 Maze Blvd	Residence within 100 ft School within 600ft	Masonry sound wall between dispensary and the residence including an alley School is separated by a State highway 132 with no pedestrian crossings nearby
Doctors Choice	2039 Yosemite Blvd	Residence within 100 ft	Adjacent buildings prevent direct access to the residences
Medallion Wellness	1313 McHenry Avenue	Daycare within 600 ft	State Highway 108 separates the land uses, over 1,200 feet walking distance between the dispensary and the daycare
Cookies	1944 W Orangeburg Ave	School within 600 ft	Land uses separated by Orangeburg avenue, no pedestrian crossings nearby, over 1,000 feet walking distance
Phenos	1234 McHenry Ave	School within 600 ft	Masonry wall separates uses, over 1,200 feet walking distance
Levels	121 Phoenix ave	Residence within 100ft	8-foot-high wrought iron fence with a locking gate to the rear of the business

Item #29

CITYWIDE HOT PATCH SERVICES

City Council, April 9, 2024

Will Wong, Director of Utilities
DeAnna Christensen, Director of Finance

BACKGROUND

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Agreement Year 2	05/22/25 – 05/21/26	$ 3,780,000
Agreement Year 3	05/22/26 – 05/21/27	$ 4,090,000
Agreement Year 4	05/22/27 – 05/21/28	$ 4,420,000
Agreement Year 5	05/22/28 – 05/21/29	$ 4,780,000
Total Not to Exceed over Five Years:		**$20,570,000**

STAFF RECOMMENDATION

Resolution approving the Award of Bid and Agreement for Hot Patch Services to Adams Underground III of Waterford, CA, and United Pavement Maintenance, Inc. of Hughson, CA, for:

- **Two (2) year agreement with three (3) one-year extension options;**
- **Annual estimated amount: $3,500,000;**
- **Total combined amount not to exceed over five years: $20,570,000;**
- **Authorizing the Director of Finance to adjust agreement totals between vendors based on contractor's availability and department's needs, ensuring the combined total amount does not change; and**
- **Authorizing the City Manager or his designee to execute the Agreements**

QUESTIONS?

PARKS, RECREATION AND NEIGHBORHOODS

REPORT REGARDING VIRGINIA CORRIDOR PHASE 7 PROJECT BRIDGE DESIGN OPTIONS

Nathan Houx
Parks Planning and Development Manager

April 15, 2024

Background

- Rails-to-Trails conversion project that started construction in 2004.
- Phase 7 design started in 2019
- Two (2) Community Meetings to discuss the trail & bridge design.
- Current pedestrian bridge design includes 3-span Corten steel bridge.
- Safety & Communities Committee requested that staff report back on potential design changes to the pedestrian bridge.
- Project is currently scheduled for bidding in May 2024.
- Five (5) options are presented in order of most to least impact.

Project Details

- **Project Scope**
  - Class 1 Trail between Woodrow Ave. and Semallon Dr. (0.75 Mile)
  - Bridge crossing over Standiford Avenue
  - Site Furnishings
- **Current Budget**
  - Construction Cost $5.4 Million
  - Total Project $7 Million

Discussion

- **Design Option #1:** Concrete Box Girder Bridge
  - Similar look to Briggsmore Avenue Bridge Structure.
  - Similar annual maintenance cost compared to current bridge design.
  - Results in significant project delay and significant cost increase.

Design Alternative #1: Cost Estimate	
Redesign Cost Change Order	$200,000
Added Construction Cost	$2,000,000
Redesign Engineering Time Delay	(290) Days
Added Inflationary Cost Due to Time Delay	$261,000
Total Construction Cost Change:	**$2,461,000**
Annual Maintenance Cost Increase	$0

Discussion

- **Design Option #2:** Redesign Steel Structure
  - New bridge design including a painted steel bridge structure.
  - Annual maintenance cost is higher than current bridge design.
  - Results in significant project delay and significant cost increase.

Design Alternative #2: Cost Estimate	
Redesign Cost Change Order	$55,000
Added Construction Cost	$1,500,000
Redesign Engineering Time Delay	(150) Days
Added Inflationary Cost Due to Time Delay	$124,500
Total Construction Cost Change:	**$1,679,500**
Annual Maintenance Cost Increase	$25,000

Discussion

- **Design Option #3:** Artistic Lighting
  - Artistic color changing LED displayed on painted steel bridge structure.
  - Annual maintenance cost is higher than current bridge design.
  - Results in significant project delay and moderate cost increase.

Design Alternative #3: Cost Estimate	
Redesign Cost Change Order	$44,000
Added Construction Cost	$468,000
Redesign Engineering Time Delay	(150) Days
Added Inflationary Cost Due to Time Delay	$107,250
Total Construction Cost Change:	**$619,250**
Annual Maintenance Cost Increase	$30,000

Discussion

- **Design Option #4:** Artistic Steel Cutouts
  - Artistic steel cutouts mounted to the current bridge design.
  - Annual maintenance cost is slightly higher than current bridge design.
  - Results in significant project delay and moderate cost increase.

Design Alternative #4: Cost Estimate	
Redesign Cost Change Order	$45,000
Added Construction Cost	$200,000
Redesign Engineering Time Delay	(150) Days
Added Inflationary Cost Due to Time Delay	$102,750
Total Construction Cost Change:	**$347,750**
Annual Maintenance Cost Increase	$5,000

Discussion

- **Design Option #5:** Painted Steel Structure
  - Current bridge design with painted steel structure.
  - Annual maintenance cost is higher than current bridge design.
  - Results in minimal project delay and lowest cost increase.

Design Alternative #5: Cost Estimate	
Redesign Cost Change Order	$4,000
Added Construction Cost	$168,000
Redesign Engineering Time Delay	(20) Days
Added Inflationary Cost Due to Time Delay	$13,500
Total Construction Cost Change:	**$185,500**
Annual Maintenance Cost Increase	$25,000

Staff Recommendation

Motion accepting a report back regarding bridge design options for the Virginia Corridor Phase 7 project.

Questions?

CITY OF
MODESTO
CALIFORNIA

Item #6

CITY OF MODESTO CALIFORNIA

ORDINANCE AMENDING THE MODESTO MUNICIPAL CODE TO INCREASE ADMINISTRATIVE FINES FOR ILLEGAL FIREWORK VIOLATIONS

Jose M. Sanchez, City Attorney
Kevin Wise, Interim Fire Chief
Brandon Gillespie, Chief of Police

April 15, 2024
Safety & Communities Committee Meeting

Item #6

PROPOSED AMENDMENTS

Increase in Administrative Fines

- Fines for violations related to the possession, use, or discharge of illegal fireworks will be doubled and increase on an escalating scale for subsequent violations. Fines will increase from a $1,000 fine to an escalating fine of $2,000 for the first violation, $3,000 for the second violation within a 36-month period, and $4,000 for subsequent violations within a 36-month period

- Fines for the manufacture and sale of illegal fireworks will be increased from $1,000 per violation to $10,000 per violation, given the enhanced culpability of these acts

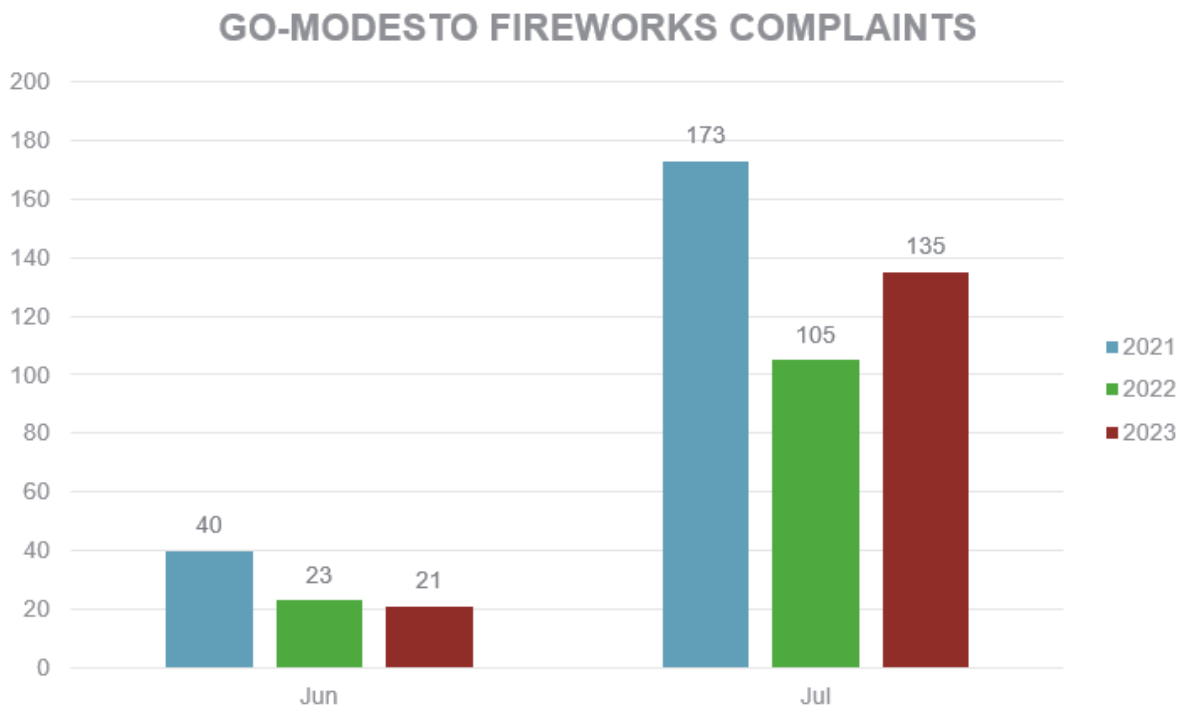
Other Proposed Changes

- State law allows municipalities to determine what constitutes a public nuisance, and the revision adds a finding that dangerous and illegal fireworks are a public nuisance
- A new third-party administrative citation process would be added to allow private citizens who witness a violation to sign an administrative citation to be issued to a violator
- First responder Recovery costs for enforcement and related damages associated with illegal fireworks
- Other minor edits to clean up language throughout the Chapter

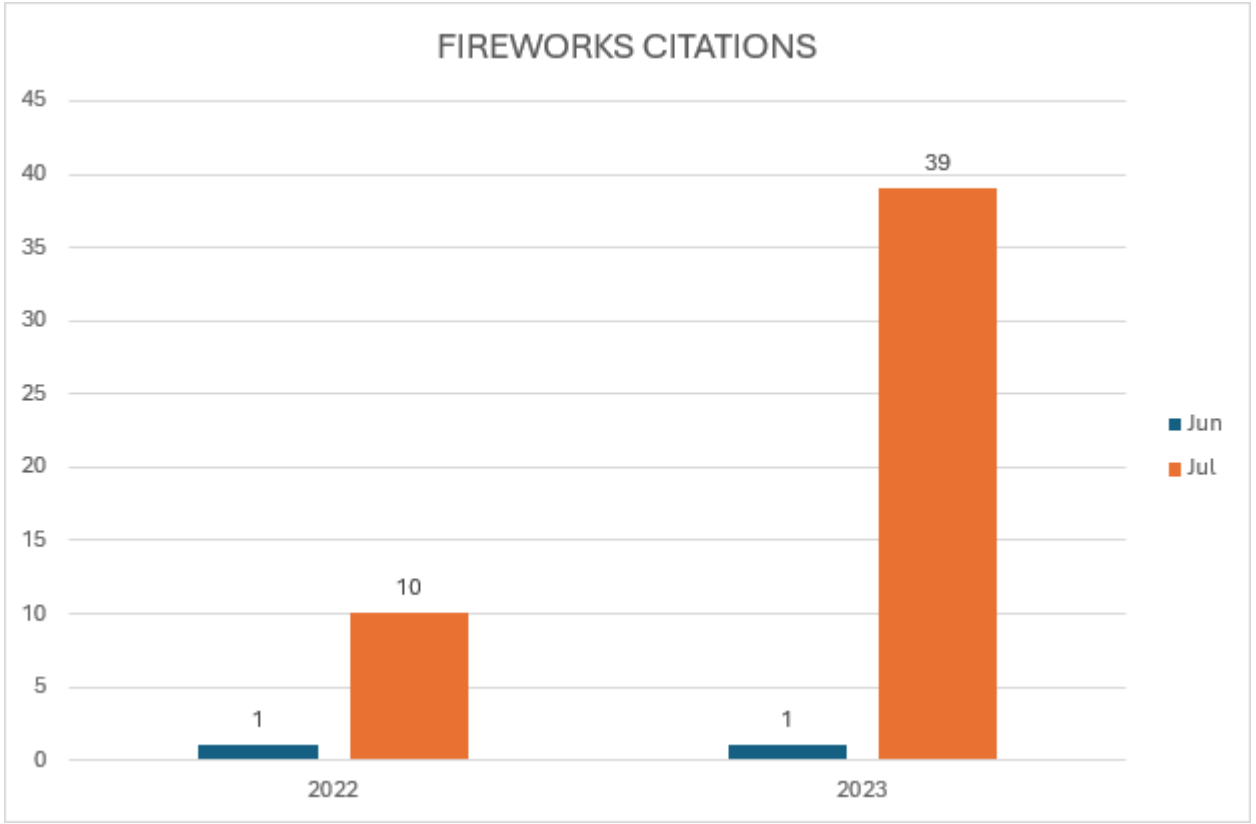
Fire Department Incident Data

Period End	2019	2020	2021	2022	2023
Number of Incidents	76	119	91	79	111
Total Loss Amount:	$62,710	$367,303	$2,805	$284,200	$1,402

Police Department Incident Data



Police Department Incident Data Continued



Revenue from Illegal Fireworks Violations

Period End	2019	2020	2021	2022	2023
	$7,464.85	$3,765.00	$4,100.15	$5,425.30	$13,935

CITY OF
MODESTO
CALIFORNIA

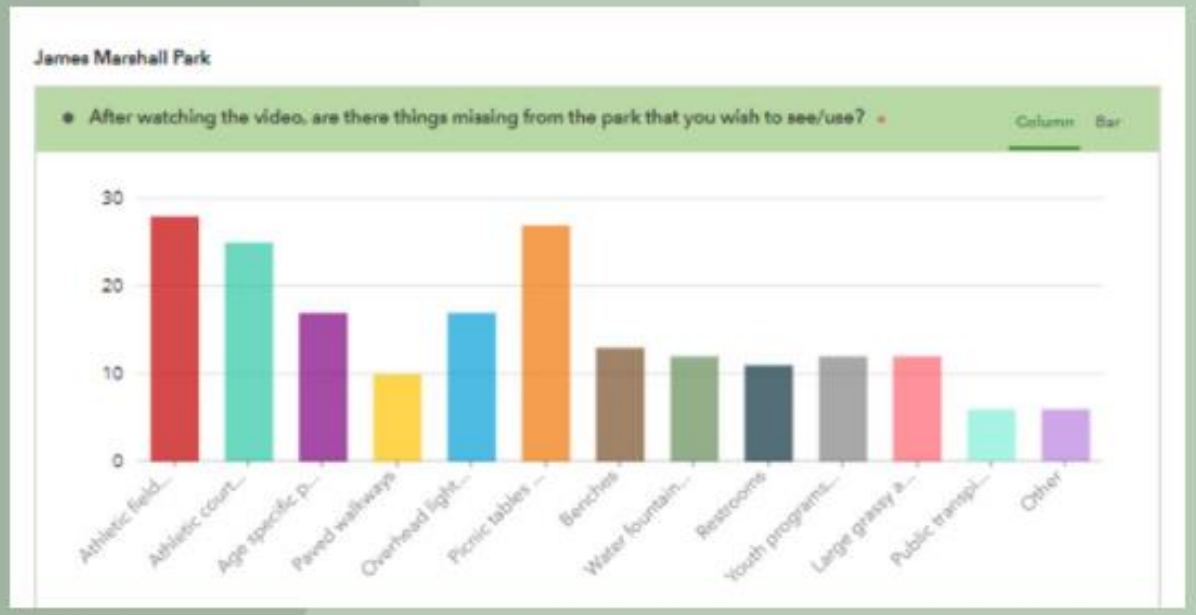
Park Youth Committee

Our Goal, Process, & Results

Our Goal

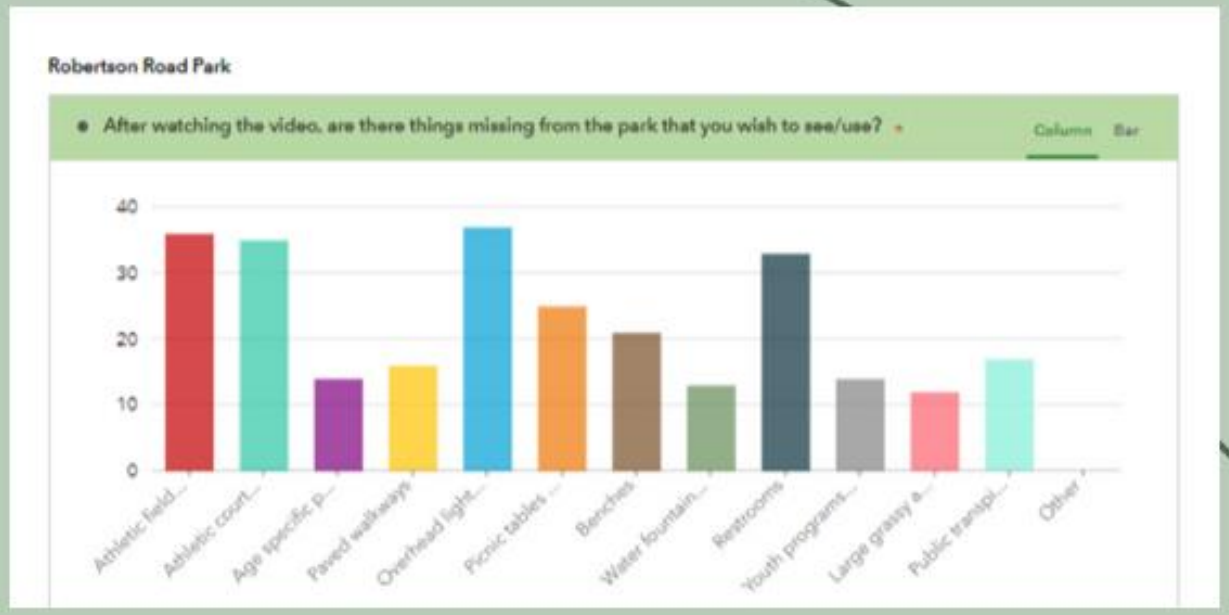
(why it is important)

Data From Survey



James Marshall

Missing things community members wish to see



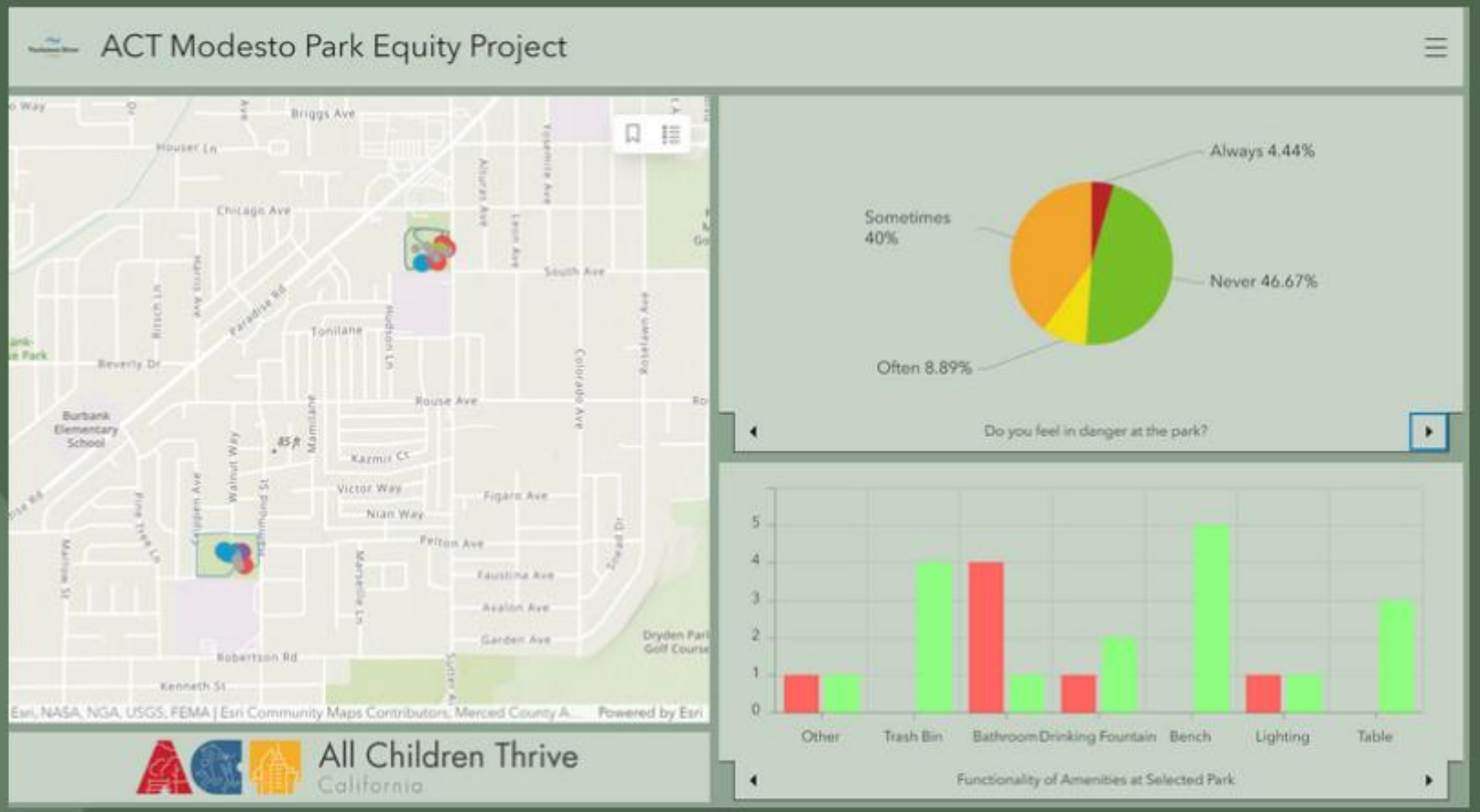
Robertson Road Park

Missing things community members wish to see

Data Dashboard + Storymap

SCAN ME

SCAN ME



When asked why they would rather visit Robertson Rd, a community member responded:

"Because despite the fact that James Marshall is closer, there are a lot of homeless people with tents there and well, one with their children doesn't enjoy the same, then even wild dogs scared us into leaving"

– Concerned community member of Modesto

Thank you!

STORYMAP

DASHBOARD

PARKS, RECREATION AND NEIGHBORHOODS
UPCOMING CONSTRUCTION PROJECTS

Nathan Houx
Parks Planning and Development Manager

April 15, 2024

Background

- In 2017, Council requested that individual Capital Improvement Program (CIP) Projects from the various departments be presented to a standing committee prior to being presented to Council for consideration of award.
- To reduce the number of committee reports and improve efficiency, staff prepared a report to provide an update on upcoming Parks CIP Projects that are anticipated to be bid and presented to Council for award within the next six to twelve months.
- Cesar E. Chavez Park Renovation, Dr. Martin Luther King Jr. Park Renovation and Dryden Clubhouse Renovation are not included in this report and will be brought to committee as individual items.

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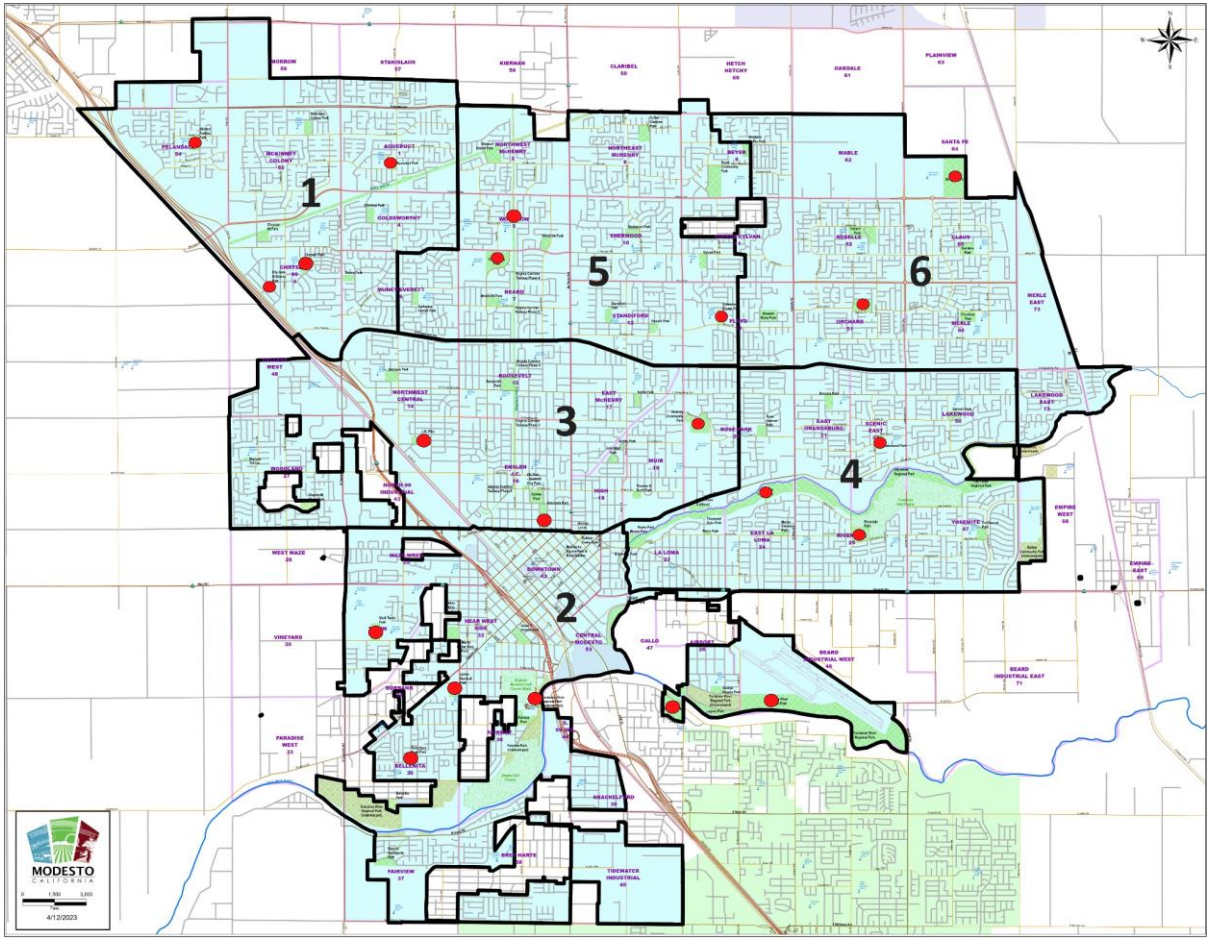

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GRANT/LOCALLY FUNDED – PROJECTS ANTICIPATED TO BID IN THE NEXT SIX TO TWELVE MONTHS

Virginia Corridor, Phase 7

- The project consists of construction of (0.75) mile of Class 1 bike trail between Woodrow Ave and Semallon Drive and a grade separated (bridge structure) crossing over Standiford Ave. The project will be bid in two subphases (Phase 7.1 and Phase 7.2). Construction start for Phase 7.1 is expected fall 2024 and will take about 12-18 months to complete.
- Construction Cost: $6,406,737
- Funding Source(s): Urban Greening Grant, Congestion Mitigation and Air Quality (CMAQ), Non-Motorized Local Transportation Funds (LTF), Parks & Air Quality CFF

Downey Shade Structure and Parking Lot Replacement

- This project consist of replacement of the current shade structure and associated concrete below with a new structure and concrete. In addition, the project will replace the current parking lot and address ADA accessibility from the parking lot to the group picnic area. Construction start is expected fall 2024 and will take about 6 months to complete.
- Construction Budget: $548,820
- Funding Source(s): Parks Fund, Proposition 68 - Per Capita Grant, ARPA

DOWNEY PARK SHADE STRUCTURE REPLACEMENT

SITE PLAN

Mary E. Grogan Community Park–Phase 2

- This project consists of the second phase of Mary E. Grogan Community Park, and will include landscaping, pathways, play area, shade structure, drinking fountains, picnic tables, restroom, benches, cricket pitch, security lighting and other park amenities. Construction start is expected summer 2024 and will take about 9 months to complete.
- Construction Budget: $3,644,300
- Funding Source(s): Parks & Air Quality CFF

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MEASURE H – PROJECTS ANTICIPATED TO BID IN THE NEXT SIX TO TWELVE MONTHS

Mary E. Grogan Community Park– Synthetic Turf Replacement

- This project consists of the replacement of the existing three (3) synthetic turf fields with new synthetic turf. In addition, the project will include related repairs to the existing irrigation and drainage systems as needed. Construction start is expected summer 2024 and will take about 2 months to complete.
- Construction Budget: $2,400,120
- Funding Source(s): Measure H, ARPA

Playground Replacements at Eight Parks

- This project consists of the replacement of playgrounds at eight City parks: Coleman Brown Park, Lakewood Park, Aqueduct Park, Mildred Perkins Park, Riverside Park, Davis Park, Orchard Park, and City Gate Children's Park. Construction start is expected summer 2024 for six of the playgrounds and will take about 3 months to complete.
- Construction Budget: $2,420,000
- Funding Source(s): Measure H

Restroom Replacements at Three Parks

- This project consists of the replacement of restrooms at three City parks: Graceada Park, Mark Twain Park and Robertson Road Park. Restrooms were purchased in November 2023. Construction start is expected fall 2024 and will take about 3 months to complete.
- Construction Budget: $1,360,000
- Funding Source(s): Measure H

Security Lighting Upgrades at Various Parks

- This project involves the upgrade of security lighting at four City parks: Chrysler Park, Robertson Road Park, Pike Park, and Marshall Park. Construction start is expected fall 2024 and will take about 3 months to complete.
- Construction Budget: $667,186
- Funding Source(s): Measure H

Tennis Court Lighting Upgrades

- This project consists of the upgrade of tennis court lighting at five City parks: Downey Park, Davis Park, Beyer Park, Roosevelt Park and East La Loma Park. Construction start is expected summer 2024 and will take about a month to complete.
- Construction Budget: $188,800
- Funding Source(s): Measure H

CITY OF
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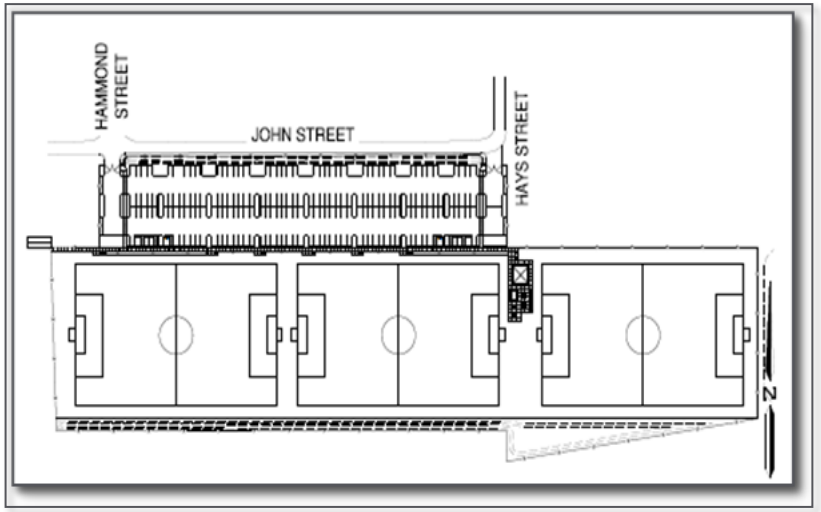
TUOLUMNE RIVER REGIONAL PARK - PROJECTS ANTICIPATED BID IN THE NEXT SIX TO TWELVE MONTHS

Carpenter Road Area Soccer Complex, Phase 2

- This project consists of the construction of 2-3 soccer fields and a parking lot adjacent to Bellenita Park in TRRP. This project had to be rebid due to a contractor issue. Construction start is expected summer 2024 and will take about 9 months to complete. This project is a partnership with Stanislaus Youth Soccer League.
- Construction Budget: $1,652,141
- Funding Source(s): Parks Fund, TRRP CIP Fund, Parks & Air Quality CFF and CA Youth Soccer Grant (CA State Parks)



Tuolumne River Regional Park Area B Improvements

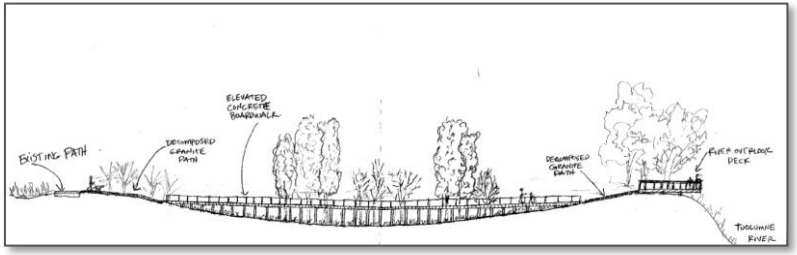
- This project consists of the renovation of the picnic area, restroom area, and parking lot slurry seal at the Tuolumne River Regional Park (TRRP) Area B. The restroom was purchased in January 2024. Construction start is expected fall 2024 and will take about 4 months to complete.
- Construction Budget: $688,186
- Funding Source(s): TRRP CIP Fund and ARPA

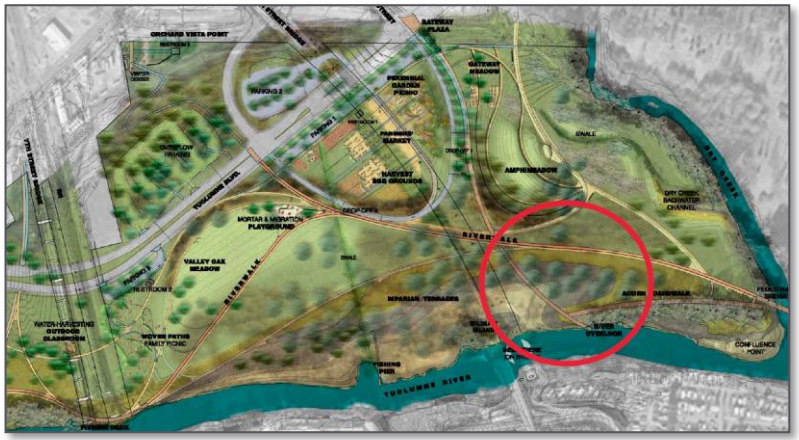
Mancini Park Playground

- This project consists of a new play area including the purchase and installation of new playground equipment and some pathway improvements at Mancini Park. Construction start is expected fall 2024 and will take about 3 months to complete.
- Construction Budget: $432,400
- Funding Source(s): TRRP CIP Fund

Tuolumne River Regional Park River Overlook

- This project consists of construction of a river overlook at the Tuolumne River Regional Park (TRRP) Gateway Parcel which will include pathways, elevated walkway and habitat restoration. Construction start is expected fall 2024 and will take about 3 months to complete.
- Construction Budget: $787,134
- Funding Source(s): Federal High Priority Demo Funds (CalTrans), TRRP CIP Fund and Natural Resources Agency Funding





Staff Recommendation

Motion accepting a report on upcoming Parks, Recreation and Neighborhoods Department Capital Improvement Program Projects planned for bidding and construction.

Questions?

CITY OF
MODESTO
CALIFORNIA

City of Modesto Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE)

Jessica Hill, Director of Community and Economic Development

CITY OF
MODESTO
CALIFORNIA

Item 1

Consideration of an Agreement with Tulip & Oak Consulting

Grant Award

- The City of Modesto was announced as an eligible recipient for $350,000 of type 2 funding on January 31, 2023 under the Governor's Office of Business and Economic Development Cannabis Equity Grants Program for Local Jurisdictions
- The purpose of the grant is to provide assistance to cannabis equity applicants or licensees in the form of direct technical assistance and grants for eligible business expenses

Local Jurisdiction Funding for Cannabis Equity Applicants/Licensees

City of Oakland	$1,996,487.50
City of Los Angeles	$1,984,947.11
City of Sacramento	$1,563,722.87
City and County of San Francisco	$1,511,791.11
City of Long Beach	$1,454,089.16
County of Humboldt	$1,234,821.75
City of San Diego	$882,839.85
County of Lake	$836,678.29
City of Watsonville	$767,435.95
County of Nevada	$755,895.55
County of Sonoma	$687,561.00
City of Coachella	$500,000.00
City of Modesto	$350,000.00
County of San Diego	$350,000.00
Total	**$14,876,270.14**

Request for Proposals

- A request for proposals (RFP) was updated and released on September 22, 2023 to search for a consultant to provide a direct technical assistance program to eligible PLEDGE program participants
- Guidance was provided to prospective consultants that their cost proposal should not exceed an overall operating budget of $35,000 and the City received eight proposals
- An evaluation committee comprised of City Staff, the NAACP, and with the assistance of the City Purchasing Division finalized the proposal scoring on February 1, 2024
- The final scores resulted in the following ranked list:
  - The Brenda Davis Law Group
  - Tulip & Oak Consulting
  - CalAsian
  - Oaksterdam University
  - Debrief/Next Steps
  - Canna Business Services
  - Roads Consulting
  - LAV8 Corporation

Contract Negotiations

- The City Purchasing Division entered contract negotiations with the top ranked candidate, The Brenda Davis Law Group to determine if Brenda Davis would be able to reduce the cost proposal from $228,000 to the authorized $35,000 level
- On February 26, 2024, Brenda Davis informed the City that the firm would be unable to provide the required scope of work at a $35,000 level
- Following this the City met with the second ranked consultant Tulip and Oak Consulting to confirm that they could provide the required services at $35,000
- Tulip and Oak confirmed that they could provide the required services at the $35,000 level

Consultant Experience

- Andrea Unsworth, owner of Tulip & Oak Consulting, is a co-Founder and former board member of Supernova Women. An organization that has assisted dozens of social equity individuals become self-sufficient in the cannabis industry
- Tulip & Oak worked directly with the City of Oakland in developing a cannabis equity grant and loan program launched in 2019
- The company has also provided technical assistance to equity operators in the cities of Oakland, Palm Springs, and Los Angeles
    - Work included compliance reviews, standard operating procedure development, operational planning, financial statement preparation, and website development

Scope of Work

- Tulip & Oak Consulting will provide a technical assistance program comprised of six in person workshops
- The workshops will be designed to teach the fundamental, core business and operational concepts which can then be applied to specific sectors of the legal cannabis industry
- An initial assessment will be provided to verified cannabis equity program participants to gauge their overall skill levels to provide the education that will be most impactful
- Tulip & Oak Consulting will also provide five-hour one-on-one consultation sessions to program participants

Workshop Topics

Courses will take place in person on Saturdays for a total of 36 hours over six weeks

Week 1: Introduction to the California cannabis market and the steps to build a cannabis business.

(6.5 hours)

Week 2: Cannabis accounting, finance, real estate, and security plans.

(6.5 hours)

Week 3: Cannabis business operations with an overview of the supply chain and branding practices.

(6.5 hours)

Week 4: State and Local licensing with business plan review.

(3.5 hours)

Week 5: Operating and expanding a cannabis business with hands-on training by license type.

(6.5 hours)

Week 6: On-site visits to licensed cannabis facilities.

(6.5 hours)

Staff Recommendation

- Motion directing Staff to prepare an Agreement with Tulip & Oak Consulting, Inc., not to exceed $35,000 to provide direct technical assistance services for the Modesto Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE).

Questions?

CITY OF
MODESTO
CALIFORNIA

Item 2

COMMITTEE RECOMMENDATION REGARDING THE TWO REMAINING UNISSUED DISPENSARY PERMITS

Dispensary Permits

- On December 12, 2017, by Resolution No. 2017-525, Council limited the total number of permits that may be issued for commercial cannabis retail dispensaries to an amount not to exceed ten (10) permits
- Council also directed Staff to prepare an RFP process to gather applications for dispensary permits under the authority of the same resolution

Dispensary Proposal Evaluations

- The original proposals were evaluated initially by Staff and HDL based on a set of technical requirements under these categories

Business Plan	Site Security Plan	Facility, Environmental, & Design Considerations	Convenience to Community
Experience	Security plan narrative	Green practices	Evidence of property ownership/permission from owner
Operating and management plan	Cameras, types, locations	Traffic/parking impacts	Location accessible by public transportation
Proof of capitalization	Security by environmental design	Architecture/design quality/façade improvements	Analysis of projected customer base
	Alarm system, doors, panic button		
	Entry/exit procedures		
	Compliance with Section 10-3.706 of Muni Code		
	Procedures for product and currency transport/storage		
	Building improvements		

Dispensary Permit Selection Process

- The City received twenty (20) cannabis dispensary proposals during the original 2018 RFP process
- City staff, along with consultant HDL, reviewed the applications against technical requirements and assigned each a score, up to a maximum of fifty-five (55) points
- A Council Ad Hoc Cannabis Committee also conducted interviews of each applicant regarding the community benefits of each proposal
- The Ad Hoc Committee considered the technical and community benefit scores as well as results of applicant interviews and ultimately recommended the issuance of eight (8) dispensary permits
- On December 19, 2018, by Resolution No. 2018-566 Council approved the issuance of eight (8) dispensary permits out of the approved ten (10) available.

Per Capita Data

- HDL completed an assessment of cannabis retail sales in California on September 21, 2022. They recommend a general benchmark ratio of 1 dispensary business to every 20,000 citizens
- This benchmark can be used to determine if a cannabis market is reasonably served
- As of the date of the report there were 7 dispensaries operating in the City, 2 in the sphere of influence, and 19 county-wide
- This results in a rate of 1 dispensary serving approximately 19,750 residents in Stanislaus County

Cannabis Retailers, Sales, and Sales per Capita by County 2021					
County; All Agencies	Population	Number of Retailers	Population per Retailer	Total Retail Sales	Sales per Capita
Alameda	1,656,791	204	8,122	$273,569,272	$165
Calaveras	45,040	4	11,260	$12,423,700	$276
Contra Costa	1,154,158	18	64,120	$120,344,037	$104
El Dorado	195,380	12	16,282	$33,003,661	$169
Humboldt	130,859	41	3,192	$49,077,328	$375
Imperial	186,064	14	13,290	$20,842,841	$112
Kern	915,273	8	114,409	$20,419,736	$22
Lake	63,948	6	10,658	$9,718,775	$152
Los Angeles	10,045,420	434	23,146	$1,554,227,438	$155
Marin	257,879	8	32,235	$14,162,740	$55
Mendocino	86,672	30	2,889	$28,613,877	$330
Merced	284,857	9	31,651	$52,402,374	$184
Mono	13,296	5	2,659	$5,899,438	$444
Monterey	437,347	26	16,821	$77,441,041	$177
Napa	137,689	6	22,948	$11,508,038	$84
Orange	3,154,577	29	108,779	$273,249,465	$87
Riverside	2,454,741	137	17,918	$374,176,140	$152
Sacramento	1,561,232	101	15,458	$304,252,948	$195
San Bernardino	2,177,209	41	53,103	$113,933,330	$52
San Diego	3,316,066	62	53,485	$464,746,668	$140
San Francisco	875,062	74	11,825	$231,270,261	$264
San Joaquin	783,722	8	97,965	$63,426,658	$81
San Luis Obispo	271,190	21	12,914	$55,021,831	$203
San Mateo	765,487	17	45,029	$31,851,931	$42
Santa Barbara	441,224	29	15,215	$72,488,624	$164
Santa Clara	1,934,704	17	113,806	$220,033,935	$114
Santa Cruz	261,131	27	9,672	$62,332,024	$239
Shasta	177,810	12	14,818	$52,694,135	$296
Siskiyou	44,338	8	5,542	$6,371,830	$144
Solano	438,603	23	19,070	$68,154,581	$155
Sonoma	484,238	33	14,674	$106,595,333	$220
Stanislaus	552,999	28	19,750	$161,463,512	$292
Tulare	481,818	10	48,182	$59,822,581	$124
Ventura	835,467	19	43,972	$58,482,685	$70
Yolo	217,531	8	27,191	$35,786,055	$165
Totals:	**36,839,825**	**1,529**		**$5,099,808,823**	**$138**
Average Population per Retailer:			**32,058**		
Average Sales per Capita:					
All counties with active cannabis retailers					**$138**
Counties with fewer than 1 retailer per 40,000 residents					**$84**
Counties with more than 1 retailer per 40,000 residents					**$207**
Counties with more than 1 retailer per 20,000 residents					**$226**
Counties with more than 1 retailer per 10,000 residents					**$283**

Note: This data assumes that all microbusinesses include a retail component

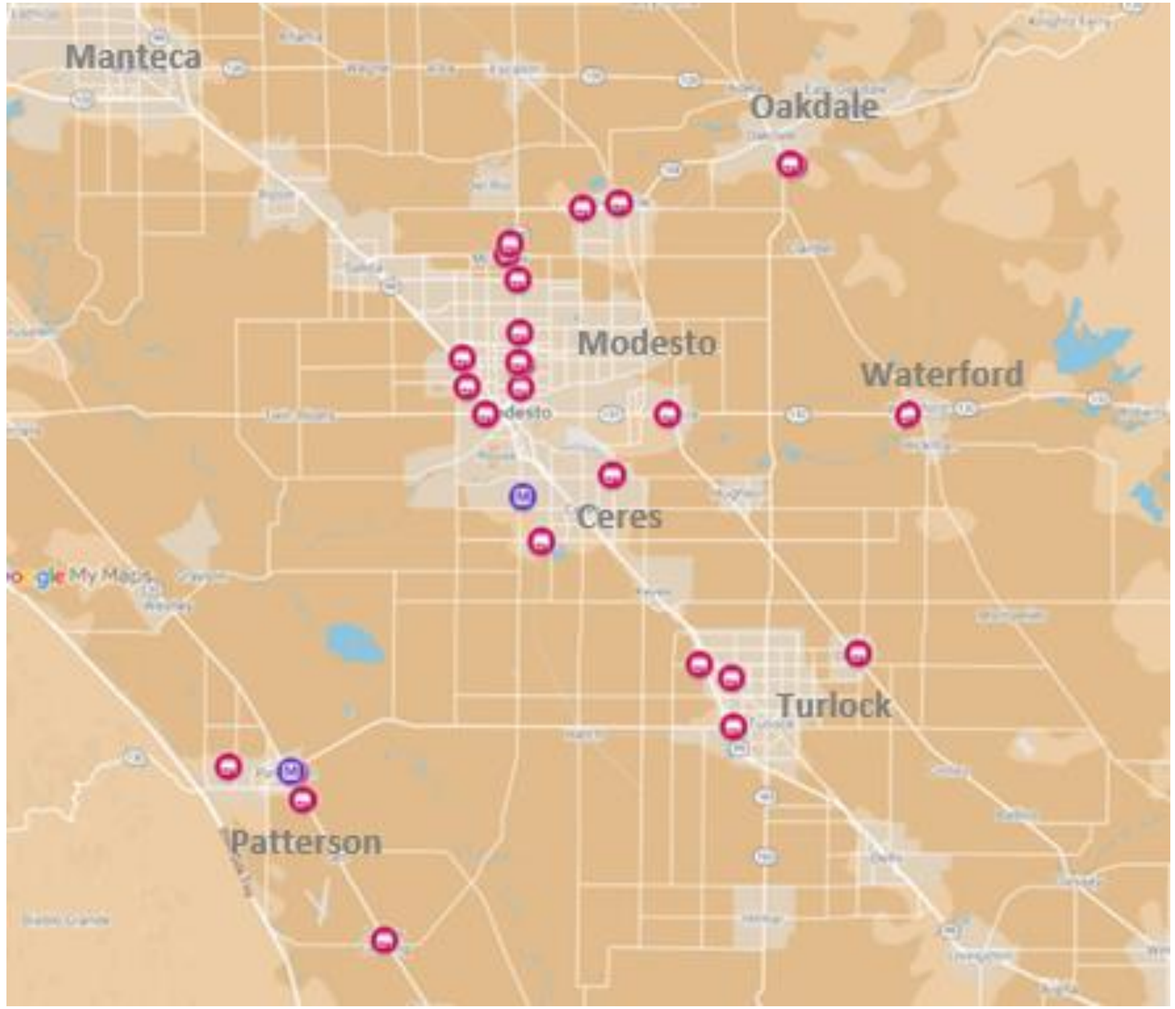
Per Capita Data Analysis

- Of the 35 Counties analyzed:
  - Stanislaus currently ranks 16th in cannabis retailers per capita while also ranking 5th in sales per capita

County	Population	Number of retailers	Cannabis Retailer per Capita	Total Retail Sales	Cannabis Retail Sales per Capita	Comparison of Cannabis Retailers per capita	Comparison of retail sales per capita
San Joaquin	783,722	8	97,965.25	$ 63,426,658	$ 80.93	4	30
Merced	284,857	9	31,650.78	$ 52,402,374	$ 183.96	12	12
Stanislaus	552,999	28	19,749.96	$ 161,463,512	$ 291.98	16	5
Riverside	2,454,741	137	17,917.82	$ 374,176,140	$ 152.43	18	20
San Francisco	875,062	74	11,825.16	$ 231,270,261	$ 264.29	27	7

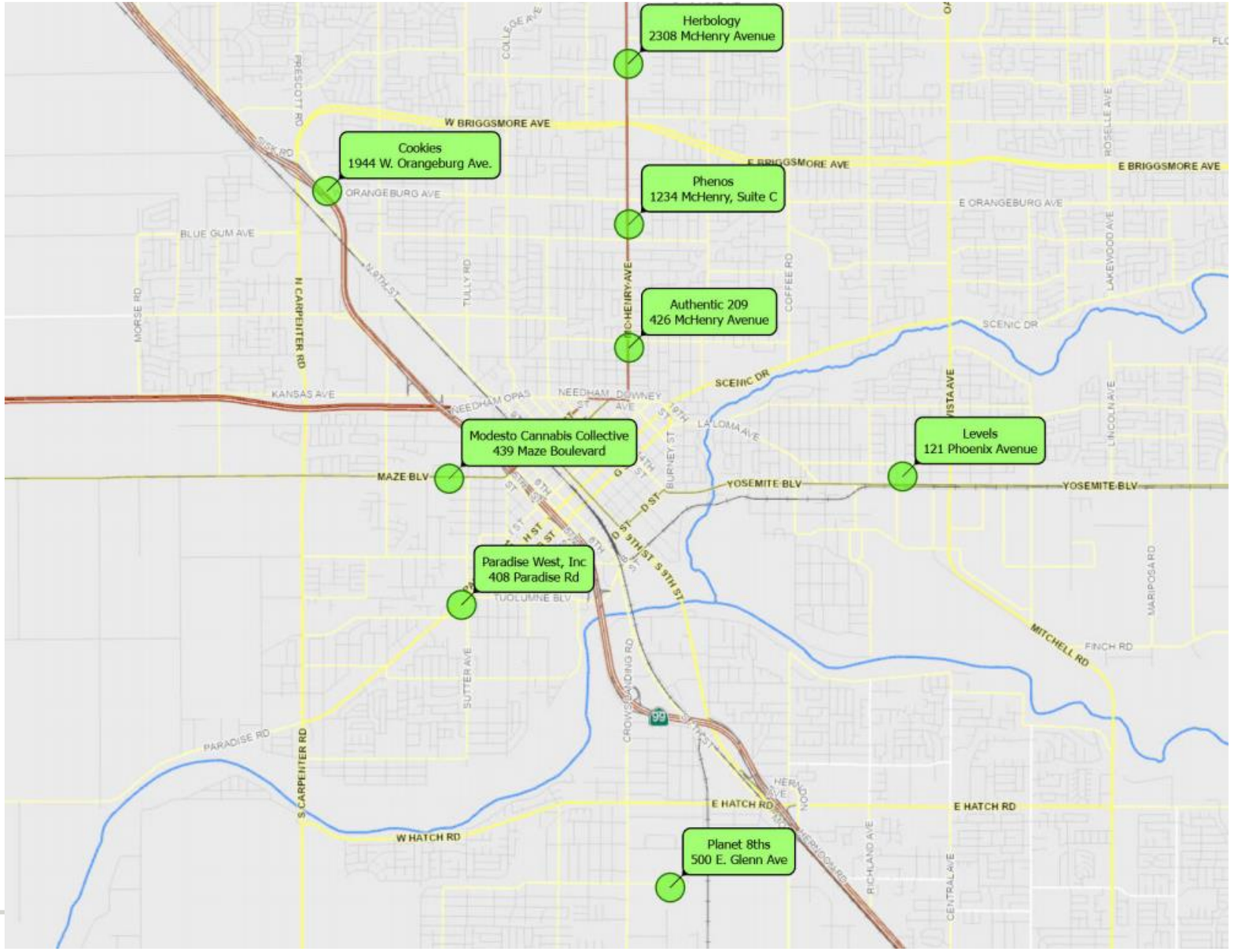
Dispensary Regional Map

- Regional Map showing all licensed cannabis retailers in Stanislaus County as of the date of HDL's report



Dispensary City Map

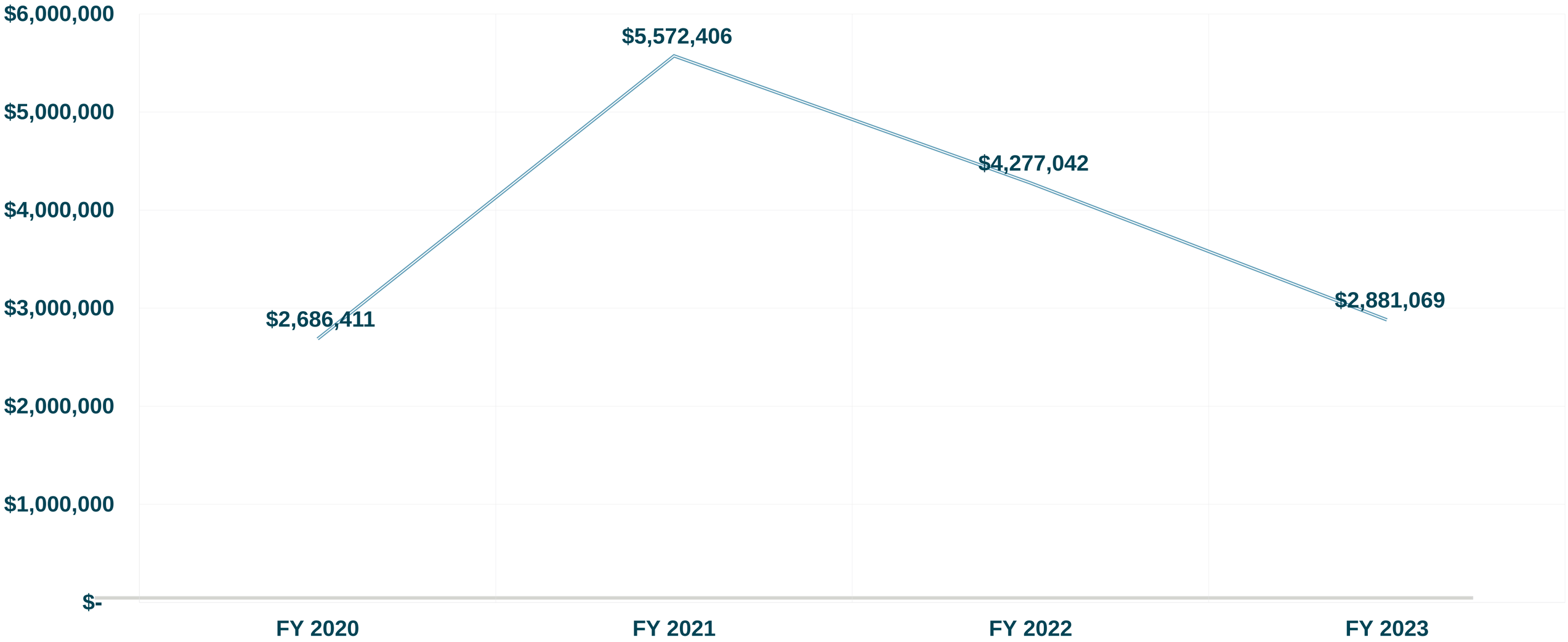
- Area map showing the eight licensed cannabis retail dispensaries within City limits



Cannabis Retail Excise Tax Revenue

- Revenue and sales peaked from January 2019 through May 2021
- Following this time sales have consistently declined from 1-7% on a monthly basis with an average decrease annually over the last three fiscal years
    - Excise tax revenue in fiscal year 2021 totaled $5,572,406 compared to $2,881,069 in fiscal year 2023

Cannabis Retail Excise Tax Revenue



Consideration of the Two Remaining Permits

- Since dispensary permits are limited by Council resolution City Staff has received multiple inquiries regarding the remaining dispensary permits from the stakeholders indicated below:
  - Original applicants that participated in the 2018 RFP process
  - New businesses seeking to come into Modesto
  - Cannabis equity program stakeholders

Cannabis Equity Programs

- PLEDGE participants will be eligible for direct technical assistance workshops as well as grants to assist with the payment of business start-up expenses necessary to become an operational commercial cannabis business.
- Other cities in California have released cannabis retail business permits to equity only participants.
- City of Oakland dispensary permits are now only open to Equity participants
- In November of 2020, The City of Sacramento approved 10 dispensary permits exclusively for participants in their Cannabis Opportunity Reinvestment and Equity (CORE) program.

Cannabis Equity Licenses

884 total licenses
24% Commercial retail

City	Cultivation	Manufacturing	Distribution	Retail (Storefront)	Retail (Nonstorefront)	Testing Laboratory
Coachella	0	0	0	3	0	0
Humboldt County	234	2	3	4	0	0
Long Beach	0	0	1	0	0	0
Los Angeles	54	47	53	41	37	0
Oakland	32	71	115	158	0	0
Palm Springs	0	0	0	1	0	0
Sacramento	6	5	6	1	3	0
San Francisco	1	1	1	4	0	0
	327	**126**	**179**	**212**	**40**	**0**

Consideration of the Two Remaining Permits

- Due to inquiries regarding the two remaining dispensary permits and timing for the Cannabis Equity Workshops and grants staff is seeking direction regarding the two (2) remaining unissued commercial cannabis retail permits
- If released- should these licenses be available to only Cannabis Equity paricipants.

Questions?

Item 3

CONSIDERATION OF PLEDGE PROGRAM GRANTS TO EQUITY BUSINESSES

CITY OF MODESTO

CANNABIS EQUITY PROGRAM

PLEDGE

CITY OF
MODESTO
COMMUNITY & ECONOMIC
DEVELOPMENT

Historic Summary

- CA Cannabis Equity Act of 2018 (SB 1294, Bradford, 2018)
  - Established state-run program intended to widen participation among marginalized and economically disadvantaged communities in the marijuana industry. The findings of this act included:
    - Persons convicted of a cannabis offense and their families suffer the long-term consequences of prohibition
    - The collateral consequences associated with cannabis law violations, coupled with generational poverty and a lack of access to resources, make it extraordinarily difficult for persons with convictions to enter the newly regulated industry
    - It is the intent of the Legislature in enacting this act to ensure that persons most harmed by cannabis criminalization and poverty be offered assistance to enter the multibillion-dollar cannabis industry
- Goal is to support equity applicants and equity licensees by offering local jurisdictions grant funding to perform equity assessments and develop equity programs

Program Adoption

- The City of Modesto completed a cannabis equity program assessment in October of 2022
- The assessment provided the support of a need in the community for a cannabis equity program to assist individuals that were affected by cannabis prohibition
- The report established three community defined barriers to entry into the legal cannabis industry:
  1. Education and Technical Training
  2. Community Reinvestment-Focus being on the previously mentioned zip codes
  3. Access to Capital-Grants/loans for start up expenses
- On December 13, 2022, by resolution 2022-479, Council formally adopted a cannabis equity program based on the findings in the assessment report

Eligibility for The Cannabis Program PLEDGE

- Residency:
  - Applicant must have lived for at least five (5) years, prior to November 8, 2016, in the following zip codes: 95355, 95354, 95350, 95351; **and**
- Income:
  - In the year prior to submitting the application, the applicant must have resided in a household with an income at or below 80% of the Area Median Income for Modesto; **and**
- Cannabis Criminalization:
  - The applicant was arrested or convicted for a crime relating to the sale, possession, use, or cultivation of cannabis in California, prior to November 8, 2016, excluding those offenses which would be disqualifying for cannabis licensure under current State law; **or**
  - The applicant had a parent, guardian, child, or sibling convicted of a crime relating to the sale, possession, use, or cultivation of cannabis in California, prior to November 8, 2016, excluding those offenses which would be disqualifying for cannabis licensure under current State law.

What will proof of eligibility look like?

- Proof of Income:
  - State tax returns and at least one of the following documents from the last five (5) years: two months of pay stubs; proof of current eligibility for General Assistance, food stamps, Medi-Cal/CalWORKS, supplemental security income, or social security disability, or similar documentation.
- Proof of residency:
  - A minimum of two of the following documents: California driver's or identification card records, property tax billings and payments, signed rental agreement, verified copies of state or federal tax returns with an address in the geographic area of the City of Modesto, school records, medical records, banking records, Housing Authority records, or utility, cable, or internet company billing and payment records.
- Proof of arrest or conviction of a cannabis related crime:
  - Federal or state court records indicating the disposition of the criminal matter, records expungement documentation, or any other applicable law enforcement record.

Income Thresholds

- Total gross household income must be at or below 80% of the area median income. Income must be at or below the following income levels:

Family Size	Gross Monthly Income	Gross Yearly Income
1	$3,720.83	$44,650
2	$4,250.00	$51,000
3	$4,783.33	$57,400
4	$5,312.50	$63,750
5	$5,737.50	$68,850
6	$6,162.50	$73,950
7	$6,587.50	$79,050
8	$7,012.50	$84,150

Program Benefits: Technical Assistance Workshops

- After an applicant is verified as PLEDGE program eligible, they will be enrolled in the technical assistance workshop to be provided by Tulip and Oak Consulting
- The direct technical assistance consultant will provide a six (6) week curriculum to eligible program applicants
- Each operator will also have the opportunity for one-on-one business coaching following the workshops up until October 2024 when the funds are to be exhausted

Program Benefits Grants to Equity Business Owners

- To receive grant funding the business must:
  - Have an owner with not less than 51% ownership who meets the PLEDGE program eligibility criteria
  - The owner must have completed the direct technical assistance workshops
  - And they must have a commercial cannabis permit application submitted
- Eligible expenses would include rent, legal costs, regulatory fees, accounting, and insurance
- Staff recommends issuing $70,000 grants to up to four (4) equity business owners

Grant Agreement

- Grant recipients will be required to sign a grant agreement with the City of Modesto
- The recipient would be required to submit documentation and receipts on what the grant funding was used for.
- If funding is found to be used for ineligible expenditures the City will be entitled to pursue remedies from requiring funds to be returned to barring the applicant from future grant opportunities.

Program Timeline

- **May**: Requests for applications through community advocacy organizations and social media posts
- **June**: Classes begin, 6-week course through Tulip and Oak Consulting
- **July**: Grant application window opens
- **August**: Staff review period for grant applications
- **September:** Cannabis Program and Permit Review Committee meeting to consider the applications
- **October**: Council award of the grant agreements
- **October 31, 2024**: Grant agreement term expires, any funding that is not expended must be returned to the Governor’s Office of Business and Economic Development

CITY OF MODESTO
CANNABIS EQUITY PROGRAM
PLEDGE

CITY OF MODESTO
COMMUNITY & ECONOMIC DEVELOPMENT

CANNABIS PERMIT PROGRAM

(209) 571-5157 | www.modestogov.com/2848

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to learn more

Staff Recommendation

- Consider approving the City's Cannabis Equity Program (Providing Local Equity Development Grants and Education (PLEDGE)) to provide up to four (4) grants to verified PLEDGE participant owned businesses, in an amount not to exceed $70,000 per grant.

CITY OF
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CALIFORNIA

Item #15

ORDINANCE AMENDING ADULT-ORIENTED BUSINESSES

Jessica Hill, Director of Community and Economic Development

City Council
April 23, 2024

Background

- Adult-Oriented Businesses / Adult Uses involve “adult-oriented material”, “sexually-oriented merchandise”, “specified sexual activities”, or “specified anatomical areas.”
- Municipalities are required to zone for range of potential sites for Adult Uses.
- Our current ordinance has not been updated since 1997, despite ever-evolving changes in the adult fare industry.

Purpose

The purpose of the Ordinance update:

1. **The Modesto Municipal Code has not been updated to align with case law and industry best practices.**
2. **Provide for state-of-the-art definitions.**
3. **Provide for the most up-to-date operational standards.**

Ordinance Updates

Proposed review and/or amendments in the Ordinance can be grouped into three main categories:

1. **Location**
2. **Definitions and Determination of Adult-Oriented Business Applicability**
3. **Regulatory Permits- Operating Standards**

Locational Criteria

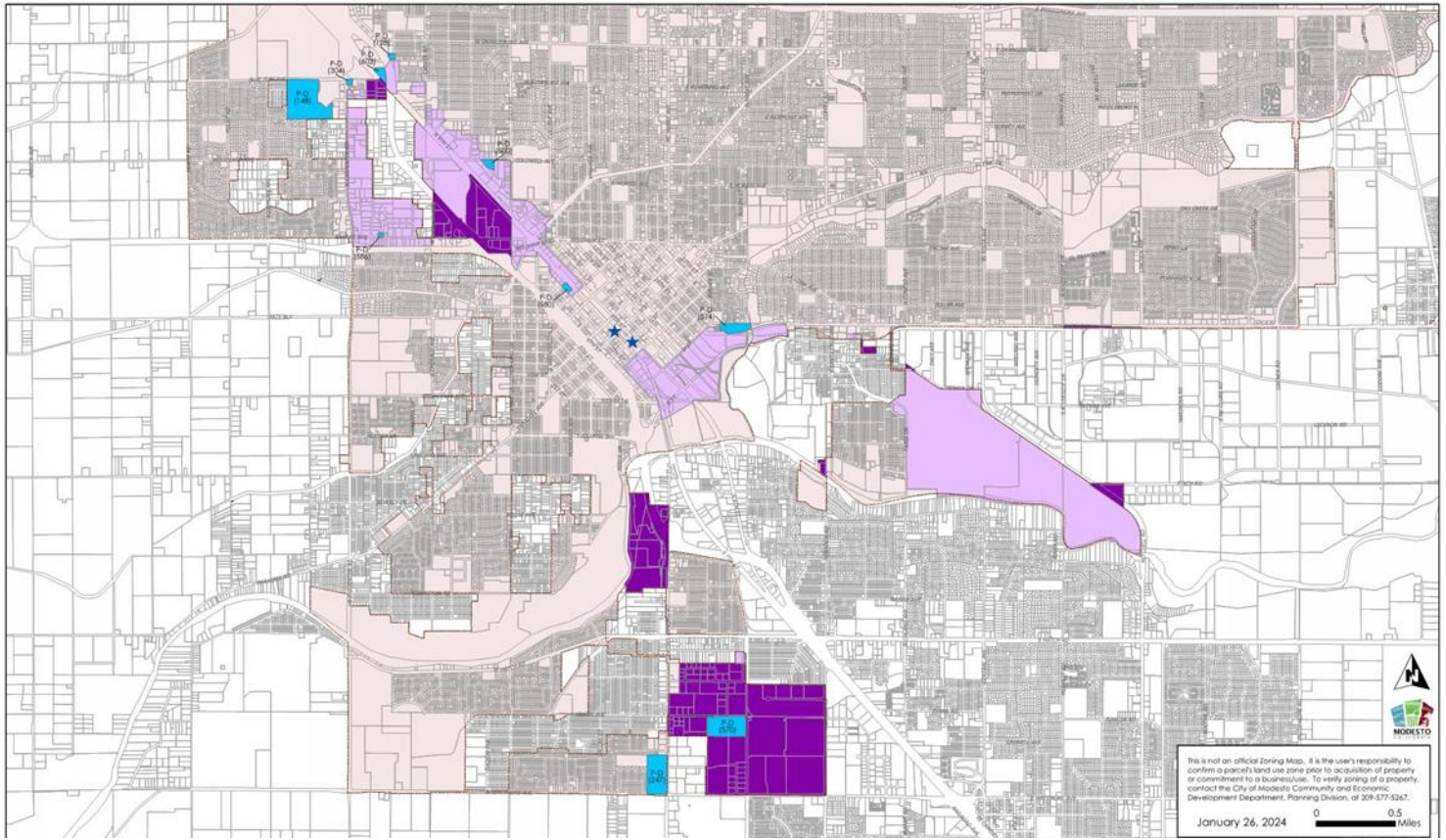
Topanga Press, Inc. v. City of Los Angeles

- Courts ruled that jurisdictions must allow adult uses in locations in the "relevant real estate market" (e.g. only allowing at landfills, hospitals, sewage treatment plants, etc.)

City of Modesto Standards

1. M1 or M2 (Industrial) Zoning
2. 300' from residential use, parks, churches/places of worship, or schools
3. 500' from another legally-permitted Adult Use

Zoning Map


This is not an official Zoning Map. It is the user's responsibility to confirm a parcel's land use zone prior to acquisition of property or commitment to a business/use. To verify zoning of a property, contact the City of Modesto Community and Economic Development Department, Planning Division, at 209-577-5267.
January 26, 2024
0
0.5
Miles

Locational Criteria

The study determined that the City had a sufficient amount of sites available.

No changes proposed to the locational criteria.

Definitions

1) Adult Bookstore: Is an establishment that has thirty (30) percent or more of its stock in books, magazines, periodicals or other printed matter, or of photographs, films, motion pictures, video cassettes, slides, tapes, records or other form of visual or audio representations which are distinguished or characterized by an emphasis upon the depiction or description of specified sexual activities and/or specified anatomical areas.

2) Staff recommends replacing the 30% threshold with “Regular and Substantial.”

   - Definition avoids percentages and instead, looks at the whole of the operation, allowing the City to more accurately identify Adult Uses.
   - Currently, businesses can circumvent application of “Adult Use” standards by minimizing the proportion of adult materials with non-adult materials.
   - Definition “Regular and Substantial” has been used by many other cities and upheld in case law.

Regulatory Permits- Operating Standards

- Regulatory Permits are currently required for all adult businesses. Staff is recommending to add the following items to the Regulatory Permit
  - Background checks for *all* employees.
  - Installation of security cameras in parking lots of live entertainment businesses.
  - 24-hour security for live entertainment businesses.
  - Lighting requirements for all Adult Uses.

Summary and Next Steps

- Summary:
  - Updating the Muni code to align with case law and industry best practices.
  - Provide for state-of-the-art definitions.
  - Provide for the most up-to-date operational standards.
- The second reading of the Ordinance will be on May 7, 2024.
- The Ordinance will then be effective 30 days following the approval, on June 6, 2024.

Questions?

Staff Recommendation

- Motion introducing and waiving the first reading of an Ordinance repealing and replacing Modesto Municipal Code Title 5, Chapter 9 providing definitions, permitting requirements, and operating standards for adult-oriented businesses along with adding permitting provisions for adult performers and non-performers at adult-oriented businesses; and amending Title 10, Chapter 3, Article 3 regarding definitions for adult-oriented businesses.

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CITIZENS' SALARY SETTING COMMISSION 2024 FINAL RECOMMENDATIONS

Jan Viss, Chair, Salary Setting Commission
City Council, April 23, 2024

Acknowledgements

- Commissioners
- Staff
- Mayor and Councilmembers

BACKGROUND

Charter Requirements

- City of Modesto Charter Article VII – Section 703. – Compensation for Elected Officials
  - Establishes Citizen's Salary Setting Commission
    - Five qualified electors residing within the City and appointed by Council
- Meeting requirements
  - Between March 1 and April 30 on even numbered years
  - Last meeting was convened in 2014
  - Current commission met nine times

Charter Requirements Continued

- Salary guidelines
  - Salary of Mayor shall be no more than fifty percent (50%) of the salary for a Superior Court Judge in Stanislaus County – *Cap $119,239*
  - Salary of a Councilmember shall be no more than fifty percent (50%) of the median family income for the Modesto Metropolitan statistical area – *Cap $36,687.50*
- Current salary status
  - The salaries for both the Mayor and Councilmembers have not increased since 2008
  - The Mayor's current salary is $43,200 per year
  - The Councilmember's current salary is $24,000 per year

RECOMMENDATIONS AND METHODOLOGY

Final Recommendations of the Commission

- The Mayor's salary shall be set at no more than $54,000/yr. or $4500 /mo.
- The Councilmember's salary shall be set at no more than $30,000/yr. or $2500/mo.

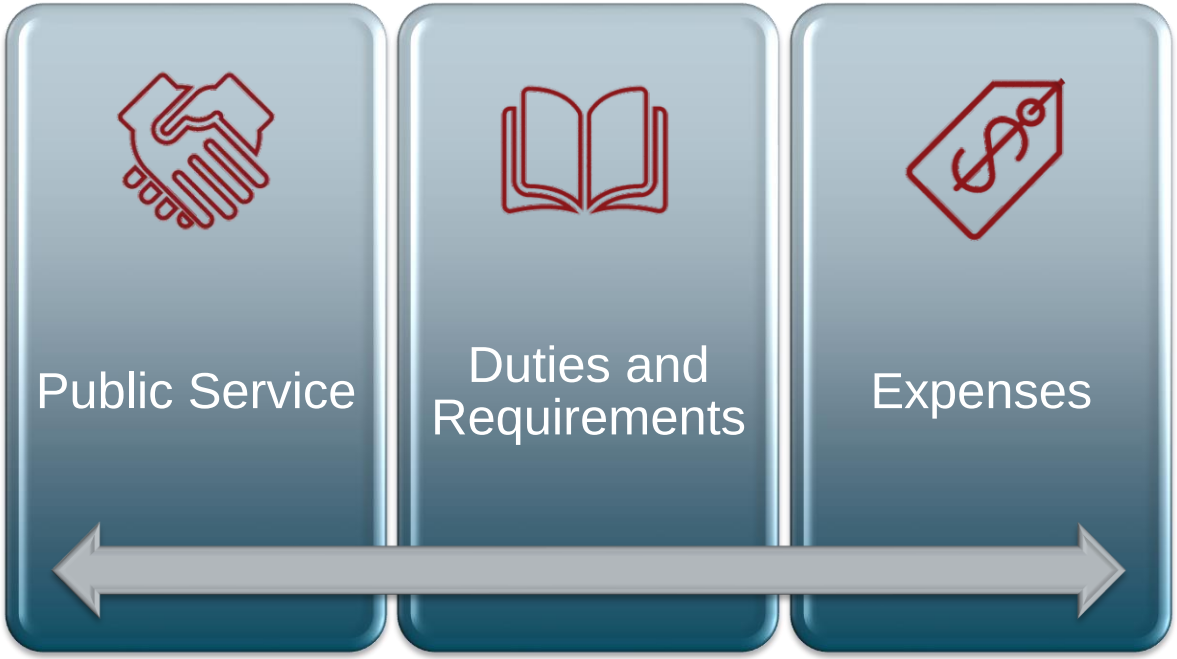
Data Considered - Mayor

Category	High	Low	Average/Median
San Joaquin Valley Cities	$141,520	$6,000	$51,352 Average
Stanislaus County Cities	$8,400	$3,000	$4,232 Average
Charter/Similar Population	$122,918	$12,956	$20,482 Median
Charter/Similar Budget	$79,608	$9,600	$26,808 Median

Data Considered - Councilmember

Category	High	Low	Average/Median
San Joaquin Valley Cities	$85,100	$4,800	$29,865 Average
Stanislaus County Cities	$6,000	$1,200	$4,115 Average
Charter/Similar Population	$28,058	$1,101	$18,338 Median
Charter/Similar Budget	$79,608	$9,600	$27,479 Median

Other Considerations



Modesto General Statistics

- +16,000 residents since 2008 ⟹ Approx. 218,000
- 19th largest city in California
- Number 145 “best places to live” out of 150 largest metropolitan areas across country
- Median Household Income - $73,375
- Median Salary of All Employed Modestans - $59,446

Charter Process to Set Compensation (Section 703(d)) – *City Attorney*

”Each recommendation by the Commission, together with the reasons for the recommendation, shall be made in writing by the Commission.

Before any such recommendation is provided to the Council, a draft recommendation shall be made available to the public and the Commission shall hold at least two public hearings on the matter before it adopts its final recommendation.

When such final recommendation has been submitted to the Council, it shall not thereafter be amended by the Commission.

Upon receiving the final recommendation from the Commission, the Council may adopt the compensation as recommended by the Commission or may adopt compensation in some lower amount, but in no case may adopt compensation in some higher amount. The Council may only adopt all such compensation by ordinance and after a public hearing of which legal notice is published in a newspaper of general circulation within the City at least 20 days prior to said hearing. Salaries established by ordinance adopted pursuant to the provisions of this Section shall remain in effect until amended by a subsequent ordinance adopted pursuant to the provisions of this Section. The compensation being paid to Councilmembers as of the effective date of this Section shall continue until any subsequent compensation is established pursuant to the requirements of this Section.”

Recommended Motions

Motion accepting the Citizens' Salary Setting Commission 2024 Recommendations for the Mayor and Councilmembers' salaries.

Motion setting a Public Hearing for the May 14, 2024 Council Meeting and directing the City Attorney to draft an Ordinance amending the salaries for the Mayor and Council Members pursuant to Charter Section 703.

QUESTIONS?

CITY OF
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CALIFORNIA

Item 5

AGREEMENT FOR LOAN SERVICING WITH AMERINAT

Edgar Garcia
Community Development Manager
April 29, 2024

Background

- As a HUD entitlement community, the City receives various funding grants in addition to the standard formula grant allocation each year for the following type of funding: Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) funds.

- This funding is allocated to eligible projects in the form of grant, loan or forgivable loan. To help ensure the funding is able to provide continued value, the
    - An agreement is executed to secure funds and to ensure the property remains affordable under the grant terms and guidelines.
    - Based on the terms of each agreement, the City receives program income.

- To manage the loan profile, the City of Modesto contracts with a loan servicer who manages the loan portfolio and collects the program income payments from the outstanding loans.

Request for Proposals

- The City of Modesto has utilized loan servicing through Community Reinvestment Fund, USA (CRF) to manage our HUD loan profile since 1994. The most recent contract was amended on November 14, 2023, via Resolution 2023-501, extending the term through June 30, 2024.
- On September 25, 2023, the City was notified that CRF was discontinuing servicing consumer loan assets, which began the process for searching for a replacement loan servicer.
- A Request for Proposals (RFP) was released on November 21, 2023, through Planet Bids.
- A total of seven vendors downloaded the RFP and at the time of bid closing on January 16, 2024, AmeriNational Community Services, LLC (dba AmeriNat) was the only proposal received.
- After reviewing the proposal and conferring with other municipalities, the services offered by AmeriNat are in line with the needs of the City's loan portfolio.

Agreement with AmeriNat

- There are nearly 300 loans in the City's current portfolio and there are approximately 50 loans that are currently classified as commercial multifamily loans.

- Less than 60 loans have monthly payments, while the remaining loans have deferred payments.

    - Residential Loan Portfolio: $12.5 million
    - Commercial Loan Portfolio: $14.8 million
    - Total loan portfolio is approximately $27 million

- As the City continues to partner with developers, agencies, and homeowners, the loan portfolio continues to grow.

Fiscal Impact

- The City is seeking an agreement not to exceed $250k for 2-year term, with 3 one-year extension options. Based on actuals, the estimated annual spend is approximately $50k annually for a 5-year period.

- The standard fee is below:

    - Standard Servicing for Loans: $15 per loan per month
        - The service includes payment processing, billing notices, customer service, and client reporting

- These fees will be paid to the loan servicer following the review of an invoice and will either paid by recaptured by the interest on the loans paid to the City or grant funds (Community Development Block Grant, HOME Investment Partnerships, Permanent Local Housing Allocation, and other State and Federal grant funds).

Questions?

Recommended Action

Motion recommending the Award of Bid and Agreement for loan servicing services to AmeriNational Community Services LLC (dba AmeriNat), for two (2) year agreement with three (3) one-year extension options, for an estimated annual amount of $50,000 and a total amount not to exceed $250,000 over five years and forwarding to Council for approval.

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HOME DEPOT AGREEMENT

Finance Committee, April 29, 2024

DeAnna Christensen, Director of Finance

BACKGROUND

- Home Depot is utilized by City staff for quick access for operational supplies such as painting, maintenance, and repair supplies
- Home Depot stores are located in Modesto, Riverbank, Ceres and Turlock
- City staff currently use their City Pcard to purchase supplies based on the best price, value and access

DISCUSSION

Based on the increase of usage by City departments, the Purchasing Division identified a cooperative agreement to benefit from discounts and rebates

The cooperative agreement was established under a Request for Proposals conducted by Maricopa County, AZ and solicited throughout the US

Five Proposals were received and Home Depot was awarded as part of the results of this solicitation

The bidding process aligns with the City's bidding procedures as defined under the City's MMC

BENEFITS

- 20% off on all interior, exterior paints and primers
- Obtain discount pricing on off the shelf pricing for thousands of supplies
- Bulk discount pricing for over 4,000 supplies
- Receive up to 5% rebate checks based on annual spending activity
- Receive additional discounts for purchases over $2,500
- Obtain real-time reporting on all spending transactions through Home Depot

FISCAL IMPACT

- Sufficient funds will be budgeted by all City department who purchase through Home Depot as part of their fiscal year budget
- Below is the breakdown of the spending allocation by department

Department	Annual Agreement Amount
Engineering Services	$ 5,000
Finance Stores	$ 25,000
Modesto Fire Department	$ 60,000
Modesto Police Department	$ 30,000
Parks Recreation and Neighborhood	$ 40,000
Public Works	$ 60,000
Utilities Department	$ 100,000
Total	**$ 320,000**

STAFF RECOMMENDATION

Motion recommending the Agreement for operational supplies to The Home Depot USA. Inc by utilizing the Competitive Bidding Process from Maricopa County, AZ for a two-year Agreement with three one-year extension options, for an annual estimated amount $320,000 and a total amount not to exceed $1,600,000 over five years; and forwarding to Council for approval.

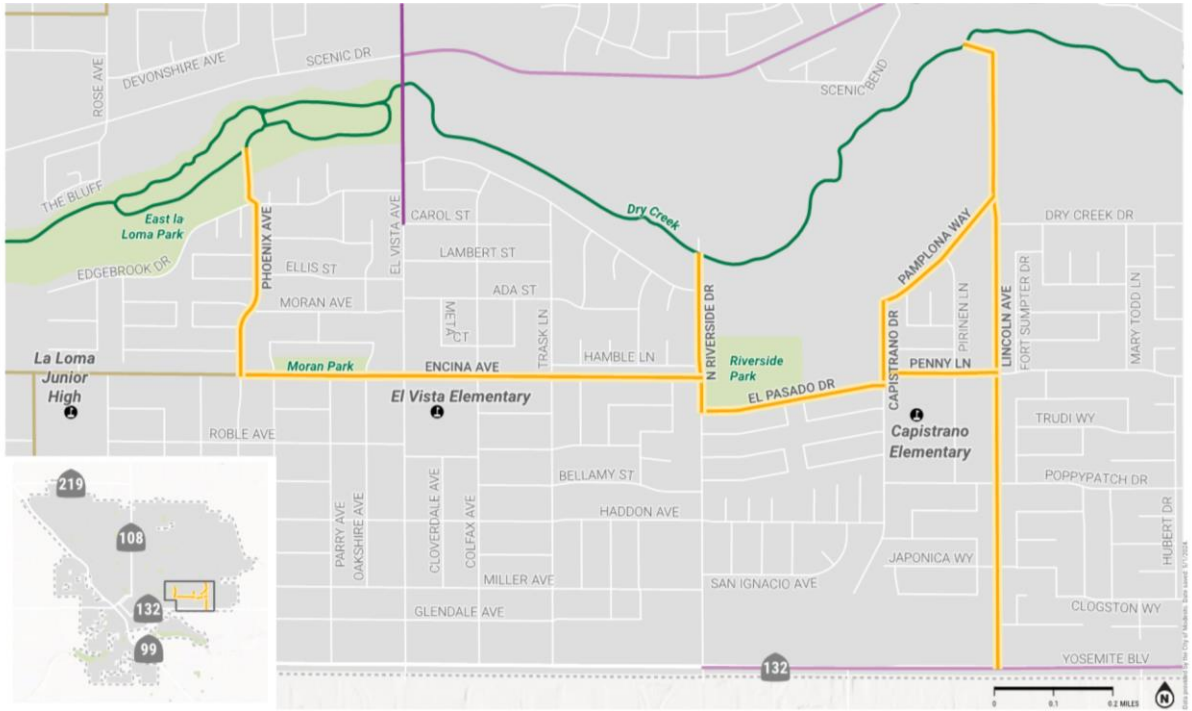
QUESTIONS?

ACTIVE TRANSPORTATION PROGRAM CYCLE 7 GRANT APPLICATION (ATP)

May 6, 2024
Economic Development Committee Meeting

Toby Wells, P.E.
Director of Engineering Services/City Engineer

Lincoln-Encina Bike Path



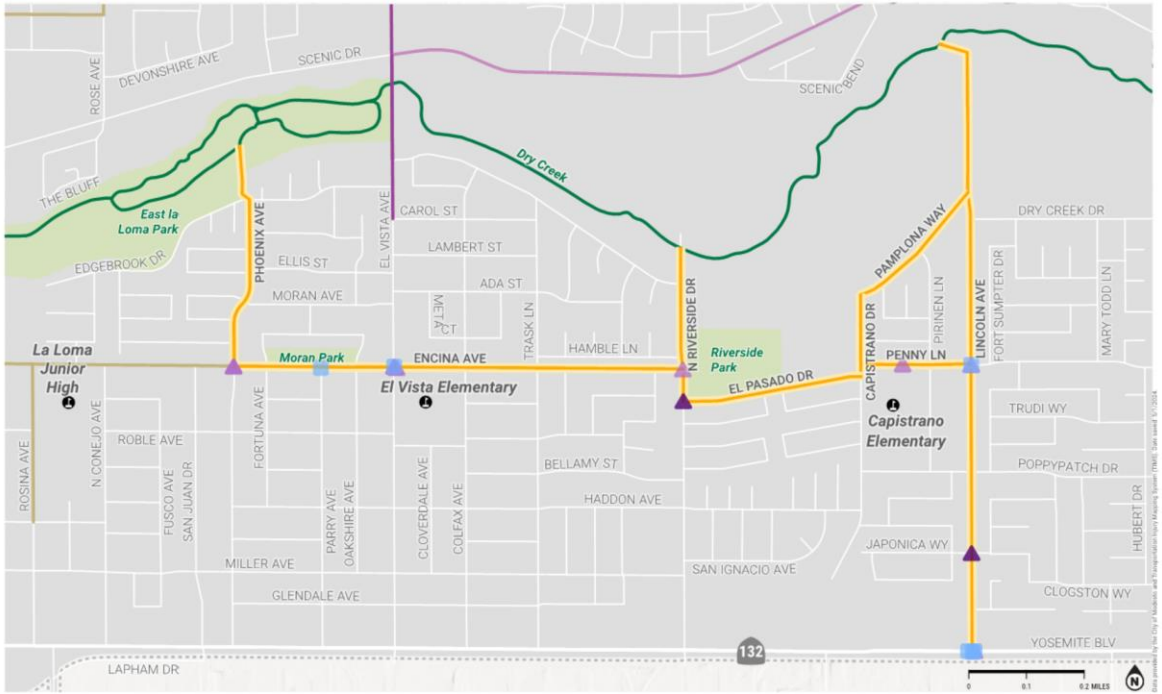
PROJECT LOCATION MAP
CITY OF MODESTO
LINCOLN-ENCINA BIKE PATH

PROJECT EXTENT
- Lincoln-Encina Bike Path

EXISTING BIKE FACILITIES
- Multi-Use Path
- Bike Lane
- Buffered Bike Lane
- Bike Path

DESTINATIONS + BOUNDARIES
- Schools
- Parks
- City Boundary

Project Collision Map



PROJECT COLLISION MAP
2013-2023
CITY OF MODESTO
LINCOLN-ENCINA BIKE PATH

PROJECT EXTENT
- Lincoln-Encina Bike Path

EXISTING BIKE FACILITIES
- Multi-Use Path
- Bike Lane
- Buffered Bike Lane
- Bike Path

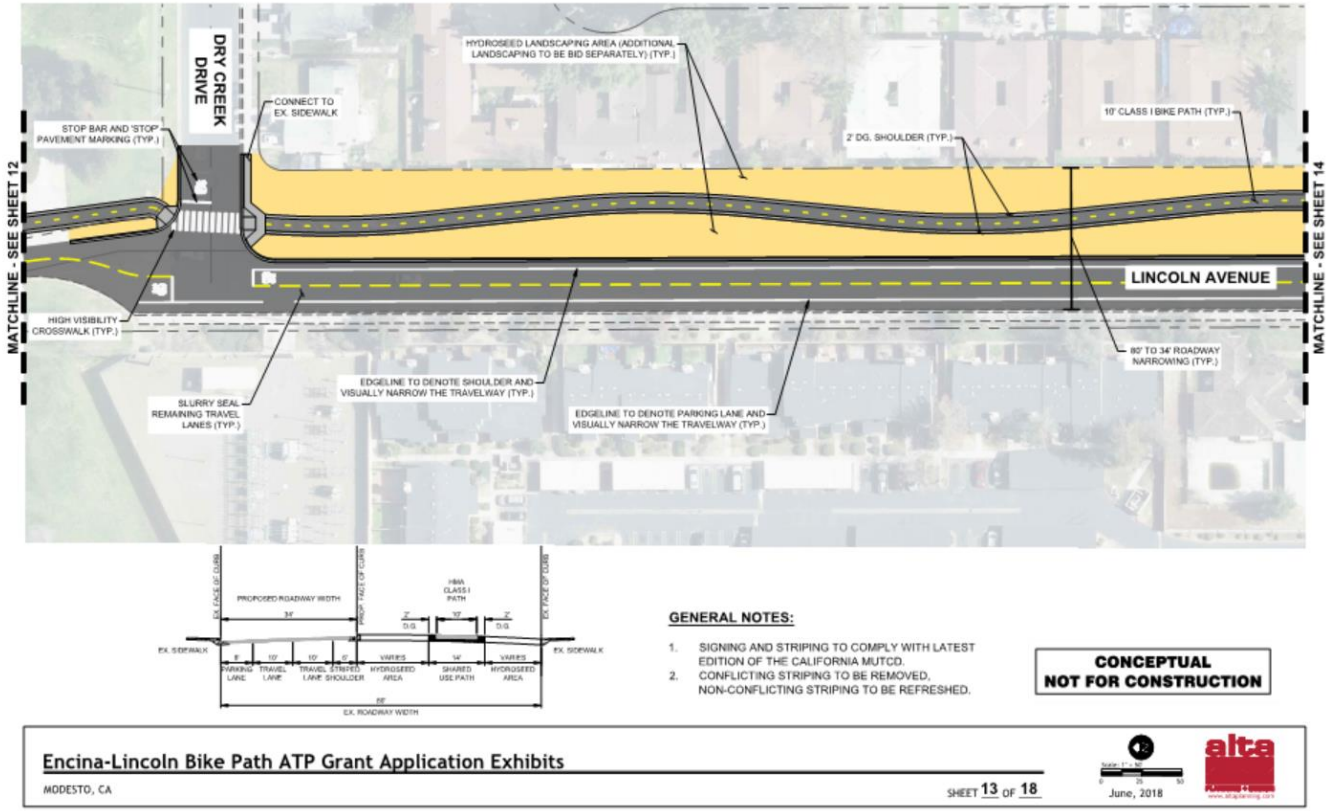
BICYCLE COLLISION SEVERITY
- Killed or Severely Injured (0)
- Lesser Injury (6)

PEDESTRIAN COLLISION SEVERITY
- Killed or Severely Injured (2)
- Lesser Injury (9)

DESTINATIONS + BOUNDARIES
- Schools
- Parks
- City Boundary

Bicycle and pedestrian collision data is provided by TIMS and includes collisions from January 2013 through December 2023. Killed or severely injured includes collision severities 1 and 2; lesser injury includes collision severities 3 and 4.

Encina – Lincoln Bike Path Concept



Encina – Lincoln Bike Path Concept

GENERAL NOTES:

1. SIGNING AND STRIPING TO COMPLY WITH LATEST EDITION OF THE CALIFORNIA MUTCD.
2. CONFLICTING STRIPING TO BE REMOVED, NON-CONFLICTING STRIPING TO BE REFRESHED.

CONCEPTUAL NOT FOR CONSTRUCTION

Encina-Lincoln Bike Path ATP Grant Application Exhibits

MODESTO, CA

SHEET 11 OF 18

June, 2018

Project Funding

- Active Transportation Program (Cycle 7) $11,500,000 (Pending)
- Measure L Funds (Above 20% = 5 points) $3,480,000 (Local Match)
- Total project funding **$14,980,000 (ATP, Measure L)**

- Application deadline is June 17, 2024
- Caltrans Staff recommendations November 1, 2024

Staff Recommendation

Motion recommending the submittal of a State of California grant application for Active Transportation Program (ATP) funds in the amount of $11,500,000, with a local match of $3,480,000 in Local Measure L funds, for a total amount of $14,980,000 for the Encina Avenue and Lincoln Avenue Pedestrian/Bicycle Trail Corridor Project and forwarding to Council for approval.

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CALIFORNIA

Item #5

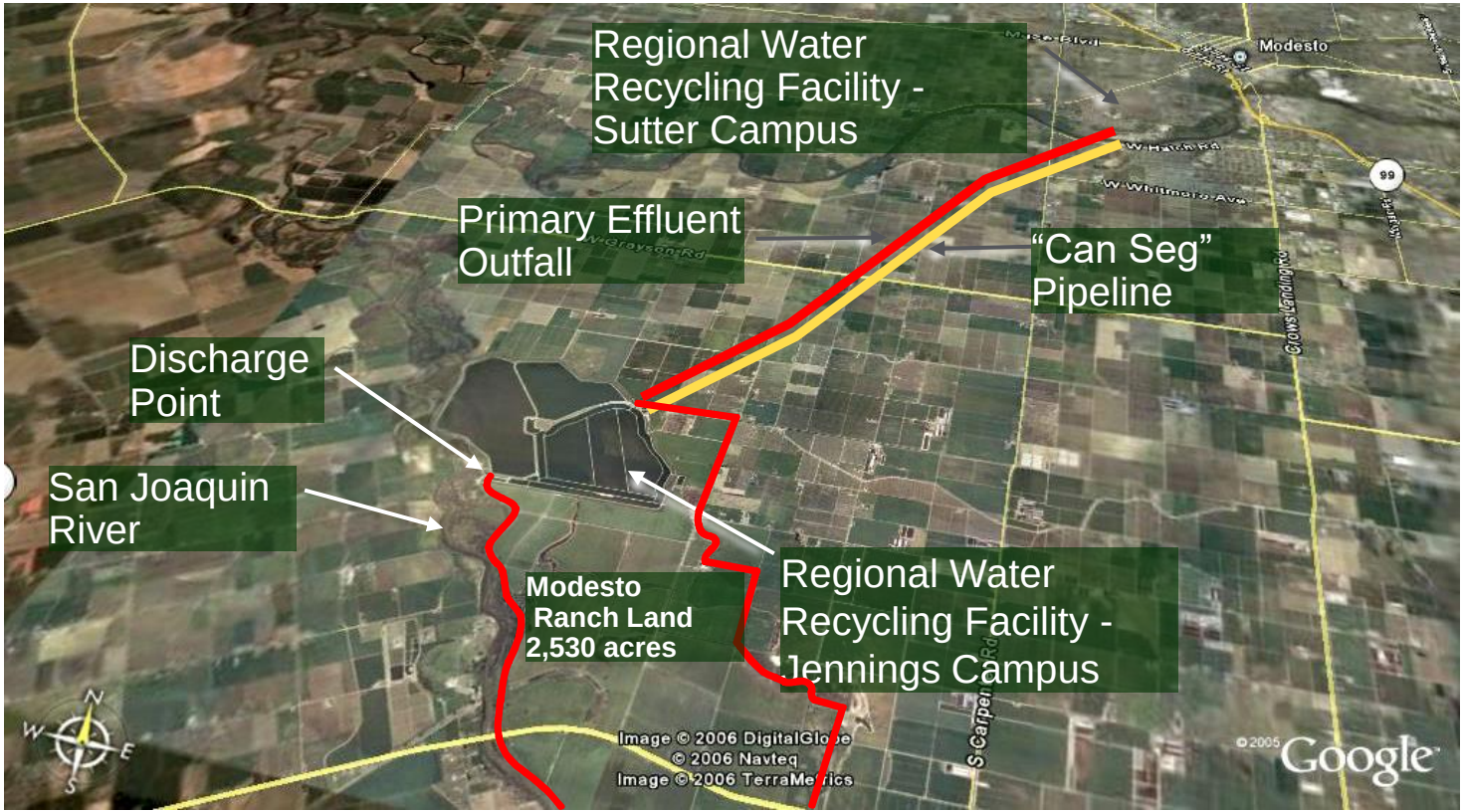
REGIONAL WATER RECYCLING FACILITY – SUTTER CAMPUS MASTER PLAN RELOCATION PROJECT

Will Wong, P.E.
Director of Utilities

Project Background

- The City provides wastewater (sewer) service to over 60,000 accounts
- Wastewater system consists of a sewer collection system, the Regional Water Recycling Facility (RWRF) – Sutter Campus, RWRF – Jennings Campus, a Cannery Segregation Pipeline, and the Ranch
- Carollo Engineers completed a comprehensive Wastewater Master Plan for the City, adopted in 2020.

Modesto's existing wastewater system includes two separate treatment facilities.

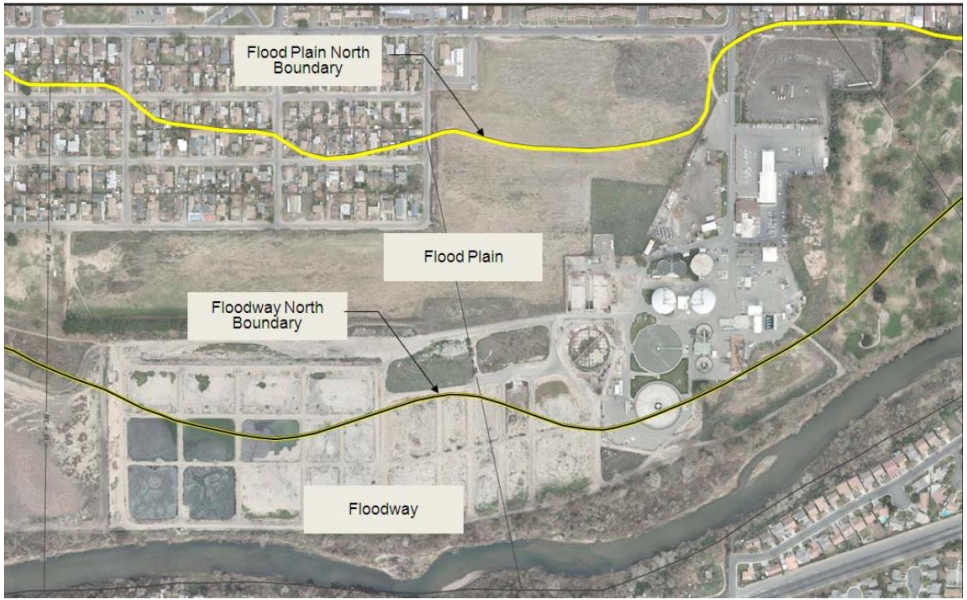


Project Background

- RWRF - Sutter Campus manages Primary Treatment Processes and Sludge Handling
- Existing RWRF – Sutter Campus facilities have the following issues:
  - Located in a floodplain and floodway
  - Clarifiers and digesters are ageing and in need of replacement
  - Primary treatment processes operate seven miles from secondary/tertiary processes at RWRF – Jennings which is not efficient

Project Background & Scope

- Relocating RWRF - Sutter Campus facilities is included in the Wastewater Master Plan
- Proposed Relocation Master Plan will:
  - Prioritize and phase the CIP's associated with a relocation project
  - Conduct detailed analysis of treatment processes for a co-located facility
  - Propose mitigation measures for facilities to remain at Sutter Campus



Anticipated Project Expenditures

Engineering Services Agreement	**$1,787,912**
Additional Services	$178,791
Subtotal – Engineering Services Agreement	**$1,996,703**
Engineering/Design/Administration - City Staff	$125,000
Total	**$2,091,703**

Recommended Actions

- Motion recommending an Engineering Services Agreement with Carollo Engineers, of Sacramento, CA for the Regional Water Recycling Facility – Sutter Campus Master Plan Relocation Project in the amount of $1,787,912, plus $178,791 in addition services, if needed for an Agreement total amount not to exceed $1,996,703 and forwarding to Council for approval.

- Motion recommending an amendment to the Fiscal Year 2023-24 Multi-Year Program Budget in the amount of $2,045,000 to be transferred into the Project from Wastewater Reserves to fund the Regional Water Recycling Facility – Sutter Campus Master Plan Relocation Project and forwarding to Council for approval.

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Questions?

Item 15

SALVATION ARMY HOMELESS PROGRAMS

Jessica Hill, Director of Community and Economic Development

May 7, 2024

Background – Salvation Army Programs

Berberian Shelter

- The Salvation Army Berberian Shelter is a 185-bed congregate emergency shelter, provides services for adults experiencing homelessness and is available 24 hours per day and 7 days per week.

Day Center

- The Day Center provides daytime shelter, basic facilities and case management support with housing and related issues. The program launched on November 1st and is currently open from 9am to 5pm, Monday through Friday.

Safe Park

- The Salvation Army Safe Park Program provides refuge to individuals and families experiencing homelessness in their vehicle. The program opened on September 1, 2023, and is currently open 7 days a week from 7:00 pm to 9:00 am

Background, cont.

- In late 2023, the City was notified of the Salvation Army Berberian Shelter's financial challenges.
- At this time, the City began regular discussions with Salvation Army leadership regarding the budget and the costs of sustaining operations for the facility. To gain an understanding of the Salvation Army's funding plan the City requested an in-depth financial analysis that included current and previous funding sources.
- The City performed an analysis of the operational costs of the shelter and provided program options, resources, and partnerships to assist with the sustainability of ongoing operations.

Analysis of Salvation Army Budget

- The City analyzed costs associated with operating the shelter and provided options and partnerships that can help sustain operations.
- The City supported the Salvation Army with reducing their budget by approximately $1.4 million annually from $2,922,300 to $1,498,380.
- The City and the Salvation Army reviewed 85 funding sources which has resulted in $5.7 million in pending funds that can support the Salvation Army long-term.
    - City staff and the Salvation Army are continuing to collaborate to determine the viability of these sources that include Cal-AIM, State, Federal, and additional private funding sources.

Berberian Shelter Program

- Provides connection to supportive services that focus primarily on helping residents identify a permanent housing opportunity.

- The role of the Berberian Shelter in the City of Modesto's homeless response system is to provide safe shelter to individuals experiencing homelessness, allowing them the opportunity to stabilize as they work on a plan to secure housing.

Berberian Shelter - Persons Served

- From January 1, 2023 through April 30, 2024 the Salvation Army has served **1,043 individuals**

Total Individuals Served	1043
Chronically Homeless	536
Veterans	64
Age 18-24	70
Age 25-34	215
Age 35-44	214
Age 45-54	216
Age 55-64	232
Age 65+	96

Barriers	
Mental Health Disorder	422
Alcohol Use Disorder	55
Drug Use Disorder	152
Both Alcohol Use & Drug Use Disorders	32
Chronic Health Condition	355
HIV/AIDS	6
Developmental Disability	153
Physical Disability	378

Exit Destinations	
Homeless Situations	579
Institutional Situations	39
Temporary Situations	36
Permanent Situations	35
No Exit interviews	183
Deceased	2

Berberian Shelter – Client Income Information

Income Source	Total
Earned Income	73
Unemployment Insurance	7
SSI	201
SSDI	65
VA Service-Connected Disability Compensation	0
VA Non-Service Connected Disability Pension	9
Private Disability Insurance	1
Worker's Compensation	0
TANF or Equivalent	4
General Assistance	5
Retirement (Social Security)	22
Pension from Former Job	6
Child Support	0
Alimony (Spousal Support)	3
Other Source	1

Income Amount	Total
No income	658
$1 - $150	1
$151 - $250	3
$251 - $500	18
$501 - $1000	141
$1,001 - $1,500	149
$1,501 - $2,000	39
$2,001+	33
Data Not Collected	1

Berberian Shelter- Budget

Berberian Shelter

- Previous Annual Budget: $2,922,304
- Revised Annual Budget: $1,498,368
- Revised Monthly Budget: **$125,132**
- Proposed City Contribution: **$75,000 per month**

- To support the operations, staff is recommending supporting the Salvation Army retroactively from January 2024 through September 2024. Staff recommendation is to assist with $75,000 per month for a total of $675,000 of ARPA and ESG-CV funds. This funding represents 60 percent of their reduced budget.

- This budget represents operations for a night-only shelter that will be supplemented with a Day Center from 7 am to 7pm.

Day Center Program

- The Day Center has served as a resource for individuals experiencing homelessness with drop-in services including meals, job training, showers, and laundry services.
- The Salvation Army Day Center opened on November 1, 2023, and is currently open Monday through Friday from 9:00 am to 5:00 pm.

Day Center - Persons Served

- From November 1, 2023 through April 30, 2024 the Day Center has served **376 unique individuals**

Total Individuals Served	376
Chronically Homeless	160
Veterans	18
Age 18-24	20
Age 25-34	51
Age 35-44	104
Age 45-54	81
Age 55-64	97
Age 65+	23

Barriers	
Mental Health Disorder	217
Alcohol Use Disorder	29
Drug Use Disorder	121
Both Alcohol Use & Drug Use Disorders	46
Chronic Health Condition	176
HIV/AIDS	3
Developmental Disability	78
Physical Disability	177

Exit Destinations	
Homeless Situations	0
Institutional Situations	1
Temporary Situations	0
Permanent Situations	5
No Exit interviews	96

Day Center – Client Income Information

Income Source	Total
Earned Income	9
Unemployment Insurance	2
SSI	56
SSDI	34
VA Service-Connected Disability Compensation	0
VA Non-Service Connected Disability Pension	5
Private Disability Insurance	0
Worker's Compensation	0
TANF or Equivalent	1
General Assistance	8
Retirement (Social Security)	4
Pension from Former Job	2
Child Support	2
Alimony (Spousal Support)	0
Other Source	2

Income Amount	Total
No income	270
$1 - $150	2
$151 - $250	3
$251 - $500	3
$501 - $1000	38
$1,001 - $1,500	63
$1,501 - $2,000	6
$2,001+	1
Data Not Collected	0

Day Center- Budget

Day Center:

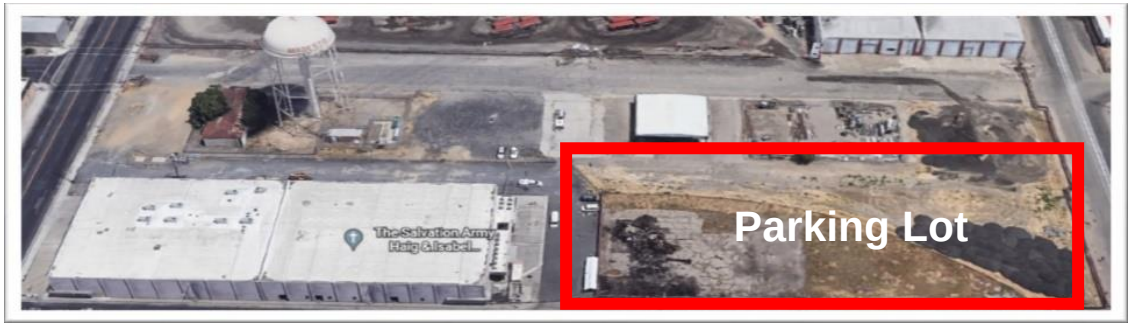
- Total Program Cost - Extended Term: **$262,680**
- Proposed Monthly Contribution: **$52,535 per month**

- To extend the operations of the Day Center, staff is recommending to extend through September 30, 2024, and approving an allocation of ARPA funds in the amount of $262,680, which amounts to $52,536 per month.
- The Salvation Army will be supplementing the Day Center program as a Cal-AIM provider of Day Habilitation services.
- The Berberian Shelter will be a night only service, that is supplemented by the Day Center program.

Safe Parking Program

- The program offers a temporary, overnight, safe location to park for individuals and families living in a vehicle, while providing case management and housing navigation services to assist individuals' ability to stabilize and obtain permanent housing.

- The program has assisted 4 individuals obtain permanent housing since September.



Safe Parking
Persons Served

- From September 1, 2023 through April 30, 2024 the Safe Park program has served **69 individuals**

Total Individuals Served	69
Chronically Homeless	25
Veterans	0
Age 18-24	6
Age 25-34	10
Age 35-44	6
Age 45-54	12
Age 55-64	27
Age 65+	8

Barriers	
Mental Health Disorder	23
Alcohol Use Disorder	4
Drug Use Disorder	11
Both Alcohol Use & Drug Use Disorders	0
Chronic Health Condition	34
HIV/AIDS	1
Developmental Disability	8
Physical Disability	31

Exit Destinations	
Homeless Situations	45
Institutional Situations	3
Temporary Situations	4
Permanent Situations	4
No Exit interviews	0

Safe Parking – Client Income Information

Income Source	Total
Earned Income	12
Unemployment Insurance	1
SSI	13
SSDI	11
VA Service-Connected Disability Compensation	0
VA Non-Service Connected Disability Pension	0
Private Disability Insurance	0
Worker's Compensation	0
TANF or Equivalent	0
General Assistance	0
Retirement (Social Security)	2
Pension from Former Job	6
Child Support	0
Alimony (Spousal Support)	0
Other Source	1

Income Amount	Total
No income	26
$1 - $150	0
$151 - $250	1
$251 - $500	3
$501 - $1000	9
$1,001 - $1,500	19
$1,501 - $2,000	7
$2,001+	4
Data Not Collected	0

Safe Park – Individuals Approved and where Criteria Not Met

Total Individuals Pre-Screened	107
Individuals Who Met Program Criteria	75
Individuals Who Stayed At Least One Night	69
Individuals Who Did Not Meet Criteria	32
Individuals Who Declined to Participate	6

Criteria Not Met	
Vehicle Not Operational	1
No Registration	2
No Insurance	7
No Insurance & No Registration	9
No Valid Driver's License	3
No Valid Driver's License & No Insurance	1
RV/Trailer/Camper	8
No response	1

Safe Parking Program - Budget

Safe Parking:

- Total Program Cost - Extended Term: **$103,033**
- Proposed Monthly Contribution: **$20,606 per month**
  - This is a four-party agreement with Stanislaus Foods, Stanislaus County, Salvation Army and the City of Modesto, and we met regularly to discuss the program and any potential changes.
  - To extend the operations of the Safe Parking program, staff is recommending to amend the current contract through September 30, 2024, and approving an allocation of ARPA funds in the amount of $103,033, which amounts to $20,607 per month.

Fiscal Impact Summary

The Salvation Army			
Program	**Funding source**	**Timeline**	**Amount**
Berberian	ESG-CV	January 2024 – May 2024	$375,000
Berberian	ARPA	June 2024 – Sept. 2024	$300,000
Day Center	ARPA	May 2024 – Sept. 2024	$262,680
Safe Parking	ARPA	May 2024 – Sept. 2024	$103,033
		Total ARPA	$665,713
		Total ESG-CV	$375,000
		GRAND TOTAL	$1,040,713

Additional Pending Sources

- The City has hired a consultant to support the Salvation Army with grant administration, grant writing, policy and procedure development to help ensure their budget is sustainable into the future.

- All funding will be on a cost reimbursement basis and will require a detailed invoice that is reviewed by City staff.

- The funding is to ensure that the gap of all programs is filled through September 30, 2024 as additional funding is secured from other potential sources.

Questions?

Recommended Council Action

Resolution approving a Modesto Forward Grant Agreement with the Salvation Army for the operation of the Day Center in the amount not to exceed $262,680 with a term of May 1, 2024, to September 30, 2024, and authorizing the City Manager or his designee to negotiate and execute the agreement for the continued operations of the program.
Resolution approving a Modesto Forward Grant Agreement with the Salvation Army for the operation of the Berberian Shelter in the amount not to exceed $300,000, with a term of June 1, 2024, to September 30, 2024, and authorizing the City Manager or his designee to negotiate and execute an agreement for the operations of the program.
Resolution approving an Agreement with the Salvation Army for the operation of the Berberian Shelter in an amount not to exceed $375,000 in ESG-CV funds to support shelter operations with a term from January 1, 2024, through May 31, 2024, and authorizing the City Manager or his designee to negotiate and execute the agreements.

Recommended Council Action, cont.

Resolution approving a First Amendment to the Agreement with The Salvation Army for the operation of the Safe Parking program in the amount not to exceed $103,033 for a grand total amount of $264,755, extending the term to September 30, 2024, and authorizing the City Manager or his designee to negotiate and execute any required an Agreement for the operations of the program and to take the necessary steps to implement the provisions of this resolution.

Resolution amending the Fiscal Year 2023-2024 Multi-Year Fund Budget for project number 101460 for the Salvation Army's Day Center, Berberian Shelter, and Safe Parking programs using Emergency Solutions Grant Cares Act (ESG-CV) reallocated funds and American Rescue Plan Act (ARPA) funds and authorizing the City Manager or his designee to take the necessary steps to implement the provisions of this resolution.

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Item #16

CITY OF MODESTO CALIFORNIA

ORDINANCE AMENDING THE MODESTO MUNICIPAL CODE TO INCREASE ADMINISTRATIVE FINES FOR ILLEGAL FIREWORK VIOLATIONS

Kevin Wise, Interim Fire Chief
Brandon Gillespie, Chief of Police

May 7, 2024
Council Meeting

Item #16

PROPOSED AMENDMENTS

Increase in Administrative Fines

- Fines for violations related to the possession, use, or discharge of illegal fireworks will be doubled and increase on an escalating scale for subsequent violations. Fines will increase from a $1,000 fine to an escalating fine of $2,000 for the first violation, $3,000 for the second violation within a 36-month period, and $4,000 for subsequent violations within a 36-month period

- Fines for the manufacture and sale of illegal fireworks will be increased from $1,000 per violation to $10,000 per violation, given the enhanced culpability of these acts

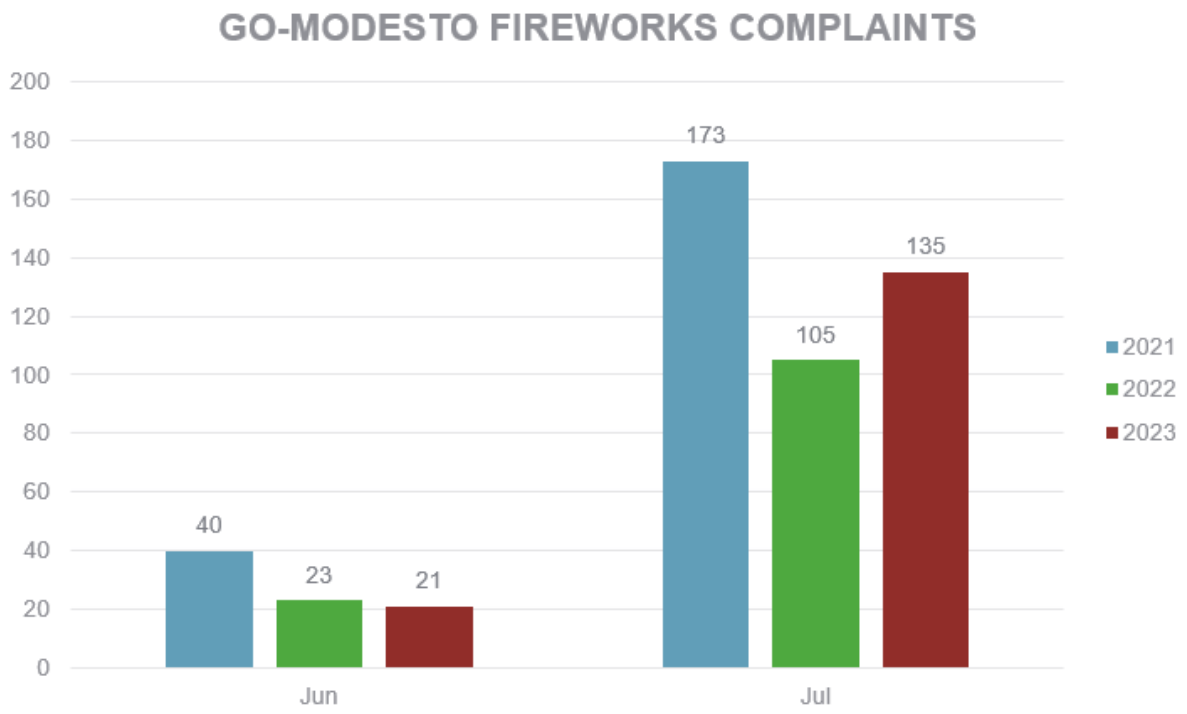
Other Proposed Changes

- State law allows municipalities to determine what constitutes a public nuisance, and the revision adds a finding that dangerous and illegal fireworks are a public nuisance
- A new third-party administrative citation process would be added to allow private citizens who witness a violation to sign an administrative citation to be issued to a violator
- First responder Recovery costs for enforcement and related damages to city equipment associated with illegal fireworks
- Other minor edits to clean up language throughout the Chapter

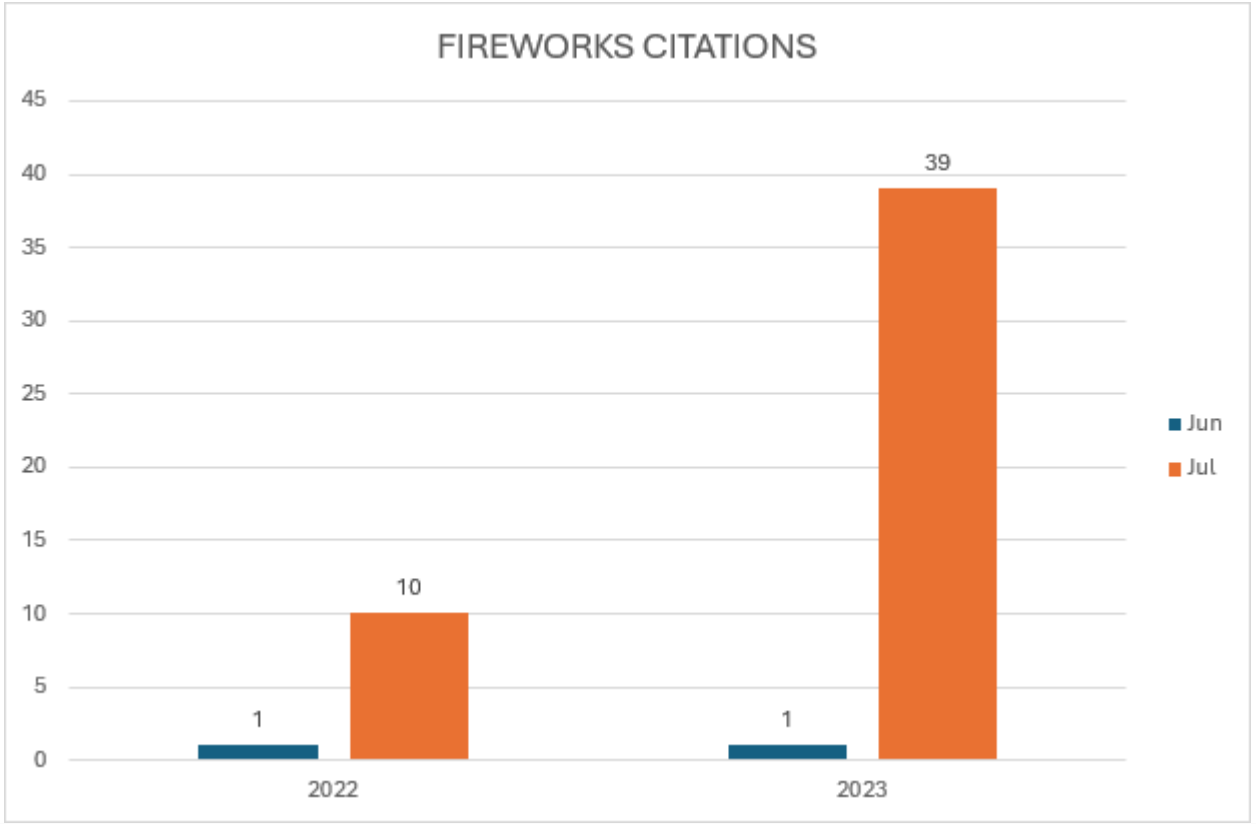
Fire Department Incident Data

Period End	2019	2020	2021	2022	2023
Number of Incidents	76	119	91	79	111
Total Loss Amount:	$62,710	$367,303	$2,805	$284,200	$1,402

Police Department Incident Data



Police Department Incident Data Continued



Revenue from Illegal Fireworks Violations

Period End	2019	2020	2021	2022	2023
	$7,464.85	$3,765.00	$4,100.15	$5,425.30	$13,935

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Item 17

CITY COUNCIL
FY 2024 – 2025 ANNUAL ACTION PLAN

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
EMERGENCY SOLUTIONS GRANT (ESG)
HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Edgar Garcia, Community Development Manager
May 7, 2024

Annual Action Plan

Annual Action Plan (2024-2025)

- Provides a concise summary of the actions, activities, and the specific federal and non-federal resources that will be used each year to address the priority needs and specific goals identified by the Consolidated Plan.

Consolidated Plan- (2020-2025) Required Every 5 Years

- Assesses affordable housing and community development needs and market conditions.
- Serves as the framework for a community-wide dialogue to identify housing and community development priorities Identifies barriers to fair housing and sets a strategy to address barriers.

Background

As an Entitlement Community, the City of Modesto is eligible to receive HUD funds by a formula-based method each year:

- The City will be notified prior to the submission of the Annual Action Plan to HUD for the actual allocations of funding

Purpose of entitlement funding:

- Serve low-income persons/households
- Develop viable communities by providing decent housing, a suitable living environment, and expand economic opportunities.

HUD Funding Allocations

	Community Development Block Grant CDBG	Emergency Solution Grants ESG	Home Investment Partnership Programs HOME
Estimated 2024-2025 Funding	**$1,800,000**	**$161,451**	**$900,000**
Actual 2024-2025 Funding	**$1,794,264**	**$156,831**	**$776,449**
Uses	Serve Low/Moderate-Income Persons	Homeless Persons/Families	Affordable Housing
Example Activities	• Public Infrastructure Improvements • Public Facilities • Housing Acquisition and Rehabilitation • Public Services	• Homeless Prevention • Rapid Rehousing • Emergency Shelter Operations • Homeless Management Information System HMIS	• Construction of New Housing • Rehabilitation to Existing Housing • First Time Homebuyer Assistance

PUBLIC SERVICES
Fiscal Year 2024-25 Allocations

CDBG Allocations	ESG Allocations
• Awarded amount of $269,138, which represents approximately 15% of the City's overall allocation. • Minimum Grant Award will be $30,000 • Maximum Grant Award will be $50,000 **Fair Housing** • Up to $30,000 will be available to an eligible fair housing program. • Only one award will be made.	• Awarded amount of $156,831 • Minimum Grant Award will be $30,000 • No more than 60% of the award (of City allocation) can be designated to Street Outreach and Shelter Activities ($94,098) • The remaining amount can be allocated to Homeless Prevention and Rapid Re-housing services. ($62,733)

CDBG: Homeowner Rehabilitation Program

Homeowner Eligibility

- Must be at or below 80% of the Area Median Income
- Must be within the City of Modesto limits
- Applicant must have legally recorded title to the property

Eligible Repairs

- Health & Safety Repairs
  - Repairs include: roofing, windows, HVAC, plumbing system, etc.

Before

After

HOME & HOME-ARP PROJECT

Traveler's Motel

- Partner: Modesto Homekey, LP
- Permanent Supportive Housing on 710 N. 9th Street

Unit Composition: 55 total units

- 37 youth units
- 17 traditional homeless units
- 1 manager unit

Project Status

- The project is currently in permit review and is scheduled to break ground within 30 days.

HOME & CDBG PROJECT

7th Street Village

- Partner: Visionary Home Builders
- Mixed-use affordable housing on 7th Street with first floor commercial that includes a Head Start Program

Unit Composition: 79 total units

- One bedroom: 12 units (700 sf)
- Two bedrooms: 35 units (896 sf)
- Three bedrooms: 32 (1260 sf)

Project Status

This project is currently pending to hear back on their Tax Credit Financing application.

Public Engagement & Next Steps

- A series of in-person community meetings were held during the months of April and May 2024, no public comments have been received to-date.
- Following approval of this item, City staff will be incorporating any comments received, and will be submitting the Annual Action Plan to the Department of Housing and Urban Development by May 17th.

Date	Time	Location
April 11, 2024	12:00 pm	Citizen Housing & Community Development Committee
April 18, 2024	2:30 pm	Stanislaus Community System of Care
April 24, 2024	6:00 pm	West Modesto Collaborative
May 06, 2024	3:00 pm	Airport Neighborhood Collaborative
May 07, 2024	5:30 pm	City Council Public Hearing (Hybrid)

QUESTIONS?

Recommended Council Action

- Resolution approving the 2024-2025 Annual Action Plan, 2024-2025 annual U.S Department of Housing and Urban Development allocation in the amount of $2,727,544 and authorizing the City Manager, or his designee, to negotiate and execute any related program agreements, contracts, amend allocations, incorporate comments received prior to the close of the public comment period, make any other technical alterations as required by U.S. Department of Housing and Urban Development, or other documentation required for implementation and acceptance of the Program Year 2024-2025 Annual Action Plan funding, and authorization to submit the 2024 Annual Action Plan including applicable documentation and to make the necessary steps to implement the provision of this resolution.

- Resolution approving the actual allocation of funds outlined in the final Program Year 2024-2025 Annual Action Plan budget to reflect the proposal submitted to the U.S. Department of Housing and Urban Development and authorizing the City Manager, or his designee, to take the necessary steps to implement the provisions of this resolution.

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Equitable Parks, and Protective and Healthy Environments Resolution

ACT (All Children Thrive-California) Modesto Youth Driven, Park Equity Project

May 7, 2024

Tuolumne River Trust

All Children Thrive California

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Introduction

What we will cover:

- Background and Context
- Public Engagement and Feedback
- Community Collected Data
- Park Equity Resolution
- Implementation Plan
- Conclusion
- Questions

Park Youth Committee, 2nd cohort

PYC members host a Park Equity Day event at James Marshall Park

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All Children Thrive California

Background and Context

In Stanislaus County 2020:

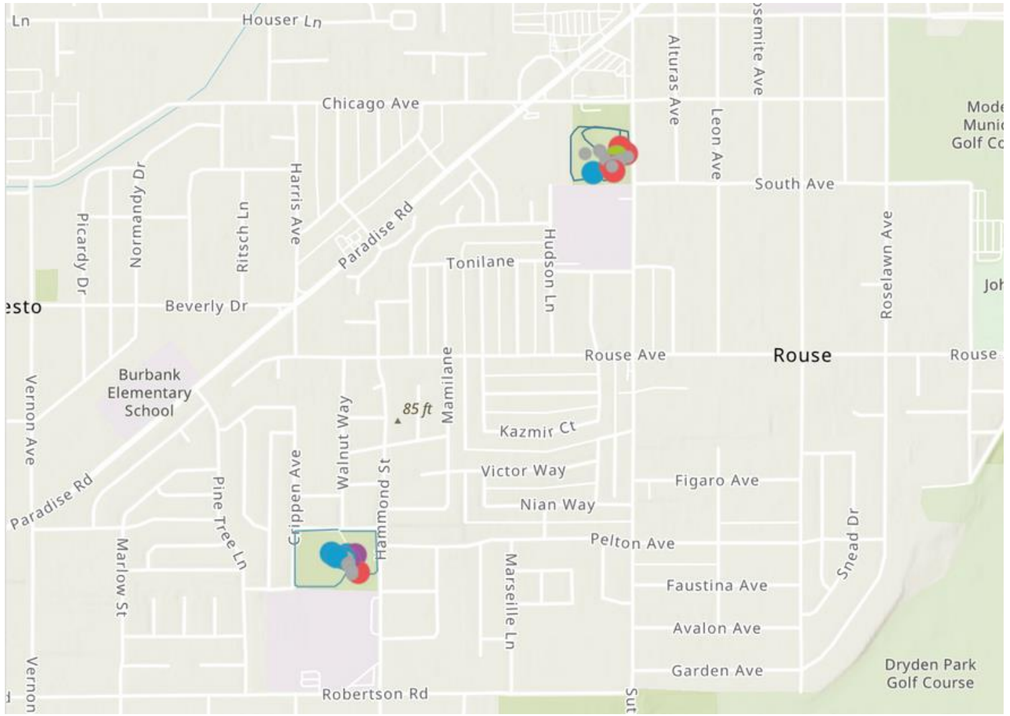
- **44.5% of 5th graders** are overweight or obese
- **1 in 4 adults** are physically inactive

The most recent California Physical Fitness Report (2018-2019) found that:

- **69%** of Robertson Road Elementary and
- **59%** of James Marshall Elementary

5th Graders DO NOT meet physical fitness standards

53% of Modesto survey participants feel **DANGER** visiting a park, preventing them from using their neighborhood park



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All Children Thrive California

Background and Context

Chronic disease such as heart disease, stroke, cancer, and diabetes are leading causes of hospitalization and deaths in Stanislaus County. Chronic diseases are caused by high risk behaviors such as lack of physical activity among others.

Key Indicators of Student Well-Being

Modesto City School District	**%** of **7th grade** students	**%** of **8th grade** students	**%** of **9th grade** students
Social and emotional distress	**23%**	**29%**	**36%**
Chronic sadness/ hopelessness	**34%**	**42%**	**50%**

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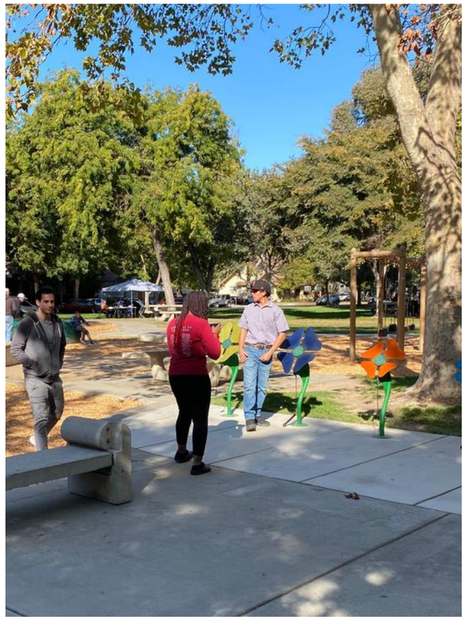
Public Engagement & Feedback

- QuickCapture observational assessments (Interactive Map)

- Surveys:
  - PYC Member Park Criteria Survey (ENGLISH)
  - ACT Modesto - Park Audit Needs Assessment Survey
    - One in Spanish, one in English
  - ACT Modesto - Virtual Park Audit Survey
    - One in Spanish, one in English
  - Park Survey - ACT Modesto (BILINGUAL)

- PYC video

ACT Modesto Data Dashboard



Images of QuickCapture assessments-PYC members using ACT Modesto QuickCapture App to evaluate park amemenities and functionality (Graceada Park)

PYC Members attended the James Marshall Park Backpack giveaway event to conduct community outreach and community survey collection.

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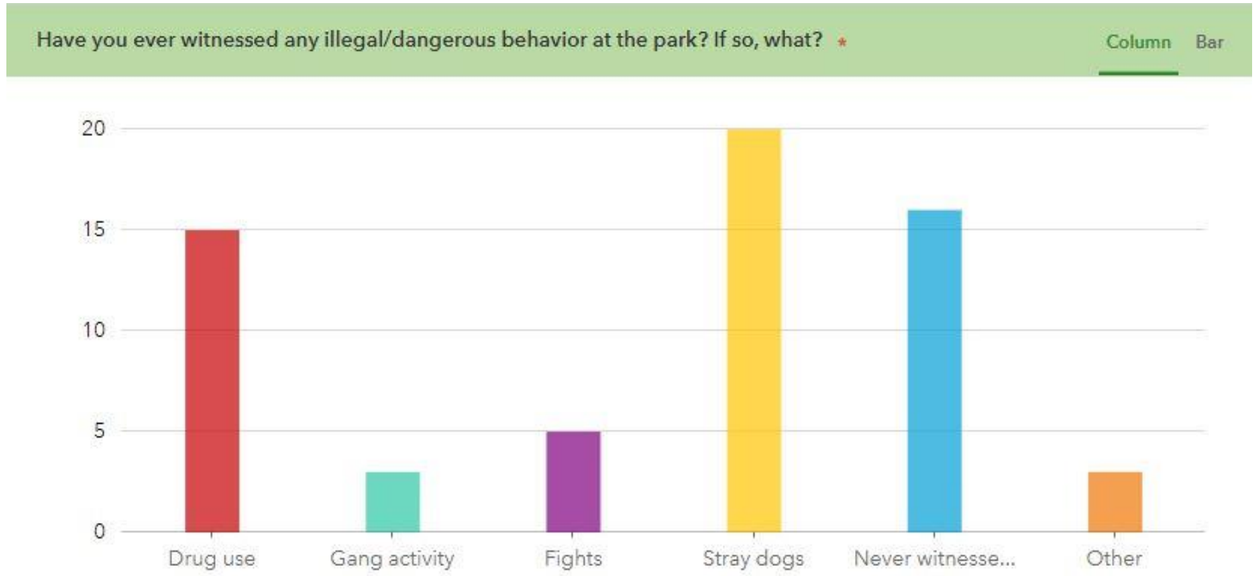
Community Collected Data

Top 3 Recreational Activities
- Walking
- Using the playground
- Using athletic fields

TOP Safety Concerns for James Marshall & Robertson Road park:
- lack of overhead lighting
- loose or stray dogs
- drug use at the parks
- homeless encampments

Community Members Want to See
- Functional athletic fields and courts
- Functional and bright overhead lighting
- Functional restrooms
- Picnic areas for larger groups of people to gather



Top Safety Concerns (ACT Modesto - Park Audit Needs Assessment Survey)

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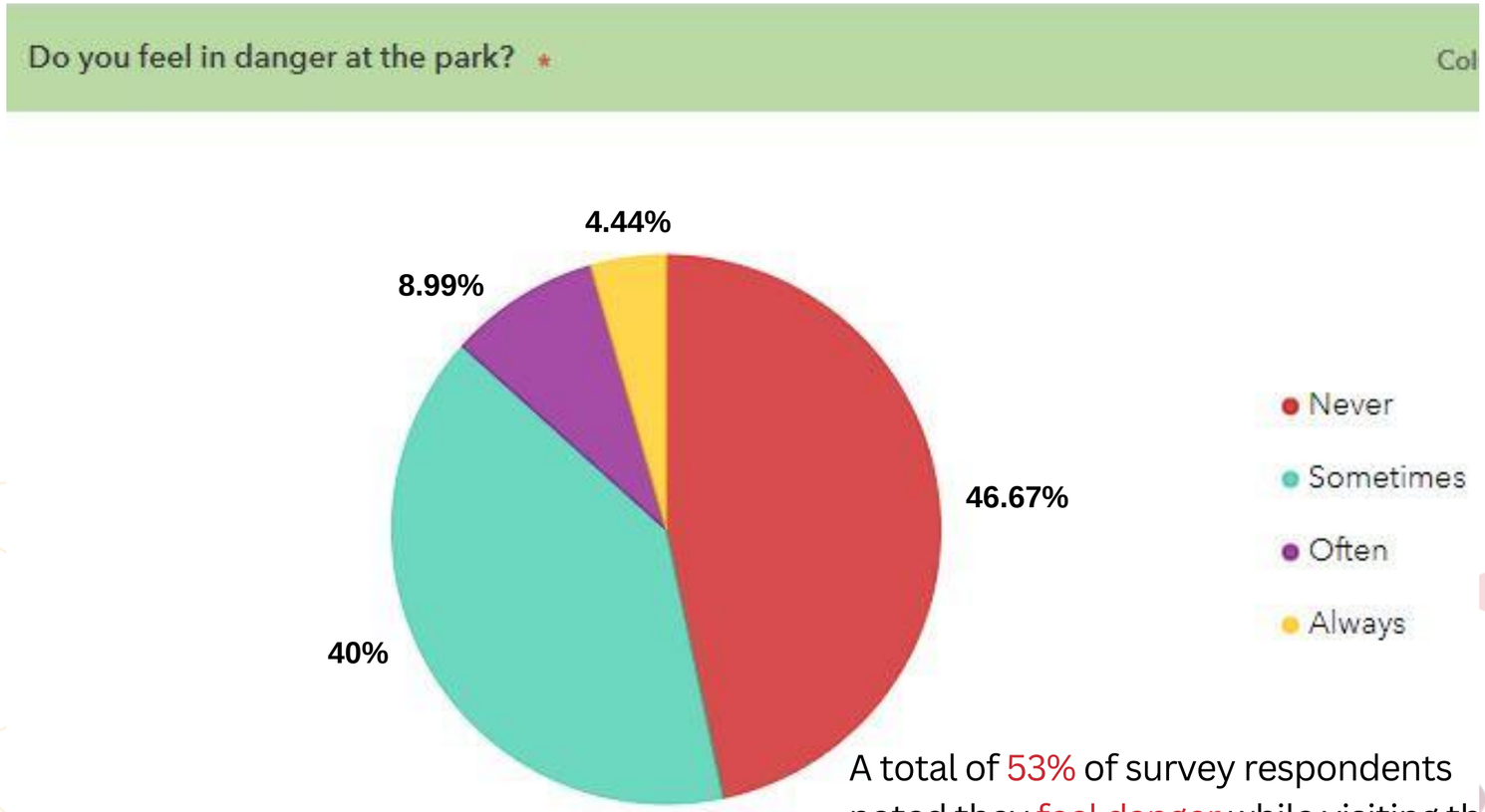
Community Collected Data



A total of 53% of survey respondents noted they feel danger while visiting the park (“ACT Modesto - Park Audit Needs Assessment Survey”)

Data collected from the “Park Survey - ACT Modesto”

Total project surveys: 4
Total number of responses: 223

Age demographics of 220 survey respondents:
0-18 years: 59%
19-35 years: 18%
36-55 years: 22%
56+ years: 1%

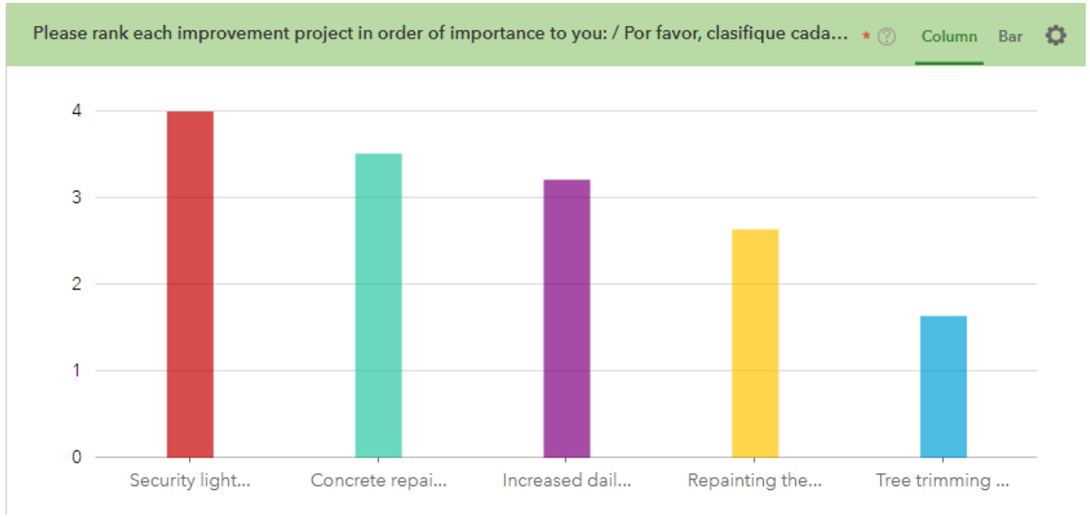
3 respondents did not provide an age

Community Collected Data

Community Prioritized Park Improvements

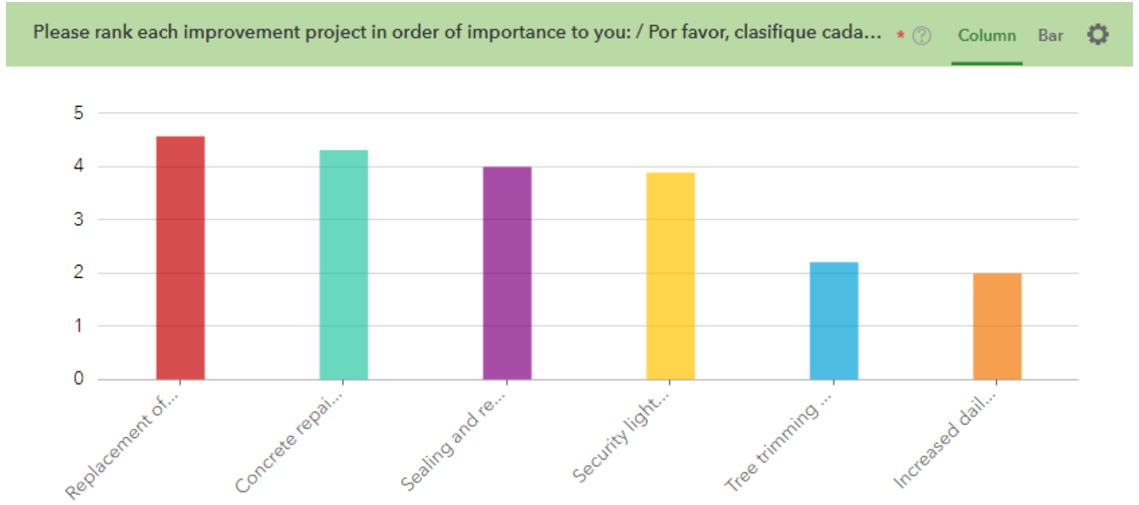
James Marshall

- Security lighting
- Concrete repairs
- Increased daily maintenance



Robertson Road

- Replacement of bathrooms
- Concrete repairs
- Sealing and repainting the basketball court

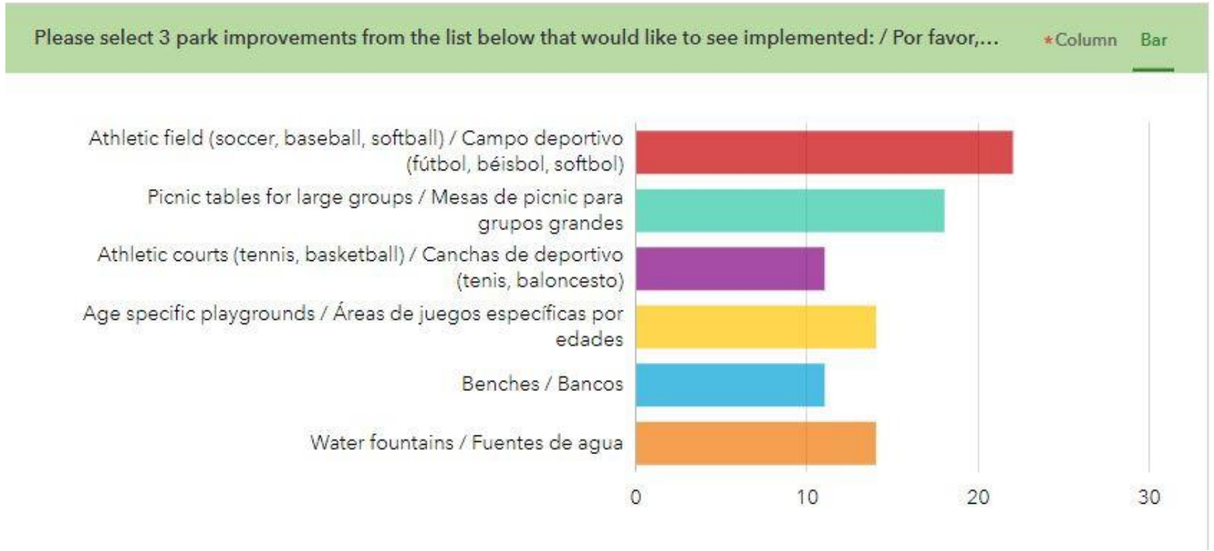


Data collected from the “Park Survey - ACT Modesto”

Tuolumne River Trust

All Children Thrive California

Community Collected Data

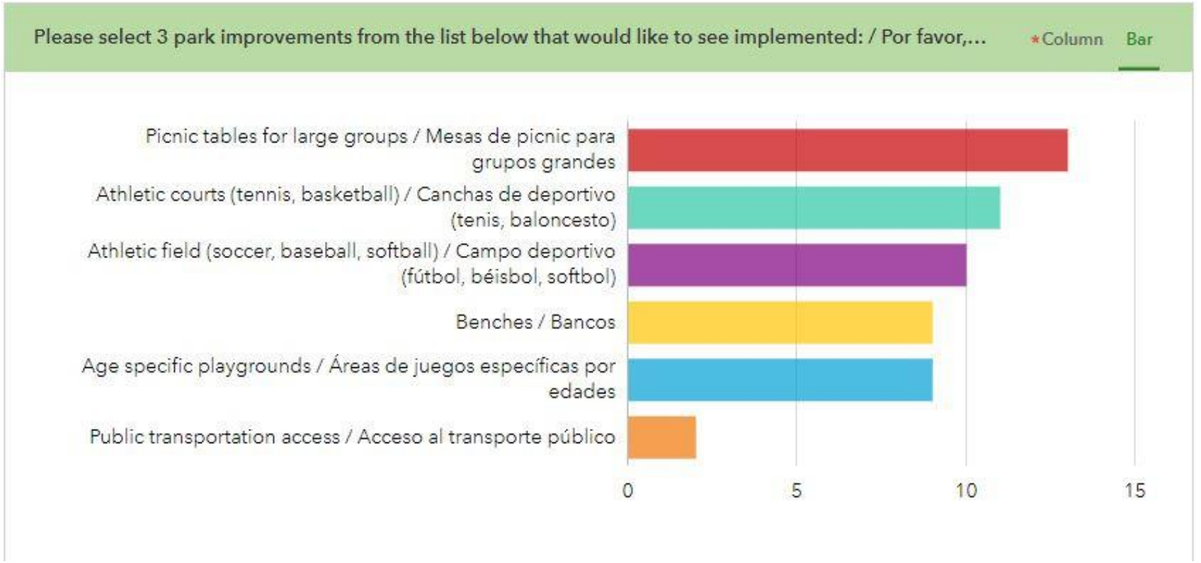


James Marshall Park - top improvements based off previous surveys and not already scheduled by Parks Dept.

Data collected from the “Park Survey - ACT Modesto”

Park Rangers attended the January 2024 Community Presentation

Public Speaking Workshop



Robertson Road Park - top improvements based off previous surveys and not already scheduled by Parks Dept.

Tuolumne River Trust

All Children Thrive California

Park Equity Resolution

Commitment from the City of Modesto to uphold equitable practices in the decision-making process of parks and open spaces, prioritizing those in Modesto's most impacted areas

PYC member presents public comment at December 5th, 2023 City Council Meeting

PYC members meeting with Councilmember Eric Alvarez - August 30, 2023

PYC members present public comment and attend the November 14th, 2023 Modesto City Council Meeting

MODESTO CITY COUNCIL
RESOLUTION NO. 2024-

RESOLUTION SETTING FORTH MODESTO'S COMMITMENT TO CREATING EQUITABLE PARKS, AND PROTECTIVE AND HEALTHY ENVIRONMENTS

WHEREAS, the Park Youth Committee (PYC) was formed by the Tuolumne River Trust (TRT) in cooperation with the All Children Thrive (ACT) initiative to work on the Modesto Park Equity project which is a youth-led initiative, with an overall mission to increase safe park access and recreation for all Modesto residents; and

WHEREAS, increasing opportunities for physical activity, building a connection with nature and outdoor experiences directly benefits cognitive development for people of all ages; and

WHEREAS, access to local open spaces with equitable amenities, infrastructure and programs are crucial for youth and community health and well-being; and

WHEREAS, having access to green open spaces provides benefits to both physical and mental health, safe opportunities for the exploration of nature, and strengthens communities by providing a space for all to come together; and

WHEREAS, the PYC supports the efforts of the Modesto Police Department's Park Ranger Program to address and improve current societal issues and decrease activities at parks that prevent residents from safely accessing their neighborhood park; and

WHEREAS, multiple barriers, such as lack of fully developed streets or transportation infrastructure on County streets, inadequate overhead lighting, stray dogs, illegal activities and blight, were identified at James Marshall and Robertson Road Park neighborhoods which prevent residents from safely accessing or using these parks; and

DRAFT

Tuolumne River Trust

All Children Thrive California

Implementation Plan

- The **Parks, Recreation, & Neighborhoods staff** will continue to evaluate the parks system for
  - deferred and preventative maintenance needs, as well as recreational programming needs; brining priority park improvement projects to Council for consideration; and
  - continue to update the Council regarding the City's commitment to creating equitable parks and protective and healthy environments during the Annual Budget Process

- The **City of Modesto** shall continue to prioritize the investment in parks and park improvements

QuickCapture data collection at Robertson Road park

Tuolumne River Trust

All Children Thrive California

Conclusion

- Approve the proposed **RESOLUTION SETTING FORTH MODESTO'S COMMITMENT TO CREATING EQUITABLE PARKS, AND PROTECTIVE AND HEALTHY ENVIRONMENTS**

- We strongly urge the City of Modesto to continue employing a Community participatory process in data collection and implementing park improvement prioritization and selection.

- The PYC supports the efforts of the Modesto Police Department's Park Ranger Program to address and improve current societal issues and decrease activities at parks that prevent residents from safely accessing their neighborhood park.

It's time to ACTIVATE our park spaces so our communities can THRIVE

Park Equity Action Planning with PYC cohort

Reviewing criteria for priority park selection

Tuolumne River Trust

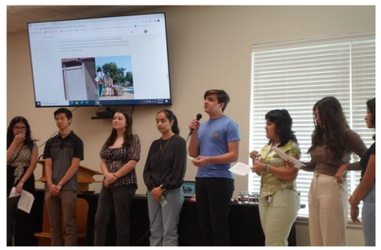
All Children Thrive California

QUESTIONS?

PYC members provide feedback on Modesto General Plan vision Statement

January 2024 Community Presentation at NCAMP

PYC members discuss park data for project



PYC members host community presentation at King Kennedy Memorial Center

PYC members doing a team building activity

Data Dashboard training with PYC and ACT

Tuolumne River Trust

All Children Thrive California

THANK YOU!

ACT Modesto, Park Youth Committee

Tuolumne River Trust

All Children Thrive California

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Item # 19

RENEWAL OF MODESTO TOURISM MARKETING DISTRICT

Jessica Hill, Director of Community and Economic Development

City Council

May 7, 2024

Background

- The Modesto Tourism Marketing District (District or MTMD) is a benefit assessment district proposed to continue a revenue source to help fund marketing and sales promotion efforts for certain Modesto lodging businesses
    - Includes all lodging businesses with twenty (20) rooms or more, for stays less than 27 days.
- Tourism Marketing Districts benefits:
    - Funds cannot be diverted for other government programs.
    - They are customized to fit the needs of each destination.
    - They allow for a wide range of services including destination marketing, tourism promotion, and sales lead generation.
    - They are designed, created, and governed by those who will pay the assessment; and
    - They provide a stable funding source for tourism promotion.

Background

- The MTMD was created in 2019 for a four (4) year and eleven (11) month term. Visit Modesto, Modesto lodging businesses, now wish to renew the MTMD.
- The annual assessment rate is one percent (1%) of gross short-term sleeping room rental revenue- hotels would charge an additional 1% for this District.
- Over the last five years, the Modesto Tourism Marketing District contributed about $385,000 in revenue per year.

Modesto Tourism Marketing District

- In order to renew the district there needs to be a written petition, signed by the business owners in the renewed District who will pay more than fifty percent (50%) of the assessments
- Petitions in favor of District renewal were submitted by 6 lodging businesses, which represent 60.49% of the total District assessment.
- Proposed renewal changes
  - Term to increase from five years to ten years
  - Increase assessment over time from 1% of gross short-term sleeping room rental revenue to a maximum of 3%, with annual increases limited to .5%
    - Anticipated revenue $430,540 per year.
  - Assessment to be approved by MTMD Board of Directors and subject to City Council approval.
  - City of Modesto collects assessments

Tourism District Fee Rebate

- In fiscal year 2022 the District Committee adopted the Modesto Tourism District Fee Rebate Program, which aims to support hotels that accept hotel vouchers.
- These vouchers are intended to transition families and individuals from temporary emergency shelter or motel stays into permanent rental housing.
- By participating, hotels contribute to the community by providing emergency shelter to vulnerable populations.
- Hotels can apply to receive a limited rebate on certain fees or taxes related to tourism and lodging. The goal is to encourage hotels to continue supporting vouchers and contribute to the well-being of the community.

Timeline

- March 12, 2024 RESOLUTION OF INTENTION HEARING - CITY COUNCIL
- May 7, 2024 PUBLIC MEETING AND INTRODUCTION/FIRST READING OF ORDINANCE
- May 14, 2024 FINAL PUBLIC HEARING AND SECOND READING/ADOPTION OF THE ORDINANCE
- If the City Council, following the public hearing, decides to establish the renewed District, the City Council shall adopt Ordinance.
- Following a successful public hearing, the City Council shall hold a second reading of the ordinance renewing the District and levying the assessment. Upon successful passage of the ordinance, the District shall be renewed, and the ordinance shall go into effect thirty (30) days after successful passage of the ordinance.

Fiscal Impact

- Visit Modesto is funded through the Modesto Tourism Marketing District and City of Modesto TOT. The overall budget ratio is as follows:
  - 45% from Modesto Tourism Marketing District - $384,982
  - 55% from General Fund - Transient Occupancy tax share - $468,347
  - Ratios consistent with preceding two years

- Following formation of the district the City will come back with an agreement with Visit Modesto outlining both the MTMD and TOT sources of funding.

Staff Recommendation

Motion introducing and waiving the first reading of an Ordinance declaring formation of the Modesto Tourism Marketing District pursuant to the Property and Business Improvement District Law of 1994 for a renewed ten-year term.

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Item #4

SECOND AMENDMENT TO GOLF COURSE MANAGEMENT AND MAINTENANCE SERVICES AGREEMENT

Jeremy Rogers
Parks, Recreation & Neighborhoods

Safety & Communities
May 13, 2024

BACKGROUND

Golf Management and Maintenance Agreement

Dec. 8, 2020

Reso. 2020-537

- Council approved award of proposal and agreement for Golf Management and Maintenance services to BrightView Golf Maintenance in partnership with KemperSports for a three-year agreement with (2) two-year extensions for an annual estimated cost of $2.6M.

Nov. 7, 2023

Reso. 2023-486

- Council approved the First Amendment extending the Golf Management and Maintenance Agreement for two years and revising the total cost not to exceed $13.9M.

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DISCUSSION

Performance and Payment Bond

- Purchasing did not have a Performance and Payment Bond on file for BrightView.
- Staff realized a clerical error omitting the requirements yet including it as part of the Pricing Schedule.
- City had paid this fee for the first term of the agreement totaling $39,144.
- BrightView and staff met and agreed that since the Agreement did not identify these requirements, the City would not require it.
- Staff felt comfortable with this decision due to the long history of BrightView/Kempersports satisfactorily managing the Courses.
- BrightView agreed to credit the City for the bond payments made of $39,144 and not include it in future billings.

Operation Management Services

- Staff and BrightView also discussed amending the amount for Operation Management services.
- The funding for these services is the City's total operating budget for Creekside and Dryden Golf Courses.
- Staff budgeted $1.4M for FY2024-25 citing increased costs in payroll expenses (7%) and Cost of Goods Sold in Food & Beverage (8%).
- Total annual increase for these services is $100,649.

Cost Comparison

Current v. 2nd Amendment

Annual Expenditures			2nd Amend	DIFF	
Landscape Maintenance	$1,338,964	Yr.	$1,338,964	$ -	
Operation Management	$1,332,088	Yr.	$1,432,737	$ 100,649	7.6%
Water Utility	$176,315	Yr.	$176,315	$ -	
Vandalism/Arbor Care/Capital Improvements	$118,631	Yr.	$118,631	$ -	
Irrigation Repairs	$28,000	Yr.	$28,000	$ -	
Field Maintenance (MUNI)	$33,500	Yr.	$33,500	$ -	
Green Waste and Litter Removal (MUNI)	$4,250	Yr.	$4,250	$ -	
Faithful Performance and Payment Bond (One-Year Cost renewed annually)	$13,048	Yr.	$ -	($13,048)	-100%
Maintenance	$1,712,708		$1,699,660	($13,048)	-0.8%
Management	$1,332,088		$1,432,737	$ 100,649	7.6%
Grand Total	**$3,044,796**		**$3,132,397**	**$87,601**	2.9%

Fiscal Impact

- The following summarizes compensation paid for the first term of the Agreement ending December 31, 2023.

	Actuals			
	2021	**2022**	**2023**	**Total**
Maintenance	$1,478,798	$1,478,798	$1,478,798	$4,436,394
Management	$1,153,850	$1,153,850	$1,153,850	$3,461,550
Total	$2,632,648	$2,632,648	$2,632,648	$7,897,944

- The proposed amendment will increase the annual amount by $87,601 for a revised annual amount of $3,132,397.

	Current Annual Amount	Amended Annual Amount	Increase
Maintenance	$1,712,708	$1,699,660	($13,048)
Management	$1,322,088	$1,432,737	$100,649
Total	**$3,044,796**	**$3,132,397**	**$87,601**

Fiscal Impact: Funding

- Golf operations and maintenance expenses are funded by revenue from the following:
  - Green Fees
  - Cart Rental Fees
  - Food & Beverage Sales
  - Merchandise Sales
  - General Fund support

Recommended Committee Action:

- Motion recommending the Second Amendment increasing the Agreement amount with BrightView Golf Maintenance, Inc., in partnership with KemperSports Management, for Golf Management and Maintenance Services by $175,202 from $13,987,536 to a new total amount of $14,162,738; and forwarding to Council for approval.

Questions?

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AWARD SAFE STREETS AND ROADS FOR ALL AGREEMENT

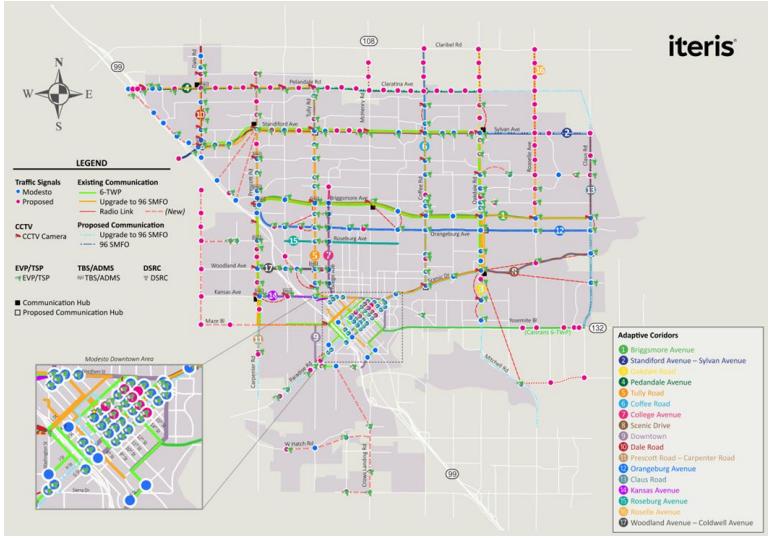
Safety & Communities Committee, May 13, 2024
Public Works Director, Bill Sandhu

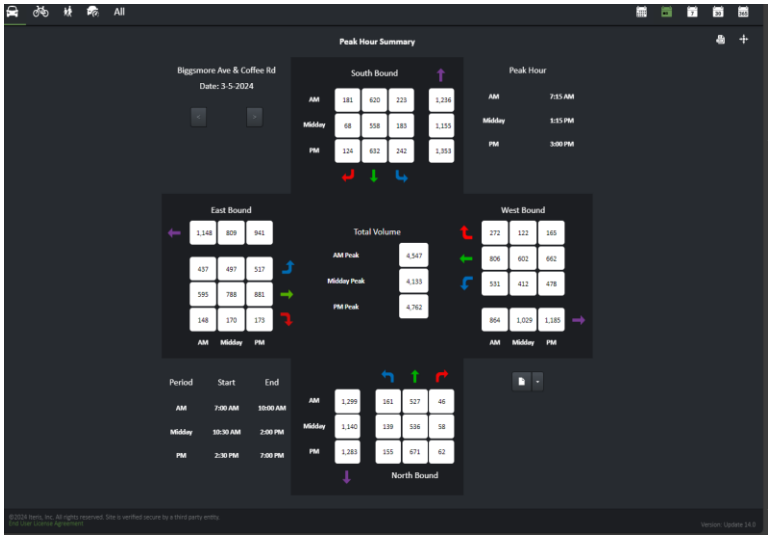
Background

- The City was successful in receiving a Safe Streets and Roads for All (SS4A) Grant in the amount of $1,000,000 to create a comprehensive action plan
- At the time of application and compared to other California cities of similar populations City of Modesto ranked within the top 3 for:
  - fatal incidents of pedestrians under the age of 15
  - crashes involving alcohol
  - overall fatal and serious injury collisions

Background cont.

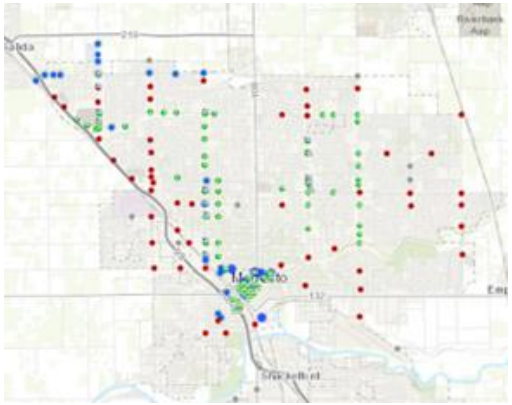
- Our response is to collect the data, perform our analysis, have open discussion with the community, and target locations experiencing these fatal and serious injury collisions. This will be completed with our comprehensive action plan.



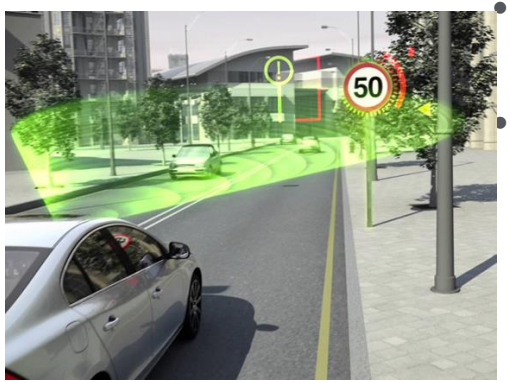


Discussion

- The SS4A action plan will develop a series of maps detailing fatal and serious injuries in our network including all modes of transportation and a focus on vulnerable users, and underserved communities.
- We will develop strategies based on the data, industry best practice, the City's future development goals, and public input.
- The development of the SS4A action plan will include a public engagement process, including the formation of a regional Task Force to provide feedback to the City during the process.



Discussion Cont.



- The development and adoption of the SS4A action plan is necessary for the City to be competitive for the grant program, which will be our funding source to implement infrastructure improvements or new programs to reduce fatal and serious injury collisions.
- The City held a public call for proposals and is now recommending Alta Planning + Design Inc.
- This plan will include a leadership commitment from the Mayor and a safety task force made up of a diverse group of individuals including citizens, engineers, law enforcement, neighborhood associations, school district officials, and public engagement stakeholders.

Fiscal Impact

- The City was granted $1,000,000 from the SS4A grant program which required a 20% match by the receiving agency. Measure L is being leveraged for the match. The City's 20% match is $250,000 for the SS4A funds for a project total of $1,250,000.

Fiscal Impact Cont.

Anticipated Expenditures	Total
Contract	$1,003,933
Contingency (10%)	$100,393
Admin City Staff	$145,674
Total Anticipated Expenditures	$1,250,000

Recommendation

Motion recommending the Award of the SS4A Agreement to Alta Planning + Design Inc., of Oakland CA for a total amount not to exceed $1,104,326 and forwarding to Council for approval.

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Questions

Item #17

RENEWAL OF MODESTO TOURISM MARKETING DISTRICT

Jessica Hill, Director of Community and Economic Development

City Council

May 14, 2024

Background

- The Modesto Tourism Marketing District (District or MTMD) is a benefit assessment district proposed to continue a revenue source to help fund marketing and sales promotion efforts for certain Modesto lodging businesses
    - Includes all lodging businesses with twenty (20) rooms or more, for stays less than 27 days.
- Tourism Marketing Districts benefits:
    - Funds cannot be diverted for other government programs.
    - They are customized to fit the needs of each destination.
    - They allow for a wide range of services including destination marketing, tourism promotion, and sales lead generation.
    - They are designed, created, and governed by those who will pay the assessment; and
    - They provide a stable funding source for tourism promotion.

Background

- The MTMD was created in 2019 for a four (4) year and eleven (11) month term. Visit Modesto, Modesto lodging businesses, now wish to renew the MTMD.

- The annual assessment rate is one percent (1%) of gross short-term sleeping room rental revenue- hotels would charge an additional 1% for this District.

- Over the last five years, the Modesto Tourism Marketing District contributed about $385,000 in revenue per year.

Modesto Tourism Marketing District

- In order to renew the district there needs to be a written petition, signed by the business owners in the renewed District who will pay more than fifty percent (50%) of the assessments
- Petitions in favor of District renewal were submitted by 8 lodging businesses, which represent 74.58% of the total District assessment.
- Proposed renewal changes
  - Term to increase from five years to ten years
  - Increase assessment over time from 1% of gross short-term sleeping room rental revenue to a maximum of 3%, with annual increases limited to .5%
    - Anticipated revenue $430,540 per year.
    - Assessment to be approved by MTMD Board of Directors and subject to City Council approval.
- A Notice of Public Hearing was sent to the owners of the lodging businesses within the proposed MTMD that will be subject to the assessment 45 days prior to this hearing

Tourism District Fee Rebate

- In fiscal year 2022 the District Committee adopted the Modesto Tourism District Fee Rebate Program, which aims to support hotels that accept hotel vouchers.
- These vouchers are intended to transition families and individuals from temporary emergency shelter or motel stays into permanent rental housing.
- By participating, hotels contribute to the community by providing emergency shelter to vulnerable populations.
- Hotels can apply to receive a limited rebate on certain fees or taxes related to tourism and lodging. The goal is to encourage hotels to continue supporting vouchers and contribute to the well-being of the community.

Timeline

- March 12, 2024 RESOLUTION OF INTENTION HEARING - CITY COUNCIL
- May 7, 2024 PUBLIC MEETING AND INTRODUCTION/FIRST READING OF ORDINANCE
- May 14, 2024 FINAL PUBLIC HEARING AND SECOND READING/ADOPTION OF THE ORDINANCE
- Upon successful passage of the ordinance, the District shall be renewed, and the ordinance shall go into effect thirty (30) days after successful passage of the ordinance.

Questions?

Staff Recommendation

- Motion approving Final Adoption of Ordinance 3780-C.S. of the City of Modesto declaring formation of the Modesto Tourism Marketing District, pursuant to the Property and Business Improvement District Law of 1994, for a renewed ten-year term.

- Resolution declaring formation of the Modesto Tourism Marketing District, pursuant to the Property and Business Improvement District Law of 1994, for a renewed ten-year term

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Public Hearing Script

- 1994 Property and Business Improvement District Law –

Section 36623: (b) If a city council proposes to levy a new or increased business assessment, the notice and protest and hearing procedure shall comply with Section 54954.6 of the Government Code, except that notice shall be mailed to the owners of the businesses proposed to be assessed. A protest may be made orally or in writing by any interested person. Every written protest shall be filed with the clerk at or before the time fixed for the public hearing. The city council may waive any irregularity in the form or content of any written protest. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the city as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business or the authorized representative. A written protest that does not comply with this section shall not be counted in determining a majority protest. If written protests are received from the owners or authorized representatives of businesses in the proposed district that will pay 50 percent or more of the assessments proposed to be levied and protests are not withdrawn so as to reduce the protests to less than 50 percent, no further proceedings to levy the proposed assessment against such businesses, as contained in the resolution of intention, shall be taken for a period of one year from the date of the finding of a majority protest by the city council.

- CA Gov Code Section 54954.6

(a) (1) Before adopting any new or increased general tax or any new or increased assessment, the legislative body of a local agency shall conduct at least one public meeting at which local officials shall allow public testimony regarding the proposed new or increased general tax or new or increased assessment in addition to the noticed public hearing at which the legislative body proposes to enact or increase the general tax or assessment.
(a) (2) The legislative body shall provide at least 45 days' public notice of the public hearing at which the legislative body proposes to enact or increase the general tax or assessment. The legislative body shall provide notice for the public meeting at the same time and in the same document as the notice for the public hearing, but the meeting shall occur prior to the hearing.

ORDINANCE AMENDING THE ANNUAL SALARY FOR THE MAYOR AND COUNCILMEMBERS

Jose M. Sanchez, City Attorney
City Council, May 14, 2024

BACKGROUND

Charter Requirements – Section 703

- City of Modesto Charter Section 703 – Compensation for Elected Officials
  - Requires the formation of a Citizen's Salary Setting Commission
    - Five qualified electors residing within the City and appointed by Council
- Meeting requirements
  - Commission meets between March 1 and April 30 on even numbered years
  - Last meeting of Commission was convened in 2014 (began the process in 2016, however was unable to meet during the timeframe required by the Charter)
  - Current 2024 commission met nine times, including two Noticed Public Hearing

Charter Requirements Continued

- Final Recommendation
  - Commission must make their salary recommendations to the Council by April 30th
  - When such final recommendations has been submitted to the Council, it shall not thereafter be amended by the Commission

- Charter Requirements/Limitations on Salary
  - Salary of Mayor shall be no more than fifty percent (50%) of the salary for a Superior Court Judge in Stanislaus County – *Cap: $119,239.50*
  - Salary of a Councilmember shall be no more than fifty percent (50%) of the median family income for the Modesto Metropolitan statistical area – *Cap $36,687.50*

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CITIZENS' SALARY SETTING COMMISSION 2024 – FINAL RECOMMENDATIONS

Final Recommendations of the Commission

- The Mayor's salary shall be set at no more than $54,000/year or $4,500 /month

- The Councilmember's salary shall be set at no more than $30,000/year or $2,500/month

- For Reference - Current Salaries
  - The salaries for both the Mayor and Councilmembers have not increased since 2008
  - The Mayor's current salary is $43,200 per year
  - The Councilmember's current salary is $24,000 per year

Adoption of New Compensation

- Pursuant to Charter Section 703, compensation must be adopted by Ordinance after a public hearing – 20 days notice published in newspaper

- On April 23, 2024, the Council accepted Citizens' Salary Setting Commission Final Recommendation and set the public hearing date for May 14, 2024

- The Council may adopt the compensation as recommended by the Commission or a lower amount, but in no case may adopt compensation higher than the Commission's recommendation

Recommended Motions

Motion introducing and waiving the first reading of an Ordinance amending Section2-1.24 “Compensation of Mayor,” and 2-1.26 “Compensation of City Councilmembers,” of Chapter 1, “City Council Organization and Procedure,” of Title 2, “Administration,” of the Modesto Municipal Code, to increase the salaries of the Mayor and City Councilmembers pursuant to Charter Section 703 and the recommendations of the Citizen’s Salary Setting Commission of 2024.

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NON-EMERGENCY TRANSPORT APPLICATION FOR MEDIWEST NON-EMERGENCY MEDICAL TRANSPORTATION

Kalani Souza, Lieutenant
Modesto Police Department

Background

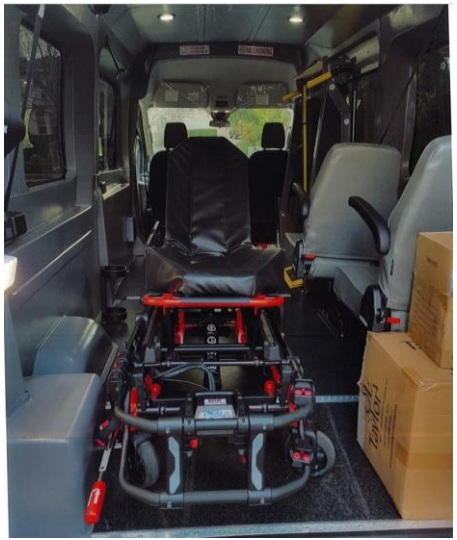
- Non-Emergency Medical Transport permit process:
  - MMC 3-9.01 to 3-9.20 outlines the requirements for companies wishing to operate non-emergency medical transports with the City of Modesto
  - Interested parties must submit an application, required documentation, and a filing fee of $1,000
  - Police Department then conducts a thorough background investigation

Non-Emergency Medical Transport Permit

- Mediwest Non-Emergency Medical Transportation:
  - Completed and submitted application
  - Provided required documentation
  - Paid $1,000 filing fee

- Modesto Police Department:
  - Reviewed and approved application
  - Concluded background investigation - no issues found

- There are currently 15 permitted ambulance companies approved to operate within the City limits.



Staff Recommendation

- Approve the application and issuance of a Non-Emergency Medical Transport permit to Mediwest Non-Emergency Medical Transportation.

CITY OF MODESTO CALIFORNIA

Questions?

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Item # 20

Dispensary Permit Request for Proposal (RFP)

Jessica Hill, Director of Community and Economic Development

Dispensary Permits

- On December 12, 2017, by Resolution No. 2017-525, Council limited the total number of permits that may be issued for commercial cannabis retail dispensaries to an amount not to exceed ten (10) permits
- Council also directed Staff to prepare an RFP process to gather applications for dispensary permits under the authority of the same resolution

Dispensary Proposal Evaluations

- The original proposals were evaluated initially by Staff and HDL based on a set of technical requirements under these categories

Business Plan	Site Security Plan	Facility, Environmental, & Design Considerations	Convenience to Community
Experience	Security plan narrative	Green practices	Evidence of property ownership/permission from owner
Operating and management plan	Cameras, types, locations	Traffic/parking impacts	Location accessible by public transportation
Proof of capitalization	Security by environmental design	Architecture/design quality/façade improvements	Analysis of projected customer base
	Alarm system, doors, panic button		
	Entry/exit procedures		
	Compliance with Section 10-3.706 of Muni Code		
	Procedures for product and currency transport/storage		
	Building improvements		

Dispensary Permit Selection Process

- The City received twenty (20) cannabis dispensary proposals during the original 2018 RFP process
- City staff, along with consultant HDL, reviewed the applications against technical requirements and assigned each a score, up to a maximum of fifty-five (55) points
- A Council Ad Hoc Cannabis Committee also conducted interviews of each applicant regarding the community benefits of each proposal
- The Ad Hoc Committee considered the technical and community benefit scores as well as results of applicant interviews and ultimately recommended the issuance of eight (8) dispensary permits
- On December 19, 2018, by Resolution No. 2018-566 Council approved the issuance of eight (8) dispensary permits out of the approved ten (10) available.

Per Capita Data

- HDL completed an assessment of cannabis retail sales in California on September 21, 2022. They recommend a general benchmark ratio of 1 dispensary business to every 20,000 citizens
- This benchmark can be used to determine if a cannabis market is reasonably served
- As of the date of the report there were 7 dispensaries operating in the City, 2 in the sphere of influence, and 19 county-wide
- This results in a rate of 1 dispensary serving approximately 19,750 residents in Stanislaus County

Cannabis Retailers, Sales, and Sales per Capita by County 2021					
County; All Agencies	Population	Number of Retailers	Population per Retailer	Total Retail Sales	Sales per Capita
Alameda	1,656,791	204	8,122	$273,569,272	$165
Calaveras	45,040	4	11,260	$12,423,700	$276
Contra Costa	1,154,158	18	64,120	$120,344,037	$104
El Dorado	195,380	12	16,282	$33,003,661	$169
Humboldt	130,859	41	3,192	$49,077,328	$375
Imperial	186,064	14	13,290	$20,842,841	$112
Kern	915,273	8	114,409	$20,419,736	$22
Lake	63,948	6	10,658	$9,718,775	$152
Los Angeles	10,045,420	434	23,146	$1,554,227,438	$155
Marin	257,879	8	32,235	$14,162,740	$55
Mendocino	86,672	30	2,889	$28,613,877	$330
Merced	284,857	9	31,651	$52,402,374	$184
Mono	13,296	5	2,659	$5,899,438	$444
Monterey	437,347	26	16,821	$77,441,041	$177
Napa	137,689	6	22,948	$11,508,038	$84
Orange	3,154,577	29	108,779	$273,249,465	$87
Riverside	2,454,741	137	17,918	$374,176,140	$152
Sacramento	1,561,232	101	15,458	$304,252,948	$195
San Bernardino	2,177,209	41	53,103	$113,933,330	$52
San Diego	3,316,066	62	53,485	$464,746,668	$140
San Francisco	875,062	74	11,825	$231,270,261	$264
San Joaquin	783,722	8	97,965	$63,426,658	$81
San Luis Obispo	271,190	21	12,914	$55,021,831	$203
San Mateo	765,487	17	45,029	$31,851,931	$42
Santa Barbara	441,224	29	15,215	$72,488,624	$164
Santa Clara	1,934,704	17	113,806	$220,033,935	$114
Santa Cruz	261,131	27	9,672	$62,332,024	$239
Shasta	177,810	12	14,818	$52,694,135	$296
Siskiyou	44,338	8	5,542	$6,371,830	$144
Solano	438,603	23	19,070	$68,154,581	$155
Sonoma	484,238	33	14,674	$106,595,333	$220
Stanislaus	552,999	28	19,750	$161,463,512	$292
Tulare	481,818	10	48,182	$59,822,581	$124
Ventura	835,467	19	43,972	$58,482,685	$70
Yolo	217,531	8	27,191	$35,786,055	$165
Totals:	**36,839,825**	**1,529**		**$5,099,808,823**	**$138**
Average Population per Retailer:			**32,058**		
Average Sales per Capita:					
All counties with active cannabis retailers					**$138**
Counties with fewer than 1 retailer per 40,000 residents					**$84**
Counties with more than 1 retailer per 40,000 residents					**$207**
Counties with more than 1 retailer per 20,000 residents					**$226**
Counties with more than 1 retailer per 10,000 residents					**$283**

Note: This data assumes that all microbusinesses include a retail component

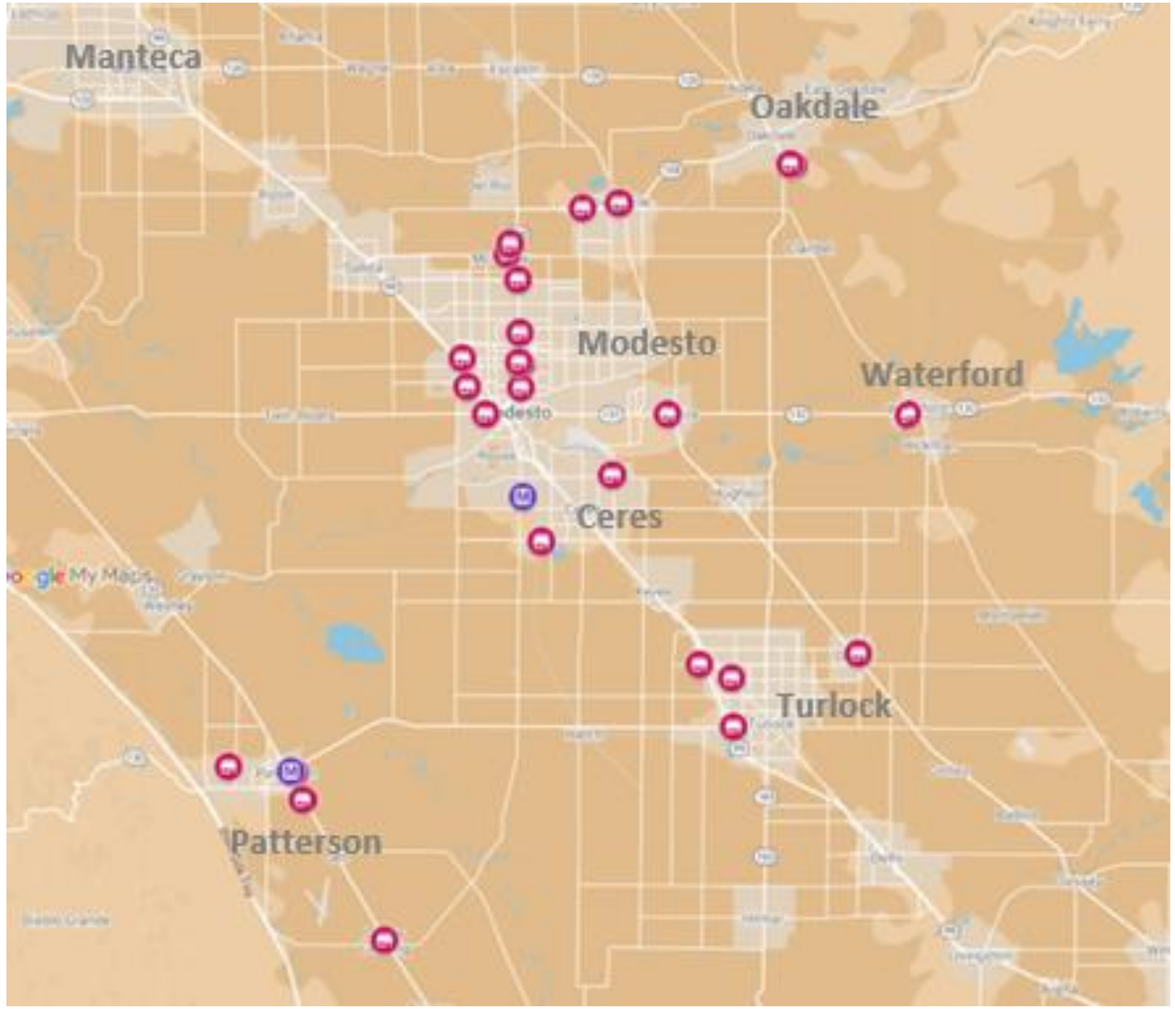
Per Capita Data Analysis

- Of the 35 Counties analyzed:
  - Stanislaus currently ranks 16th in cannabis retailers per capita while also ranking 5th in sales per capita

County	Population	Number of retailers	Cannabis Retailer per Capita	Total Retail Sales	Cannabis Retail Sales per Capita	Comparison of Cannabis Retailers per capita	Comparison of retail sales per capita
San Joaquin	783,722	8	97,965.25	$ 63,426,658	$ 80.93	4	30
Merced	284,857	9	31,650.78	$ 52,402,374	$ 183.96	12	12
Stanislaus	552,999	28	19,749.96	$ 161,463,512	$ 291.98	16	5
Riverside	2,454,741	137	17,917.82	$ 374,176,140	$ 152.43	18	20
San Francisco	875,062	74	11,825.16	$ 231,270,261	$ 264.29	27	6 7

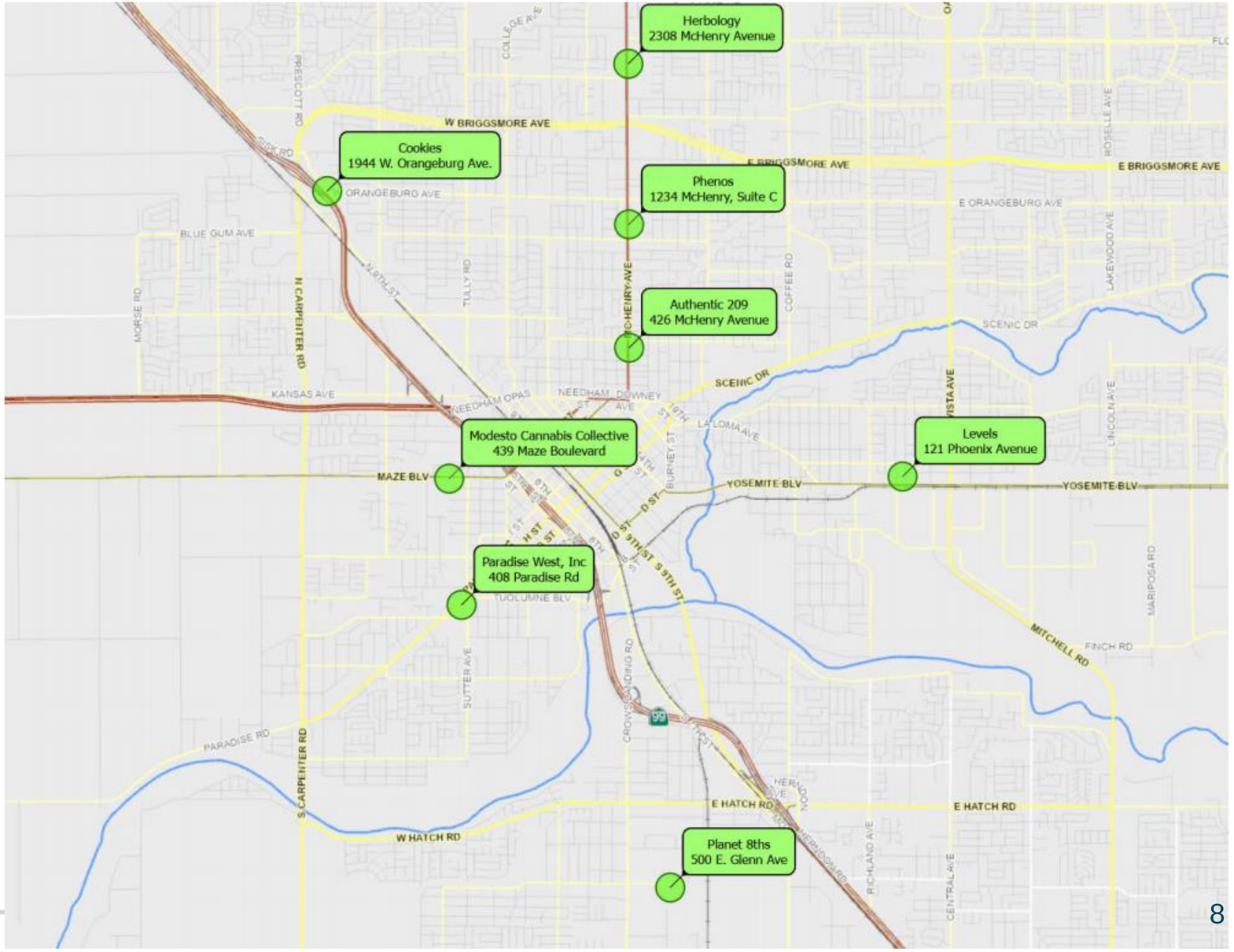
Dispensary Regional Map

- Regional Map showing all licensed cannabis retailers in Stanislaus County as of the date of HDL's report



Dispensary City Map

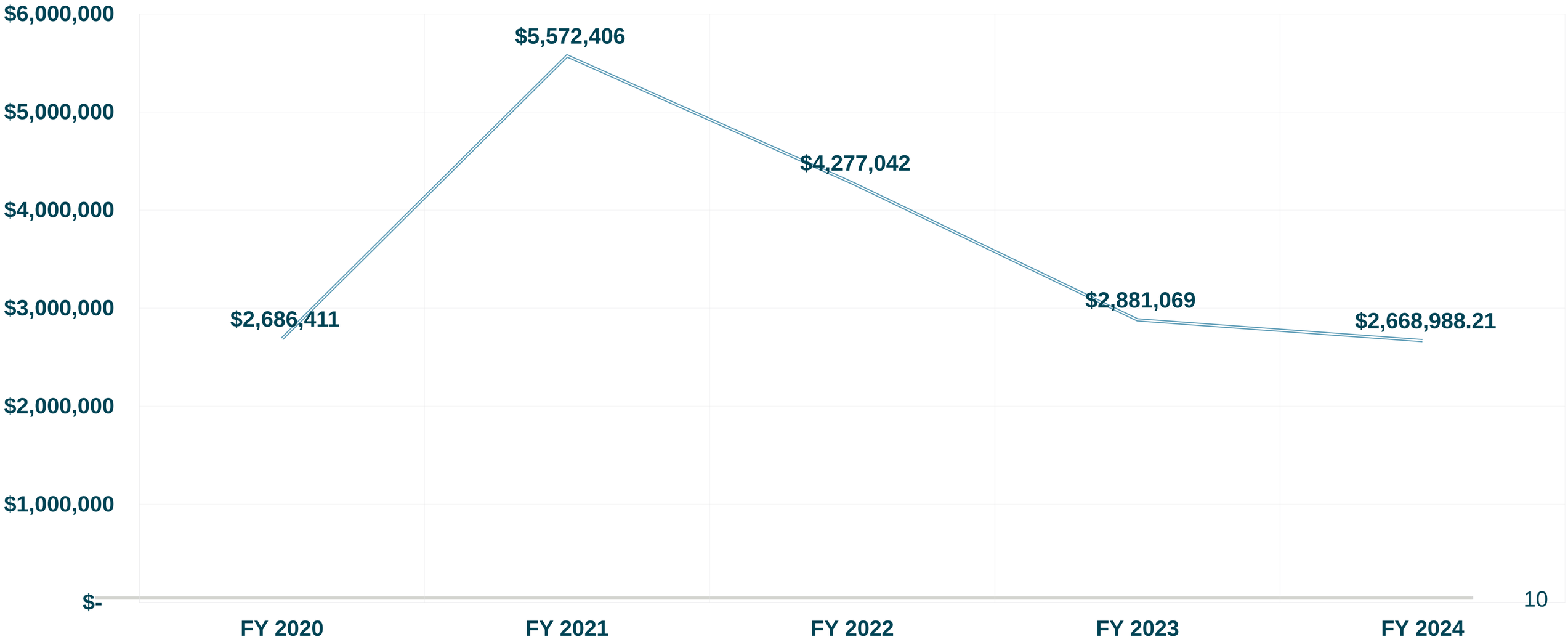
- Area map showing the eight licensed cannabis retail dispensaries within City limits



Cannabis Retail Excise Tax Revenue

- Revenue and sales peaked from January 2019 through May 2021
- Following this time sales have consistently declined from 1-7% on a monthly basis with an average decrease annually over the last three fiscal years
    - Excise tax revenue in fiscal year 2021 totaled $5,572,406 compared to $2,881,069 in fiscal year 2023

Cannabis Retail Excise Tax Revenue



Consideration of the Two Remaining Permits

- Since dispensary permits are limited by Council resolution City Staff has received multiple inquiries regarding the remaining dispensary permits from the stakeholders indicated below:
  - Original applicants that participated in the 2018 RFP process
  - New businesses seeking to come into Modesto
  - Cannabis equity program stakeholders

Cannabis Equity Programs

- City of Modesto Cannabis Equity Program (PLEDGE) participants will be eligible for direct technical assistance workshops as well as grants to assist with the payment of business start-up expenses necessary to become an operational commercial cannabis business.
- Other cities in California have released cannabis retail business permits to equity only participants.
- City of Oakland dispensary permits are now only open to Equity participants
- In November of 2020, The City of Sacramento approved 10 dispensary permits exclusively for participants in their Cannabis Opportunity Reinvestment and Equity (CORE) program.
- Six applications to participate in the PLEDGE program have been submitted to date and all cannabis business types were indicated as an area of interest.

Program Benefits: Grants To Equity Business Owners

- To receive grant funding the business must:
  - Have an owner with not less than 51% ownership who meets the PLEDGE program eligibility criteria
  - The owner must have completed the direct technical assistance workshops
  - And they must have a commercial cannabis permit application submitted
- Eligible expenses would include rent, legal costs, regulatory fees, accounting, and insurance
- Staff has recommended issuing $70,000 grants to up to four (4) equity business owners
- Grant recipients are not limited to a single cannabis business type
- Average year 1 business expenses, based on proforma financial statements provided by previous cannabis permit applicants, amount to approximately:
  - $857,859 for cannabis retailers
  - $558,298 for non-retail cannabis businesses

Cannabis Equity Licenses

884 total licenses
24% Commercial retail

City	Cultivation	Manufacturing	Distribution	Retail (Storefront)	Retail (Nonstorefront)	Testing Laboratory
Coachella	0	0	0	3	0	0
Humboldt County	234	2	3	4	0	0
Long Beach	0	0	1	0	0	0
Los Angeles	54	47	53	41	37	0
Oakland	32	71	115	158	0	0
Palm Springs	0	0	0	1	0	0
Sacramento	6	5	6	1	3	0
San Francisco	1	1	1	4	0	0
	327	**126**	**179**	**212**	**40**	**0**

Committee Recommendation

- The Cannabis Program and Permit Review Committee met on April 22, 2024 and provided a recommendation, with two (2) committee members in favor and one (1) opposed, to issue one (1) of the two (2) remaining unissued commercial cannabis retail permits to businesses owned by verified PLEDGE program participants and to forward the recommendation to Council for approval.

Questions?

Recommendation

- Resolution directing staff to prepare a request for proposal (RFP) for the purpose of issuing one (1) of two (2) remaining unissued commercial cannabis retail permits to businesses owned by verified Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE) participants.

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MAYOR'S FINAL BUDGET MODIFICATIONS AND COMBINING OF BUDGETS INTO THE FISCAL YEAR 2024-25 PROPOSED BUDGET

Item #21

INTRODUCTION

City of Modesto Charter Section 1303

The Mayor is to prepare and deliver final modifications, if any, to the Draft Budget at least 45 days prior to the new fiscal year.	Following receipt of the Mayor's Final Budget Modifications, Council shall consider and review any changes and make any recommendations. The resulting document shall be deemed the Proposed Budget.	Thereafter, Council shall determine the time for holding of a public hearing upon the Proposed Budget and shall cause a notice thereof to be published not less than 10 days prior to said hearing.	At the time of the public hearing as determined by Council on the Proposed Budget, any interested persons desiring to be heard shall be given such opportunity.

FY 2024-25
GENERAL FUND OVERVIEW

FY 2024-25 General Fund Overview

FY 2024-25 GF	Amount
Total Revenues	$186.2M
Total Expenditures	($194.3M)
Estimated Shortfall	($8.1M)

Included

General Fund Non-Measure H Adjustments

Proposal #	Description of Adjustment	Department	Ongoing/One-Time	ARPA/Measure H/N	FTE	Fund	Amount
CCM-004	Add one (1) Executive Assistant Position offset with a Reduction in Discretionary Expense	City Council	Ongoing	General Fund	1.00	0100	$ 17,875
CED-001	Building Safety Discretionary Budget Realignment	Community and Economic Development	Ongoing	General Fund	-	0100	$ 13,676
CED-003	Budget Revitalization to Enhance Economic Development Services	Community and Economic Development	Ongoing	General Fund	-	0100	$ 63,100
CED-008	Add one (1) Admin Office Assistant III to Ecomonic Development Services	Community and Economic Development	Ongoing	General Fund	1.00	0100	$ 75,258
CMO-CMO-004	Creation of Office of Performance Management and Budget	City Manager's Office	Ongoing	General Fund	1.00	0100	$ 256,816
FIN-001	Add one (1) Buyer Position	Finance Department	Ongoing	General Fund	1.00	0100	$ -
FIN-005	Restoring Training Budget for Department	Finance Department	Ongoing	General Fund	-	0100	$ 20,000
MPD-010	Add one (1) Police Range and Training Center Technician includes Revenue Offset	Modesto Police Department	Ongoing	General Fund	1.00	0100	$ 24,697
PRN-014	Add one (1) Admin Services Tech Position and reduce Discretionary Budget in Recreation Division	Parks, Recreation & Neighborhoods	Ongoing	General Fund	1.00	0100	$ -
PRN-015	City Support of Breakfast with Santa	Parks, Recreation & Neighborhoods	Ongoing	General Fund	-	0100	$ 3,500
				TOTALS FOR GENERAL FUND ADJUSTMENT REQUESTS	6.00		$ 474,922

NON-GENERAL FUNDS

Breakdown of Proposed Non-General Funds

Fund Name	Amount
Water Enterprise Fund	$71,957,008
Wastewater Enterprise Fund	$51,262,302
Employee Benefits ISF Fund	$40,052,647
Fleet ISF Funds	$29,012,317
Insurance Funds	$24,320,156
Solid Waste Funds	$17,420,736
Surface Transportation Funds	$17,361,902
Information Technology ISF Fund	$13,265,000
Storm Drainage Fund	$9,432,925
Liability Insurance ISF Fund	$8,990,500
Capital Improvement Support Funds	$7,212,909
Inventory Purchases Fund	$7,210,428
Community Facilities District Funds	$6,824,882
Special Revenue and Grants Funds	$6,142,635

Fund Name	Amount
Workers Compensation ISF Fund	$6,003,938
Debt Service Fund	$3,729,000
Golf Funds	$3,634,118
Housing and Urban Dev Funds	$3,227,894
Building Services ISF Fund	$3,098,610
Joint Powers Authority (JPA) Funds	$3,022,125
Parking Fund	$2,542,642
Property Insurance ISF Fund	$2,405,200
Community Center Operations Fund	$2,006,879
Airport Funds	$1,463,390
Insurance Administration ISF Fund	$1,278,324
Mail Services ISF Fund	$369,635
Landscape District Funds	$83,881
All Non-General Funds Total	**$343,331,983**

MEASURE H SPENDING PLAN

Measure H – FY 2024-25 Spending Plan Overview

FY 2024-25 Measure H Spending Plan	Amount
Approved Spending on New Programs	$ 22,216,858
FY 2023-24 Ongoing Measure H Spending	$ 10,984,043
General Fund Budget Deficit Funding	$ 8,168,584
FY 2024-25 Measure H Spending Plan Totals	**$ 41,369,485**

Description	Amount
FY 2024-25 Measure H Spending Plan	
One-Time	$ 15,982,850
Ongoing	$ 17,218,051
Total Measure H Spending Plan	**$ 33,200,901**
General Fund Budget Deficit Funding	$ 8,168,584
Total FY 2024-25 Measure H Spending	**$ 41,369,485**

- There will be remaining Measure H funds of approximately $1.6M after the proposed spending plan obligations and use of funds to cover the General Fund budget deficit in FY 2024-25.
- These funds and any remaining funds at year-end, will be categorized as funds for Future Deferred Maintenance Costs and will be strategically used to fund maintenance/replacement of new infrastructure being built using Measure H funds.

Category	Measure H Initial Spending Plan	FY 23-24 Measure H Spending Plan	FY 24-25 Measure H Spending Plan	Totals
Parks Improvements	$ 1,004,214	$ 9,408,424	$ 7,868,239	$ 18,280,877
Public Safety	$ 240,600	$ 5,751,547	$ 8,478,871	$ 14,471,018
Forestry	$ 755,000	$ 2,345,127	$ 3,989,477	$ 7,089,604
Fire/EMS	$ 440,000	$ 4,107,920	$ 1,717,007	$ 6,264,927
Homelessness	$ 282,083	$ 3,595,290	$ 1,816,453	$ 5,693,826
Blight	$ 1,494,206	$ 245,364	$ 3,932,070	$ 5,671,640
Sidewalk	$ -	$ 1,800,000	$ 1,800,000	$ 3,600,000
Equipment	$ 260,900	$ 2,213,405	$ 399,300	$ 2,873,605
Deferred Maintenance	$ -	$ 358,037	$ 2,200,000	$ 2,558,037
Measure H Admin Support	$ -	$ 385,037	$ 999,484	$ 1,384,521
Totals	**$ 4,477,003**	**$ 30,210,151**	**$ 33,200,901**	**$ 67,888,055**

FY 2024-25 Measure H Spending Plan
https://www.modestogov.com/DocumentCenter/View/22375/FY-2024-25-Measure-H-Adjustment-Requests-Approved-PDF

MAYOR'S FINAL BUDGET MODIFICATIONS MESSAGE

Mayor
Sue Zwahlen

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STAFF RECOMMENDATION

Staff Recommended Action

- Resolution combining the City Manager's Draft Budget and the Mayor's Final Budget Modifications into the Proposed Budget for Fiscal Year 2024-25 and noticing a public hearing to be held on June 4, 2024, for Council's consideration and adoption of the Fiscal Year 2024-25 Proposed Budget and related actions.

Link to Proposed Budget Book: https://modestogov.com/ArchiveCenter/ViewFile/Item/3809

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DEBT MANAGEMENT POLICY – ANNUAL UPDATES

Finance Committee, May 20, 2024

DeAnna Christensen, Director of Finance

BACKGROUND

- The purpose of this Policy is to organize and formalize debt issuance-related policies and procedures for the City.
- The primary objectives of the City's debt and financing-related activities are to maintain cost-effective access to the capital markets through the following:
    - Prudent yet flexible policies.
    - Moderate debt principal and debt service payments through effective planning and project cash management.
    - Achieve the lowest cost of borrowing.
    - Achieve the highest practical credit ratings.

BACKGROUND

- As part of the City Debt Management policy, City staff review any policy updates in coordination with the City's financial advisors, Public Financial Management and bond counsel, Norton Rose
- As part of our annual review, the primary changes were focused on formatting and grammatical changes, but no changes of content were made during this annual review

INFORMATIONAL UPDATES

- This policy captures the minimum reserve requirements for our utility funds which is 25% of operating expenses
- The utility debt coverage ratio of 1.5 is defined for both utilities but the City targets above 2.0 to maintain strong credit ratings
- The policy outlines different debt financing options defined by state and federal law
- When exploring refinancing options, the City must establish a minimum net present value savings threshold of 3% of the refunded bond principal which is actively under review for the City's debt portfolio

STAFF RECOMMENDATION

- Motion accepting the updates to the City's Debt Management Policy and forwarding to Council for approval

QUESTIONS?

INVESTMENT POLICY – ANNUAL UPDATES

Finance Committee, May 20, 2023
DeAnna Christensen, Director of Finance
Monique Spyke, PFM Asset Management LLC

Background

- The Finance Department deposits and invests funds in accordance with the principles of sound treasury management and applicable laws.
- City staff recommends updates to the City's Investment Policy to Council for review and approval on an annual basis.
- PFM Asset Management LLC ("PFM"), the City's investment advisor, provides investment management, research, and supervision of the City's managed funds.
- PFM reviews the Policy annually and provides recommended changes in coordination with the City so the Policy is consistent with the California Government Code that governs the investment of public funds, and to better align Policy language with Code language.

Mortgage and Asset-Back Securities

- The language was updated to explain limitations which apply to these type of securities which include:
  - The security must be rated, by a nationally recognized rating service, in one of the two highest rating categories (i.e. rating category of “AA” or its equivalent or higher) and have a maximum remaining maturity of five years or less
  - Purchase of securities authorized by this paragraph shall not exceed 20 percent of the Group's surplus funds that may be invested pursuant to this section

Other Recommended Updates

- Language was updated under Policy Review to only provide the Investment Policy to Council if recommended changes will be made
- City staff will still conduct annual reviews of the policy in coordination with the City's investment advisors, PFM Asset Management
- If no changes are being made to the Policy, the policy will not be presented to Council

Staff Recommendations

- Motion accepting the updates to the City's Investment Policy and forwarding to Council for approval.

Monique Spyke
PFM Asset Management LLC
Managing Director

Email - spykem@pfmam.com
Phone - (415) 393-7259

QUESTIONS?

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CAPITAL FACILITIES FEES POLICIES AND PROCEDURES UPDATE

Edgar R. Garcia
Community Development Manager
June 3, 2024

BACKGROUND

- In 1987, the City of Modesto established a Capital Facilities Fees (CFF) Program to mitigate impact on new development.

- CFFs collected may be used for the purchase, construction, expansion, rehabilitation or acquisition of public facilities

- Project that are assess a CFF include but are not limited to:
  - New building and construction projects
  - Commercial building additions
  - Changes of use to more intensive land categories

BACKGROUND, CONT.

- Since establishing the CFF Program there have been several updates and amendments to the policies and procedures
- The City's CFF Policies and Procedures were last revised September 22, 2020 by Resolution No. 2020-407
- The CFF Policies and Procedures provide guidance on the administration of the CFF Program
- The CFF Policies and Procedures streamline the ability for an applicant to understand the rules that govern the CFF Program

CFF POLICIES AND PROCEDURES UPDATES

- Key recommendations from staff include the following to ensure that the CFF policies align with the City's 6th Cycle Housing Element

- The following include the recommended areas that are proposed to be modified:
  - Junior Accessory Dwelling Units
  - Affordable Housing Exemptions
  - Farmworker Housing Exemptions

CFF POLICIES AND PROCEDURES UPDATES CONT.

Junior Accessory Dwelling Unit

- California law allows for the creation of junior accessory dwelling units (JADU) in single-family residential zones. The code limits the number of JADUs to one per residential lot zoned for single-family residential.
- California law allows for one detached Accessory Dwelling Unit (ADU) and one Junior Accessory Dwelling Unit (JADU) per lot with a proposed or existing single-family dwelling.
  - JADUs under 500 sq. ft. are recommended to be exempt from impact fees.

CFF POLICIES AND PROCEDURES UPDATES CONT.

Very Low-Income Housing

- Very Low-Income Housing will now be defined as **Affordable Housing**
- Current Area Median Income (AMI) for Very-Low Income Housing is fifty percent (50%)
- Proposed AMI for Affordable Housing will be eighty percent (80%)
  - Affordable Housing restricted to households with an income below 80% AMI is proposed to be eligible for a CFF Exemption

Farm Worker Housing

- Farmworker Housing – housing dedicated for agricultural/ farmworkers
  - Agricultural and/of Farmworker Housing is proposed to be eligible for a CFF Exemption

Questions?

RECOMMENDED ACTIONS

Motion recommending amendments to the Capital Facilities Fees Policies and Procedures and forwarding to Council for approval.

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Item #5

IN-HOME CHILDCARE ENTREPRENEURSHIP SMALL BUSINESS DEVELOPMENT

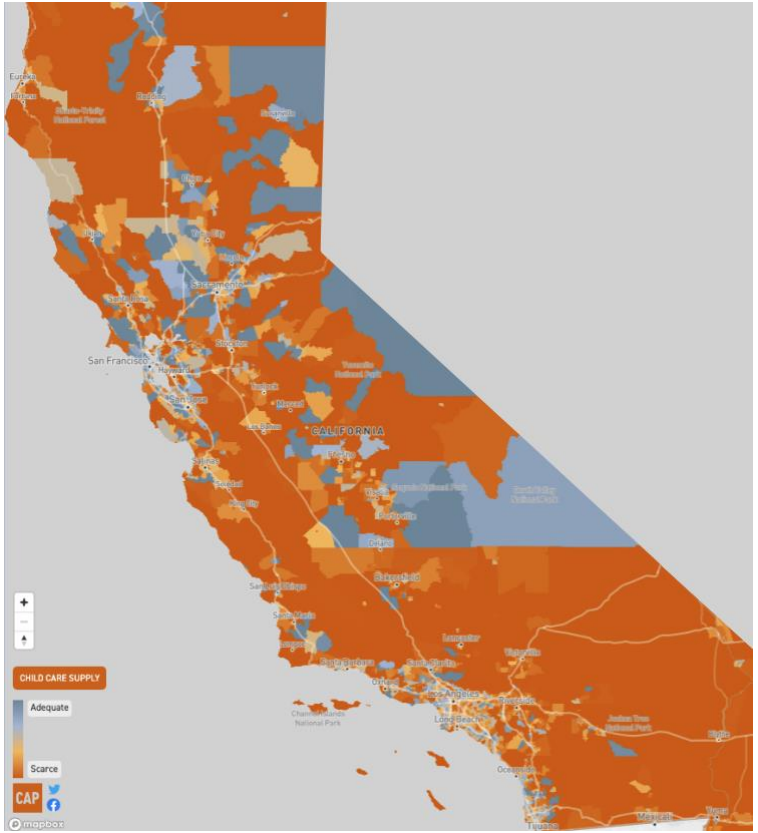
Economic Development Committee
June 3, 2024

BACKGROUND

- Stanislaus 2030 has launched a study county-wide and determined Modesto has experienced two decades of decline in home-based childcare businesses and childcare centers.
  - 2002: 769 home-based, 144 centers;
  - 2023: 320 home-based, 132 centers.
- Nationwide, 80% of childcare centers report staffing shortages, 15% characterized as “major”, with greatest shortage in centers serving children under 2 years old.
- Small Business Majority reports 59% of small business owners saying barriers to childcare access prevent them from growing their business.

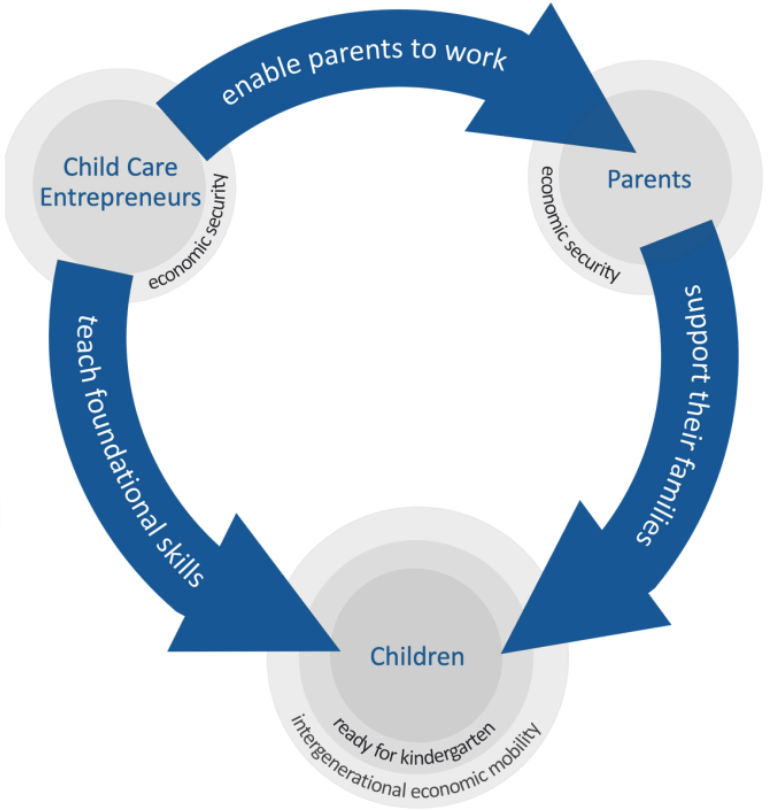
BACKGROUND

- 1 licensed space for every 5 children in Stanislaus County.
- 7 priority zip codes in Stanislaus County with highest demand for childcare and greatest shortage (4 zip codes in Modesto)
- Stanislaus County needs 150 new home child care businesses per year for the next 10 years to address the most acute shortage (over half are needed in Modesto)



BACKGROUND

- In order to help address the childcare desert, the State subsidy funding increase 10X the last five years
  - 2017-2018: $4.4M
  - 2022-2023 $40M
- Childcare Entrepreneurship Wage Potential
  - Informal Care: $12,480
  - Informal Subsidized Care: $20,000
  - Licensed Home Child Care: $73,000
- Each new child care business generates $272k in annual economic activity.



DISCUSSION

- Stanislaus 2030 proposed a partnership with Nurture, a non-profit organization dedicated to expanding in-home childcare entrepreneurship.
  - The partnership has launched the In-Home Child Care Expansion Project to address the childcare crisis and support the local workforce.
  - 12 week track for licensing and business essentials course
  - Grants to bring home up to license standards
- Childcare entrepreneurship support:
  - Provides sustainable family income
  - Offsets childcare worker shortage
  - Helps parents pursue high-road careers

DISCUSSION

- Stanislaus 2030 Goals:
  - Incubate 1,000 new home childcare businesses
  - Expand 500 existing childcare facilities
  - Create 12,000 permanent, licensed childcare spaces
  - $408M Economic Impact
- City of Modesto
  - Fund $156,758 using ARPA funds
  - 31 new childcare business startup grants of $5,000
    - $2,500 for courses and licensing support
    - $2,500 home startup expenses

RECOMMENDED COMMITTEE ACTION

Motion recommending a Modesto Forward Grant Agreement with Stanislaus 2030 to support in home childcare entrepreneurship for a total amount not to exceed $156,758 and forwarding to Council for approval.

Questions?

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Item #6

WORKFORCE DEVELOPMENT HEALTHCARE PARTNERS

Economic Development Committee
June 3, 2024

BACKGROUND

- On May 25, 2021, the City Council approved Resolution No. 2021-194 approving Modesto Forward which allocated $500,000 in funding to support the “implementation of a workforce development program.”
- As Modesto’s population grows and ages, the demand for healthcare services rises. However, the availability of skilled healthcare professionals, especially in critical specialty areas, remains insufficient; the COVID-19 pandemic exacerbated this trend.
    - **Nursing Workforce Gaps**: The shortage of registered nurses (RNs) and licensed vocational nurses (LVNs) impacts hospitals, clinics, and long-term care facilities ability to maintain nurse-to-patient ratios.
    - **Allied Health Professionals**: Roles including medical technologists, radiologic technologists, respiratory therapists, and occupational therapists are critical to diagnostics, treatment and rehabilitation.
    - **Behavioral Health Crisis**: Demand is rising and shortages of Mental health counselors, social workers, and psychologists limits available services necessary to treat substance abuse and mental illness.

BACKGROUND

- Behavioral Health Worker Shortage
  - Stanislaus County Behavioral Health & Recovery Services (BHRS) provided clinical services/treatment to over 9,987 unique clients from January 1, 2023, to December 31, 2023.
    - Due to staffing shortages, traditional caseloads have increased to accommodate 457 additional clients
    - 100 vacancies
  - According to the Mental Health Services Act (MHSA) Annual Update :
    - 5.74% of the population of Stanislaus County meet criteria for serious mental illness, and
    - 14.48% of the population needs some type of mental health services but not all qualify for County Mental Health services.
  - The County, in partnership with Stanislaus Community Foundation and HealthForce Partners is studying workforce gaps, and workforce development plans including funding for career pathway programs, training, technical assistance and workforce staffing support based on multiple layers of government support.

DISCUSSION

- Founded in 2018, HealthForce Partners is the healthcare sector partnership for the Northern San Joaquin Valley, catalyzing career pathway opportunities for all residents and growing a skilled and diverse workforce for the industry.

- In 2023, San Joaquin County launched $5.2 million partnership with HealthForce Partners to help bolster the region's mental health staffing.

    - Have already seen an impact with workforce staying and furthering their career in San Joaquin County

- From initial launch there was a need and desire to expand into Stanislaus County

DISCUSSION

- HealthForce Partners (HFP) is active in the community with Modesto Junior College, Stanislaus State Kaiser Permanente, Doctors Medical Center, and Behavioral Health and Recovery Services.
- Locally HealthForce Partners is proposing a pilot including:
    - Scholarships – HealthForce Partners will identify and award scholarships to current healthcare employees in the City of Modesto for advanced degrees leading to clinical licensure. This enables and incentivizes local residents to pursue advanced degrees and licensure while continuing to live and work locally, ultimately aiding in the growth of the local behavioral health workforce.
    - Clinical Licensing: contract with local CBOs to provide supervision stipends for their clinical supervisors, adding capacity to these agencies' ability to supervise additional clinical practicum students

DISCUSSION

- HealthForce Partners North San Joaquin Valley proposes to deliver a targeted workforce pipeline for behavioral health clinicians, graduating and placing 20 behavioral clinicians per year.
- Modesto is seeking to join Stanislaus Community Foundation among many funding partners, contributing $500,000 in ARPA funds.
- HealthForce Partners (HFP) is active in the community with Modesto Junior College, Kaiser Permanente, Doctors Medical Center, and Behavioral Health and Recovery Services. HFP programs include paid internships, licensure supervision, loan forgiveness, tuition assistance, peer support stipends, and quick start elements such as scholarships to current healthcare employees to pursue advanced degrees. HFP has operated a similar program in San Joaquin County since 2023.

DISCUSSION

- Proposed partnership with HealthForce Partners- for individuals who live or work within the City of Modesto
  - Scholarships: 40 x $5,000 Master's Degree Scholarships
  - Clinical Licensing Stipends: 27 x $5,000 Paid Internship Stipends
  - HealthForce Partners Program Support to connect Employers and Education
  - Marketing and Communications Support
- Program Benefits
  - Essential support for homeless programs launched by the City of Modesto including CHAT and MCERT
  - Following pilot and the completed workforce gaps study - Stanislaus County is looking towards HealthForce partners for ongoing support to assist with the Behavioral Health workforce pipeline

RECOMMENDED COMMITTEE ACTION

Consider motion recommending a Modesto Forward Grant Agreement with HeathForce Partners for a Workforce Development Program, for a total amount not to exceed $500,000 and forwarding to Council for approval.

Questions?

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CITY OF MODESTO CALIFORNIA

PUBLIC HEARING TO CONSIDER AND APPROVE THE FINAL PROPOSED FISCAL YEAR 2024-25 BUDGETS FOR THE CITY OF MODESTO

Steve Christensen, Budget Manager

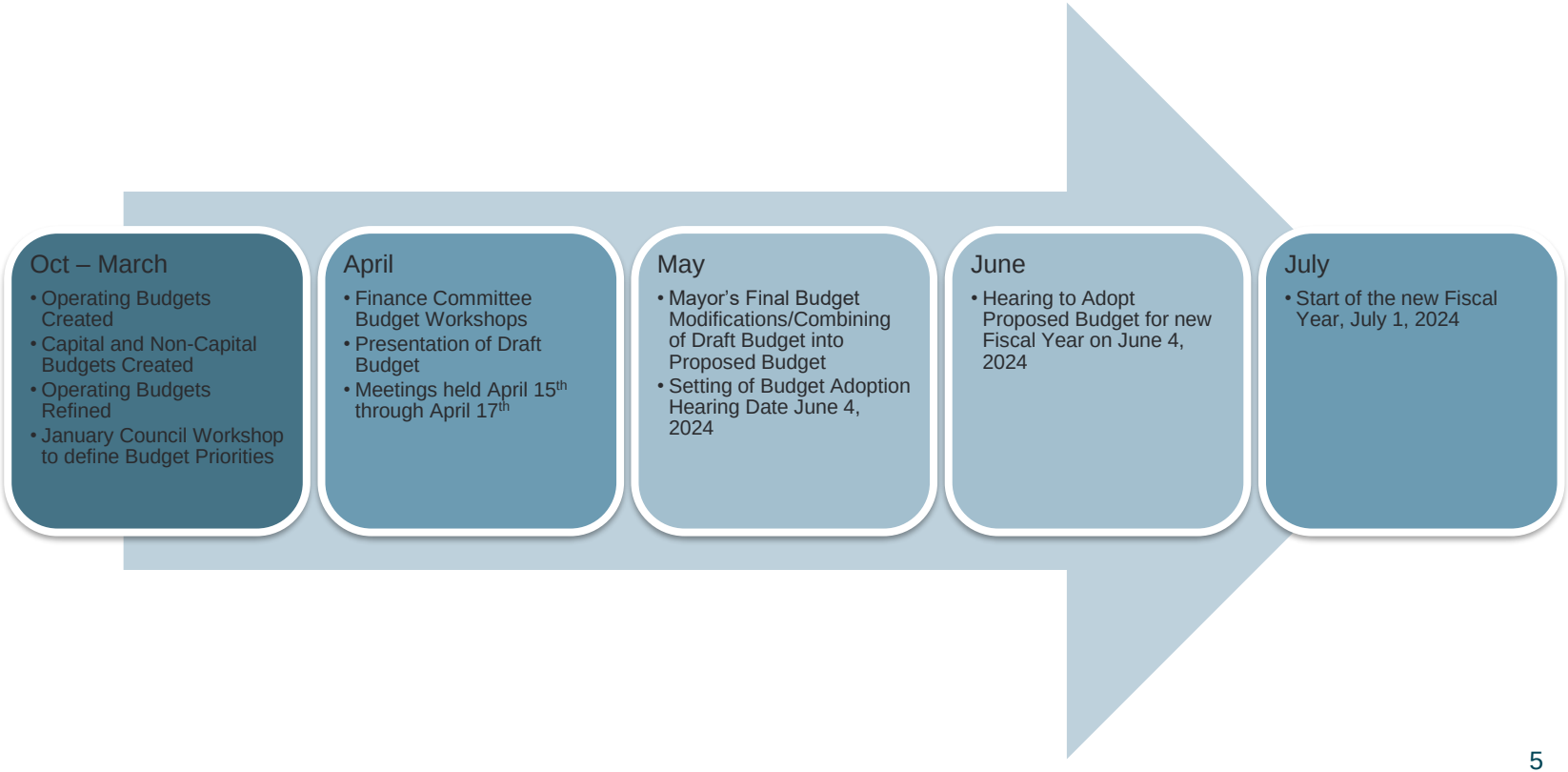
Item #20

CITY MANAGER'S OPENING REMARKS

City Manager
Joseph P. Lopez

BUDGET PROCESS TIMELINE

Budget Process Timeline



CITY OF
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FISCAL YEAR 2024-25 GENERAL FUND PROPOSED OPERATING BUDGET

FY 2024-25 General Fund Proforma - Revenues

City of Modesto - General Fund Proforma					
FY 2024-25 Proposed Budget					
	FY 2020-21 Actuals	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Current Budget	FY 2024-25 Proposed Budget
REVENUES:					
Taxes:					
Property Tax - Property	$ 18,949,790	$ 19,602,435	$ 21,736,960	$ 22,412,988	$ 23,020,264
Property Tax - VLF Swap	$ 18,453,801	$ 19,406,502	$ 20,805,243	$ 22,083,114	$ 23,163,876
Sales Tax	$ 35,670,236	$ 40,389,650	$ 39,611,849	$ 40,906,191	$ 41,706,191
Utility Users Tax	$ 20,764,694	$ 20,918,654	$ 22,363,014	$ 21,546,214	$ 22,205,000
Transient Occupancy Tax	$ 2,850,231	$ 3,621,191	$ 3,513,479	$ 3,680,000	$ 3,680,000
Business License/Mill Tax	$ 13,899,555	$ 15,529,034	$ 15,519,346	$ 16,594,603	$ 17,473,211
Fees:					
Franchise Fees	$ 5,236,613	$ 5,413,754	$ 6,152,185	$ 5,582,755	$ 6,161,300
Motor Vehicle Fees	$ 402,171	$ 474,637	$ 389,644	$ 447,653	$ 415,000
Construction Revenues	$ 2,343,029	$ 2,507,546	$ 2,657,335	$ 2,533,654	$ 2,578,121
Departmental Revenues	$ 18,883,646	$ 20,392,006	$ 22,866,175	$ 23,923,534	$ 22,803,238
Oakdale Fire Contract Revenue	*$ 5,120,146*	*$ 5,075,002*	*$ 5,632,252*	*$ 5,688,816*	*$ 5,850,880*
Ceres Fire Contract Revenue	*$ -*	*$ 5,701,749*	*$ 6,997,059*	*$ 7,430,276*	*$ 7,965,366*
Stanislaus Consolidated Fire Contract Revenue	*$ -*	*$ 148,363*	*$ 414,013*	*$ 396,313*	*$ 404,986*
Turlock Fire Contract Revenue	*$ -*	*$ 128,985*	*$ 364,210*	*$ 375,275*	*$ 383,382*
Salida Fire Contract Revenue	*$ -*	*$ -*	*$ 1,315,162*	*$ 1,806,949*	*$ 1,891,522*
Cannabis Revenues	$ 5,379,403	$ 4,022,800	$ 3,185,203	$ 4,000,000	$ 3,859,148
Cannabis Admin Fee	$ 338,093	$ 293,734	$ 259,904	$ -	$ -
American Rescue Plan Act Funds	$ -	$ 4,083,430	$ -	$ -	$ 2,000,000
Measure H Sales Tax (Used to Cover Budget Shortfall)	$ -	$ -	$ -	$ 6,178,633	
Total Operating Revenues	**$ 148,291,409**	**$ 167,709,471**	**$ 173,783,034**	**$ 185,586,968**	**$ 185,561,485**
Transfers In	**$ 1,341,072**	**$ 628,640**	**$ 1,322,750**	**$ 628,640**	**$ 628,640**
TOTAL REVENUES	**$ 149,632,481**	**$ 168,338,111**	**$ 175,105,784**	**$ 186,215,608**	**$ 186,190,125**

FY 2024-25 General Fund Proforma - Expenditures

	FY 2020-21 Actuals	FY 2021-22 Actuals	FY 2022-23 Actuals	FY 2023-24 Current Budget	FY 2024-25 Proposed Budget
EXPENDITURES:					
Police Department	$ (65,838,984)	$ (67,235,905)	$ (68,465,822)	$ (85,706,476)	$ (92,047,726)
Fire Department	$ (38,681,787)	$ (42,650,453)	$ (45,316,347)	$ (49,395,954)	$ (50,418,495)
Oakdale Fire Contract Expense	*$ (4,423,405)*	*$ (4,887,470)*	*$ (5,682,282)*	*$ (5,654,780)*	*$ (5,850,879)*
Ceres Fire Contract Expense	*$ -*	*$ (5,198,194)*	*$ (7,024,665)*	*$ (7,382,975)*	*$ (7,893,768)*
Stanislaus Consolidated Fire Contract Expense	*$ -*	*$ (89,672)*	*$ (303,540)*	*$ (389,819)*	*$ (376,639)*
Turlock Fire Contract Expense	*$ -*	*$ (79,533)*	*$ (284,874)*	*$ (300,754)*	*$ (383,382)*
Salida Fire Contract Expense	*$ -*	*$ -*	*$ (1,013,260)*	*$ (1,790,536)*	*$ (1,891,522)*
Parks, Recreation, and Neighborhoods	$ (11,571,563)	$ (12,727,450)	$ (14,268,254)	$ (17,562,176)	$ (17,946,993)
Community and Economic Development	$ (5,947,198)	$ (5,885,601)	$ (6,621,648)	$ (5,712,735)	$ (6,357,244)
Engineering Department	$ -	$ -	$ -	$ (1,254,560)	$ (1,720,945)
Public Works	$ -	$ 378	$ 0	$ 0	$ -
City Council	$ (435,926)	$ (459,030)	$ (502,817)	$ (529,831)	$ (595,770)
City Manager's Office	$ (2,588,156)	$ (3,074,434)	$ (3,000,027)	$ (3,816,078)	$ (4,384,512)
Human Resources	$ (1,537,782)	$ (1,723,415)	$ (1,869,759)	$ (1,916,205)	$ (2,136,567)
City Attorney's Office	$ (1,432,423)	$ (1,888,725)	$ (1,660,681)	$ (1,946,616)	$ (1,991,180)
City Clerk's Office	$ (897,997)	$ (496,314)	$ (1,018,372)	$ (950,241)	$ (1,318,173)
Office of the City Auditor	$ (76,986)	$ (103,761)	$ (190,069)	$ (644,353)	$ (548,416)
Finance Department	$ (4,998,891)	$ (5,401,302)	$ (5,765,954)	$ (6,291,973)	$ (6,847,369)
Non-Departmental	$ (389,452)	$ (445,865)	$ (409,876)	$ (473,400)	$ (456,000)
Total Department Expenses	**$ (138,820,550)**	**$ (152,346,745)**	**$ (163,398,245)**	**$ (191,719,461)**	**$ (203,165,579)**
Other Expense Adjustments (Variance Rate)				**$ 7,490,471**	**$ 12,491,555**
Movement of 5 CSO II's to Measure H					**$ 473,183**
Movement of MPD - Traffic Safety to Measure H					**$ 1,880,950**
Movement of 9 Police Officers to Measure H					**$ 1,386,846**
Movement of Increase to Axon Contract in MPD to Measure H					**$ 383,702**
Approved GF Adjustment Request					**$ (672,319)**
Transfers Out	**$ (6,444,670)**	**$ (11,848,774)**	**$ (7,879,253)**	**$ (9,880,825)**	**$ (7,137,047)**
TOTAL EXPENSES	**$ (145,265,220)**	**$ (164,195,519)**	**$ (171,277,498)**	**$ (194,109,815)**	**$ (194,358,709)**
Net Operating Surplus/(Deficit)	**$ 4,367,261**	**$ 4,142,592**	**$ 3,828,287**	**$ (7,894,207)**	**$ (8,168,584)**

CITY OF
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FY 2024-25 NON-MEASURE H PROPOSED ADJUSTMENTS

FY 2024-25 Proposed Non-Measure H Adjustments

General Fund

Proposal #	Description of Adjustment	Department	Ongoing/One-Time	ARPA/Measure H/N	FTE	Amount
CCM-004	Add one (1) Executive Assistant Position offset with a Reduction in Discretionary Expense	City Council	Ongoing	General Fund	1.00	$ 17,875
CED-001	Building Safety Discretionary Budget Realignment	Community and Economic Development	Ongoing	General Fund	-	$ 13,676
CED-003	Budget Revitalization to Enhance Economic Development Services	Community and Economic Development	Ongoing	General Fund	-	$ 63,100
CED-008	Add one (1) Admin Office Assistant III to Ecomonic Development Services	Community and Economic Development	Ongoing	General Fund	1.00	$ 75,258
CMO-CMO-004	Creation of Office of Performance Management and Budget	City Manager's Office	Ongoing	General Fund	1.00	$256,816
FIN-001	Add one (1) Buyer Position	Finance Department	Ongoing	Non-General Fund	1.00	$ -
FIN-005	Restoring Training Budget for Department	Finance Department	Ongoing	General Fund	-	$ 20,000
MPD-010	Add one (1) Police Range and Training Center Technician includes Revenue Offset	Modesto Police Department	Ongoing	General Fund	1.00	$ 24,697
PRN-014	Add one (1) Admin Services Tech Position and reduce Discretionary Budget in Recreation Division	Parks, Recreation & Neighborhoods	Ongoing	General Fund	1.00	$ -
PRN-015	City Support of Breakfast with Santa	Parks, Recreation & Neighborhoods	Ongoing	General Fund	-	$ 3,500
				TOTALS FOR GENERAL FUND ADJUSTMENT REQUESTS	**6.00**	**$474,922**

Non-General Fund

Proposal #	Description of Adjustment	Department	Ongoing/One-Time	ARPA/Measure H/N	FTE	Amount
ENG-001	Add one (1) Engineering Project Coordinator Position	Engineering Services Department	Ongoing	Non-General Fund	1.00	$ 126,602
FIN-002	Add one (1) Senior Financial Analyst position and one (1) Financial Analyst III position, and eliminate one (1) Account Clerk	Finance Department	Ongoing	Non-General Fund	2.00	$ 76,975
IT-003	Add one (1) FTE Principal Software Analyst DBA	Information Technology	Ongoing	Non-General Fund	1.00	$ 155,000
PW-FGW-02	Add one (1) Administrative Office Assistant II for Green Waste	Public Works	Ongoing	Non-General Fund	1.00	$ 14,656
PW-FLT-02	Add one (1) Heavy Equipment Mechanic Position for Fleet Services	Public Works	Ongoing	Non-General Fund	1.00	$ 120,174
PW-FLT-03	Add one (1) Heavy Equipment Mechanic Crew Leader Position for Fleet Services	Public Works	Ongoing	Non-General Fund	1.00	$ 132,652
PW STR-03	Add one (1) Maintenance Worker II Position for Street Maintenance	Public Works	Ongoing	Non-General Fund	1.00	$ 11,256
PW STR-05	Add one (1) Maintenance Worker I Position for Traffic Operations	Public Works	Ongoing	Non-General Fund	1.00	$ 71,180
UTL-001	Purchase one Ravo R5-iSeries Street Sweeper	Utilities	One-Time	Non-General Fund	-	$ 350,000
UTL-002	Purchase one Articulating Boom Lift	Utilities	One-Time	Non-General Fund	-	$ 190,000
UTL-008a	Add two (2) Utilities Services Worker I/II/III Positions	Utilities	Ongoing	Non-General Fund	2.00	$ 246,885
UTL-008b	Purchase of one Jet/Vac Con Truck	Utilities	One-Time	Non-General Fund	-	$ 750,000
UTL-009	Add one (1) Quality Control Officer Position	Utilities	Ongoing	Non-General Fund	1.00	$ 139,020
UTL-010	Add two (2) Environmental Compliance Technician Positions	Utilities	Ongoing	Non-General Fund	2.00	$ 214,646
UTL-011	Add one (1) Environmental Compliance Inspector I/II Position	Utilities	Ongoing	Non-General Fund	1.00	$ 134,024
				TOTALS FOR NON-GENERAL FUND ADJUSTMENT REQUESTS	**15.00**	**$2,733,070**

CITY OF MODESTO CALIFORNIA

MEASURE H OVERVIEW

Measure H – FY 2024-25 Spending Plan Overview

FY 2024-25 Measure H Spending Plan	Amount
Approved Spending on New Programs	$ 22,216,858
FY 2023-24 Ongoing Measure H Spending	$ 10,984,043
General Fund Budget Deficit Funding	$ 8,168,584
FY 2024-25 Measure H Spending Plan Totals	**$ 41,369,485**

Description	Amount
FY 2024-25 Measure H Spending Plan	
One-Time	$ 15,982,850
Ongoing	$ 17,218,051
Total Measure H Spending Plan	**$ 33,200,901**
General Fund Budget Deficit Funding	$ 8,168,584
Total FY 2024-25 Measure H Spending	**$ 41,369,485**

- There will be remaining Measure H funds of approximately $1.6M after the proposed spending plan obligations and use of funds to cover the General Fund budget deficit in FY 2024-25.
- These funds and any remaining funds at year-end, will be categorized as funds for Future Deferred Maintenance Costs and will be strategically used to fund maintenance/replacement of new infrastructure being built using Measure H funds.

Category	Measure H Initial Spending Plan	FY 23-24 Measure H Spending Plan	FY 24-25 Measure H Spending Plan	Totals
Parks Improvements	$ 1,004,214	$ 9,408,424	$ 7,868,239	$ 18,280,877
Public Safety	$ 240,600	$ 5,751,547	$ 8,478,871	$ 14,471,018
Forestry	$ 755,000	$ 2,345,127	$ 3,989,477	$ 7,089,604
Fire/EMS	$ 440,000	$ 4,107,920	$ 1,717,007	$ 6,264,927
Homelessness	$ 282,083	$ 3,595,290	$ 1,816,453	$ 5,693,826
Blight	$ 1,494,206	$ 245,364	$ 3,932,070	$ 5,671,640
Sidewalk	$ -	$ 1,800,000	$ 1,800,000	$ 3,600,000
Equipment	$ 260,900	$ 2,213,405	$ 399,300	$ 2,873,605
Deferred Maintenance	$ -	$ 358,037	$ 2,200,000	$ 2,558,037
Measure H Admin Support	$ -	$ 385,037	$ 999,484	$ 1,384,521
Totals	**$ 4,477,003**	**$ 30,210,151**	**$ 33,200,901**	**$ 67,888,055**

FY 2024-25 Measure H Spending Plan - New Programs

Description of Adjustment	Department	Ongoing/One-Time	Fund	Categories	FTE	Amount
Increase in Professional Services for Marketing Program	City Manager's Office	Ongoing	Measure H	Administrative Support	-	$ 155,000
Movement of one (1) Management Analyst from General Fund	City Manager's Office	Ongoing	Measure H	Administrative Support	1.00	$ 139,971
City Managers Office Total					**1.00**	**294,971**
Downtown Streets Team Parks Year 2 Funding	Community and Economic Development	One-Time	Measure H	Homelessness	-	$ 350,000
Revolving Loan Fund for ADU Development Funding	Community and Economic Development	One-Time	Measure H	Homelessness	-	$ 450,000
Interim Housing Support Program Funding	Community and Economic Development	One-Time	Measure H	Homelessness	-	$ 200,000
Add one (1) Administrative Analyst for Rental Housing Safety Program	Community and Economic Development	Ongoing	Measure H	Administrative Support	1.00	$ 125,870
Community and Economic Development Total					**1.00**	**1,125,870**
Add one (1) Account Tech I/II (Confidential) Position for Payroll Support	Finance Department	Ongoing	Measure H	Administrative Support	1.00	$ 79,945
Finance Department Total					**1.00**	**79,945**
Add one (1) Software Analyst II Position for Public Safety Support	Information Technology	Ongoing	Measure H	Public Safety	1.00	$ 135,000
Information Technology Department Total					**1.00**	**$ 135,000**
Purchase of Six (6) LifePak 15's	Modesto Fire Department	One-Time	Measure H	Fire/Emergency Medical Services (EMS)	-	$ 200,000
Purchase of Six (6) Lucas Devices	Modesto Fire Department	One-Time	Measure H	Fire/Emergency Medical Services (EMS)	-	$ 120,000
Purchase of Operative IQ - Narcotics and Equipment Tracking Software	Modesto Fire Department	One-Time	Measure H	Fire/Emergency Medical Services (EMS)	-	$ 30,000
Rescue Equipment Replacement Funding	Modesto Fire Department	One-Time	Measure H	Fire/Emergency Medical Services (EMS)	-	$ 150,000
Add one (1) Senior Storekeeper Position	Modesto Fire Department	Ongoing	Measure H	Fire/Emergency Medical Services (EMS)	1.00	$ 80,871
Add one (1) Administrative Analyst Position	Modesto Fire Department	Ongoing	Measure H	Administrative Support	1.00	$ 113,661
Fire Department Total					**2.00**	**694,532**
Design of Area Command Construction & Police Department Lobby Remodel Funding	Modesto Police Department	One-Time	Measure H	Public Safety	-	$ 150,000
Equipment and Vehicles for Requested Police Department Positions	Modesto Police Department	One-Time	Measure H	Equipment	-	$ 386,500
Add three (3) Police Technician Positions at Real Time Crime Center (RTCC)	Modesto Police Department	Ongoing	Measure H	Public Safety	3.00	$ 192,708
Add one (1) Senior Police Technician Position at RTCC	Modesto Police Department	Ongoing	Measure H	Public Safety	1.00	$ 100,613
Add one (1) Police Civilian Manager Position at RTCC	Modesto Police Department	Ongoing	Measure H	Public Safety	1.00	$ 155,210
Add five (5) Code Enforcement Officer Positions	Modesto Police Department	Ongoing	Measure H	Blight	5.00	$ 493,500
Add two (2) Police Civilian Investigator Positions	Modesto Police Department	Ongoing	Measure H	Public Safety	2.00	$ 203,512
Equipment and Vehicles for Requested Police Department Positions	Modesto Police Department	Ongoing	Measure H	Equipment	-	$ 12,800
Move four (4) Existing Park Ranger Allocations to Measure H Funding from ARPA	Modesto Police Department	Ongoing	Measure H	Homelessness	4.00	$ 289,080
Axon Contract Increase related to Measure H Positions Funding	Modesto Police Department	Ongoing	Measure H	Public Safety	-	$ 383,702
Movement of 5 CSO II Positions to Measure H from General Fund	Modesto Police Department	Ongoing	Measure H	Public Safety	5.00	$ 473,183
Movement of Traffic Safety Division to Measure H from General Fund	Modesto Police Department	Ongoing	Measure H	Public Safety	6.00	$ 1,880,950
Movement of nine (9) Police Officer Positions to Measure H from General Fund	Modesto Police Department	Ongoing	Measure H	Public Safety	9.00	$ 1,386,846
Police Department Total					**36.00**	**$ 6,108,604**

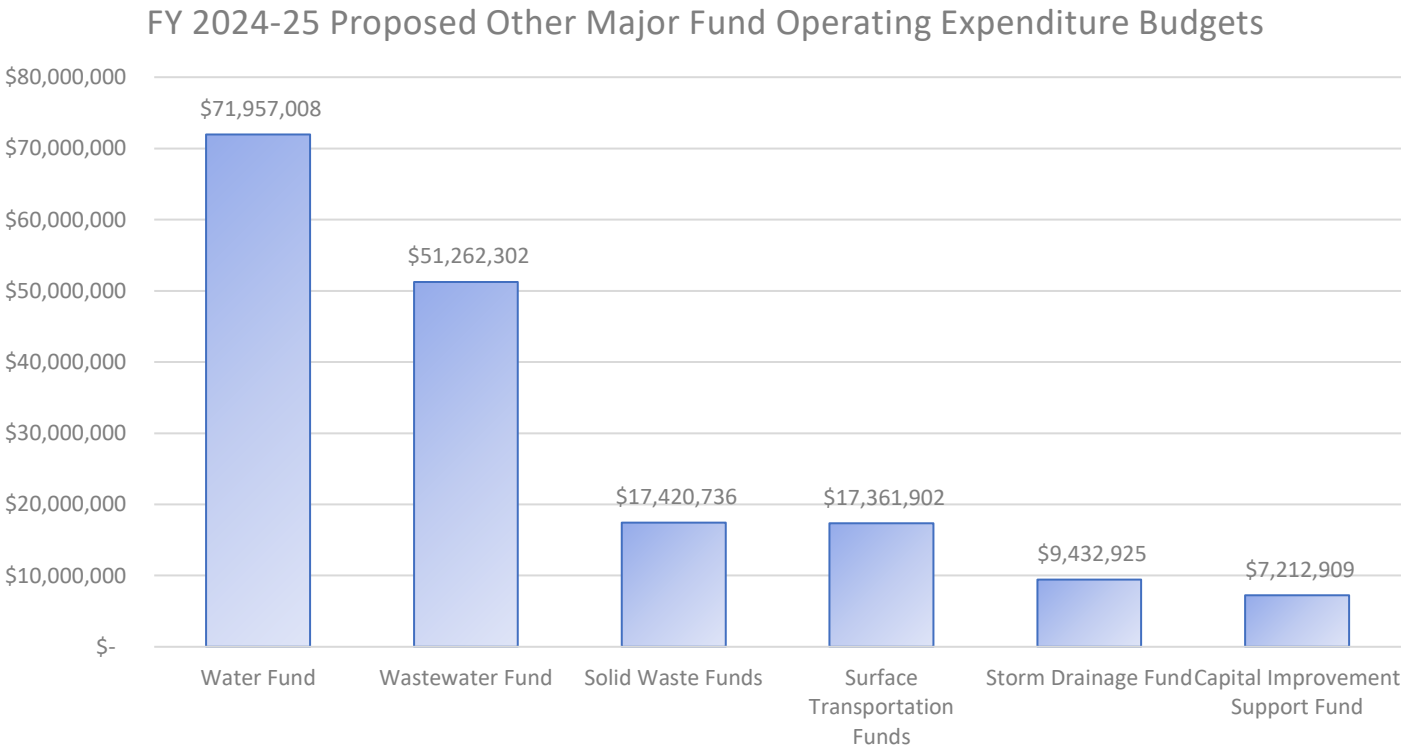
FY 2023-24 Measure H Spending Plan (Cont.) - New Programs

Description of Adjustment	Department	Ongoing/One-Time	Fund	Categories	FTE	Amount
Park Drinking Fountains/Bottle Fillers Funding	Parks, Recreation & Neighborhoods	One-Time	Measure H	Parks Improvements	-	$ 100,000
High Priority Deferred Maintenance Needs - Large Projects Year 2 Funding	Parks, Recreation & Neighborhoods	One-Time	Measure H	Parks Improvements	-	$ 2,200,000
High Priority Preventative Maintenance Needs - Large Projects Year 2 Funding	Parks, Recreation & Neighborhoods	One-Time	Measure H	Parks Improvements	-	$ 2,852,000
Pelandale Street Landscape Funding	Parks, Recreation & Neighborhoods	One-Time	Measure H	Blight	-	$ 2,000,000
Park Master Plan Funding	Parks, Recreation & Neighborhoods	One-Time	Measure H	Parks Improvements	-	$ 600,000
Add four (4) Maintenance Workers for Park Weekend Coverage/Restroom Maintenance Year-Round	Parks, Recreation & Neighborhoods	Ongoing	Measure H	Parks Improvements	4.00	$ 381,586
Parks, Recreation & Neighborhoods Department					**4.00**	**$ 8,133,586**
Curb, Gutter, & Sidewalk (CGS) - Contractor Assistance Funding	Public Works	One-Time	Measure H	Sidewalk	-	$ 1,800,000
Reforestation of City Trees Funding	Public Works	One-Time	Measure H	Forestry	-	$ 1,094,350
Advanced Clean Fleets (ACF) Study Funding	Public Works	One-Time	Measure H	Deferred Maintenance	-	$ 200,000
Amano Parking Access Revenue Control System (PARCS) Upgrade - 11th Street Garage	Public Works	One-Time	Measure H	Deferred Maintenance	-	$ 200,000
Amano System Parking Access Revenue Control System (PARCS) Upgrade - 10th Street Garage	Public Works	One-Time	Measure H	Deferred Maintenance	-	$ 400,000
Amano Parking Access Reveneu Control System (PARCS) Upgrade - 9th Street Garage	Public Works	One-Time	Measure H	Deferred Maintenance	-	$ 400,000
Facility Condition Assessment - Deferred Maintenance Backlog Funding	Public Works	Ongoing	Measure H	Deferred Maintenance	-	$ 1,000,000
Additional Funding for Outside Contractors (Pruning, Removal, and Stump Grinding)	Public Works	Ongoing	Measure H	Forestry	-	$ 550,000
Public Works Total					**-**	**$ 5,644,350**
FY 2024-25 Measure H Spending Plan New Program Spending Totals					**46.00**	**22,216,858.00**

FY 2024-25 Measure H Spending Plan
https://www.modestogov.com/DocumentCenter/View/22375/FY-2024-25-Measure-H-Adjustment-Requests-Approved-PDF

OTHER MAJOR FUNDS

Breakdown of Other Major Funds



FY 2024-25 Proposed Operating Exp Budget – All Funds

Fund Name		FY 2024-25 Draft Proposed Operating Budget
General Fund	$	194,358,709
Water Enterprise Funds	$	71,957,008
Wastewater Enterprise Funds	$	51,262,302
Measure H Spending Plan Expenditures	$	41,369,485
Employee Benefits Administration and Mangaement ISF Funds	$	40,052,647
Fleet Management and Replacement ISF Funds	$	29,012,317
Insurance Funds	$	24,320,156
Solid Waste Funds	$	17,420,736
Surface Transportation Fund	$	17,361,902
Information Technology ISF Fund	$	13,265,000
Storm Drainage Fund	$	9,432,925
Liability Insurance ISF Fund	$	8,990,500
Capital Improvement Support Fund	$	7,212,909
Inventory Purchases Fund	$	7,210,428
Community Facilities District (CFD) Funds	$	6,824,882
Other Special Revenue and Grant Funds	$	6,142,635
Workers Compensation ISF Fund	$	6,003,938
Debt Service Fund	$	3,729,000
Golf Funds	$	3,634,118
Housing and Urban Development (HUD) Funds	$	3,227,894
Building Services ISF Fund	$	3,098,610
Joint Powers Authority (JPA) Funds	$	3,022,125
Parking Fund	$	2,542,642
Property Insurance ISF Fund	$	2,405,200
Community Center Operations Fund	$	2,006,879
Airport Funds	$	1,463,390
Insurance Administration ISF Fund	$	1,278,324
Mail Services ISF Fund	$	369,635
Landscape District Funds	$	83,881
All Funds Total	**$**	**579,060,177**

CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Program Overview

- There are 175 total projects in the CIP for FY 2023-24.
- 13 of the projects are classified as “new” increasing the overall CIP by $48.26 million.

Fund Name	# of New Projects	FY 2024-2025 Budget
Capital Grants - Streets CIP Projects-3160	3	$5,550,000
Measure L - Capital Projects-3300	3	$5,250,000
Water Fund - CIP Projects-4180	5	$29,806,004
Sewer Operations Fund-4210	2	$7,650,000
Grand Total	**13**	**$48,256,004**

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STAFF RECOMMENDATIONS

Staff Recommended Actions

- Resolution approving the adoption of the Fiscal Year 2024-25 Annual and Multi-Year Operating Budgets and the 2024-25 Capital Improvement Program for the City of Modesto and the related Inter-Fund Transfers.
- Resolution approving the Budget Principles and the Operating Budget Policy as Outlined in the Fiscal Year 2024-25 Final Proposed Budget.
- Resolution amending the Classification Plan for the City of Modesto to create new classifications and amend existing classifications.
- Resolution amending the Position Allocation for Fiscal Year 2024-25 as adopted in the Operating Budget.

Link to Proposed Budget Book: https://modestogov.com/ArchiveCenter/ViewFile/Item/3809

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CITY OF MODESTO CALIFORNIA

AMERICAN RESCUE PLAN ACTION (ARPA) UPDATE

DeAnna Christensen, Director of Finance

City Council Meeting
June 4, 2024

ARPA Spending Plan Update

- Council approved two separate spending plans for the allocation of the City's $45.9M in ARPA funds that were received.
- Two separate funding plans were approved by Council both appropriating $22.95M each in ARPA funds for various projects under the following themes of Economic Vitality, Quality of Life, and Governance and Service Delivery.
- All ARPA funds must be obligated by **December 31, 2024** and be expended by December 31, 2026.

ARPA Guidelines

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors

ARPA Guidelines

- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet

- **Emergency relief from natural disasters,** to provide emergency relief from the physical and economic impacts of natural disasters.

- **Surface transportation projects**, utilizing funds for eligible projects through three pathways.

- **Title I projects,** investing in activities that are eligible under the CDBG and ICDBG programs, as listed in section 105(a) of the Housing and Community Development Act of 1974.

ARPA Allocation – Completed or Fully Obligated

Description	Approved Allocation	Obligated/Actuals thru 5/14/24	Allocation Remaining
Relief Across Downtown Card	$ 708,500	$ 708,500	$ -
Support for Children's Museum, Awesome Spot, & Car Museum	$ 1,500,000	$ 1,500,000	$ -
Support for Convention and Visitor's Bureau	$ 250,000	$ 250,000	$ -
Homeless and Housing Programs (Stanislaus Equity Partners)	$ 100,000	$ 100,000	$ -
Emergency Medical Service equipment	$ 600,000	$ 600,000	$ -
Grants to neighborhoods (Modesto Neighborhoods Inc.)	$ 120,000	$ 120,000	$ -
Reserve Funding [2021-2022 Deficit]	$ 4,190,000	$ 4,190,000	$ -
COVID-19 labor expenses (2021-2022 Deficit)	$ 440,000	$ 440,000	$ -
Forestry Program Enhancements	$ 1,850,000	$ 1,850,000	$ -
General Plan Update	$ 700,000	$ 700,000	$ -
Secure online service application software for Utility billing	$ 23,063	$ 23,063	$ -
Forestry Program Enhancements	$ 1,000,000	$ 1,000,000	$ -
Convention and Visitors Bureau	$ 250,000	$ 250,000	$ -
Community Health Assistance Team	$ 400,000	$ 400,000	$ -
Downtown Streets Team	$ 1,800,000	$ 1,800,000	$ -
West Modesto Collaborative	$ 43,000	$ 43,000	$ -
State Theatre - Funding Contribution	$ 75,000	$ 75,000	$ -
Modesto Area Partners in Science - Funding Contribution	$ 50,000	$ 50,000	$ -
Gallo Arts Center - Funding Contribution	$ 25,000	$ 25,000	$ -
Modesto Sister Cities (MSCI) - Funding Contribution	$ 35,000	$ 35,000	$ -
Central Valley Opportunity Center (CVOC) - Funding Contribution	$ 25,000	$ 25,000	$ -
Convention and Visitor's Bureau (CVB) - Funding Contribution	$ 250,000	$ 250,000	$ -
Hazard Pay	$ 6,554,178	$ 6,552,810	$ 1,368

ARPA Allocation – Active

Description	Approved Allocation	Obligated/Actuals thru 5/14/24	Allocation Remaining
Parking Infrastructure	$ 250,000	$ 230,780	$ 19,220
LED lighting	$ 250,000	$ 227,575	$ 22,425
Discoverer Replacement	$ 500,000	$ 476,088	$ 23,912
Tuolumne River – Economic Development	$ 750,000	$ 698,640	$ 51,360
Homeless and Housing Programs (Park Ranger Program)	$ 624,000	$ 544,837	$ 79,163
Multifamily Bulky Item Program	$ 180,000	$ 101,227	$ 78,773
Opportunity Stanislaus - Funding Contribution	$ 200,000	$ 100,000	$ 100,000
Feasibility Study of Enhanced Infrastructure Financing District	$ 200,000	$ 77,992	$ 122,008
Cybersecurity Mitigation	$ 490,000	$ 336,698	$ 153,302
Homeless and Housing Programs (Safe Parking Initiative)	$ 276,000	$ 115,478	$ 160,522
Small biz support with expansion and retention (Stanislaus 2030 Study, Allocation to Opportunity Stanislaus, Support for the Arts)	$ 1,000,000	$ 661,778	$ 338,222
Park Improvements (including turf at Mary Grogan)	$ 1,000,000	$ 80,000	$ 920,000
Blight Abatement	$ 750,000	$ 531,017	$ 218,983
Reserve Funding [2022-2023 Deficit]	$ 4,500,000	$ 1,317,160	$ 3,182,840
Revolving loan fund for attraction of downtown development	$ 1,000,000	$ 466,339	$ 533,661
Deferred maintenance at various parks and public facilities	$ 1,270,028	$ 594,436	$ 675,592
911 Dispatch Services	$ 1,000,000	$ 63,116	$ 936,884
Downtown Quiet Zone	$ 1,000,000	$ 17,319	$ 982,681

ARPA Allocation – No Spending Activity

Description	Approved Allocation	Obligated/Actuals thru 5/14/24	Allocation Remaining
Expanded Wi-Fi downtown and available at community facilities	$ 200,000	$ -	$ 200,000
Enhanced Infrastructure Financing District - Additional Funding	$ 218,286	$ -	$ 218,286
TSP Battery Back Up System Upgrade	$ 50,000	$ -	$ 50,000
Implementation/support of a workforce development program	$ 500,000	$ -	$ 500,000
Affordable Housing Trust	$ 500,000	$ -	$ 500,000
Expand Modesto Beautification (Outside of Downtown)	$ 500,000	$ -	$ 500,000
Business Incentives - Expand outside of Downtown	$ 500,000	$ -	$ 500,000
Downtown Beautification	$ 700,000	$ -	$ 700,000
Mental Health Clinician Program – Partnership with BHRS	$ 800,000	$ -	$ 800,000
Revolving loan fund for water/sewer connection fees	$ 1,000,000	$ -	$ 1,000,000
Cesar Chavez Renovation Project (Funding)	$ 1,200,000	$ -	$ 1,200,000
Homeless Services (Day Center, Safe Park, Bridge Housing)	$ 1,500,000	$ -	$ 1,500,000
Fire Station 1 Deferred Maintenance	$ 2,000,000	$ -	$ 2,000,000
GRAND TOTAL	**$ 45,897,055**	**$ 27,627,853**	**$ 18,269,202**

Potential ARPA Projects for Reallocation of Funds

- City staff is proposing to remove the Council approved ARPA projects and reallocate funding for new ARPA projects.
- Several of the below ARPA projects will be reallocated into the Measure H spending plan or new funding sources have been identified to fulfill the ARPA projects
- City staff have confirmed the 12/31/2024 obligation deadline will not be met based on the required steps necessary to meet this timeline

Projects Recommended to be Removed from ARPA

- Presented at the Finance Committee FY 24-25 Budget Workshops

Approved ARPA Program	Amount Available for Reallocation
General Fund Reserve FY 22-23	$ 3,182,825
Hazard Pay	$ 1,384
Dispatch 911 Project	$ 936,884
Mental Health Clinician Program	$ 800,000
Deferred Maintenance at Parks & Public Facilities	$ 234,231
EIFD - Additional Funding	$ 218,286
Downtown Development	$ 239,600
Revolving Loan for Water and Sewer Connection Fees	$ 910,000
Blight Abatement - Housing Rehab	$ 184,280
Quiet Zones	$ 585,051
Totals	**$ 7,292,541**

Original Proposed ARPA Projects for Reallocation

- Presented at the Finance Committee FY 24-25 Budget Workshops

Recommended New ARPA Project	Approved Spending
General Fund Reserve - FY 24-25	$ 2,000,000
First Tee and Boys and Girls Club - Funding Contribution	$ 500,000
Dryden Clubhouse Renovation	$ 667,541
Cesar Chavez Renovation Project (Additional Funding)	$ 1,600,000
Martin Luther King Renovation Project - Funding	$ 1,400,000
Gallo Arts Center - Funding Contribution	$ 25,000
Awesome Spot (Additional Funding)	$ 600,000
Fire Wildland Equipment	$ 500,000
Stanislaus County Library - Funding Contribution	$ 200,000
Revised Total - Overstated by $200,000	**$ 7,492,541**

Reduce Fire Wildland Equipment by $200,000

REVISED: Projects Recommended to be Removed from ARPA

Approved ARPA Program	Amount Available for Reallocation
General Fund Reserve FY 22-23	$ 3,182,825
Hazard Pay	$ 1,384
Dispatch 911 Project	$ 936,884
Mental Health Clinician Program	$ 800,000
Deferred Maintenance at Parks & Public Facilities	$ 234,231
EIFD - Additional Funding	$ 218,286
Downtown Development	$ 239,600
Revolving Loan - Water & Sewer Connection Fees	$ 910,000
Blight Abatement - Housing Rehab	$ 184,280
Quiet Zones	$ 585,051
Totals	**$ 7,292,541**

Expanded Wi-Fi Downtown	$	200,000
TSP Battery Backup System Upgrade	$	50,000
Park Ranger Program	$	100,000
Totals	**$**	**350,000**

Three additional projects being recommended to be removed from ARPA
New Total - $7,642,541

REVISED: Proposed ARPA Project Adjustments for Reallocation

Reduce Fire Wildland Equipment to $0	$300,000	Increase Stanislaus Library Contribution to $500,000
Removal of three additional ARPA projects	$350,000	New ARPA Project for Graffiti Car Museum in the amount of $350,000
Reduce Dryden Clubhouse Project to only fund design	$267,541	Increase Cesar Chavez Project to $1,867,541

REVISED: Proposed ARPA Projects for Reallocation

Revised ARPA Projects	Revised ARPA Proposed Spending
General Fund Reserve - FY 24-25	$ 2,000,000
First Tee & Boys and Girls Club - Funding Contribution	$ 500,000
Dryden Clubhouse Renovation (Design)	$ 400,000
Cesar Chavez Renovation Project (Additional Funding)	$ 1,867,541
Martin Luther King Renovation Project - Funding	$ 1,400,000
Gallo Arts Center - Funding Contribution	$ 25,000
Awesome Spot (Additional Funding)	$ 600,000
Graffiti Car Museum - Funding Contribution	$ 350,000
Stanislaus County Library - Funding Contribution	$ 500,000
Total	**$ 7,642,541**

Staff Recommendations

Resolution approving the City's Pandemic Recovery Strategy, Modesto Forward, for the reallocation of American Rescue Plan Act funds defined under Exhibit A and authorizing the City Manager, or his designee, to carry out the necessary steps to implement the programs and funding allocation.

Alternative Motion:

Resolution approving the City's Pandemic Recovery Strategy, Modesto Forward, for the reallocation of American Rescue Plan Act funds defined under **Slide 13** and authorizing the City Manager, or his designee, to carry out the necessary steps to implement the programs and funding allocation.

CITY OF
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ITEM #22

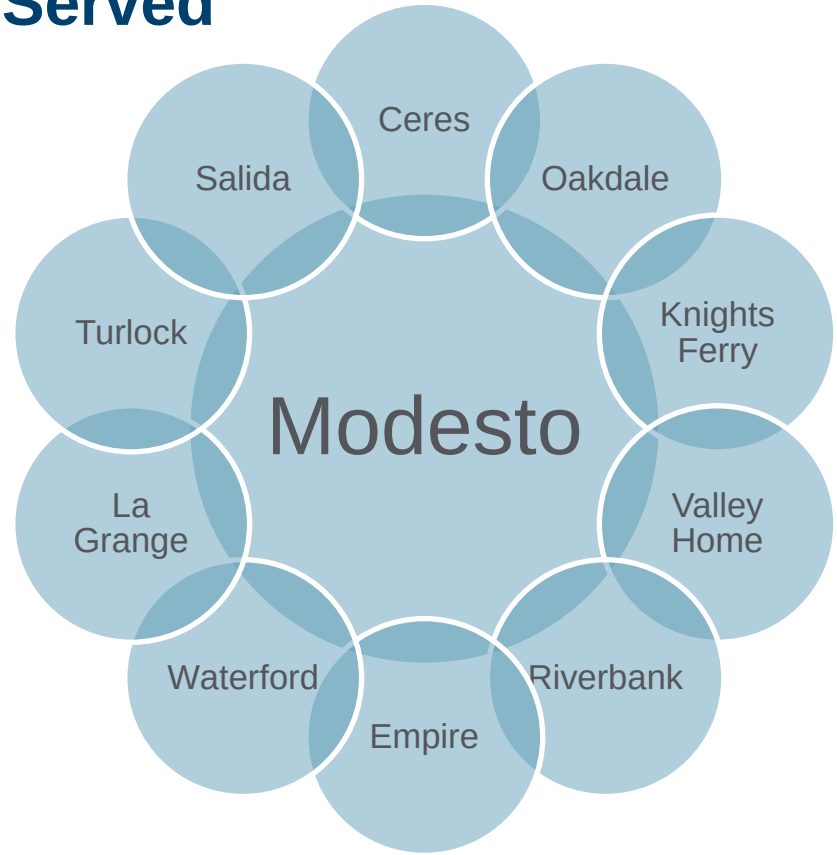
SUCCESSOR MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF MODESTO AND MODESTO CITY FIREFIGHTERS' ASSOCIATION (MCFFA) AND GRANTING SALARY CHANGES AND BENEFIT OFFERINGS TO UNREPRESENTED SWORN FIRE MANAGEMENT AND FIRE CHIEFS

City Council Meeting, June 4, 2024
Christina Alger, Director of Human Resources

BACKGROUND

Communities Served

- The organization is made up of three agencies: Modesto Fire Department, Stanislaus Consolidated Fire Protection District and Turlock Fire Department, collectively known as MST.
- A professional, community service-driven organization that provides all-risk emergency services to meet the needs of our community.



Negotiations Process

- Contract expires June 30, 2024
- Parties began meeting in late January 2024
  - Total of nine meetings
- The City and MCFFA reached a Tentative Agreement on May 14, 2024
- Parties finalized language on May 22, 2024
- Members ratified the TA on May 30, 2025, by vote

DISCUSSION

New Contract

- New Term: July 1, 2024, through June 30, 2028
  - Includes items such as:
    - Wages
    - Retention incentive enhancements
    - Healthcare and other benefits
- Unrepresented Sworn Management and Fire Chiefs consistent with MCFFA
  - To avoid compaction

Applicable to Both MPOA and Unrepresented Sworn Management and Executives

Wage	• 6%, 6%, 5%, 4%
Certification Pay	• 1% per certification/5% maximum
Bilingual	• 4% incentive for bilingual services
Longevity	• Increase in incentives and decrease years of service
Special Assignment	• Increase from 7.5% to 10%
Health	• Increase in City contribution
Unfunded Accrued Liability	• Change in distribution of employee contributions

Fiscal Impact

The 2024/25 Fiscal Impact for this contract is $1,712,006. This includes $1,615,896 for MCFFA members and $96,110 for unrepresented Fire Management. These costs will be funded with Fiscal 2023/2024 carryover funds. The full four-year impact is $28,479,339.

The City currently contracts with various agencies to provide fire services. The current agreements call for any anticipated salary and benefit increases to be absorbed within the existing agreement and will be passed on accordingly. The City has notified the partner agencies of the pending agreement.

Staff Recommendations

Staff recommends approving an agreement with MCFFA for a term of July 1, 2024, through June 30, 2028, as described in the tentative agreement and approving salary and benefit changes to Unrepresented Sworn Fire Management and Fire Chiefs as described within the staff report.

QUESTIONS?

Item 2

MODESTO 150TH ANNIVERSARY MURAL PROJECT - RFP

Safety & Communities Committee
June 10, 2024

Presented By: Jeremy Rogers
Director of Parks, Recreation & Neighborhoods

Background

- Culture Commission advises City Council on art, literature, music and culture in Modesto.
- 2018 – Commission worked with City staff on plans to commemorate the City's Sesquicentennial in 2020.
- 2020 - Celebratory plans thwarted by the pandemic.
- 2023 – Culture Commission resumed plans for creating and installing a commemorative mural.
- 2024 – Culture Commission completed its Request for Proposals calling for artists and muralists for **Modesto's 150 Anniversary Mural Project**.

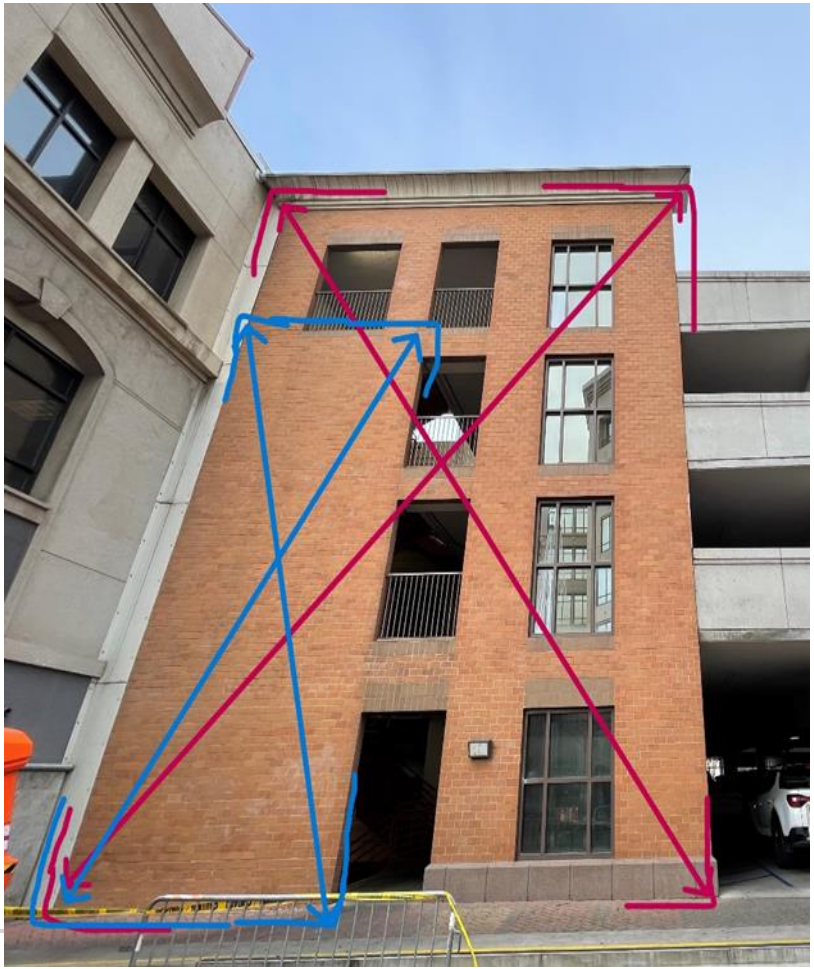
150th Anniversary Mural

The mural would serve as:

1) A celebration of Modesto, its rich history and what makes it unique.
2) Imagery that enhances the character of downtown.
3) A destination that people from within and outside the community will visit, enjoy and photograph.

Location

- The South facing side of the 10th Street Parking Garage.
- Suitable for mural application (RED AREA), but visibility is best on the vertical area between The neighboring Fuzio's building and the Elevator windows (BLUE AREA).
- The dimensions of the space below are:
  BLUE: 33 feet high by 14 feet long;
  RED: 44 feet high; by 32 feet long.



Eligibility

- Open to all artists and/or muralists with reviewable portfolios:
  - Community groups
  - Youth and student artists who work with a professional artist(s)
  - Art teachers interested in mentoring a group of students (12-19 years)

Tentative Timeline

- 6/10/2024 SCC approval to forward RFP to Council
- 7/9/20204 City Council Approval to issue RPF
- 7/11/2024 RFP Issued
- 11/15/2024 Proposal Deadline
- 12/1-12/31/2024 Selection Panel Review/Rating
- 1/8/2025 Culture Commission selection
- 2/10/2025 SCC approval to award contract to Council
- 3/11/2025 City Council award of contract
- 3/13/2025 Notice to Proceed

Fiscal Impact

- $25,000 - Art in Public Places non-capital project
  - Design Installation
  - Materials
  - Protective Coating – 5 Year Lifespan
- Post Installation Maintenance - minimal due to protective coating from tagging & elements.

Recommended Committee Action

- Motion approving the Culture Commission's request to move forward in issuing a Request for Proposal calling for artists and muralists for Modesto's 150th Anniversary Mural Project and forwarding to Council for approval.

QUESTIONS

CITY OF
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ITEM # 23, 24, & 25

LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT #1
LANDSCAPE MAINTENANCE ASSESSMENT DISTRICT #2
SHACKELFORD LANDSCAPE AND LIGHTING DISTRICT

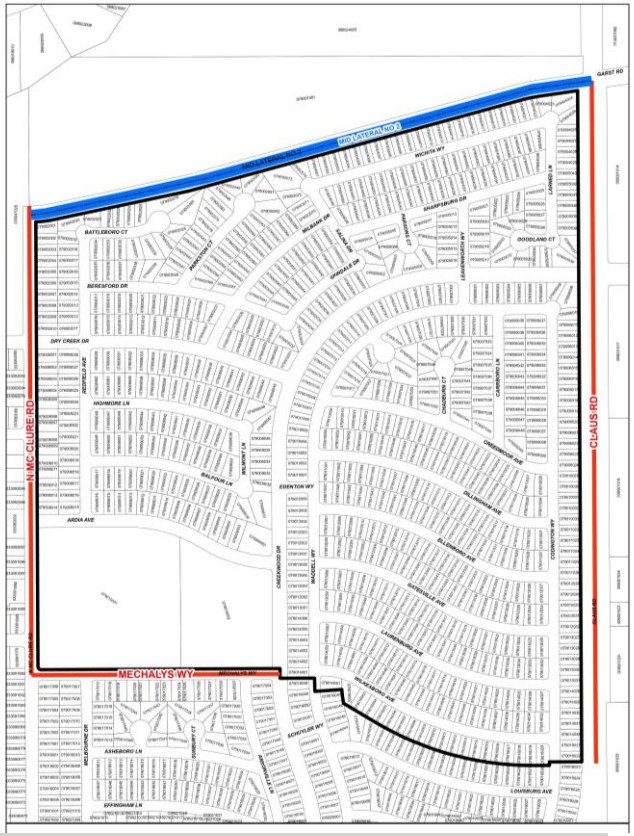
Jessica Hill
Director of Community and Economic Development

June 11, 2024

LMAD No. 1 - FY 2024-25 Assessment

FY 2024-25 Assessment - $19,474

- Maintenance of landscaping in the public right-of-way within the street medians and adjacent to the access control walls
- 749 residential parcels
  - $26/parcel
  - No escalator when adopted
  - Remained the same since 1996



LMAD No. 2 - FY 2024-25 Assessment

FY 2024-25 Assessment - $34,202.90

- Maintenance of landscaping in the public right-of-way within the street medians and adjacent to the access control walls
- Escalator adjusted annually (ENR-BCI)
  - Current BCI 7.013% and the annual escalator for FY 2024-25
- 590 residential parcels
  - $50.16/parcel
- 18 commercial parcels
  - $254.92/acre

Shackelford LLD - FY 2024-25 Assessment

FY 2024-25 Assessment - $30,262.44

- Maintenance of and utility bills for seventy-seven 200-watt high pressure sodium street lights
- All costs paid by the assessments levied on each property within the assessment area
- 494 residential parcels
  - $63.44/parcel
- Each year the annual assessment uses a standard formula to calculate its fees: estimated operation and maintenance costs for the current year minus the fund balance from the previous year and estimated property tax revenue for current year plus number of benefitting parcels in the district

Previous City Council Actions

- February 27, 2024 — Directed staff to prepare and file Annual Engineer's Report (Reso. 2024-54, 2024-55, 2024-56)
- April 09, 2024 — Adopted Resolution approving the Annual Engineer's Report and resolution of intention to levy and collect assessments & set public hearing (Reso. 2024-112, 2024-113, 2024-114)

Questions?

Recommended Action

- Consider approving the Fiscal Year 2024-25 diagram and annual assessment, and ordering the levy and collection of charges within Landscape Maintenance Assessment District No. 1 for Dry Creek Meadows Subdivisions Nos. 1-6.

- Consider approving the Fiscal Year 2024-25 diagram and annual assessment, and ordering the levy and collection of charges within Landscape Maintenance Assessment District No. 2 for Dry Creek Meadows Subdivisions Nos. 7-10, Creekwood Meadows Subdivision, and Yosemite Meadows Subdivision Units 1 & 2.

- Consider approving the Fiscal Year 2024-25 diagram and annual assessment, and ordering the levy and collection of charges within the Shackelford Landscape and Lighting District.

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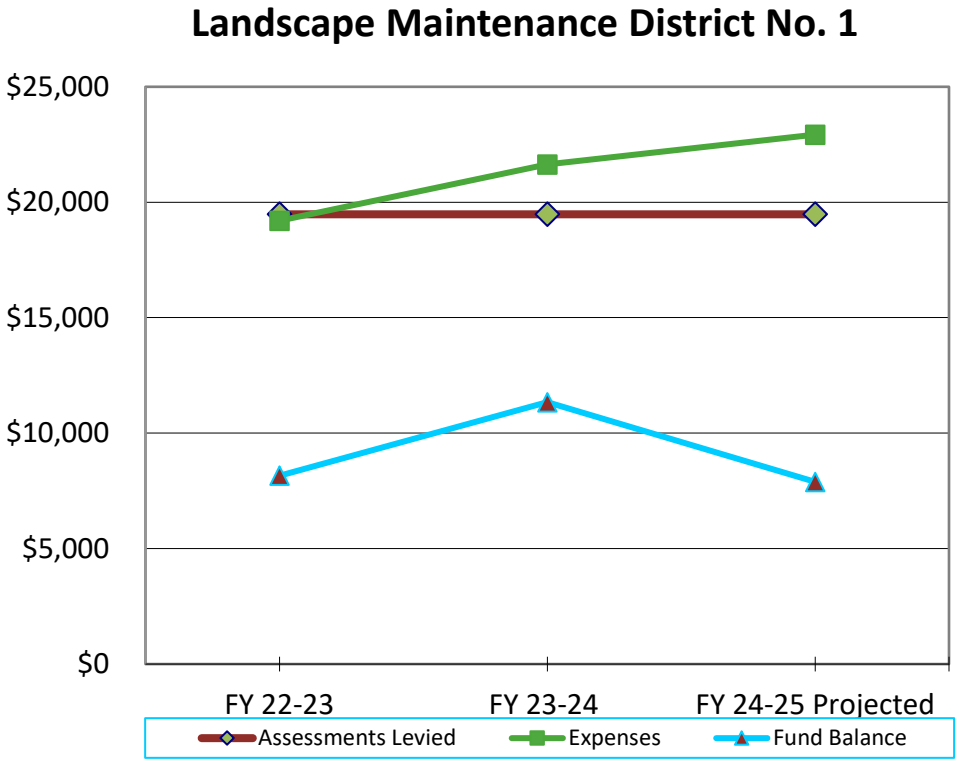
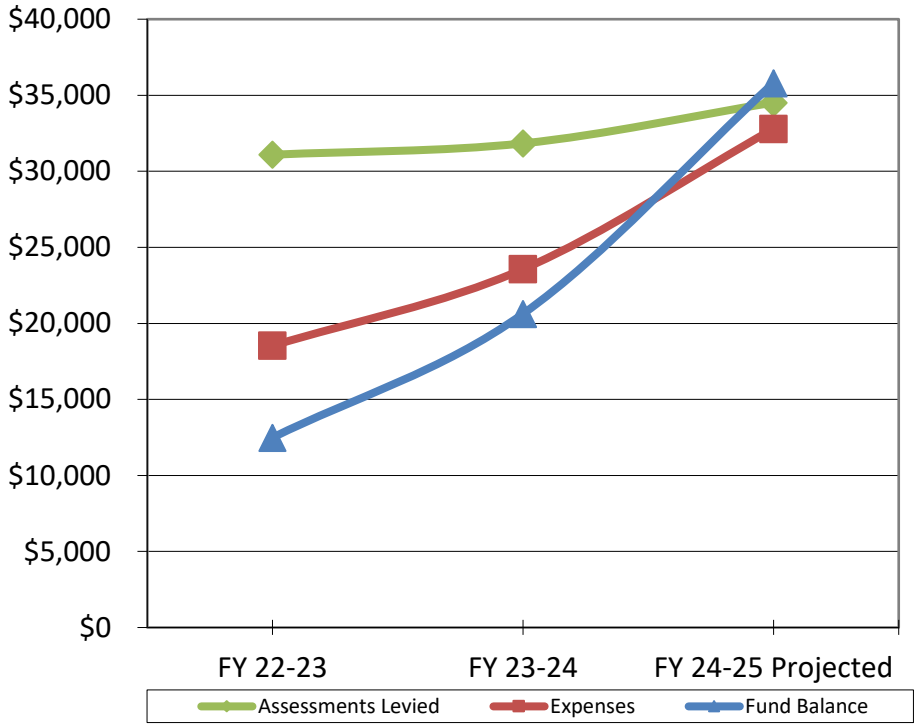
3-YEAR TREND – LMAD NO. 1

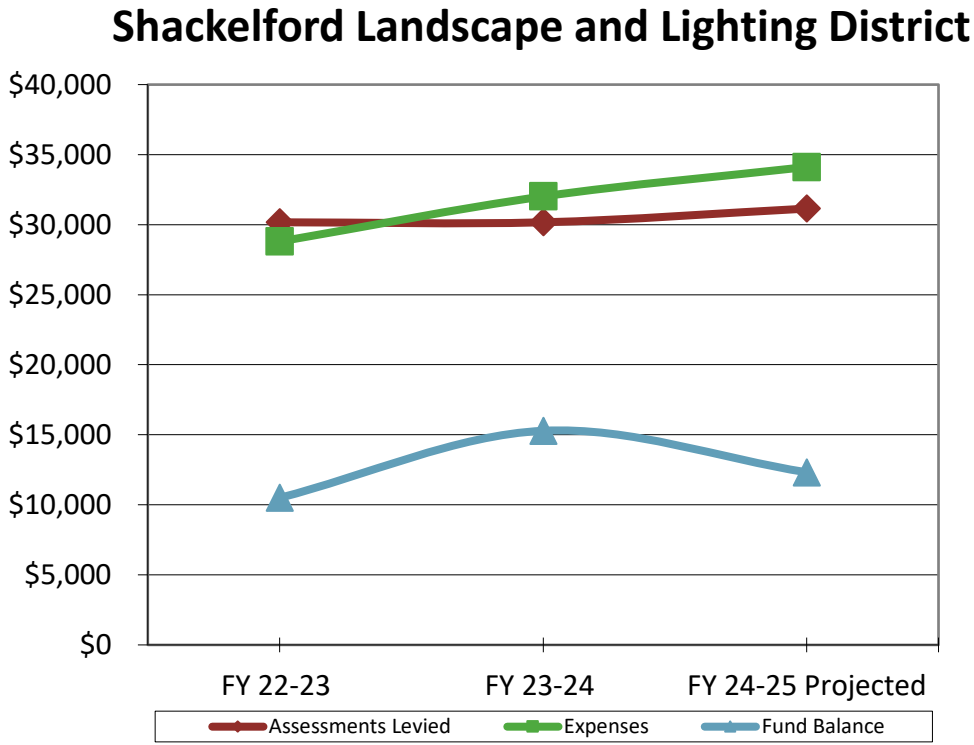


3-YEAR TREND – LMAD NO. 2

Landscape Maintenance Assessment District No. 2



3-YEAR TREND – SHACKELFORD LLD



Item # 26

ANNEXATION NO. 20 TO CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2004-1 (VILLAGE ONE #2)

Jessica Hill
Director of Community and Economic Development

June 11, 2024

MELLO-ROOS DISTRICT

- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments
- Raises money through special taxes that must be approved by 2/3rds vote within the district
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services
- Bonds are secured by special taxes levied on property owners and billed on property tax bills

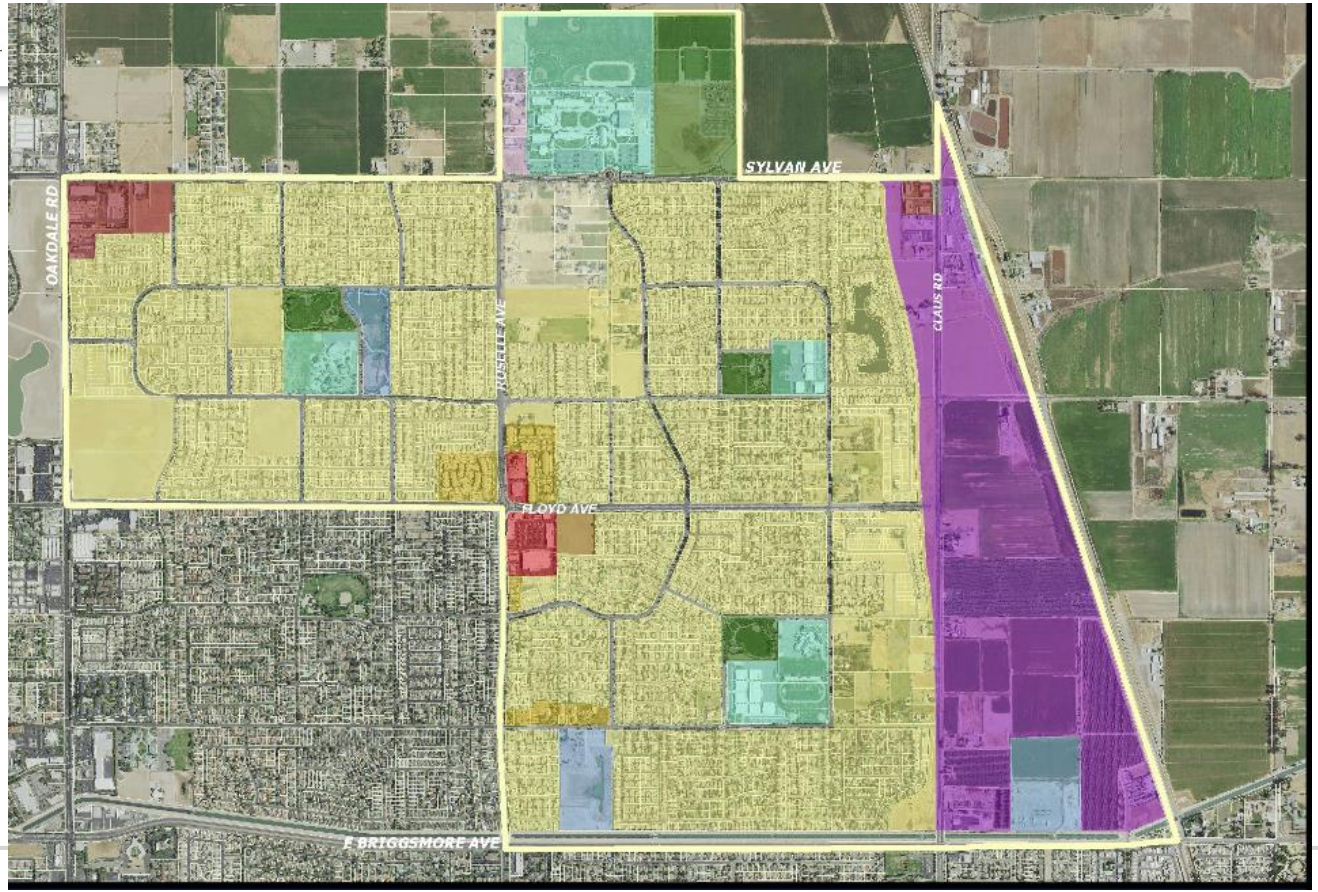
BACKGROUND

- On April 6, 2004, the City of Modesto formed Community Facilities District No. 2004-1 (Village One #2)

- CFD No. 2004-1 funds:
  - Various infrastructure improvements
  - Maintenance of parks, parkways and open space
  - Maintenance and repair of the storm drain basin

- Special Taxes for Village One #2
  - One-Time Facilities Special Tax
  - Annual Maintenance Special Tax
  - Annual Facilities Special Tax

BACKGROUND


SYLVAN AVE
OAKDALE RD
ROSELLE AVE
CLAUS RD
FLOYD AVE
E BRIGGSMORE AVE

BACKGROUND

- In November 2023, NRB Investments, LLC filed a completed application package requesting parcels be annexed into CFD No. 2004-1 (Village One #2) to annex 33.69 acres.

MAXIMUM SPECIAL TAX RATES

Special Tax Category Tax Zone #2	Maximum One-Time Facilities Special Tax Fiscal Year 2023-24	Maximum Annual Maintenance Special Tax Fiscal Year 2023-24	Maximum Annual Facilities Special Tax Fiscal Year 2023-24
Village Residential	$57,809.78/per net taxable acre	$3,160.60/per net taxable acre	$9,330.88/per net taxable acre

*Tax rates are good through June 30, 2024. Each January, escalation is 4% or increase in Engineering News Record, whichever is greater.

Questions?

STAFF RECOMMENDATION

Resolution calling a special election for the Annexation of additional Territory to City of Modesto Community Facilities District No. 2004-1 (Village One #2)

Resolution declaring the results of the June 11, 2024 special election and ordering the annexation of the additional territory to City of Modesto Community Facilities District No. 2004-1 (Village One #2)

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ITEM 1

CITY OF MODESTO CALIFORNIA

CR and D Inc. Business Modification Request-Change in Ownership

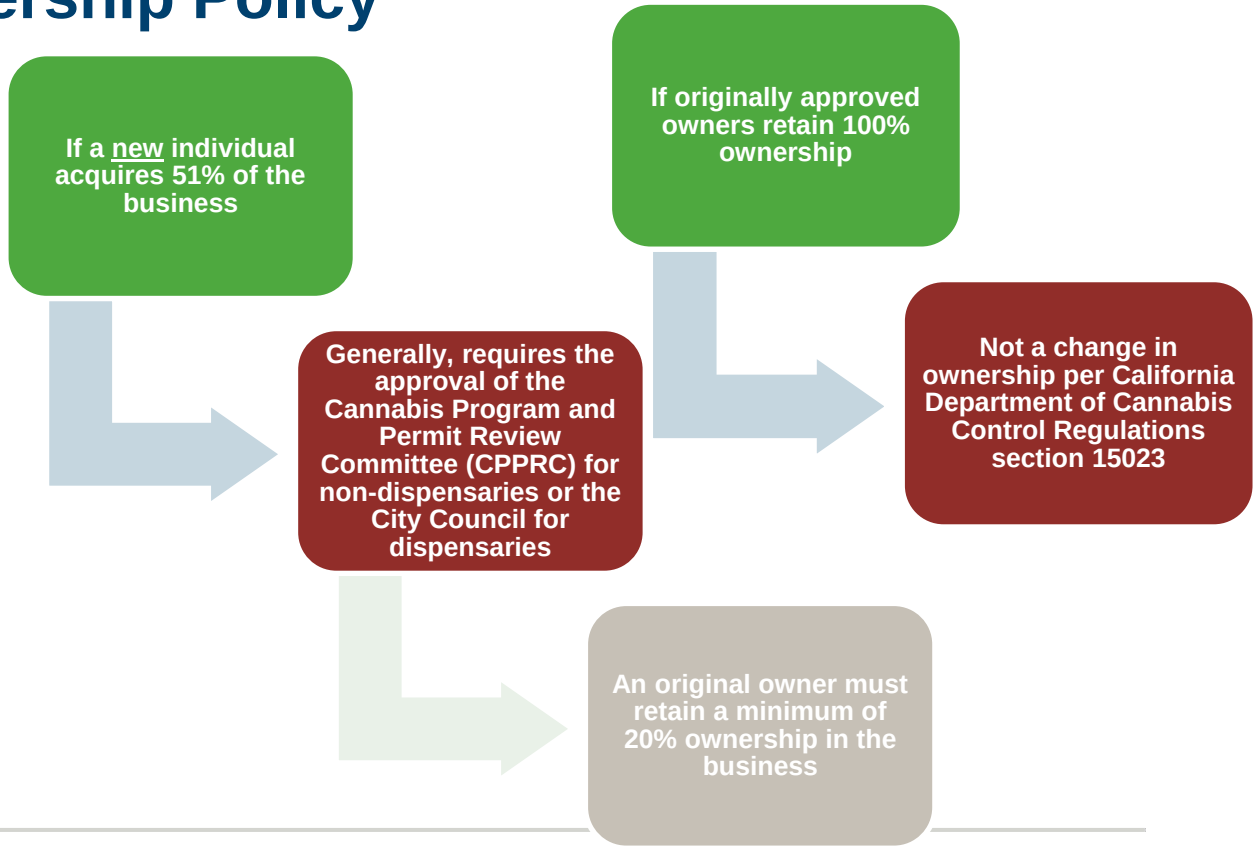
Jessica Hill, Director of Community and Economic Development

Business Modification Request-Change in Ownership

- CR and D Inc. (dba Modesto Cannabis Collective) is a commercial cannabis retail dispensary currently operating at 439 Maze Blvd
- The current ownership structure is: 40% held by Deanna Garcia, 30% by Tyler Tamagni, 20% by Kimberly Cargile, and 10% by Matthew Pedraza
- On February 9, 2024 the City received an application for a change in ownership from CR & D, Inc.
- The new ownership structure requested: Carolina Fernandez would acquire 80% of the business and Deanna Garcia would retain the remaining 20%.

Commercial Cannabis Change in Ownership Policy

- A change in ownership policy was approved by Council on June 27, 2023 through Resolution Number 2023-298
- The ownership change proposed aligns with the approved policy.



Change in Ownership Review

- As part of the application for the change of ownership the following items are required:
  - Signed acknowledgements of the proposed change by the original owners.
  - Executed purchase agreements.
  - Company meeting minutes.
  - Public filings with the California Secretary of State were provided confirming the new ownership structure.
  - Completed background checks for new owners.
- The documentation submitted and the new ownership structure proposed are in alignment with the approved ownership change policy.

Questions?

Staff Recommendation

- Motion recommending the approval of the change in ownership request for retail dispensary CR and D, Inc. and forwarding to Council for approval.

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ITEM 2

CITY OF MODESTO CALIFORNIA

Commercial Cannabis Non-Retail Permit Renewals

Jessica Hill, Director of Community and Economic Development

Commercial Cannabis Non-Retail Permit Renewals

- In December 2017, the City Council adopted Ordinance 3684-C.S. legalizing certain commercial cannabis business operations in particular zoning districts.
- Since that time six (6) non-retail permits are currently active. Three (3) of these businesses are in operation.

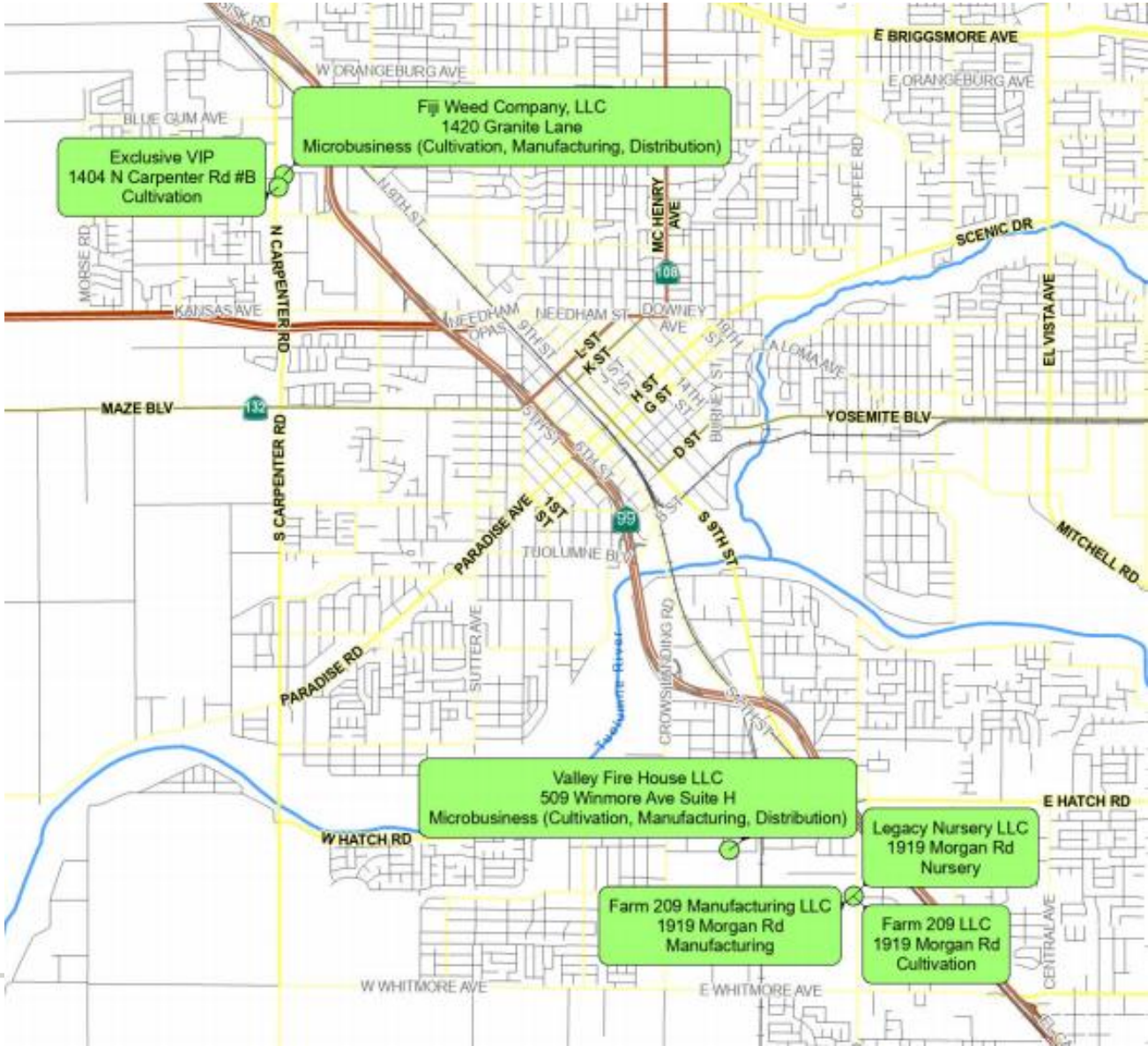
Non-Retail			
Business Name	**Address**	**Type**	**Status**
Legacy Nursery LLC	1919 Morgan Rd	Nursery	Operational
Farm 209 LLC	1919 Morgan Rd	Cultivation	Operational
Farm 209 Manufacturing LLC	1919 Morgan Rd	Manufacturing	Non-operational
Exclusive VIP	1404 N Carpenter Rd #B	Cultivation	Operational
Valley Fire House LLC	509 Winmore Ave Suite H	Microbusiness (Cultivation, Manufacturing, Distribution)	Non-operational
Fiji Weed Company, LLC	1420 Granite Lane	Microbusiness (Cultivation, Manufacturing, Distribution)	Non-operational

Non-Retail Permit Extension

- On May 22, 2022, by Resolution No. 01-2023, the Cannabis Program and Permit Review Committee approved an extension of seven (7) non-retail commercial cannabis permitted businesses to June 30, 2024.
- Since the last approvals, the Cannabis Program and Permit Review Committee approved a commercial cannabis microbusiness permit for Fiji Weed Company LLC to engage in cultivation, non-volatile manufacturing, and distribution at 1420 Granite Lane.

Non-Retail City Map

- Area map showing the six currently permitted cannabis non-retail businesses within City Limits



Commercial Cannabis Permit Renewal Application Review

- Commercial cannabis permit renewal applications are submitted every two years.
- The applications require the following documents to be submitted for City review:
  - **A copy of a valid State license:** to confirm compliance with State licensing requirements under California's dual licensing system.
  - **State License application:** Staff reviews the application to confirm that information provided to the City of Modesto matches what has been reported to the Department of Cannabis Control by each business.
  - **Proof of current lease or ownership of the property**: confirms that the commercial cannabis business' location is secured through the current permit period.
  - **Current list of employees:** employee registers are used to verify compliance with the background check requirements of the cannabis ordinance.
  - **Proof of current insurance:** to show that the business is covered by an active insurance policy through the permit period.
  - **Proof of $0 due in City taxes and fees:** all business are required to be current on all taxes and fees to be considered for renewal.
  - **Business organization Documents:** articles of incorporation, organization, or similar documents are reviewed by Staff to confirm ownership structures.

The required information was properly submitted by the applicants and reviewed by staff for completeness and compliance with municipal code requirements.

Compliance Inspections and Audits

- Each operational business is inspected and audited on an annual basis.
- On-site compliance inspections are conducted to verify that businesses are operating in compliance with the City of Modesto's Commercial Cannabis Ordinance and with State law.
- Financial audits of accounting records are conducted to verify the accuracy of tax payments submitted to the City.

Results of Annual Inspections and Audits

- Compliance inspections and financial audits were completed for the operational non-dispensaries Farm 209 LLC (Cultivation), Exclusive VIP, and Legacy Nursery.
- All three businesses satisfied the requirements of the 2023 compliance inspections.
- The revenue reported to the City by Farm 209 and Exclusive VIP was independently verified by HDL as a result of their audit procedures.
- Legacy Nursery's annual reportable revenue was found to be inconclusive due to poor record keeping.
    - Recommendations were provided to the business which will be verified during the 2024 financial audit.

Staff Recommendation

- Resolution approving the renewal of six (6) non-retail commercial cannabis permits for businesses in the City of Modesto to June 30, 2026.

Questions?

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CONCRETE SERVICE AGREEMENT

Finance Committee, June 24, 2024
DeAnna Christensen, Director of Finance
Item #13

BACKGROUND

- Public Works repairs displaced or damaged concrete sidewalks, curbs and gutters damaged by City trees or Utilities
- There are over 5,000 outstanding work orders for the removal and replacement of sidewalk repairs
- City staff handle about 100 work orders annually and with an outside contractor the City can complete an additional 200 work orders

BACKGROUND

FY 23-24 Measure H Spending Plan included $1.8 million in funding for sidewalk repairs

On October 10, 2023 Council approved a one-year agreement with United Pavement Maintenance for concrete services for $2.35 million

The one-year agreement was established to allow Purchasing to conduct a formal bidding process for a five-year agreement

Since the approval of the one-year agreement, Public Works have been able to address 199 work orders for the sidewalk repairs

DISCUSSION

- FY 24-25 Measure H Spending Plan includes an additional $1.8 Million in Sidewalk repairs and Parks Deferred Maintenance funding plan includes the need for concrete services
- On April 19, 2024, the Purchasing Division solicited IFB 2324-74 for concrete services
- On May 21, 2024, the bid opening took place and the City received 6 bids which included two non-responsive bids
- Based on the two lowest responsible and responsive bids, City staff is recommending to award to United Pavement Maintenance, Hughson, CA and Westside Landscape and Concrete, Newman, CA

FISCAL IMPACT

- Sufficient funds will be budgeted in FY 24-25 Budget under Measure H for Sidewalk Repairs for PW Streets and Parks Deferred Maintenance projects
- Concrete repairs for Utility projects will be funded by the Utility Funds
- Services for this agreement will only be utilized when funding is allocated for this service
- Below is the breakdown of the annual spending allocation by department

Department	Annual Allocation	
Public Works - Streets	$	2,500,000
Parks, Recreation and Neighborhood	$	700,000
Utilities - Water	$	150,000
Utilities - Wastewater	$	100,000
Total	**$**	**3,450,000**

STAFF RECOMMENDATION

Motion recommending the Award of Bid and Agreements for Concrete Services to United Pavement Maintenance, Hughson, CA. and Westside Landscape & Concrete, Newman, CA for a two year agreement with three one-year extension options, for an annual estimated amount of $3,450,000 and a total amount not to exceed $17,250,000 over five years and forwarding to Council for approval.

QUESTIONS?

AWARD ROAD REPAIR AND ACCOUNTABILITY ACT (SENATE BILL 1) TAX PROCEEDS FOR FY 24-25 PROJECT FUNDING

Finance Committee, June 24, 2024

Public Works Director, Bill Sandhu
Streets Manager, John Sphar

Background

- Surface Transportation Fund is responsible for providing funding for the following services: Curbs, Gutters & Sidewalks, Street Maintenance, Traffic Engineering, Traffic Operations and Traffic Electrical.

- The City must adopt, by resolution, a list of projects proposed to receive Fiscal Year (FY) funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB1, which must include the description and the location of each proposed project, a proposed schedule for projects completion, and the estimated useful life of the improvement.

- This is the eighth year in which the City is receiving SB1 funding which will enable the City to continue essential road maintenance, safety improvements in traffic signal and street light maintenance, and traffic sign and striping maintenance that would not have otherwise been possible without SB1.

Background

The Streets Division Maintains:
1,400 lane miles of streets (1,018 completed)
1,434 miles of curb and gutter
1,378 miles of sidewalk

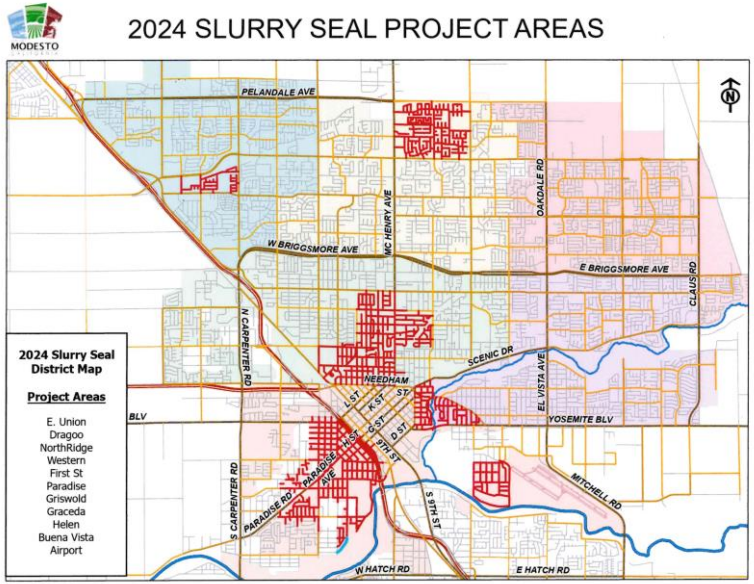
The Traffic Division Maintains:	
201 traffic signals	62 school flashing beacons
13,764 streetlights	seven warning beacons
16 flashing beacons	six crosswalk beacons
40 lighted crosswalks	eight communication hubs
17 roundabouts	29,238 traffic signs

SB1 Funding

Funding for RMRA SB1 Funds	Amount
Fiscal Year 19-20	$3,727,254
Fiscal Year 20-21	$4,121,766
Fiscal Year 21-22	$4,415,700
Fiscal Year 22-23	$4,888,093
Estimated Year End Fiscal Year 23-24	$5,312,910
Projected Fiscal Year 24-25	$5,672,650

Discussion

- Slurry Seal is an essential component of street maintenance that carries a 5-7 estimated life extension for the City's roads.



Discussion

- Traffic Division maintenance functions carries a 10-year estimated life extension for City Signals, Street Lights, and Striping/Signage.

Recommendation

Motion approving the list of projects to be funded with Road Repair and Accountability Act proceeds in Fiscal Year 2024-2025.

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Questions

ANNUAL ADJUSTMENT TO MAXIMUM RATE SCHEDULE FOR SOLID WASTE COLLECTION SERVICES

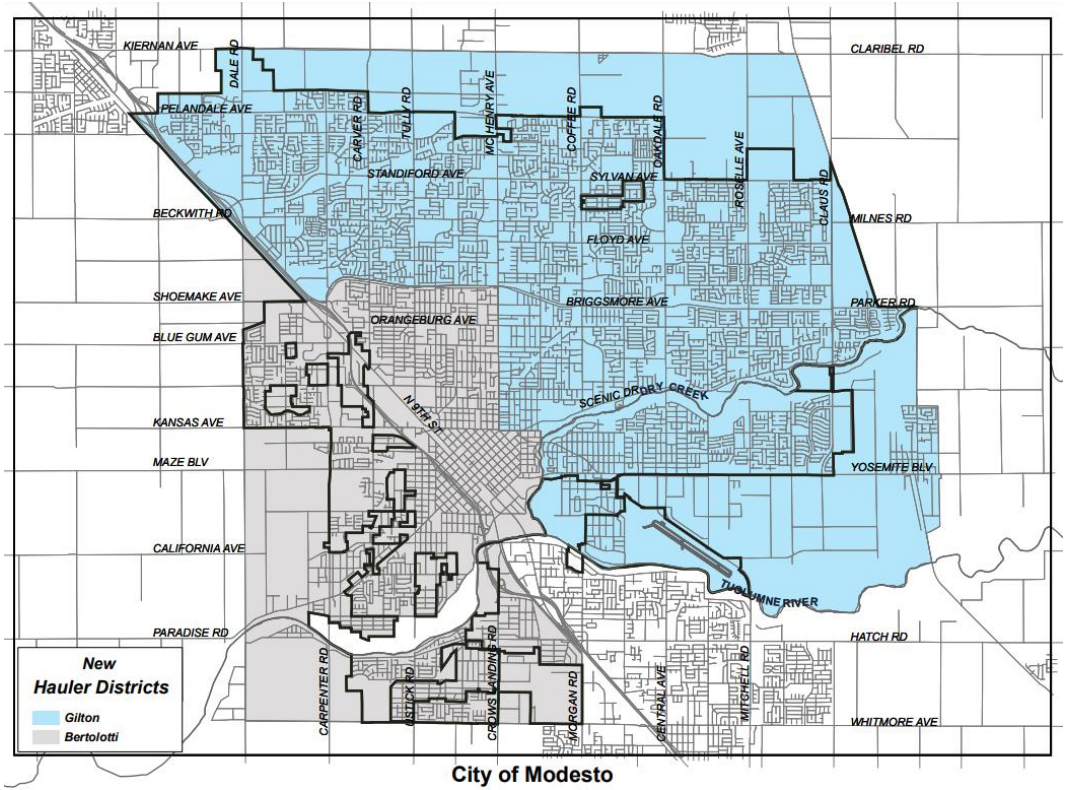
Finance Committee
June 24, 2024

Bill Sandhu, Director of Public Works

Solid Waste Haulers

Modesto has contracts with two private sector companies to collect residential, commercial, and industrial solid waste, including garbage, organics, and recyclables in the City.

- Gilton Solid Waste
- Bertolotti Disposal Services



Solid Waste Rate Methodology

The solid waste rate setting process is governed by Modesto Municipal Code Section 5-5.131. The process is as follows:

- Rates are reviewed annually and fuel charges are reviewed quarterly. They are adjusted as needed under discretion of the City.
- The haulers must provide the City with audited, detailed financial statements within 120 days at the close of the fiscal year.
- Rate setting methodology is a cost-based analysis based on the most recent complete fiscal year (2022/23 in this case). The lowest cost hauler for each service type determines the recommended rate.

Rates Discussion

Base Rate

- Adjusted based on the cost of service from FY 2022/23. The base rate captures operational costs and additional fees and special programs are layered on top of this rate.

Green Waste Fees

- Adjusted by the Western Region CPI of 3.2% to mirror increases to Compost Facility rate increases, where green waste is processed.

Rates Discussion, cont.

Organic Waste Pre-Processing

- A fee to clean organic material was added in July 2022 in order to meet compliance with SB 1383.
- The cost of this service is now fully represented in the base rate and this fee will be removed.

SB 1383 Collection

- A fee to collect recycling as part of three-container residential service in compliance with SB 1383 was added in January 2023.
- The cost of this service is now 50% represented in the base rate and this fee is being reduced by half.

Fuel Rate Adjustment

- During the annual rate review, staff develops a fuel factor, representing how much fuel on average is used for each customer (for residential) or for each yard (commercial). This fuel factor is used for fuel rate adjustments for the following year.

- Using the average diesel prices for the most recent completed quarter (January through March 2024), the City calculates a fuel adjustment to ensure that haulers are being adequately compensated for the potentially rapid changes in fuel costs.

Proposed Residential Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 35.72	$ 39.04	$ 3.32
Carpenter Road Landfill [1]	$ 0.70	$ 0.70	$ -
City SB 1383 Implementation [1]	$ 1.05	$ 1.05	$ -
Compost Facility Improvements [1]	$ 1.70	$ 1.70	$ -
Geer Road Landfill [1]	$ 0.81	$ 0.81	$ -
Green Waste [1]	$ 5.27	$ 5.44	$ 0.17
Organic Waste Pre-Processing	$ 1.72	$ -	$ (1.72)
Recycling Fees [1]	$ 0.46	$ 0.46	$ -
SB 1383 Collection Fee	$ 5.40	$ 2.70	$ (2.70)
Weekly Organics Collection	$ 3.14	$ 3.14	$ -
Fuel Adjustment- Jan-Mar 2024	$ 0.04	$ (0.11)	N/A
Total	**$ 56.01**	**$ 54.93**	**$ (1.08)**
[1] - City Fees			

Proposed Commercial Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 43.57	$ 53.16	$ 9.59
Carpenter Road Landfill [1]	$ 0.95	$ 0.95	$ -
City SB 1383 Implementation [1]	$ 1.90	$ 1.90	$ -
Compost Facility Improvements [1]	$ 3.08	$ 3.08	$ -
Geer Road Landfill [1]	$ 0.95	$ 0.95	$ -
Green Waste [1]	$ 10.70	$ 11.04	$ 0.34
Litter Abatement [1]	$ 0.59	$ 0.59	$ -
Organic Waste Pre-Processing	$ 3.11	$ -	$ (3.11)
Recycling Fees [1]	$ 0.63	$ 0.63	$ -
Fuel Adjustment- Jan-Mar 2024	$ 0.08	$ (0.13)	N/A
Total	**$ 65.56**	**$ 72.17**	**$ 6.61**
[1] - City Fees			

Proposed Industrial Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 396.81	$ 421.10	$ 24.29
Carpenter Road Landfill [1]	$ 29.77	$ 29.77	$ -
Geer Road Landfill [1]	$ 29.77	$ 29.77	$ -
Green Waste [1] [2]	$ 17.97	$ 18.55	$ 0.58
Recycling Fees [1]	$ 19.71	$ 19.71	$ -
Fuel Adjustment- Jan-Mar 2024 [3]	$ -	$ -	N/A
Total	**$ 494.03**	**$ 518.90**	**$ 24.87**

[1] - City Fees; [2] - Industrial accounts charged by ton; [3] - Industrial accounts are charged fuel in the delivery and pickup fee

Self-Haul Rate Adjustment

- In 1998, under Resolution 1998-113, Council established a self-haul process for residents and businesses in lieu of regular waste services.
- As rates and fees are updated in the annual rate adjustment, they must also be adjustment for rates and fees associated with the self-haul program.
- Self-haul deposit is being updated to reflect the current residential and commercial proposed rates.

Next Steps

- On June 27, 2023 under Resolution 2023-314, Council approved an agreement with HF&H Consultants, LLC. to conduct an audit and performance review of the City's haulers and to analyze the current rate setting methodology and test it for validity.

- On August 13, 2024, City staff will propose the acceptance of HF&H's "2023 Solid Waste Financial Review and Rate Analysis" to City Council and progressing to phase two of their contract. In phase two, HF&H will develop a new rate setting methodology that better aligns with industry standards.

Staff Recommendation

Motion recommending the Annual Rate Adjustment to the Maximum Rate Schedule for City Solid Waste Collection Services provided by the Solid Waste Haulers, for a decrease of $1.08 per month for residential services, an increase of $6.61 per cubic yard for commercial services, and an increase of $24.87 per pull for industrial services, to become effective September 1, 2024 and rescinding Resolution No. 2022-276 for the July 1, 2022 annual rate adjustment, and forwarding to Council for approval.

Staff Recommendation, cont.

Motion recommending a Fuel Rate Adjustment to the Maximum Rate Schedule for City Solid Waste Collection Services provided by the haulers, for a reduction of $0.11 per month for residential services, and a reduction of $0.13 per cubic yard for commercial services, to become effective September 1, 2024, and forwarding to Council for approval.

Motion recommending the update to the Schedule of Cash Security Deposits and Fees for Self-Haul Residents and Businesses in accordance with Assembly Bill 939, and rescinding Resolution No. 2022-471, and forwarding to Council for approval.

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QUESTIONS

MODESTO YOUTH COMMISSION 2023-2024

June 25, 2024

HIGHLIGHTS OF THE YOUTH COMMISSION ACTIVITIES

Courtesy of the Leadership Sub-Committee

2023-2024 Youth Commissioners

- Lola Evans– Chair
- Abigail Manzano– Vice Chair
- Saida Alvarez
- Kayvon Banankhah
- Belle Garza
- Edie Hughes
- Hamza Modan
- Martin Montez
- Sabrina Toor

Subcommittees:

-Outreach

-Community Service

-Social Media & Communications

-Diversity, Equity & Inclusion

-Leadership

Community Outreach at Recreation Events

Youth Commissioners partnered with the Recreation Division to host activities, test government knowledge and provide cultural information at several events!

Bylaws Amendment

Commissioners reviewed the bylaws and have an item on TONIGHT'S agenda for approval!

CITY OF MODESTO

COUNCIL AGENDA REPORT

DATE OF MEETING:

June 25, 2024

Date: April 26, 2024

TO: Mayor and City Council

THROUGH: Joseph P. Lopez, City Manager

FROM: Jeremy Rogers, Director of Parks, Recreation and Neighborhoods

SUBJECT: Youth Commission Bylaws Update

CONTACT: Jeremy Rogers, Director of Parks, Recreation and Neighborhoods, jrogers@modestogov.com, 209-577-5347

DESCRIPTION:

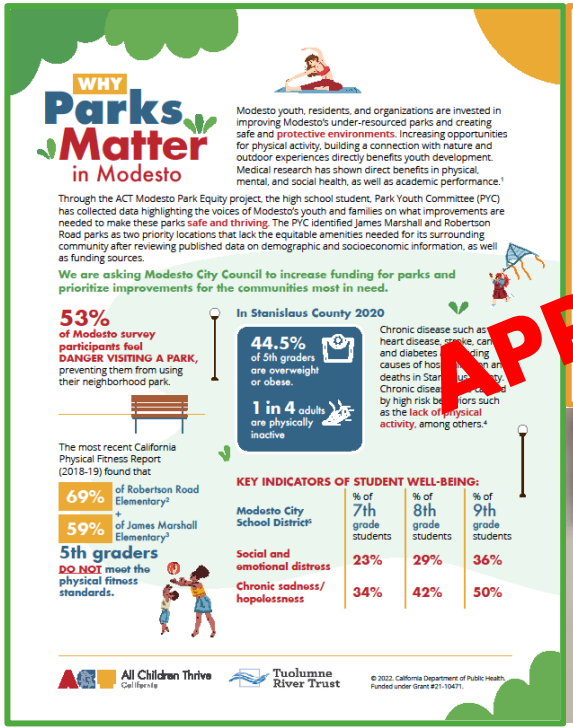
Consider approving the proposed bylaw amendments for the City of Modesto Youth Commission to increase Commission Members from nine to seventeen and extend the appointment term from one year to two years. (Funding Source: Not Applicable)

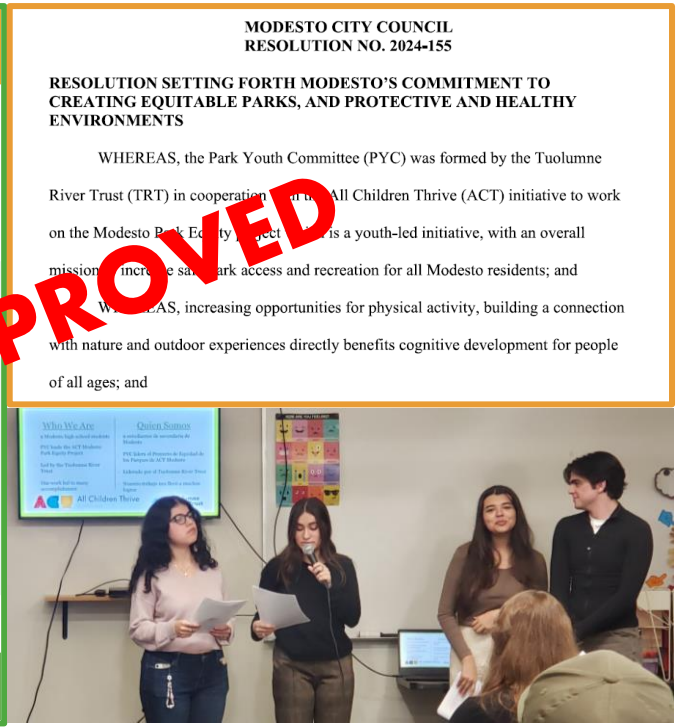
Love Modesto 2024

Youth Commissioners represented the Hope Blooms Garden Project this year. 11 volunteers worked a total of 33 hours on the garden and surrounding trails.

Commissioner Projects: ACT Modesto Park Equity

Three Commissioners partnered with Tuolumne River Trust's Parks Youth Committee to spearhead an All Children Thrive (ACT) initiative to improve the well-being of children across California.




MODESTO CITY COUNCIL
RESOLUTION NO. 2024-155

RESOLUTION SETTING FORTH MODESTO'S COMMITMENT TO CREATING EQUITABLE PARKS, AND PROTECTIVE AND HEALTHY ENVIRONMENTS

WHEREAS, the Park Youth Committee (PYC) was formed by the Tuolumne River Trust (TRT) in cooperation [illegible] All Children Thrive (ACT) initiative to work on the Modesto Park Equity project [illegible] is a youth-led initiative, with an overall mission [illegible] increase safe park access and recreation for all Modesto residents; and

WHEREAS, increasing opportunities for physical activity, building a connection with nature and outdoor experiences directly benefits cognitive development for people of all ages; and

APPROVED

Commissioner Projects: Creation 4 Cessation

Commissioner Sabrina Toor hosted an art gallery to showcase participants works from her non-profit: Creation 4 Cessation

We’re not done yet!

Youth Commissioners had a great year and are eager to see what the 2024-2025 year brings.

- Volunteering at the Senior Ball
- Alternate City Flag partner project with Culture Commission
- StanYea Panelists
- Community Outreach at Recreation Events
- Presentations to Freshman students on government
- Alcohol and tobacco prevention strategy sessions
- Neurodiversity Inclusion and Behavioral Health Project

… and more!

Thank You

Participating in community events and inviting other youth to participate and share their voice are key goals for this Youth Commissioners.

We truly LOVE MODESTO!

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402 9TH STREET BRIDGE HOUSING PROJECT

Edgar Garcia
Community Development Manager
June 25, 2024

Project Background

- Through the Behavioral Health Bridge Housing (BHBH) Program, the California Department of Health Care Services (DHCS) provided $1.5 billion in funding to operate Bridge Housing settings. The program, which was signed into law on September 2022 under Assembly Bill (AB) 179 and provides funding through June 30, 2027.

- The primary focus of the BHBH Program is to address the immediate and sustainable housing needs of people experiencing homelessness who have serious behavioral health conditions, including a serious mental illness (SMI) and/or substance use disorder (SUD).

- Stanislaus County Behavioral Health and Recovery Services (BHRS) applied for and awarded BHBH funds on June 23, 2023. The County approved an allocation of $3,023,037 for the development of this project with a maximum allocation for infrastructure of $75,000 per unit.

Project Location: 402 9th Street

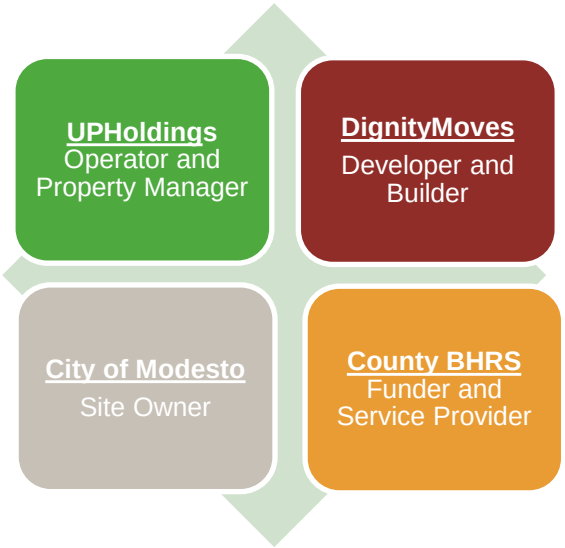
- The County sought a partnership with the City of Modesto to develop a bridge housing project for individuals who have a serious mental illness (SMI) and/or substance use disorder (SUD), with a priority for those who are going through the Care Court process.

- The City owns the parcel at the corner of 9th and E Street adjacent to homeless services in Modesto. Stanislaus County Behavioral Health and Recovery Services approached the City for the use of this site to develop a Bridge Housing project.

- On April 30, 2024, the Board of Supervisors approved an agreement with DignityMoves for the development of the project located at 402 9th Street.

Project Partners

- **County BHRS** will fund the construction, and operations as well as serve as the service provider for the individuals that are living on this campus.
- **DignityMoves:** BHRS has partnered with DignityMoves as the developer for the project.
- **UP Holdings and RH Developers (DBA Modesto BHBH, LP)** is seeking a partnership with BHRS for the property management, maintenance, and security of the site and will utilize the BHBH funding to provide these services.
- The **City**, as property owner, requires a Right of Entry agreement between the City and DignityMoves to authorize improvements to City property. Additionally, City staff is recommending a lease with Modesto BHBH LP at the cost of $1 per year for 3 years for this Bridge Housing project with a term from June 26, 2024 through September 30, 2027.



402 9th Street
Bridge Housing Partnership Details

Host Site
City of Modesto

- Site proposes to include 42-unit complex.
- Owned by the City
- City will lease the site for operations for 3 years.

Site Operator
UPHoldings

- Will maintain a safe and operable place for residents.
- Will include on-site staff and overnight security.
- Will partner with the service providers to develop a plan for permanent housing beyond their stay at the bridge housing site.

Service Provider
County BHRS

- Will provide referrals and support with linkages to benefits, medical services, mental health services, and support individuals in housing navigation.
- Goal is to reduce barriers to housing.

402 9th Street
Site Details

- The 42-unit interim housing complex is patterned after a similar complex in Santa Barbara and includes toilets, showers, dining facilities, laundry facilities, offices, a dog run, and social areas.
- Three of the units will accommodate residents with accessibility needs. The target population to be served is CARE Court clients and other clients with either a Substance Use Disorder or Serious Mental Illness.
- The infrastructure development budget for the 42-units is at a not to exceed amount of $3,023,037.

Public Engagement

- The City sent notices via mail to all property owners and lessees within 300 ft of the property to provide an overview of the project and offer the public an opportunity to provide feedback on the project.

- The City held the meeting at 820 H Street (Weave Building) on Thursday, May 30, 2024. Additionally, the City met onsite with the adjacent property owners.

- Additionally, the City and County are regularly meeting with partner agencies that can support the clients, including the Salvation Army, Workforce Development Agency, Community Housing and Shelter Services, and others to help ensure services are aligned to support clients with the transition to permanent housing.

Fiscal Impact

- The construction and ongoing operations will be fully funded by Stanislaus County Behavioral Health and Recovery Services and the total cost of construction is not to exceed $3,023,037, and the operations will cost $3,067,734 throughout the three-year term.
- The proposed Lease will result in a $1 per year for three years.
- There is no impact to the General Fund.

Infrastructure Development Costs	Cost
Modular Units	$813,453
Site Improvements	$226,468
Underground Work	$340,000
Facility Improvements	$348,100
Modular Unit Placement	$335,500
General Contractor Fees and Contingency	$300,016
Furnishing, Fixtures, and Equipment and Soft Costs	$659,500
Total Project Cost (Not to Exceed)	**$3,023,037**
Annual Operations Projected Budget	**Cost**
Annual Operations Projected Budgets	$1,022,578
Total Estimated Operational Budget for 3 years	**$3,067,734**

Project Timeline

Milestone	Estimated Timeline
Initial Design Discussions	Complete by May 1, 2024
Public Engagement	Complete by May 30, 2024
Design Coordination	Complete by July 26, 2024
Construction Documents	Complete by July 26, 2024
Permit Approvals	On or before August 16, 2024
Start Construction	On or before August 16, 2024
Construction Completed and Client Move In	Complete by Winter 2024

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Questions?

Staff Recommendations

- Resolution approving a Right of Access Agreement with DignityMoves for the development of a 42-unit bridge housing project on a City-owned parcel located on the corner of 9th and E Street and authorizing the City Manager, or his designee, to negotiate and execute the agreement.

- Resolution approving a three-year lease with Modesto BHBH, LP in the amount of $1 per year for the operations of a 42-unit bridge housing project on a City-owned parcel located on the corner of 9th and E Street and authorizing the City Manager, or his designee, to negotiate and execute the agreement.

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Item 2

CITY OF MODESTO CALIFORNIA

PROCUREMENT PERFORMANCE AUDIT

City Auditor's Office
July 9, 2024

Objectives and Scope

- The purpose of this performance audit was to examine procurement policies, procedures, and processes and evaluate opportunities to streamline and enhance efficiency

- This performance audit was conducted between March 2024 and June 2024

Methodology

- **Project Initiation:** comprehensive planning and project management
- **Fact Finding:** interviews and focus groups with 50 City staff; comprehensive document review; and peer benchmarking
- **Analysis:** comparison of procurement practices to industry standards and best practices and identification of opportunities for improvement and practical recommendations
- **Reporting:** presentation of report in a draft format to confirm the practicality of recommendations with management before finalizing

Commendations

- Strong leadership
- Improved relationships between Purchasing and other departments
- Regular staff training and support
- Updated policies and procedures
- Easily accessible procurement documentation
- Clearly defined and detailed procurement card controls
- Technology purchasing controls to reduce risk

Key Themes – People and Collaboration

- High turnover in recent years reduced Purchasing's capacity, but turnover is improving
- Purchasing appears appropriately staffed compared to peers, but a workload analysis would be beneficial to support balanced workloads across Purchasing buyers
- Establishing service level standards would be helpful to clarify expectations between Purchasing and other City departments

Key Themes – Processes and Systems

- The City's small purchase threshold is lower than peers, which may be inefficient
- There are opportunities to review the number of approvals required for purchases to improve process efficiency
- The City's systems environment limits the efficiency of Purchasing's processes, particularly formal bidding and contracting processes
- Some Purchasing documentation could be strengthened, including improving the navigability of the Purchasing Procedures Manual and developing comprehensive SOPs

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Item 3

CITY OF MODESTO CALIFORNIA

FY24-25 INTERNAL AUDIT WORK PLAN

Audit Committee Meeting
July 9, 2024

Internal Audit Overview

- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
  - Risks
  - Internal controls
  - Efficiency and effectiveness
  - Best practices
  - Compliance
- Work is being completed under appropriate industry standards (IIA, GAGAS, AICPA)

Holistic Internal Audit Program Approach

A Program Inputs

- Enterprise Assessments
- Employees and Community
- Performance Metrics

B Opportunities

- Risks
- Controls
- Compliance
- Performance

C Tracking & Reporting

- Findings & Recommendations
- Fraud, Waste, and Abuse Hotline
- Corrective Actions
- Implementation
- Validation

Internal Audit Program Review

Department	Project	Department	Project
Community & Economic Development		**Information Technology**	
Engineering Services		**Parks, Recreation, and Neighborhoods**	
Finance	Procurement (24)	**Police**	
Fire		**Public Works**	Fleet Controls (24), Solid Waste & Forestry (24)
Human Resources		**Utilities**	
Citywide Projects	Internal Controls Review (24), FWA Policy & Training (24), Property Management (24)		

Internal Audit Program Review

Focus	Accomplishments
Enterprise Risk Assessments	2022
Enterprise Internal Controls Review	2024
Functional Internal Controls Reviews	1
Functional Internal Controls Testing	To come
Performance Projects	2
Recommendations Tracked & Validated Implemented	To come
Ethics Hotline Statistics	Over 170 reports since 2016

Potential FY24-25 Internal Audit Projects

Performance projects:

1. Water and wastewater utilities fiscal review
2. Capital program best practices assessment
3. Prior audit update: Permitting
4. Prior audit update: Internal service funds

Program management:

1. Establish recommendation validation process
2. Ongoing internal audit program management

Internal controls and compliance projects:

1. Payroll process and controls review
2. Accounts receivable internal controls review
3. Cash management internal controls review
4. Grant compliance assessment

Recommended FY24-25 Internal Audit Program

1. **Water and wastewater utilities fiscal review**: Conduct a comprehensive review of the fiscal management of the City's water and wastewater utilities, including sources and uses of funds, rate setting, other fees and charges, billing, and policies and procedures. Identify opportunities for improvement in sustainability, effectiveness, equity, and transparency.
2. **Capital program best practices assessment**: Assess the current state and identify opportunities for improving the effectiveness of the City's capital planning and management activities, including project identification, budgeting, planning, execution, and closeout.
3. **Prior audit update: Permitting**: Assess the efficiency, effectiveness, and customer service within the City's permitting functions. Review progress toward implementation of 2018 Permitting Efficiency Study recommendations.
4. **Payroll process and controls review**: Document and review internal controls, systems, policies, and procedures related to the City's payroll process.
5. **Accounts receivable internal controls review**: Assess processes and conduct targeted testing of internal controls related to the City's AR function.
6. **Establish recommendation validation process**: Inventory prior internal and external audit recommendations, collaborate with City staff to develop a tracking mechanism and process to report and validate recommendation implementation.
7. **Ongoing internal audit program management**: City Auditor activities including overseeing the internal audit program and managing the fraud, waste, and abuse hotline.

Recommended Internal Audit Program

Project	Budget	7-9/24	10-12/24	1-3/25	4-6/25
Water and Wastewater Utilities Fiscal Review	$55,000				
Payroll Process and Controls Review	$40,000				
Capital Program Best Practices Assessment	$35,000				
Accounts Receivable Internal Controls Review	$35,000				
Prior Audit Update: Permitting	$40,000				
Establish Recommendation Validation Process	$15,000				
Ongoing Internal Audit Services	$30,000				
Total	*$250,000*				

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CITY OF MODESTO
INTERNAL CONTROLS REVIEW

City Council

July 9, 2024

Scope and Purpose

This internal controls review was designed to identify key controls across various functions at the City of Modesto (the City) and compare to best practices to increase the efficiency and effectiveness of the City's operations in the following areas:

Accounts Receivable	IT General Controls
Cash Management	Overall Control Environment
Financial Reporting, Close, and Reconciliations	Payroll and Timekeeping
Fixed Assets and Asset Management	Purchasing and Accounts Payable
Inventory	Revenue and Billing

Methodology

- Identified control objectives in specific areas and controls that would satisfy each objective.
- Reviewed policies and procedures.
- Examined relevant documentation in support of select key controls.
- Performed control walkthroughs to observe the design of key controls and understand workflow processes.

Methodology

- Obtained an understanding of the characteristics of each relevant control activity (e.g., who performs it, how often it is designed to operate, whether it is designed to mitigate fraud, whether it is a manual or automated control, and whether it is a preventive, detective, or corrective control).
- Provided recommendations on key controls that need to be implemented or changed.

Themes

- Controls across most sections were generally designed well and properly implemented.
- There were opportunities to better document the processes and controls in place via policy and procedure documents.
- Employees across departments were willing to make changes to better protect City assets and better document current processes.

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QUESTIONS/DISCUSSION

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REVISED GROUNDWATER SUSTAINABILITY PLAN FOR THE MODESTO SUB-BASINS

July 9, 2024

Timothy Barahona, Assistant Engineer
William Wong, Utilities Director

Sustainable Groundwater Management Act - Recap

- Signed into law by Governor Jerry Brown in 2014.
- Sets framework for statewide guidelines on localized sustainable groundwater management.
- If a basin is found to be out of compliance, the state can intervene, and oversee the management of groundwater resources in the region.
- The Modesto subbasin is not considered critically over drafted, but are considered a “High-Priority” basin.
- The GSP provides a **20-year road map** for the continued sustainable management of our groundwater resources.
- SGMA keeps control in the hands of local agencies.
  - This is contingent upon having an approved plan, and that the predicted milestones are being achieved when executing the GSP.

Groundwater Sustainability (GSAs) & Local Agencies / Urban Areas

- Two GSAs this Subbasin (Tuolumne GSA and STRGBA GSA)
- Tuolumne Co. GSA participates through agreement with Stanislaus County
- Many agencies overlap both subbasins
- Shared water resources from the Tuolumne and Stanislaus Rivers

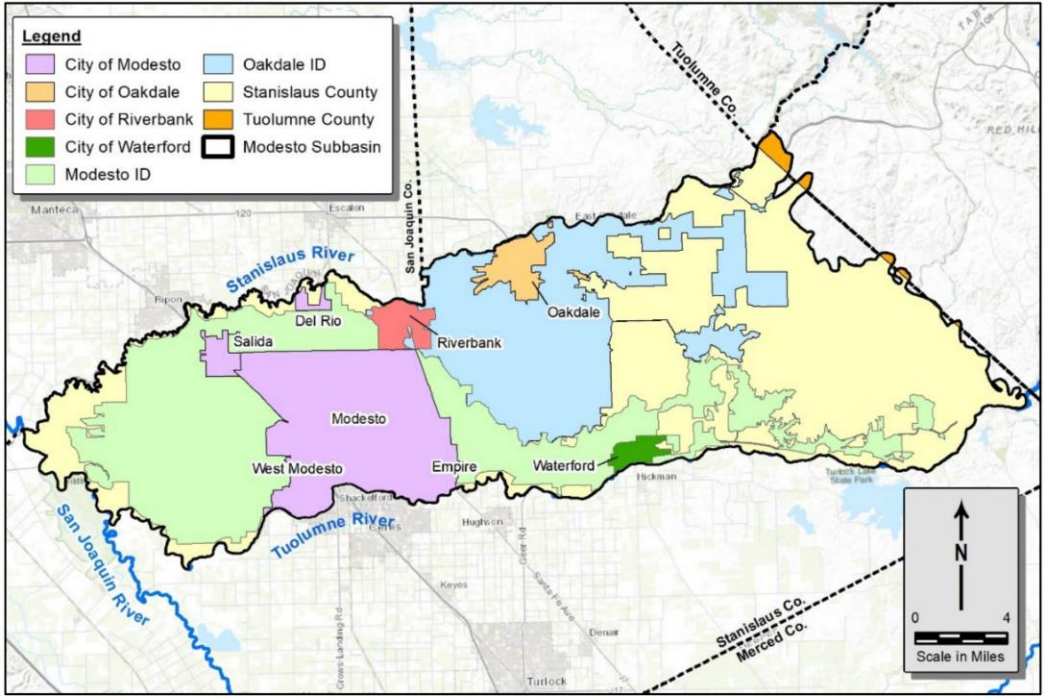
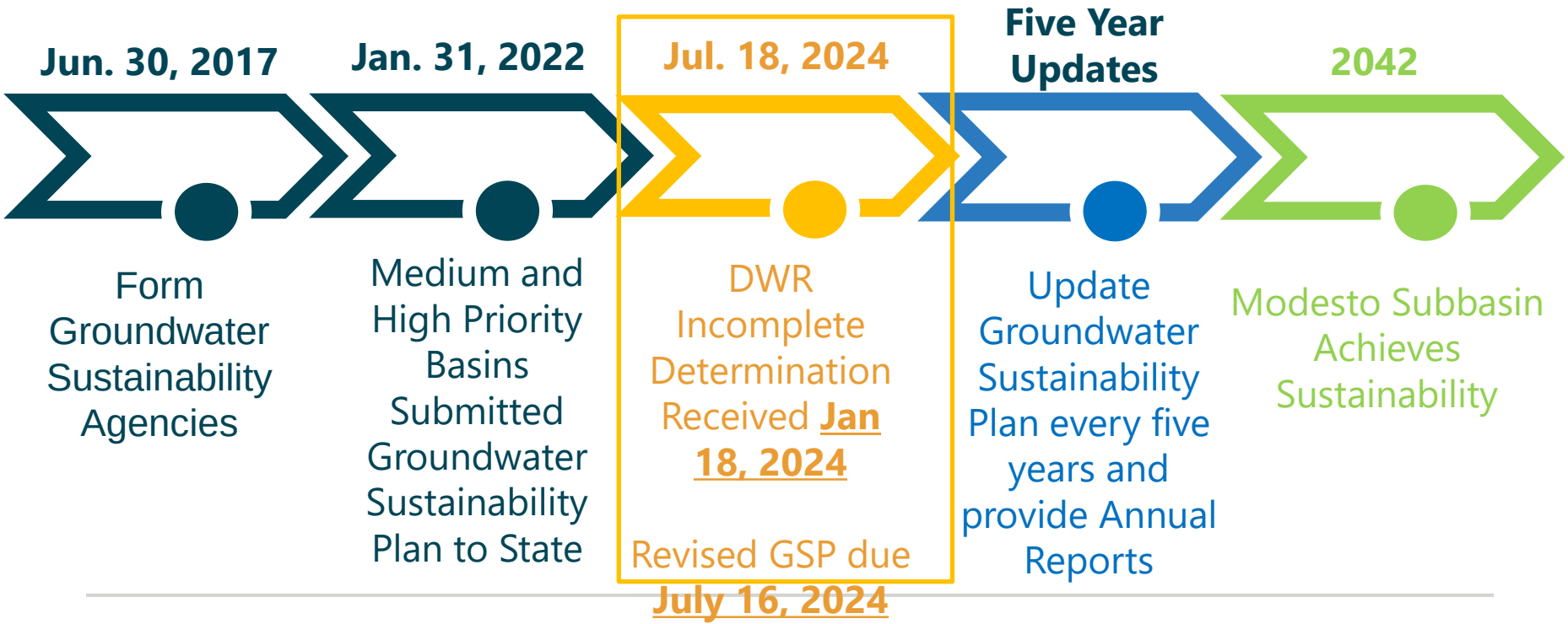


Figure ES-2 GSA Member Agency Jurisdictional Boundaries

Sustainable Groundwater Management Act Requirements - Recap



Revised 2022 GSP Requirements

- Plan area
- Groundwater conditions
- Water budgets
- Sustainability goals
- Undesirable results
- Measurable objectives
- Projects to achieve sustainability
- Monitoring protocols and data management
- Management actions (added in revised 2022 Modesto GSP)
- Well Mitigation Strategy (added in revised 2022 Modesto GSP)

City of Modesto Projects

- Growth Realization of Surface Water Treatment Plant Phase II
  - In-Lieu Groundwater Recharge
- Advanced Metering Infrastructure Project (AMI)
  - Water Conservation
- Storm Drain Cross Connection Removal Projects
  - Groundwater Recharge
- City Stormwater Standard Specification Updates
  - Groundwater Recharge

GSP Adoption Requirements

- GSAs must send a notice to cities and counties in the plan area at least 90-days prior to adoption (Notice of Intent to Adopt the GSP) [completed]
  - NOI Received March 29, 2024 from STRGBA GSA
- Must be adopted at a public hearing
- All member agencies must adopt the GSP individually, prior to adopting collectively as a GSP prior to re-submittal.

Staff Recommendation

- Adopt a resolution to approve adopting the Revised Modesto Subbasin Groundwater Sustainability Plan
- Approve the City of Modesto's Governing Board Representative to adopt the Modesto Subbasin Groundwater Sustainability Plan and submit it to Department of Water Resources.

Questions?

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Item #7

SOUTHWEST MODESTO PLAN

Edgar R. Garcia
Community Development Manager
August 5, 2024

BACKGROUND

- The 2019-20 Budget Act allocated $250 million for all regions, cities and counties to prioritize planning activities that accelerate housing development.

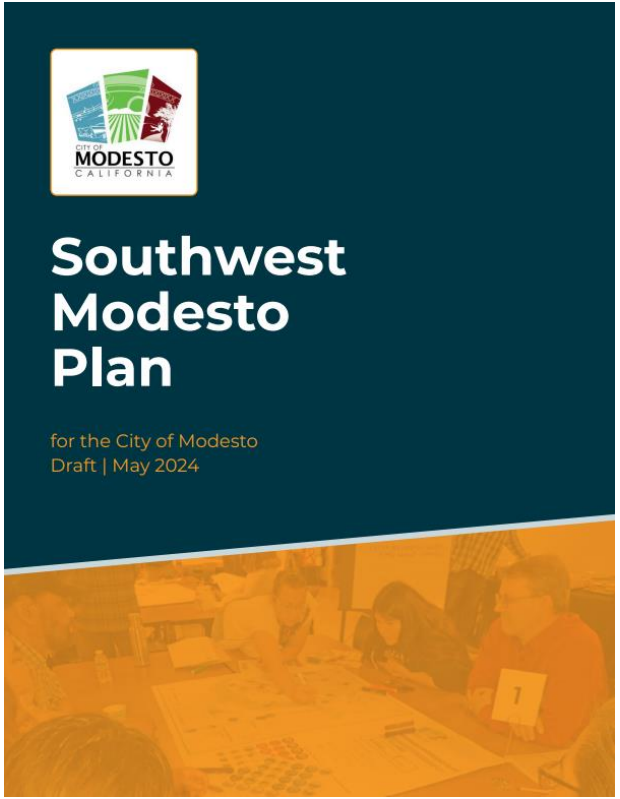
- California Department of Housing and Community Development (HCD) established the Local Early Action Plan (LEAP) Grant with $119 million for cities and counties. Leap provides one-time grant funding for cities and counties to update their planning documents.

- On March 3, 2021, the City was awarded $500,000 as part of the LEAP grant, the City utilized a portion of the funds for the development of the Southwest Modesto Plan.

BACKGROUND, CONT.

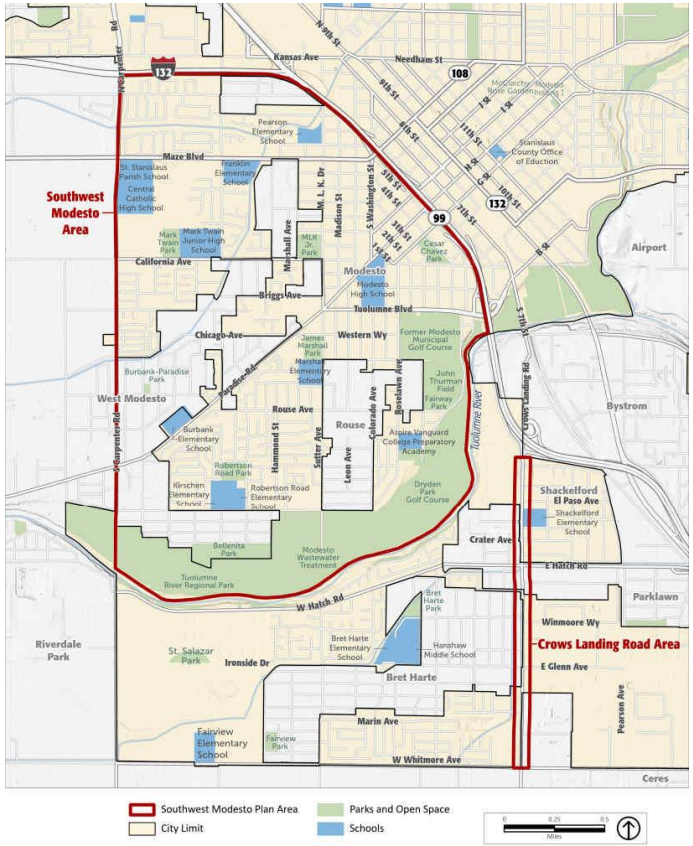
- On January 10, 2023 City Council approved the Agreement with PlaceWorks for the development of the Southwest Modesto Plan.

- The purpose of the Plan is to establish a vision for the future of Southwest Modesto focusing on enhancing redevelopment conditions and opportunities, and identifying ways to realize that vision.



SOUTHWEST MODESTO BOUNDARY MAP

The project area location boundary is generally defined as south of California State Route (SR) 132, west of SR 99, north of Tuolumne River and east of Carpenter Road. The Crows Landing Road area contains about one parcel deep on each side of the corridor from Highway 99 to Whitmore Avenue.



STAKEHOLDER MEETINGS

- Three virtual stakeholder meetings were held in March 2023 with the project team providing project overviews and facilitating discussions on key issues, development opportunities and inclusive outreach strategies

- The three meeting were held to reach the following:
  - Educators and Community Based Organizations (CBOs)
  - Housing and Development Organizations
  - Public Agencies and Safety Providers

COMMUNITY OUTREACH

- **Community Workshop #1 - May 17, 2023**
  - Discussion with the community regarding their ideas, preferences, and vision for improvements and future development in Southwest Modesto.
- **Community Workshop #2 - October 3, 2023**
  - Review and discussion regarding opportunity sites for housing and economic development in Southwest Modesto.
- **Community Workshop #3 - March 14, 2024**
  - Discussion regarding the draft Southwest Modesto Plan and prioritization of the goals and actions.
- **Community Presentations** – The City and Placeworks presented the draft plan at the West Modesto Community Builders Meeting on May 8, 2024 and the South Modesto Municipal Advisory Committee on May 9, 2024

SOUTHWEST MODESTO PLAN GOALS - FUTURE IMPLEMENTATION

Community Identity

- Promote family-friendly activities
- Celebrate unique cultural events, and holidays
- Celebrate diversity

Economic Vitality

- Workforce Development and Job Training
- Local Business Support
- Improve the financial well-being of local residents
- Improvements to key streets and infrastructure

Community Services

- Provision of needed community services
- Improvements to safety and emergency services
- Park renovations

Housing

- Improve housing for existing residents
- Development of new affordable housing
- Review zoning requirements for housing along commercial corridors

Transportation and Infrastructure

- Improved pedestrian, bicycle, and transit facilities
- Improved sidewalks, street lighting, water, wastewater, and stormwater systems

NEXT STEPS

- **Ongoing Communication**
  - The City will continue to actively engage the community and maintain active communication to ensure that the community is well aware of upcoming initiatives, projects, and other efforts happening in the community.
- **Community Identity**
  - The City will be continuing to partner with nonprofits, community based organizations and neighborhood groups to support diverse and cultural events.
- **Economic Vitality**
  - The City has made strides in partnerships with Stanislaus 2030 and STEP to address the gap in child care access, and make small business support available.
- **Community Services**
  - Through grants, the City has made investments to public safety and blight abatement initiatives – and we hope to continue to partner with the community and the County to make these services available.
- **Housing and Infrastructure**
  - Continue to partner with housing developers, the County, and other agencies to promote accessibility to housing and improvements to infrastructure.

Questions?

RECOMMENDED ACTIONS

Motion approving the Southwest Modesto Plan Implementation and forwarding a recommendation to Council for approval.

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Item # 8

FORMATION OF CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2024-2 (FAIRVIEW VILLAGE #2)

Jessica Hill
Director of Community and Economic Development

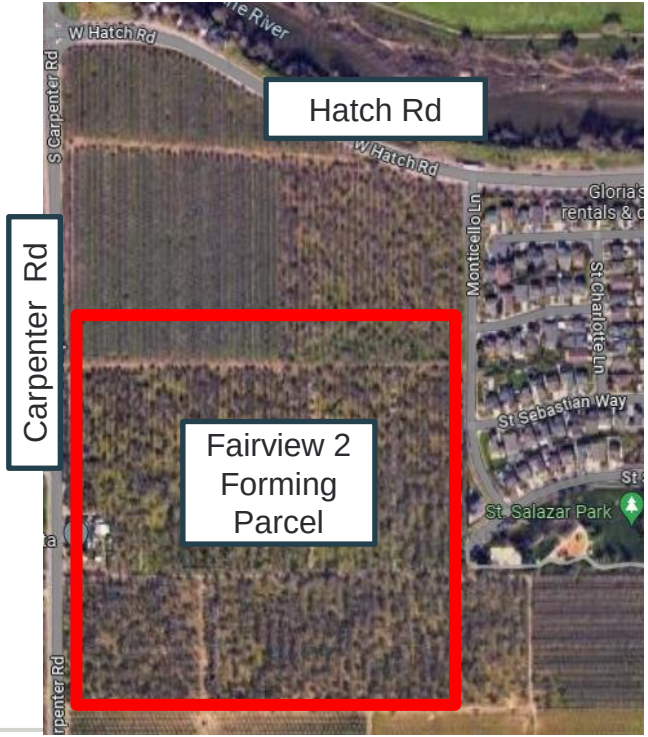
August 5, 2024

MELLO-ROOS DISTRICTS

- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments.
- Raises money through special taxes that must be approved by 2/3rds vote within the district.
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails.
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services.
- Bonds are secured by special taxes levied on property owners and billed on property tax bills.

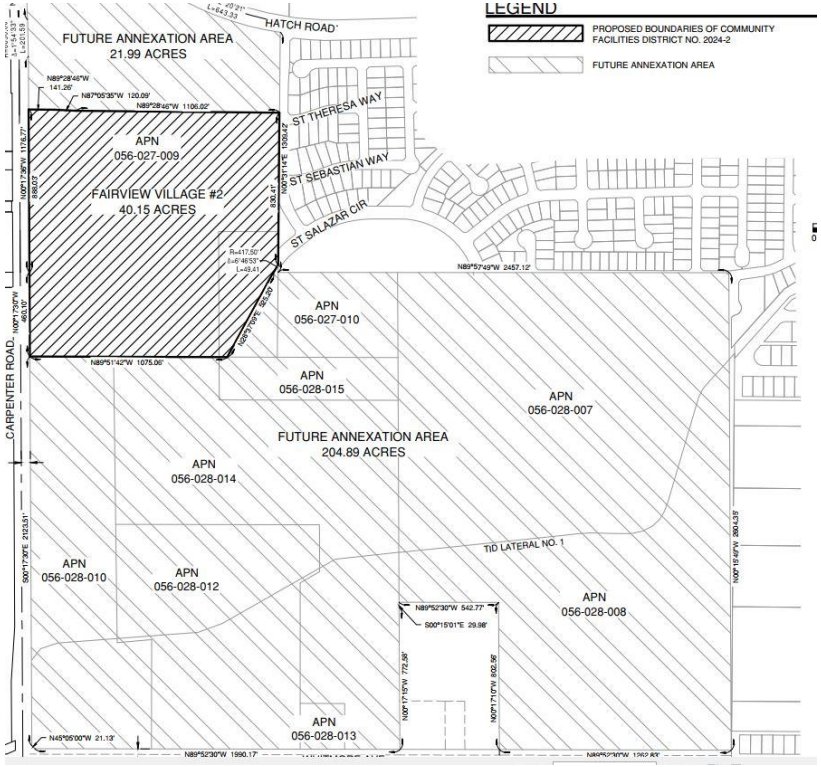
FAIRVIEW VILLAGE LOCATION

- The Fairview Specific Plan was approved by City Council in 1995 which encompasses 359.67 acres and is bounded by Whitmore Ave to the south, Carpenter Road to the west, and Hatch Road to the North .
- CFD No. 2003-1 (Fairview Village) was formed in 2003 but encompassed improvements such as water that has since been addressed, Fairview Village #2 will eventually encompass the remaining area of the Fairview Village Specific Plan
- In February 2022, STL Company submitted an application to form a City CFD for maintenance and infrastructure, and a CFD through the CMFA BOLD program for fees and additional infrastructure.



BACKGROUND - FAIRVIEW VILLAGE

- The Forming Parcel will consist of APN 056-027-009 totaling 40.15 acres.
- CFD No. 2024-2 will ultimately encompass the entire Fairview Village area, the formation will only include one (1) parcel.
- 217 proposed single-family dwellings



CFD AND BOLD FINANCING

- This CFD will encompass financing with a City CFD and financing through the State of California BOLD Program.
- The California Municipal Finance Authority (CMFA) is a joint powers agency, of which the City is a member. CMFA administers the BOLD program.
- Under the BOLD program bonds are issued by a CFD formed by CMFA (BOLD CFD). The CMFA team will form and approve the BOLD CFD and issue bonds on behalf of the BOLD CFD, levy and collect special taxes each year for facilities.

City CFD	CMFA (Bold Program)
The City will be responsible for infrastructure and maintenance of: • Neighborhood Parks, • Arterial roads, • Median and roundabout • Central storm drain basin • Bike trails, • Masonry walls, • Landscaping, • Tree pruning,	Fees • Capital Facilities Fees • Water Connection • Water Installation • Sewer • Public Facilities Fees Facilities/ Infrastructure • Not funded by City CFD

MAXIMUM SPECIAL TAX RATES

Special Tax Category	Maximum One-Time Facilities Special Tax Fiscal Year 2024-25	Maximum Annual Maintenance Special Tax Fiscal Year 2024-25
Net Taxable Acres	$45,702	$4,775

- The forming parcel is 40.15 acres- so the full one-time tax for that parcel will be $1,834,935
- The one-time tax will be assessed at the parcel level and due prior to building permit issuance.

NEXT STEPS

- September 10, 2024.
  - Resolution of Intention to form the new CFD

- October 22, 2024
  - The City Council will hold the public hearing. The special tax may only be levied if approved by the unanimous written consent of the property owners or by the property owners through an election.

- November 5, 2024
  - Second Reading of the Ordinance will be read by the City Council.

Questions?

RECOMMENDED ACTIONS

Motion recommending a Resolution of Intention to form City of Modesto Community Facilities District (CFD) No. 2024-2 (Fairview Village #2), and designate a future annexation area, and forwarding to Council for approval.

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Item #9

AGREEMENT WITH VALLEY FIRST CREDIT UNION FOR TWO REVOLVING LOAN FUNDS- BUSINESS BEAUTIFICATION AND BUSINESS DEVELOPMENT

Jessica Hill, Director of Community and Economic Development

Economic Development Committee

August 5, 2024

BACKGROUND

- On May 25, 2021, the City Council approved Resolution No. 2021-194 approving Modesto Forward which allocated $500,000 in funding to:
  - Business Incentives
  - Expand Beautification
- Small businesses in Modesto are confronting formidable barriers when seeking crucial financial resources from local banks and lenders.
- Many businesses, ranging from family-owned restaurants to tech startups, find themselves unable to secure necessary loans and investments essential for their establishment, survival, and growth.
- Inflationary pressures have soared, and volatile interest rates have compounded the difficulties faced by local enterprises

BUSINESS INCENTIVES

- In the Stanislaus2030 Investment Blueprint it outlines Small Business as a key focus area.
- Collaborating with Next Street, Stanislaus2030 analyzed the currently small business market and revealed the following gaps:
  - Capacity Building
  - Centralized Resources
  - Access to Capital
    - Stark inequities exist in accessing capital. More alternative lenders and flexible options are needed for entrepreneurs.

EXPAND BEAUTIFICATION

- Aligned with our city's strategic initiatives, the Expand Beautification objective focuses on revitalizing our community to enhance aesthetics and economic vitality.
- Staff looked for programs to meet community and business needs as well as align with current City initiatives:
    - Modesto Mo' Beautiful
    - Vacant Building Ordinance
- Offer opportunities and capital to assist with needed façade improvements and blight remediation

REVOLVING LOAN FUND

- Staff is looking to partner with Valley First Credit Union who aims to provide access to capital for small businesses. Valley First Credit Union offers an alternative financing solution that is more flexible and accessible, supporting ventures in various capacities
- Proposed partnership with Valley First Credit Union:
    - Loans would range from $2,500 to $75,000
    - Repayment terms from 12-60 months
    - Interest rate would be at five points below prime with a floor of 2.5%.
        - For reference prime rate is 8.5% so the loans would be 3.50% APR

LOAN QUALIFICATIONS

Program Loan Profile

- Business plan – required for start ups
- Minimum FICO score - 640
- Typical down payment - zero to 10%
- Origination fees – 3% of loan amount
- Collateral – UCC if it's equipment, no collateral for working capital.
- Loan rate buy-down - Prime rate minus 5%
- Repayment schedule - (Bankrate.com) - $75,000, 3.5% loan over 5 years - $ 1,364.38/month

VALLEY FIRST CREDIT UNION SUPPORT

- Loan Fund would be on deposit at Valley First in an “Impact” account – 100% of funds would be insured
- Valley First will handle all outreach and promotion of program via its own marketing/social media and collaborating with City of Modesto and local community partners
- Valley First will partner with local technical support, i.e. Valley Sierra Small Business Development Center
- Valley First will offer coaching and financial education services through Business Services Team
- Promotion and service of program will be offered in English and Spanish
- Loan underwriting, servicing, and collections will be handled by Valley First
- After 60 days of collections attempts loan would be “written off” and funds removed from Loan Fund
- Interest paid from loans would be used to absorb some of Valley First’s costs
- Once re-paid, all funds will revolve to provide future loan opportunities.

Questions?

RECOMMENDED COMMITTEE ACTION

Consider approving a Modesto Forward Grant Agreement with Valley First Credit Union for two Revolving Loan Fund Programs for Main Street Business Beautification and Main Street Business Development , for a total amount of $1,000,000, not to exceed $500,000 each program over two and a half years and forwarding it to Council for approval.

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MODESTO POLICE DEPARTMENT REAL TIME CRIME CENTER

FUSUS RTCC SOFTWARE EXTENSION

Safety and Communities Committee, August 12, 2024

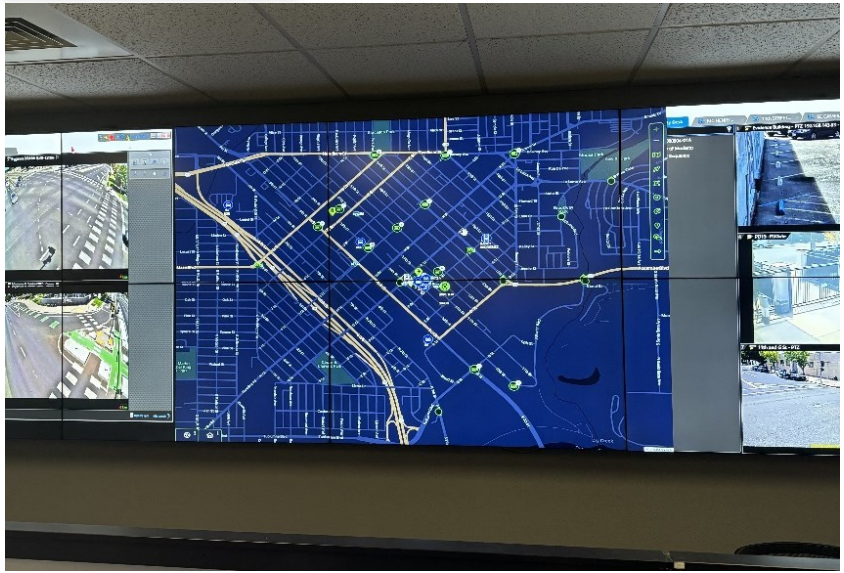
Robert Reyna, MPD Captain
Cathy McFadon, Police Civilian Manager RTCC

BACKGROUND

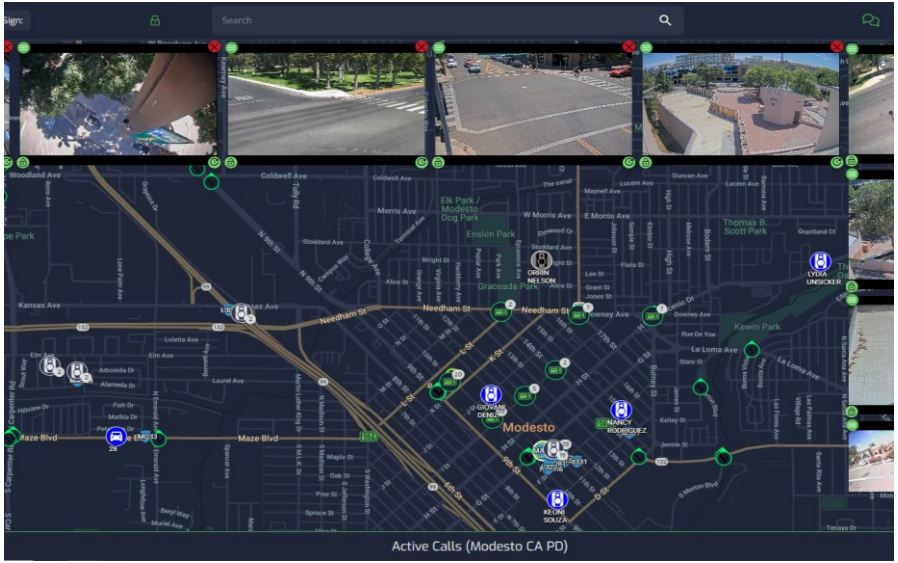
Why Fusus

- Fusus stands out from other RTCC software platforms by consolidating all technology into one pane of glass and offers real time situational awareness.
- Funding from the Organized Retail Theft Prevention Grant (ORT)(Project # 101537).

DISCUSSION



FUSUS allows the RTCC to bring into view all technology in one pane of glass.



CORE devices provide direct integration with city and community camera systems.

DISCUSSION CONTINUED

Fusus assists the RTCC in providing real-time intelligence.

Fusus allows the RTCC to assist in driving down crime in our city.

FISCAL IMPACT

- Funding sources include police grants and the Supplemental Law Enforcement Services Fund (SLESF)
- Sole Source Agreement
- 3-year contract not to exceed $410,000

RECOMMENDATION

- Motion recommending the Sole Source Agreement with Axon Enterprise, Inc., Scottsdale, AZ for Fusus real-time public safety operations solution for a three year agreement, for a total amount not to exceed $410,00.00; and forwarding to City for approval.

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QUESTIONS?

Item 20

AMENDMENT TO PLANNED DEVELOPMENT ZONE P-D(470)

PDA-24-001

Jessica Hill,
Director of Community & Economic Development

City Council
8/13/2024

Background

- On January 12, 2024, Juan Batista Mendoza submitted an application for a Planned Development Amendment to P-D(470) to amend the allowable uses from Neighborhood Commercial (C-1) to Highway Commercial (C-3). The applicant wants to ensure the property has as many options for potential tenants as possible, to ensure maximum flexibility and opportunity.

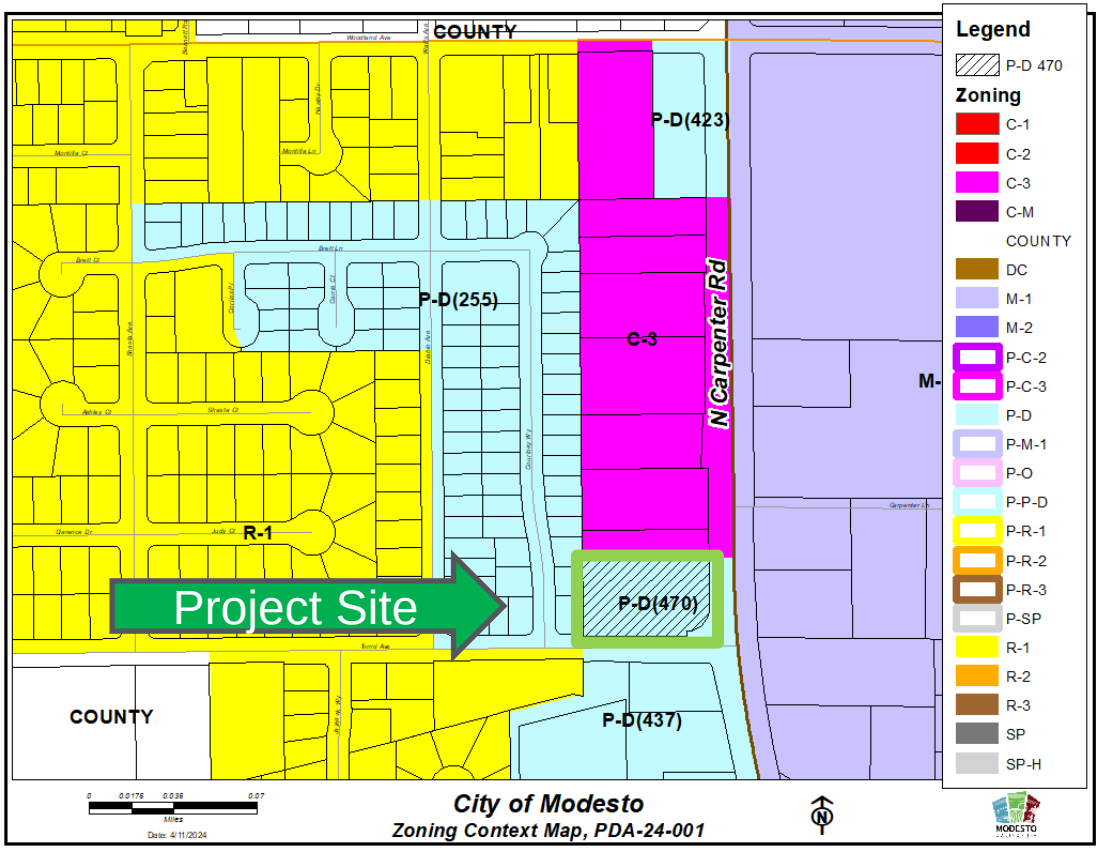
- Planned Development P-D(470) was adopted by the City Council in 1990. It rezoned Low Density Residential (R-1) land to a Planned Development with Neighborhood Commercial (C-1) and off-street parking as allowable uses.

Site Details

- Site currently hosts C-1 uses, such as a hair salon and a social services organization.
- **No development is proposed at this time.**

Project Location and Surroundings

- **North-** C-3 uses including a tobacco store.
- **South-** P-D for C-1 uses, including a coffee shop and a grocery store.
- **East-** Light Industrial (M-1) uses, such as motor vehicle dealer & radio repair shop.
- **West-** Residential P-D with single-family residential uses.



Process Review

- The property is zoned Planned Development P-D(470). The proposal would alter allowable uses to include C-3 uses, with some exceptions. Future C-3 uses on the site would be consistent with the Standards of the Zoning Ordinance. All uses that would be allowed in C-1 or C-2 zones are allowed in the C-3 zone.

- The General Plan designates this area as Commercial. The proposed change to C-3 uses is consistent with this designation and Modesto's Urban Area General Plan.

- This project was referred to City Departments who provided comments. No concerns were received relating to the change in allowable uses.

Revisions and Conditions - Analysis

- C-3 parcels north of proposed parcel.
- Building on the subject site ~50 ft. from the residential neighborhood to the west.
- To ensure negative impacts such as traffic, noise, and odor do not affect nearby residences, Planning staff recommends that certain uses should be specifically excluded from P-D(470).
- With this consideration, staff believes that the proposal is compatible with the surroundings.

Distance between property line and Courtney Way, 60.46'

New Allowable Uses of P-D(470)

Previously Required CUP, Permitted

- Recreation Facility, Indoor

Not Previously Allowed, Requires CUP

- Campground, RV Overnight Park
- Recreation Facility, Outdoor
- Restaurant w/alcohol (*CUP to serve after 11 PM*)
- Funeral Home
- Kennel
- Package Delivery Service
- Self Storage

Not Previously Allowed, Permitted

- Broadcasting Studio (Radio/TV)
- Flea Market (Indoor)
- General Retail
- Armored Car Service
- Equipment Rental (Indoors)
- Exterminating Service
- Fortune Telling
- Janitor Service
- Laboratory (Research & Testing)
- Security Company
- Taxicab Service
- Taxidermist Shop
- Towing Services (No Impound Yard)
- Trade Services
- Major Repair (Not Vehicles)
- Light Vehicle Rental/Sales
- Microbrewery

Planning Commission Recommendation & Environmental

- On April 15, 2024, this item was heard by the Planning Commission at a Public Hearing. The Planning Commission recommended that the City Council approve the requested Planned Development Amendment.

- Staff has prepared an Initial Study, EA # C&ED 2024-04, which concludes that the proposed amendment is within the scope of the General Plan Master Environmental Impact Report (SCH No. 2014042081) and that pursuant to Section 21157.1(b) of the CEQA Guidelines, no new environmental review is required.

Staff Recommendation

- Motion introducing the first reading of an Ordinance amending Planned Development Zone P-D(470) to change the allowable uses to allow certain Highway Commercial (C-3) uses for property located at 1101 N Carpenter Road. (APN 081-052-045).

Questions?

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Recommended Exclusions from the Allowable Uses of P-D(470)

- Outdoor Display, Major
- Recycling Facility, Large
- Banquet Hall
- Car Wash
- Ambulance Service
- Sign Painting Shop
- Heavy Vehicle Services
  - Farm Equipment Sales, Rental, Repair, & Service
  - Truck & Trailer Sales, Rental, Repair, & Service
- Light Vehicle Services
  - Minor Maintenance (minor tune up, smog check)
  - Repair and Service, Minor
  - Stereo Installation

#21

ANNUAL ADJUSTMENT TO MAXIMUM RATE SCHEDULE FOR SOLID WASTE COLLECTION SERVICES AND FINAL REPORT AND RECOMMENDATION OF HF&H CONSULTANTS, LLC.,

City Council Meeting
August 13, 2024

Rosene Nguyen, Integrated Waste Program Manager
Bill Sandhu, Director of Public Works

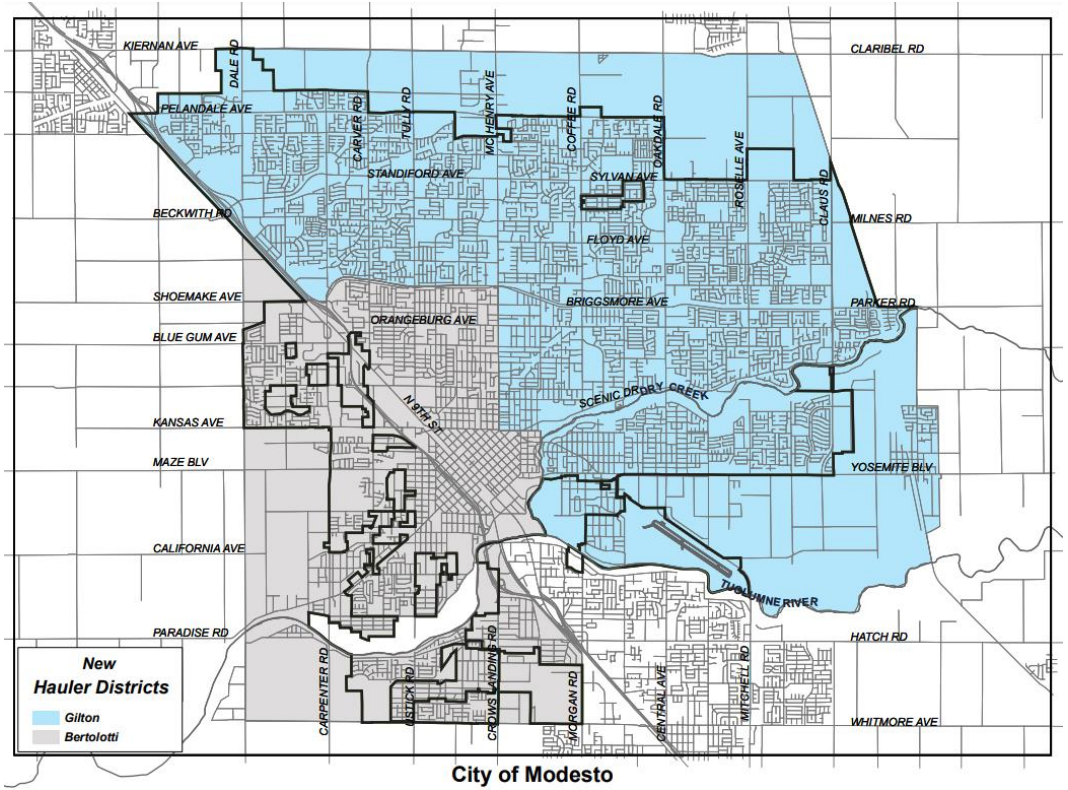
ANNUAL ADJUSTMENT TO MAXIMUM RATE SCHEDULE FOR SOLID WASTE COLLECTION SERVICES

Rosene Nguyen

Solid Waste Haulers

Modesto has contracts with two private sector companies to collect residential, commercial, and industrial solid waste, including garbage, organics, and recyclables in the City.

- Gilton Solid Waste
- Bertolotti Disposal Services



Solid Waste Rate Methodology

The solid waste rate setting process is governed by Modesto Municipal Code Section 5-5.131. The process is as follows:

- Rates are reviewed annually, and fuel charges are reviewed quarterly. They are adjusted as needed under discretion of the City.
- The haulers must provide the City with audited, detailed financial statements within 120 days at the close of the fiscal year.
- Rate setting methodology is a cost-based analysis based on the most recent complete fiscal year (2022/23 in this case). The lowest cost hauler for each service type determines the recommended rate.

Rates Discussion

Base Rate

- Adjusted based on the cost of service from FY 2022/23. The base rate captures operational costs, additional fees and special programs which are layered on top of this rate.

Green Waste Fees

- Adjusted by the Western Region CPI of 3.2% to mirror increases to Compost Facility rate increases, where green waste is processed.

Rates Discussion, cont.

Organic Waste Pre-Processing

- A fee to clean organic material was added in July 2022 in order to meet compliance with SB 1383.
- The cost of this service is now fully represented in the base rate and this fee will be removed.

SB 1383 Collection

- A fee to collect recycling as part of three-container residential service in compliance with SB 1383 was added in January 2023.
- The cost of this service is now 50% represented in the base rate and this fee is being reduced by half.

Fuel Rate Adjustment

- During the annual rate review, staff develops a fuel factor, representing how much fuel on average is used for each customer (for residential) or for each yard (commercial). This fuel factor is used for fuel rate adjustments for the following year.

- Using the average diesel prices for the most recent completed quarter (January through March 2024), the City calculates a fuel adjustment to ensure that haulers are being adequately compensated for the potentially rapid changes in fuel costs.

Proposed Residential Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 35.72	$ 39.04	$ 3.32
Carpenter Road Landfill [1]	$ 0.70	$ 0.70	$ -
City SB 1383 Implementation [1]	$ 1.05	$ 1.05	$ -
Compost Facility Improvements [1]	$ 1.70	$ 1.70	$ -
Geer Road Landfill [1]	$ 0.81	$ 0.81	$ -
Green Waste [1]	$ 5.27	$ 5.44	$ 0.17
Organic Waste Pre-Processing	$ 1.72	$ -	$ (1.72)
Recycling Fees [1]	$ 0.46	$ 0.46	$ -
SB 1383 Collection Fee	$ 5.40	$ 2.70	$ (2.70)
Weekly Organics Collection	$ 3.14	$ 3.14	$ -
Fuel Adjustment- Jan-Mar 2024	$ 0.04	$ (0.11)	N/A
Total	**$ 56.01**	**$ 54.93**	**$ (1.08)**
[1] - City Fees			

Proposed Commercial Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 43.57	$ 53.16	$ 9.59
Carpenter Road Landfill [1]	$ 0.95	$ 0.95	$ -
City SB 1383 Implementation [1]	$ 1.90	$ 1.90	$ -
Compost Facility Improvements [1]	$ 3.08	$ 3.08	$ -
Geer Road Landfill [1]	$ 0.95	$ 0.95	$ -
Green Waste [1]	$ 10.70	$ 11.04	$ 0.34
Litter Abatement [1]	$ 0.59	$ 0.59	$ -
Organic Waste Pre-Processing	$ 3.11	$ -	$ (3.11)
Recycling Fees [1]	$ 0.63	$ 0.63	$ -
Fuel Adjustment- Jan-Mar 2024	$ 0.08	$ (0.13)	N/A
Total	**$ 65.56**	**$ 72.17**	**$ 6.61**
[1] - City Fees			

Proposed Industrial Maximum Rates

	Rate Effective 8/1/23	Recommended Rate Effective 9/1/2024	Difference
Base Rate	$ 396.81	$ 421.10	$ 24.29
Carpenter Road Landfill [1]	$ 29.77	$ 29.77	$ -
Geer Road Landfill [1]	$ 29.77	$ 29.77	$ -
Green Waste [1] [2]	$ 17.97	$ 18.55	$ 0.58
Recycling Fees [1]	$ 19.71	$ 19.71	$ -
Fuel Adjustment- Jan-Mar 2024 [3]	$ -	$ -	N/A
Total	**$ 494.03**	**$ 518.90**	**$ 24.87**

[1] - City Fees; [2] - Industrial accounts charged by ton; [3] - Industrial accounts are charged fuel in the delivery and pickup fee

Self-Haul Rate Adjustment

- In 1998, under Resolution 1998-113, Council established a self-haul process for residents and businesses in lieu of regular waste services.
- As rates and fees are updated in the annual rate adjustment, they must also be adjustment for rates and fees associated with the self-haul program.
- Self-haul deposit is being updated to reflect the current residential and commercial proposed rates.

FINAL REPORT AND RECOMMENDATION OF HF&H CONSULTANTS, LLC

Rick Simonson, HF&H

Final Report and Recommendation of HF&H Consultants, LLC.

- On June 27, 2023 under Resolution 2023-314, Council approved an agreement with HF&H Consultants, LLC. to conduct an audit and performance review of the City's haulers and to analyze the current rate setting methodology and test it for validity.

- This project consists of two phases. Phase one is the HF&H audit summary and results, and phase two will include creating a new rate setting methodology.

- Rick Simonson from HF&H will present the findings

Background: Current Rate Adjustment Methodology

Residential Rate Components	Monthly Rate	Revenues Go To:
Base Rate	$35.76	Haulers
Green Waste Fee	$5.27	City
Carpenter Road Landfill Fee	$0.70	City
Geer Road Landfill Fee	$0.81	City
Recycling Fee	$0.46	City
Compost Facility Improvements	$1.70	City
Organic Waste Pre-Processing	$1.72	Haulers
City SB 1383 Implementation	$1.05	City
SB 1383 Collection Program	$5.40	Haulers
Weekly Organics Collection	$3.14	Haulers
Monthly Residential Rate	**$56.01**	

HF&H Analysis

1. Reviewed annual rate adjustment application used to set rates
2. Evaluated each hauler's allocation of costs to the City for reasonableness
3. Benchmarked program costs against similar jurisdictions
4. Examined current disposal, transfer, and pre-processing arrangements
5. Recalculated hauler's tonnage reports and analyzed detailed general ledgers

Collection Benchmarking Summary

Residential

Benchmark Ratio	Bertolotti	Gilton
Operating Cost per Route	5% - 10% Higher than Reasonable	Reasonable
Total Cost per Route	0% - 5% Higher than Reasonable	5% - 10% Higher than Reasonable
Total Labor Cost per Route Hour	10% - 15% Higher than Reasonable	Reasonable
Total Fuel Costs per Route	Reasonable	30% - 35% Higher than Reasonable

Commercial

Benchmark Ratio	Bertolotti	Gilton
Operating Cost per Route	Reasonable	Reasonable
Total Cost per Route	0% - 5% Higher than Reasonable	0% - 5% Higher than Reasonable
Total Labor Cost per Route Hour	Reasonable	Reasonable
Total Fuel Costs per Route	Reasonable	Reasonable

Current Agreement Challenges

- Gilton audits combined financials with the City's costs as a supplemental schedule
  - City's costs are unaudited and based on various allocation factors*
- Current Franchise Agreement does not designate disposal location (Fink Landfill)
- Annual rate adjustment process does not limit the disposal impact on rates
- City compost facility does **not** have rate for contaminated material
- "Cost Plus" arrangement did not include benchmarks for holding haulers accountable to routing/cost efficiencies
- Both hauler's financial information **included** costs to pre-process organic materials which would double-compensate the haulers*
- Lack of reporting requirements – reduces transparency and staff's ability to evaluate costs

*Note: Because the most recent rate increase was based on inflation, and not the financial information presented, there is no impact to current rates.

HF&H Findings

Gilton's G&A allocation attributed an additional ~$96,000 in indirect expenses to the City (~$0.73 per commercial cubic yard)*

Gilton's and Bertolotti's overall per route costs, including fuel, are still slightly higher than the reasonable range

Bertolotti's and Gilton's annual rate adjustment application included costs that would double-compensate them for organics pre-processing services*

**Note: Because the most recent rate increase was based on inflation, and not the financial information presented, there is no impact to current rates.*

HF&H Recommendations

1. Third Party Review of Hau Allocation
2. City's Compost Facility Per-Ton Rate
3. Negotiate an Amendment to the Current Franchise Agreements
    1. Modify Annual Rate Adjustment Methodology
    2. Acceptable Disposal Location Designations
    3. Detailed General Ledger Review
4. Transfer / Organics Pre-Processing Rate Benchmarking
5. Future Fee Component Removals
6. Monthly Tonnage Reports

City staff have reviewed the recommendations provided by HF&H and agree that the actions they recommend will increase transparency and accuracy of the solid waste rate setting process.

Staff Recommendation

Resolution approving the Annual Rate Adjustment to the Maximum Rate Schedule for City Solid Waste Collection Services provided by the Solid Waste Haulers, for a decrease of $1.08 per month for residential services, an increase of $6.61 per cubic yard for commercial services, and an increase of $24.87 per pull for industrial services, to become effective September 1, 2024 and rescinding Resolution No. 2023-312 for the August 1, 2023 annual rate adjustment.

Staff Recommendation, cont.

Resolution approving a Fuel Rate Adjustment to the Maximum Rate Schedule for City Solid Waste Collection Services provided by the haulers, for a reduction of $0.11 per month for residential services, and a reduction of $0.13 per cubic yard for commercial services, to become effective September 1, 2024.

Resolution approving the update to the Schedule of Cash Security Deposits and Fees for Self-Haul Residents and Businesses in accordance with Assembly Bill 939, and rescinding Resolution No. 2022-471.

Staff Recommendation, cont.

Resolution approving the final report and recommendations of HF&H Consultants, LLC., Walnut Creek, CA regarding City of Modesto 2023 Solid Waste Financial Review and Rate Analysis, which provide staff next steps for rate methodology development and haulers' franchise agreement review.

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QUESTIONS

FY24-25 INTERNAL AUDIT WORK PLAN

City Council Meeting
August 13, 2024

Internal Audit Overview

- The City retained Moss Adams to serve as the designated Internal Auditor and conduct projects focusing on:
  - Risks
  - Internal controls
  - Efficiency and effectiveness
  - Best practices
  - Compliance
- Work is being completed under appropriate industry standards (IIA, GAGAS, AICPA)

Holistic Internal Audit Program Approach

A Program Inputs

- Enterprise Assessments
- Employees and Community
- Performance Metrics

B Opportunities

- Risks
- Controls
- Compliance
- Performance

C Tracking & Reporting

- Findings & Recommendations
- Fraud, Waste, and Abuse Hotline
- Corrective Actions
- Implementation
- Validation

Internal Audit Program Review

Focus	Accomplishments
Enterprise Risk Assessments	2022
Enterprise Internal Controls Review	2024
Functional Internal Controls Reviews & Testing	1
Performance and Efficiency Studies/Audits	4
Recommendations Tracked & Validated Implemented	To come
Ethics Hotline Statistics (since 2016)	Over 170 reports

Recommended Internal Audit Program

Project	Budget	7-9/24	10-12/24	1-3/25	4-6/25
Water and Wastewater Utilities Fiscal Review	$55,000				
Payroll Process and Controls Review	$40,000				
Capital Program Best Practices Assessment	$35,000				
Accounts Receivable Internal Controls Review	$35,000				
Prior Audit Update: Permitting	$40,000				
Establish Recommendation Validation Process	$15,000				
Ongoing Internal Audit Services	$30,000				
Total	*$250,000*				

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CONCRETE SERVICE AGREEMENT

City Council, August 13, 2024
DeAnna Christensen, Director of Finance
Item #23

BACKGROUND

- Public Works repairs displaced or damaged concrete sidewalks, curbs and gutters damaged by City trees or Utilities
- There are over 5,000 outstanding work orders for the removal and replacement of sidewalk repairs
- City staff handle about 100 work orders annually and with an outside contractor the City can complete an additional 200 work orders

BACKGROUND

FY 23-24 Measure H Spending Plan included $1.8 million in funding for sidewalk repairs

On October 10, 2023 Council approved a one-year agreement with United Pavement Maintenance for concrete services for $2.35 million

The one-year agreement was established to allow Purchasing to conduct a formal bidding process for a five-year agreement

Since the approval of the one-year agreement, Public Works have been able to address 199 work orders for the sidewalk repairs

DISCUSSION

- FY 24-25 Measure H Spending Plan includes an additional $1.8 Million in Sidewalk repairs and Parks Deferred Maintenance funding plan includes the need for concrete services
- On April 19, 2024, the Purchasing Division solicited IFB 2324-74 for concrete services
- On May 21, 2024, the bid opening took place and the City received 6 bids which included two non-responsive bids
- Based on the two lowest responsible and responsive bids, City staff is recommending to award to United Pavement Maintenance, Hughson, CA and Westside Landscape and Concrete, Newman, CA

FISCAL IMPACT

- Sufficient funds will be budgeted in FY 24-25 Budget under Measure H for Sidewalk Repairs for PW Streets and Parks Deferred Maintenance projects
- Concrete repairs for Utility projects will be funded by the Utility Funds
- Services for this agreement will only be utilized when funding is allocated for this service
- Below is the breakdown of the annual spending allocation by department

Department	Annual Allocation	
Public Works - Streets	$	2,500,000
Parks, Recreation and Neighborhood	$	700,000
Utilities - Water	$	150,000
Utilities - Wastewater	$	100,000
Total	**$**	**3,450,000**

STAFF RECOMMENDATION

Resolution approving the Award of Bid and Agreements for Concrete Services to United Pavement Maintenance, Hughson, CA. and Westside Landscape & Concrete, Newman, CA for a two (2) year Agreement with three (3) one-year extension options, for an annual estimated amount of $3,450,000 and a total amount not to exceed $17,250,000 over five years; and authorizing the Director of Finance to adjust agreement totals between vendors based on contractor's availability and department's needs, ensuring the combined total amount does not change and authorizing the City Manager or his designee to execute the Agreements.

QUESTIONS?

UPDATE ON PORTFOLIO, STRATEGY, AND MARKET CONDITIONS

Finance Committee, August 26, 2024
DeAnna Christensen, Director of Finance
Justin Resuello, PFM Asset Management LLC

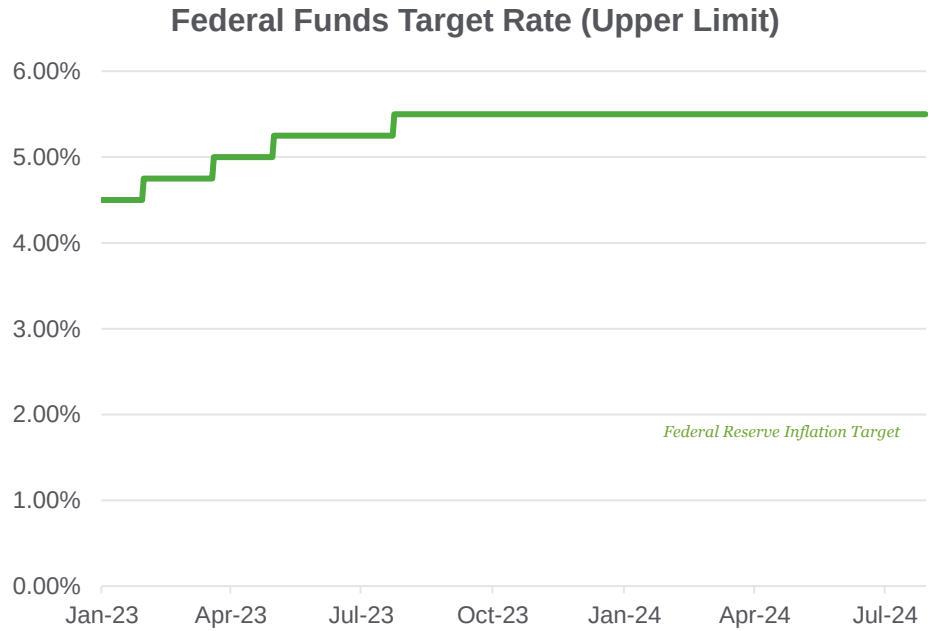
Current Market Themes

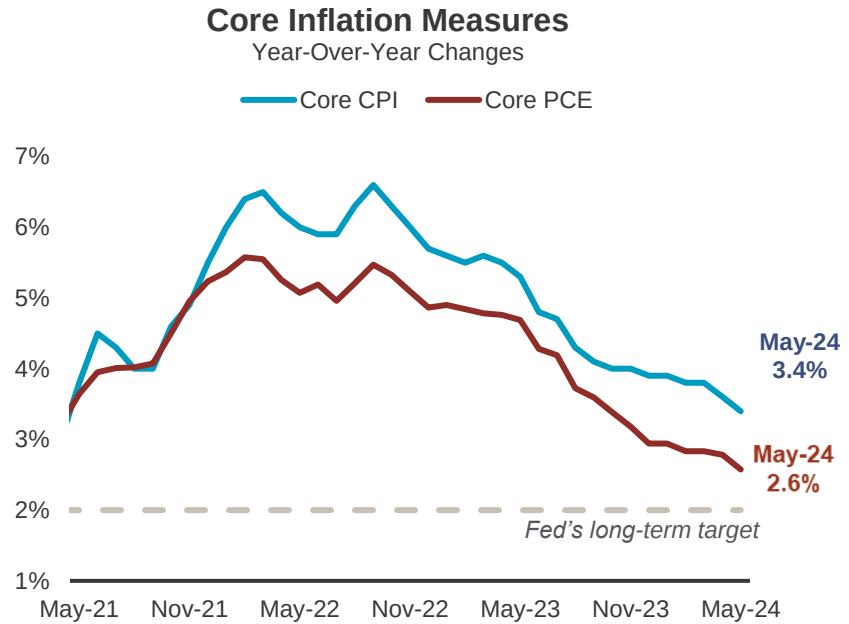
- The U.S. economy is characterized by:
  - Moderating economic growth following two quarters of exceptional strength
  - Recent inflation prints resuming the path towards the Federal Reserve (Fed)'s 2% target
  - Labor markets strengthened while unemployment has ticked up modestly
  - Resilient consumer spending supported by wage growth that is outpacing inflation

- Federal Reserve pushes out rate cuts
  - Fed revises expectations from 3 rate cuts in 2024 to 1 by year end following a lack of progress in the fight against inflation
  - Market continues to expect 1 or 2 rate cuts in 2024
  - Fed officials note that the risks to its "dual mandate" of stable inflation and maximum employment are becoming more balanced

- Treasury yields increase in response to economic data over the quarter
  - Yields on maturities between 2 and 10 years rose 13-20 basis points during the quarter
  - The yield curve has now been inverted for 24 months, the longest period in history
  - Spreads across most sectors remain near multi-year tights and represent market expectations for a soft landing

Inflation Trending Lower but Work Remains

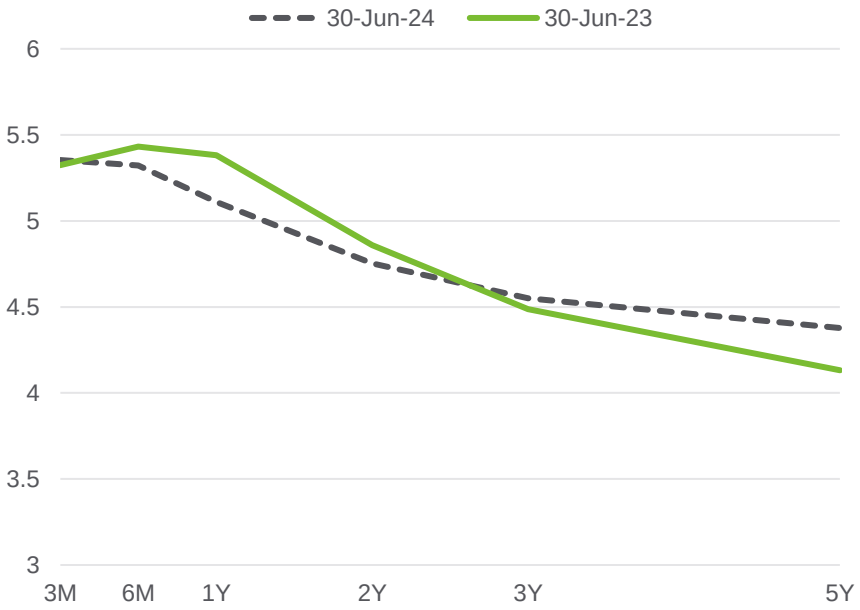




Source: Federal Reserve, as of 7/31/2024. Federal Reserve, Bloomberg Finance LLC, Bureau of Economic Analysis as of May 2024.

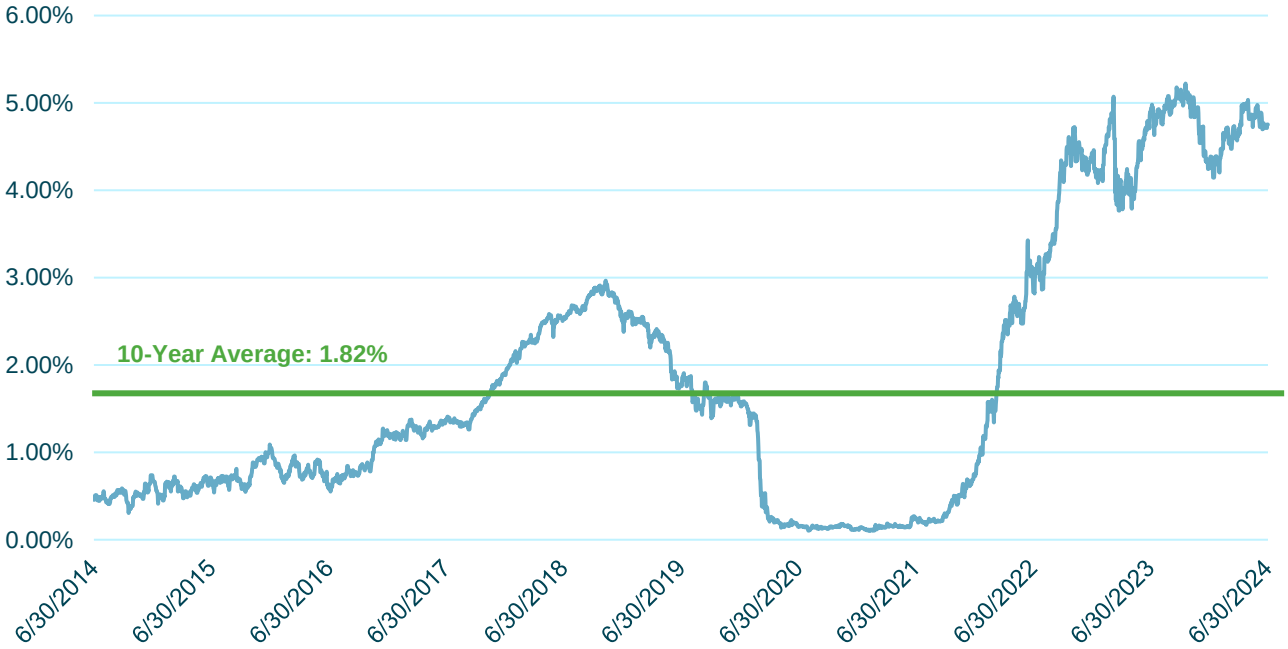
U.S. Treasury Yield Curve

	FYE 6/30/24	FYE 6/30/23	Change YoY
3-month	**5.35%**	**5.43%**	**(0.08%)**
6-month	**5.32%**	**5.47%**	**(0.15%)**
1-year	**5.11%**	**5.40%**	**(0.29%)**
2-year	**4.75%**	**4.87%**	**(0.12%)**
3-year	**4.55%**	**4.49%**	**0.06%**
5-year	**4.38%**	**4.13%**	**0.25%**



Source: Bloomberg Finance LLC as of 6/30/2024.

2-Year U.S. Treasury



Source: Bloomberg Financial LLC as of 6/30/2024.

Program Goals and Objectives

Criteria:	Safety of Principal	Liquidity	Return on Investment
Achieved Through:	○ High quality investments ○ Diversification ○ Management of credit and market risk	○ Cash flow coordination ○ Allocation to overnight funds ○ High quality investments	○ Duration management ○ Continual evaluation of relative value ○ Active trading

Investment criteria per the City of Modesto Investment Policy.

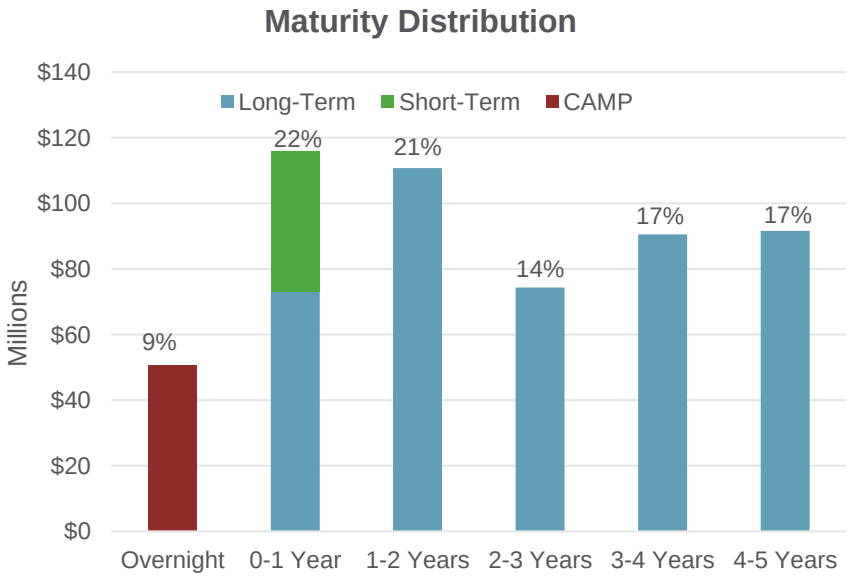
Fiscal Year 2024 Accomplishments

- Income generation potential on the City's portfolio increased
  - Investment income of $13.6 million[1]
- Conservative duration approach benefited portfolio in rising rate environment
  - Outperformed benchmark by +43 basis points on a net basis[2]
- Maintained diversified portfolio
- Remained in compliance with City's investment policy
- Kept city staff informed of events impacting investment program

1. As of June 30, 2024. Aggregate fiscal year income on an accrual (amortized cost) basis.
2. City of Modesto one-year total return versus the performance benchmark which was the ICE BofAML 1-3 Year U.S. Treasury Index through December 31, 2018, and is now the ICE BofAML 1-5 Year U.S. Treasury Index.

Portfolio Characteristics as of June 30, 2024

	Market Value[1]	Yield	Average Maturity
Total Portfolio	**$483,324,590**	**3.77%**	**2.31 years**
Long-Term Portfolio	$389,869,438	3.39%	2.83 years
Short-Term Portfolio	$42,780,164	5.27%	138 days
CAMP Pool	$50,674,988	5.43%	1 day

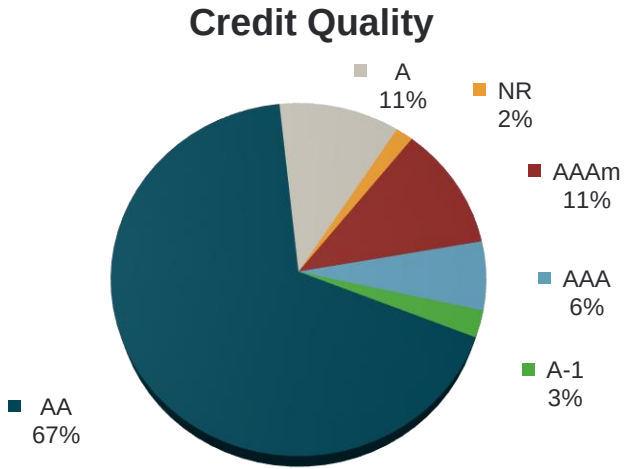


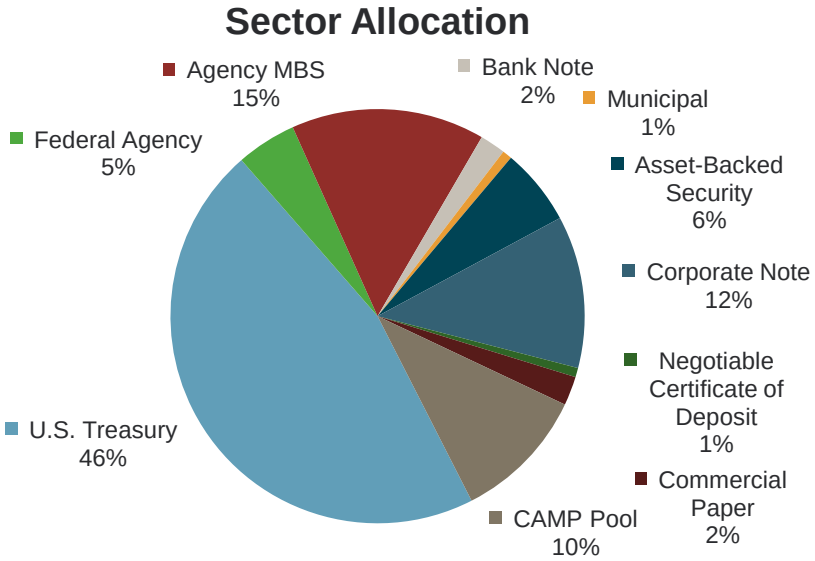
- Portfolio segmentation allows for optimal investment
- Portfolio is in compliance with the City's Investment Policy

1. Market values exclude accrued interest and case in the money market fund.

Portfolio Characteristics as of June 30, 2024

- Portfolio is diversified by issuer and in compliance with the City's investment policy
- Portfolio is of high credit quality; average rating of AA[1]

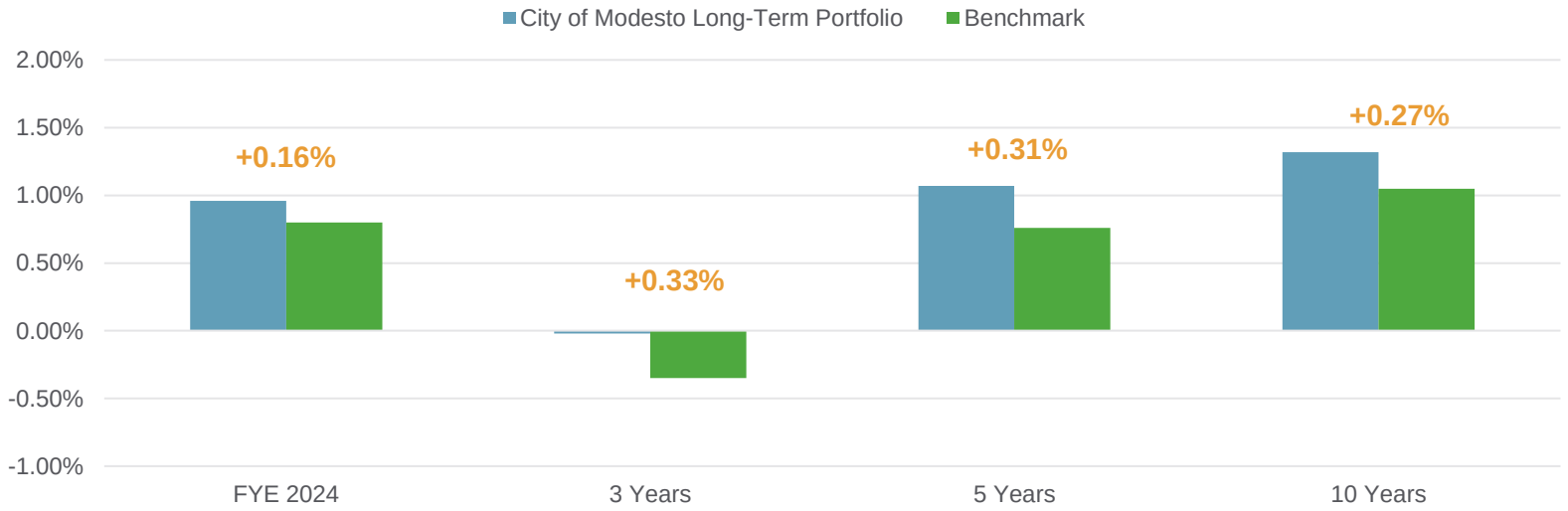




1. S&P Ratings. An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance Remains Strong Relative to Benchmark

Annualized Returns Net of Management Fees1,2,3
As of June 30, 2024



1. Performance on trade date basis, net of portfolio management fees. Excludes collateralized certificates of deposit, cash, and pool balances from performance, earnings, and duration computations.
2. The benchmark is the ICE BofAML 1-5 Year U.S. Treasury Index since December 31, 2018, and was the ICE BofAML 1-3 Year U.S. Treasury Index prior. ICE BofAML indices provided by Bloomberg Financial Markets.
3. Portfolio inception date as of March 31, 2004.

Looking Ahead

- Financial Conditions
  - Consumers continue to drive growth
  - Market measures, such as narrow corporate yield spreads, record equity index levels and low volatility, reflect economic confidence.
  - With interest rates elevated and the gradual normalization of labor markets and the consumer, we continue to focus on identifying potential catalysts for a broader slow down.
- Consumers Spending
  - The consumer has begun to exercise caution and limit spending, which has shed light on a notable downshift over recent months.
  - Moderation in the pace of overall spending is expected to continue given persistent inflation, reduced/lower savings, and a cooling job market.
- Strategic management of City's funds will adjust to changing market/interest rates
  - Current expectation is for one or two rate cuts in 2024
  - Look to further diversify the portfolio
  - Focus on safety remains the top priority

Disclaimer

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

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Delegation of Authority

- The Finance Department is responsible for the deposit and invests City fund as defined in the City Municipal Code 2-3.404
- The Director of Finance is designated as the City Treasurer
- Pursuant to the Government Code, the authority of the City Council to invest or to reinvest funds of the City, or to sell or exchange securities, may be delegated for a one-year period to the Treasurer
- This delegation will be presented annually as part of the Annual Investment report

Staff Recommendation

Motion delegating the responsibility for investment transactions to the Director of Finance and accepting the Annual Investment Report for Fiscal Year 2023-2024 and forwarding to Council for approval.

QUESTIONS?

FIRST AMENDMENT TO THE LEASE AGREEMENT WITH THE BASEBALL CLUB OF MODESTO, LLC TO LEASE JOHN THURMAN FIELD THROUGH SEPTEMBER 30, 2025

Allison Van Guilder, Deputy City Manager

City Council Meeting
8.27.24
Item 17

Background

- The City owns the property, stadium, and parking facilities that comprise John Thurman Field located at 601 Neece Drive.

- On February 27, 2024, by Resolution No. 2024-052, Council approved an agreement with The Baseball Club of Modesto LLC to lease the John Thurman Field Facility through September 30, 2024.

- This agreement gave the parties additional time to enter negotiations for a long-term lease.

Background (continued)

- During this period, the parties were unable to reach agreement on a long-term lease.
- Subsequently, on July 10, 2024, the parties announced publicly that a mutual agreement on a long-term lease extension could not be reached.
- Since then, there have been additional conversations and the City and The Baseball Club of Modesto, LLC have reached a tentative draft lease amendment for a one-year extension to allow the parties to continue negotiations for a long-term lease.

Key Deal Points

- Term of Lease: October 1, 2024, through September 30, 2025
- Rent: The annual rent shall be Six Hundred Thousand Dollars ($600,000).
- Seventy-Five Thousand Dollars ($75,000) of the annual rent will be held by the Tenant and used for capital improvements. Any amount not used for capital improvements shall be paid to the City.
- Maintenance and Capital Improvements: Tenant shall be solely responsible for all ongoing repairs and maintenance expenses.

Key Deal Points (continued)

- Mandated Capital Improvements: The Tenant agrees to fund all Improvements to the Property which are required by Major League Baseball (“MLB”), or any other entity with authority or control over the condition and specifications of stadiums used for minor league baseball.
- Long Term Lease Negotiations: The Parties agree that if a new long-term lease agreement for the Property is not finalized by April 1, 2025, unless otherwise agreed in writing, negotiations will end, and the Tenant shall vacate the Property by October 1, 2025.

Key Deal Points (continued)

- Proximity Clause: The Tenant agrees that they, their Parent Organization, or any other affiliates associated with the Tenant will not engage any other city or entity within Stanislaus County to negotiate the development or redevelopment of a baseball or multipurpose sports facility during the term of the Lease and through December 2026. The Tenant agrees to and acknowledges that a breach of this provision will result in a penalty of fifty percent (50%) of the base rent equal to Three Hundred Thousand Dollars ($300,000).

Fiscal Impact

- The revenue received from the tenant fully covers the City's General Fund cost associated with operating the stadium.

Next Steps

- The Parties are still finalizing all the details of the amendment.
- The proposed resolution, if adopted, will authorize the City Manager to finalize the lease amendment, subject to the negotiated terms.

Recommendation

- **RECOMMENDED COUNCIL ACTION:**

Resolution approving a first amendment to the lease agreement with the Baseball Club of Modesto, LLC to lease the John Thurman Field facility through September 30, 2025, and authorizing the City Manager, or his Designee, to finalize the language of the amendment pursuant to the negotiated terms and execute the agreement.

Questions?

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DECLARATION OF LAND OWNED BY CITY AND SUCCESSOR AGENCY AS SURPLUS PROPERTY

Scotty Douglass, Deputy City Manager

City Council Meeting
8.27.24
Item 18

Background

- In-depth inventory of City and Successor Agency properties.
- Fiduciary responsibility to inventory City and Successor Agency properties to determine best use.
- Declare properties that are underutilized and/or those properties that can be of better use to the public as surplus.
- For those properties that fall into these categories, it is important to commence the process for conveyance of those properties.

Surplus Land Act

- Surplus Land Act Requirement for local agencies wishing to sell or lease property.
  - First offer to affordable housing developers through a designated process before selling or leasing the land or engaging in negotiations to dispose of the land.
- Exempt surplus land
  - Less than ½ acre, land exchanges for public use, land transferred to another agency for that agency's use, land subject to recorded covenants, land to be developed for affordable housing, land developed for mixed uses
  - If declared exempt, the agency need not comply with procedural requirements, notifying State Housing and Community Development (HCD)

City of Modesto: List of Surplus Properties

Property Type / Name	Location	Assessor Parcel #	Current Zoning	Approximate Size
Pump Station	1753 MORGAN RD	086-014-010	M-2	0.64 acre
Well Site	ENCINA AVE	033-036-001	R-1	0.34 acre
Well Site	COLFAX & GLENDALE AVES	033-033-046	R-1	0.30 acre
Well Site	MC GERRY ST	065-012-047	R-1	0.25 acre
Tank Site	WHITMORE AVE	086-014-007	M-2	0.23 acre
Well Site	705 E WHITMORE AVE	086-014-012	M-2	0.09 acre
Tank Site	WHITMORE AVE	086-014-006	M-2	0.23 acre
Well Site	FRAZINE RD	133-001-026	C-3	0.23 acre
Well Site	924 VIRGINIA AVE	113-008-005	R-1	0.22 acre
Well Site	132 OLIVERO RD	086-010-033	NONE	0.21 acre
Well Site	110 POPLAR AVE	110-009-036	R-1	0.16 acre
Well Site	1700 MC HENRY AVE	120-033-002	MU-P	0.10 acre
Well Site	1000 COFFEE RD	032-011-002	R-1	0.07 acre
Well Site	TULLY RD	059-001-006	R-1	0.07 acre
Well Site	CARPENTER RD	029-012-050	M-1	0.06 acre
Well Site	435 COLLEGE AVE	109-002-001	R-2	0.05 acre
Well Site	GRIMES AVE	017-012-012	SP	0.04 acre
Well Site	917 CAROLYN DR	072-040-001	NONE	0.02 acre
Golf Course Parking Lot	321 NEECE DR	102-013-001	R-1	0.21 acre
Golf Course Parking Lot	NEECE DR	102-013-002	R-1	0.17 acre
Golf Course Parking Lot	NEECE DR	102-013-003	R-1	0.17 acre
Muni / John Thurman Field	601 NEECE DR	102-012-001	R-1	67.99 acres
John Thurman Field Parking Lot	JOHN THURMAN FIELD PARKING 511 S SUNSET BLVD	102-012-004	R-1	7.89 acres
Island Park	HINTZE AVE	112-006-007	R-1	0.17 acre
Island Park	LA LOMA AVE	108-014-001	R-1	0.12 acre
Island Park	SCENIC DR	111-010-001	C-1	0.03 acre
Single Family Home	308 LOCUST ST	101-004-049	R-1	0.16 acre
Vacant Lot	1701 CONNIE WAY	035-050-022	R-2	0.14 acre

Redevelopment Successor Agency: List of Surplus Properties

Property Type / Name	Location	Assessor Parcel #	Current Zoning	Approximate Size
Modesto Centre Plaza	1125 11TH ST	105-048-011	CD	4.17 acres

Fiscal Impact

- No current fiscal impact
  - Taking this action will not result in any immediate impact.
- Future fiscal impact
  - Any future conveyance or sale would return to the City Council or Successor Agency Board for approval at a later date.

Summary

- Declaring the list of properties as “surplus” for both the City of Modesto and the Redevelopment Successor Agency is **not** the sale of any properties.
- Instead, staff is presenting a list of potential properties that would be considered for conveyance.
- Next step (if approved):
    - City Manager begin the process of conveyance following the Surplus Land Act to facilitate the sale or lease of the properties provided.

Recommendation

- **RECOMMENDED COUNCIL ACTION:**

Resolution declaring specified City owned properties as surplus land, authorizing the City Manager to determine which properties may be declared exempt surplus land, and authorizing the City Manager to negotiate for the conveyance of such properties in accordance with the Surplus Land Act.

- **RECOMMENDED SUCCESSOR AGENCY ACTION:**

Resolution declaring specified Successor Agency owned properties as surplus land, authorizing the Executive Director of the Successor Agency to determine which properties may be declared exempt surplus land, and authorizing the Executive Director of the Successor Agency to negotiate for the conveyance of such properties in accordance with the Surplus Land Act.

Questions?

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EDC Item #7

ACCEPTANCE OF ENGINEERING AND PLANNING DOCUMENT REPORTS RELATED TO BICYCLIST, PEDESTRIAN AND SCHOOL ZONE SAFETY

September 9, 2024
Economic Development Committee

Toby Wells,
Director of Engineering Services/City Engineer

ENGINEERING AND PLANNING DOCUMENTS FOR CONSIDERATION

Name of Plan:	Funding Source:
Systemic Safety Analysis Report Program (SSARP)	90% State Grant, 10% Measure L
Local Roads and Safety Plan (LRSP)	90% State Grant, 10% Measure L
Non-Motorized Plan	100% Measure L
School Safety Program Study	100% Measure L

COMMON OBJECTIVES OF THESE DOCUMENTS

- Pro-Active approach to evaluate roadway networks
- Identify potential improvements focusing on enhancing pedestrian and bicyclist safety throughout the City
- Identify possible projects to target for future grant funding opportunities

OBJECTIVES OF THE SYSTEMIC SAFETY ANALYSIS REPORT (SSAR)

- Perform a comprehensive collision and roadway network analysis
- Identify potential improvements to increase bicycle and pedestrian safety
- Goal to develop recommendations and systemic countermeasures to apply to similar intersections

PROJECT 3 | ADDRESSES SYSTEMIC PROFILES 1 2 **3** **4** 5 6 7 **8** 9 10 **11** 12 13

STANDIFORD AVENUE-SYLVAN AVENUE PHBs

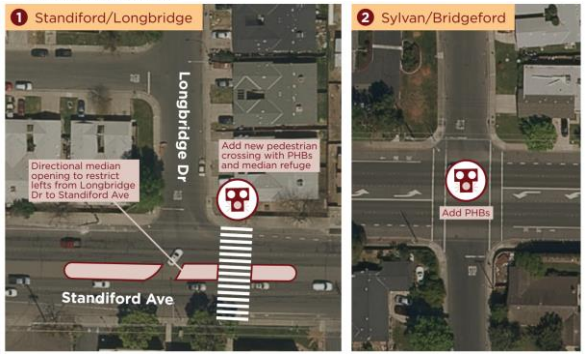
INTERSECTIONS OF STANDIFORD AVENUE AND LONGBRIDGE DRIVE AND SYLVANE AVENUE AND BRIDGEFORD LANE

Existing Conditions

This stretch of Standiford Avenue/Sylvan Avenue connects residential areas to retail areas along the corridor. This stretch of roadway has experienced several pedestrian collisions, including a fatal collision. At the intersection of Standiford Avenue and Longbridge Drive, there is a residential trail connection area with transit stops and retailers near this location, creating a high desire line for bicyclists and pedestrians. Bridgeford Lane serves residential neighborhoods and has existing crosswalks. This project aims to install PHBs at these locations to enhance pedestrian accessibility and motor vehicle yielding behavior.

Project Recommendations

- Install Pedestrian Hybrid Beacons across Standiford Avenue at Longbridge Drive and across Sylvan Avenue at Bridgeford Lane
- Install Longbridge Drive crossing across the east leg with a refuge island
- Restrict lefts out from Longbridge Drive onto Standiford Avenue.



OBJECTIVES OF THE LOCAL ROADWAY SAFETY PLAN (LRSP)

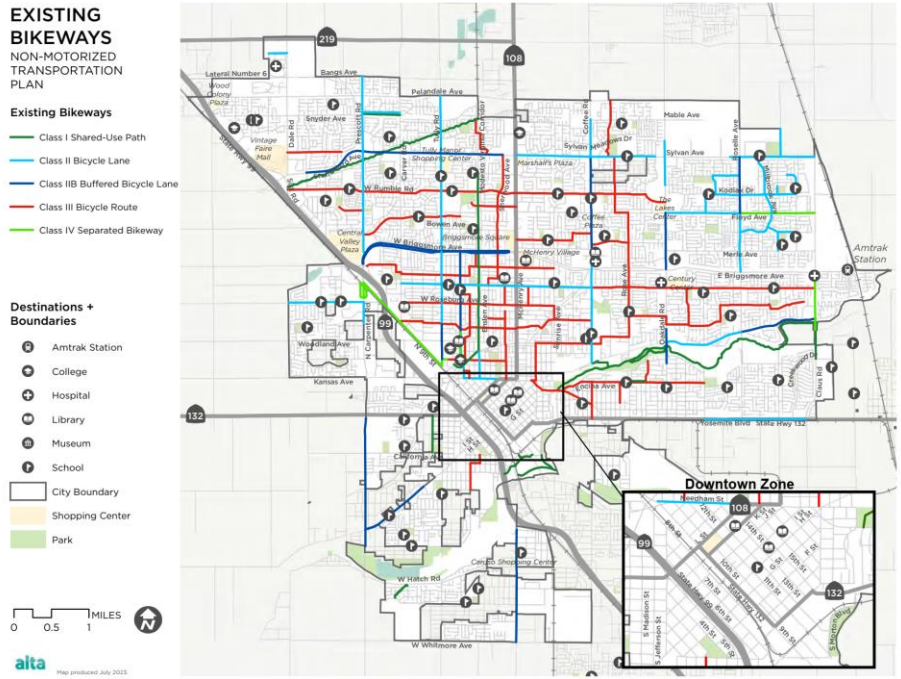
- Grant only awarded to agencies with an active SSAR project
- Provides local agencies with a framework to analyze safety problems and recommend safety improvements
- LRSP became a requirement to apply for other grants, such as the Highway Safety Improvement Program (HSIP)

The Safe System Approach

Source: Fehr & Peers for FHWA

OBJECTIVES OF THE NON-MOTORIZED MASTER PLAN UPDATE

- Assessed the needs of bicyclists and pedestrians in the City of Modesto
- Goal was to act as a guide for active mobility and identify networks that connect neighborhoods to employment, education, commercial and recreational destinations
- Overall goal to encourage residents to use active modes of transportation in their daily lives



OBJECTIVES OF THE SCHOOL SAFETY PROGRAM STUDY

- The City of Modesto has 50 elementary schools, 11 junior high/middle schools, and 7 high schools spread across 5 school districts
- Goal was to provide a more comprehensive review of safety trends near schools
- Identify projects to improve safety for children, who are some of the City's most vulnerable road users

UTILIZING THE OUTCOMES OF THE ENGINEERING AND PLANNING DOCUMENTS

Future Grant Cycles:	Study Used:
Congestion Mitigation and Air Quality - (CMAQ)	- Non-Motorized Plan - School Safety Program Study
Surface Transportation Block Grant - (STBG)	- Non-Motorized Plan - School Safety Program Study
Highway Safety Improvement Program - (HSIP)	Requires Local Roads and Safety Plan (LRSP) and/or Systemic Safety Analysis Report (SSAR) – completed within the last 5 years
Active Transportation Program - (ATP)	- Non-Motorized Plan - School Safety Program Study - SSAR and LRSP

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QUESTIONS??

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PARKS, RECREATION AND NEIGHBORHOODS

CÉSAR E. CHAVEZ PARK RENOVATION

Jeremy Rogers
Director of Parks, Recreation, and Neighborhoods

September 10, 2024

Project Timeline

2019

- Council (Resolution 2019-333) authorized staff to move forward with submission of a grant application for the César E. Chavez Park Renovation Project (Project).

2020

- Project selected for funding from CA Department of Parks & Recreation.
- Council (Resolution 2020-473) accepted the Grant Award of $8.5 million.
- Council (Resolution 2020-474) approved a Design Agreement for the Project w/O'Dell Engineering for construction documents.

Project Timeline (Con't.)

2021

- Collaboration w/Consultant and Stakeholders to design a project that would meet the needs and wants of the community, Prop 68 grant requirements, and is fiscally responsible and viable.

2022

- Staff became aware the Project could exceed the $8.5 million award as the cost of goods and services escalated and the availability of such delayed in a post-pandemic business climate.

Project Timeline (Con't.)

2023

- Council (Resolution No. 2023-251) reallocated $1,200,000 in ARPA funding to the Project.

2024

- Request for Bids Advertised (April 30th)
- Council (Resolution No. 2024-194) reallocated an additional $1,867,541 to the Project (June 4th)
- 5 Bids Received/Opened (June 11th)
  - Bids ranged 54.5% to 104% over the Engineer's Estimate.
  - Harris & Associates was lowest bidder with a bid $5+ Million over the Engineer's Estimate.
- Internal assessment of funding options (July/August)

Park Design and Features

Fiscal Impact – Proposed Reallocations

Project	Funding Source	Reason for Reallocation	Amount
Dr. Martin Luther King Jr. Park Renovation	ARPA	Timeline Constraints	$ 1,400,000
Completed Deferred Maintenance Projects	ARPA	Cost Savings	$ 61,690
Mary Grogan Turf Replacement Project	ARPA	Timeline Constraints	$ 919,652
Mary Grogan Turf Replacement Project	Measure H	Timeline Constraints	$ 1,500,000
		Reallocation Total:	**$ 3,881,342**

Fiscal Impact – Total Project

Project Budget	
Construction	$ 14,130,993
Construction Contingency (6%)	$ 847,860
Construction Management & Inspections Services	$ 837,014
Construction Management & Inspections Services Contingency (10%)	$ 80,097
Construction Administration – City Staff (1%)	$ 141,310
Bid/Design Support During Construction (.5%)	$ 70,655
Engineering/Design/Admin (previously spent/committed)	$ 1,002,087
Total Cost	**$ 17,110,016**

Funding Sources	
Proposition 68 Funding	$ 8,500,000
ARPA Funding (from MLK and Mary Grogan)	$ 5,448,883
Measure H (from Mary Grogan Turf Replacement Project)	$ 1,500,000
Parks & Air Quality CFF	$ 600,000
Measure H Carryover	$ 1,061,133
Total Funding	**$ 17,110,016**

Next Steps / Timeline

October 2024	Contractor Pre-Construction Meeting
November 2024	Ground-Breaking
March 2026	Construction Substantial Completion
April/May 2026	Systems Testing & Staff Training
June 2026	Grand Opening

Staff Recommendations

- Resolution approving the Plans and Specifications for the César E. Chávez Park Renovation Project, accepting the Bid and Awarding a Construction Contract to Harris Builders, Inc., of Hilmar, CA, in the amount of $14,130,993, authorizing $847,860, in contingency (if needed), for a total payment amount not to exceed $14,978,853 and authorizing the City Manager, or his designee, to execute the Agreement.

- Resolution approving an agreement with TRC Engineering, Inc, of Lathrop, CA, for Construction Management and Inspection Services for the César E. Chávez Park Renovation in the amount of $837,014, plus $80,097 in additional services, if needed, for a total amount not to exceed $917,111 and authorizing the City Manager, or his designee, to execute the Agreement.

- Resolution approving the City's Pandemic Recovery Strategy, Modesto Forward, for the reallocation of American Rescue Plan Act Funds for the César E. Chávez Park Renovation Project and authorizing the City Manager, or his designee, to carry out the necessary steps to implement the programs and funding allocation.

- Resolution amending the Fiscal Year 2024-25 Capital Improvement Program budget to fund Project #101276 (Chavez Park Renovation) in an amount not to exceed $2,100,000 in transfers, revenue, and to budget expenditures to fund the project, and authorizing the City Manager, or his designee, to implement the provisions of this resolution.

Questions?

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NON-EMERGENCY TRANSPORT APPLICATION FOR TRAUMA LIFE CARE MEDICAL TRANSPORT

Kalani Souza, Lieutenant
Modesto Police Department

Background

- Non-Emergency Medical Transport permit process:
  - MMC 3-9.01 to 3-9.20 outlines the requirements for companies wishing to operate non-emergency medical transports with the City of Modesto
  - Interested parties must submit an application, required documentation, and a filing fee of $1,000
  - Police Department then conducts a thorough background investigation

Non-Emergency Medical Transport Permit

- Trauma Life Care Medical Transport:
  - Completed and submitted application
  - Provided required documentation
  - Paid $1,000 filing fee

- Modesto Police Department:
  - Reviewed and approved application
  - Concluded background investigation - no issues found

- There are currently 13 permitted ambulance companies approved to operate within the City limits.

M20

Make, Model, Year: Ford, Transit-250, 2019

M23

Make, Model, Year: Ford, Transit-250, 2020

M24

Make, Model, Year: Ford, Transit-250, 2021

Staff Recommendation

- Approve the application and issuance of a Non-Emergency Medical Transport permit to Trauma Life Care Medical Transport

CITY OF MODESTO CALIFORNIA

Questions?

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Item #24

CITY OF MODESTO CALIFORNIA

Letter of Intent with the United Soccer League

Jessica Hill, Director of Community and Economic Development

Background

- Throughout the last three years, the City of Modesto has worked diligently alongside public and private partners to create the Downtown Master Plan, Stanislaus 2030 Blueprint, and the Modesto Renewal & Diversification Project (“River District Study”).

- These plans have been leveraged towards exploring options and locations of a potential stadium, sports leagues, and an entertainment district to provide increased economic development in addition to improved quality of life for Modesto residents and tourists.

Entertainment Options

- Modesto also has a fairly large population compared to the surrounding region, with major sources of population located near California State Highway 99.
- The 10-, 20-, and 30-minute drive time areas have populations ranging from nearly 200,000 to over 700,000 which would immediately set up a Modesto stadium to be competitive compared to other markets.
- As staff reviewed potential entertainment options, staff determined there was significant soccer interest in the community through various indicators such as viewership of international or soccer on TV or individuals who participate in soccer.
- The Modesto market significantly outperforms the other markets in those and similar metrics, indicating that there is strong demand for, and interest in soccer, in the local market.

United Soccer League

- The USL was founded in 1986 and operates the USL Championship (“USLC”), which is one of the fastest-growing pre-professional and professional sports leagues in the country.
- USL Championship has been sanctioned by the United States Soccer Federation (“U.S. Soccer”) as a Division Two league since 2017, is the top professional men’s soccer league in the USL featuring 24 clubs and, reaching more than 84 million fans across North America.
- The USL Super League is a Division One’s women’s soccer league that launched in August 2024 with eight teams and plans to add additional teams in subsequent seasons.
- The USL is the most widely accessible soccer league in the US with multi-year national and international media rights agreements across various platforms.

Letter of Intent

- The initial step to facilitate continued discussion with the USL will be the execution of a Letter of Intent (“LOI”) to formalize exclusive negotiations between both Parties.

- The LOI describes the process that the City and USL agree to undertake to explore and analyze, in good faith, the possible establishment of professional soccer to be played in a multi-purpose stadium to be constructed and operated in Modesto.

- The details surrounding a stadium including location and funding are still to be determined and will be a part of this LOI time period.

Letter of Intent Terms

- As part of the LOI, the City and USL agree to discuss and explore the following topics and terms:

Potential location of the multi-purpose stadium within Modesto.	Potential designs and size of the Stadium to ensure compliance with applicable USL stadium requirements.	Stadium seating capacity of 5,000, with the ability to expand to at least 10,000 seats, and serve as the home stadium for each of a men's professional soccer team, and women's professional soccer team.	How construction of the Stadium will be financed, including exploration of the use of financing districts.
The identity of the ownership, management, and operation of the Stadium, and agreements relating to leases, licenses, easements, and other real property transactions for the Stadium.	The type of ancillary development which may be constructed adjacent to, or in the vicinity of, the Stadium.	What plans, studies, and other predevelopment costs are necessary.	The LOI has an exclusive negotiating period that lasts one year

Next Steps

- During the exclusive negotiating period, USL agrees not to explore establishing a professional soccer team anywhere else in Stanislaus, or Merced County, and Modesto agrees not to explore the establishment of a professional soccer team in the City with any entity other than USL.
- The City and USL will continue to negotiate during throughout the term of the LOI.
- A nonbinding Memorandum of Understanding (MOU) regarding the establishment of professional soccer in the City will then be drafted.
- The MOU will formally document the agreed upon terms discussed throughout the LOI exclusive negotiating period.

Staff Recommendation

- Resolution approving a Letter of Intent between the United Soccer League, LLC and the City of Modesto and authorizing the City Manager, or his designee, to execute the Letter.

Questions?

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CITY OF MODESTO CALIFORNIA

Item #25

ACCEPT SETTLEMENT OFFER WITH THE STATE BOARD TO FUND A SUPPLEMENTAL ENVIRONMENTAL PROJECT

BACKGROUND

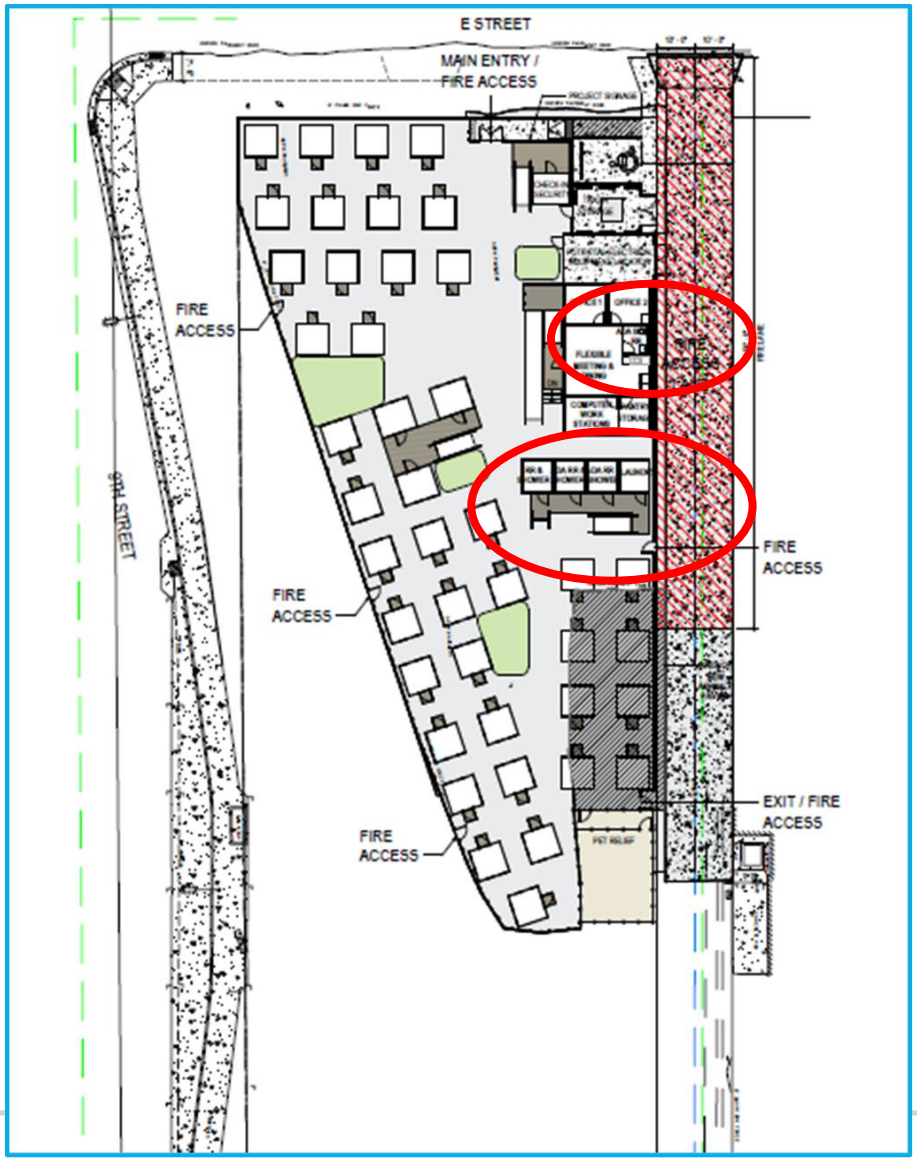
- The City is subject to the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems
- Four separate SSO events in 2020 and 2021 occurred from the City's sewer system.
  - Cumulatively discharged an estimated 440,697 gallons of municipal wastewater into Dry Creek and the Tuolumne River.
  - City was subject to up to $4.4M in fines from the State.
- City Staff began negotiating with the Central Valley Regional Water Quality Control Board (Regional Board) to reduce the penalties
  - Removal of 2-SSO events
  - Revised penalty recalculated to $466,250

PENALTY NEGOTIATIONS

- During settlement discussions, the City requested that the Regional Board exercise enforcement discretion to not seek a penalty for these events.
- State Board and the City was able to reach settlement terms that allow the City not to pay any cash settlement but instead fund a Supplemental Environmental Project ("SEP") in the amount of $325,000.
  - This was a significant concession because normally the Regional Board may only direct a portion of the penalty amount to be spent on a SEP, not the total amount of the penalty.

SUPPLEMENTAL ENVIRONMENTAL PROJECT (“SEP”)

- This SEP settlement requires the City to purchase and build bathrooms and laundry facilities for the Dignity Village bridge housing project located at 402 9th Street
- Includes restrooms, showers, laundry facilities and underground water and sewer work.



ENVIRONMENTLY BENEFICIAL PROJECT

- The bridge housing project will relocate and provide support to the unsheltered community
- Installation of sanitary facilities at the bridge housing project will help reduce contamination, prevent further pollution, and improve the public health in public spaces such as areas around the Tuolumne River and Dry Creek, which may be negatively impacted by trash, human waste, and other pollution.
- The project will improve, protect, and reduce risks to public health and the environment.

PROJECT DEADLINES

- The City needs to approve of the settlement terms to avoid payment of a $325,000 cash penalty and use those funds toward the SEP Units for the Dignity Village project.
- City Council action is required for the stipulated order so that the Regional Board can start a 30-day public comment period
- Under the settlement agreement, City is subject to the following deadlines:
  - *September 10, 2024* – City Council to approve terms of settlement through stipulated order
  - *Circa September 10, 2024* – Stipulated order must be signed by both parties
  - *September 12, 2024* – Regional Board begins its 30-day public comment period
  - *October 13, 2024* – Regional Board executive officer signs stipulated order
  - *October 14, 2024* – City can commence construction on the SEP Units (bathrooms and laundry)

STAFF RECOMMENDATIONS

Resolution accepting a Central Valley Regional Water Quality Control Board settlement offer in the amount of $325,000 to resolve violations of water quality laws by funding a Supplemental Environmental Project and authorizing the City Manager, or his designee, to negotiate and execute a Memorandum of Understanding with the County of Stanislaus to carry out the scope of work outlined within the Supplemental Environmental Project.

Questions?

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TAX AUDITS, ANALYSIS AND REPORTING SERVICES AGREEMENT

Finance Committee, September 23, 2024

DeAnna Christensen, Director of Finance

BACKGROUND

- This service provides forecasting services and audit compliance for the General Fund major tax revenues and Measure H
- Primary General Fund tax revenue includes sales and use tax, utility user tax (UUT), business license tax, franchise fees and transient occupancy tax
- These services provide quarterly sales tax data for Modesto businesses and projected forecasting revenues for sales tax and UUT
- Revenue recovery services includes compliance audits based on reviewing sales tax returns, City tax returns and ensuring the accuracy and compliance of the tax revenues being remitted to Modesto

BACKGROUND

On January 14, 2020, under Reso 2020-08 Council approved five-year agreement with MuniServices for a five-year total of $600,000

Four amendments were executed to address State administration access to perform the audits, incorporating additional compliance audits and exercising the annual extension options

Amendment 5 is pending Council approval to increase the agreement by $250,000 to capture the results from the UUT and franchise fee audits and the revenue recovery from the Measure H audits

This current agreement is scheduled to expire on January 13, 2025

DISCUSSION

On March 19, 2024, Purchasing issued a formal RFP for the Tax Audits, Analysis and Reporting Services

Two companies submitted proposals which included MuniServices and HDL

An evaluation committee scored the two proposals based on criteria defined in the RFP and Councilmember Wright observed the process

Based on the criteria, HDL was the highest ranked proposal and is being recommended for award for this services

FISCAL IMPACT

- The services are paid based on the revenue source associated with the services and revenue recovery
- The two funding sources for this agreement will include the General Fund and Measure H
- For the General Fund the major revenue sources included sales tax, business license tax, and utility user tax
    - Utility User Tax, Transient Occupancy tax and Franchise fees compliance audits will be performed every three years

STAFF RECOMMENDATION

- Motion recommending the Award of Proposal and Agreement for Tax Audits, Analysis and Reporting Services to HDL Companies, Brea, CA for a two-year agreement with three (3) one-year extension options, for an annual estimated amount of $240,000 and a total amount not to exceed $1,200,000 over five years; and forwarding to Council for approval.

QUESTIONS?

Item 20

FORMATION OF CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2024-1 (TIVOLI)

Jessica Hill
Director of Community and Economic Development

September 24, 2024

MELLO-ROOS DISTRICT

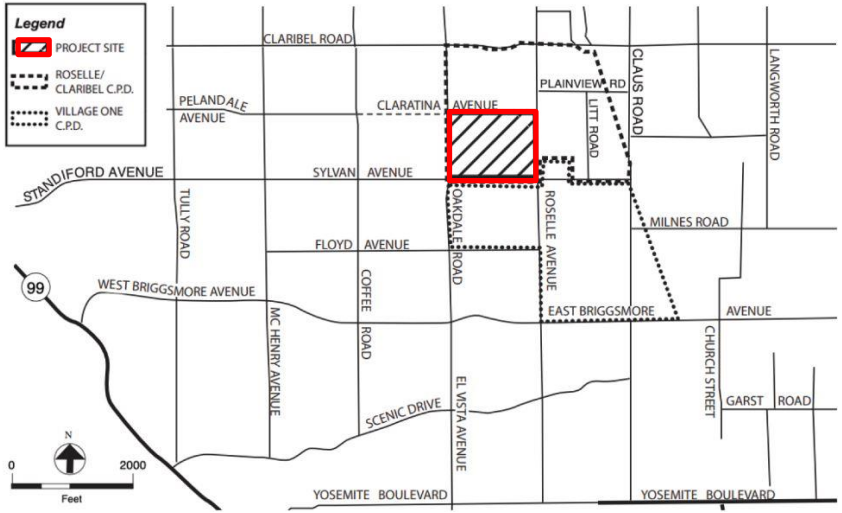
- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments.
- Raises money through special taxes that must be approved by 2/3rds vote within the district.
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails.
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services.

BACKGROUND

- The Tivoli Specific Plan was approved by City Council in 2008 by Ordinance No 3479-C.S., a 454-acre area in northeast portion of Modesto.

- Special Taxes for Tivoli
  - One-Time Facilities Special Tax
  - Annual Maintenance Special Tax
  - Annual Facilities Special Tax

- CFD No. 2024-1 will fund:
  - Infrastructure improvements such as: Road Improvements, Water, Wastewater & Storm Drains, Irrigation (MID), Central Basin, Park Improvements, Improvements to Existing Neighborhood, Right of Way
  - Maintenance of parks, parkways and open space



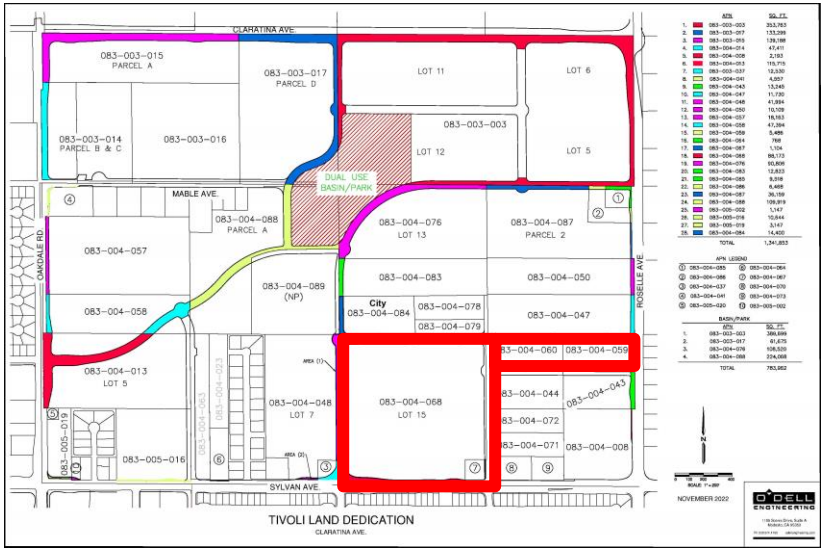
FACILITIES AND SERVICES

- The types of Facilities and Services proposed to be financed by Community Facilities District No. 2024-1 are as follows:

Facilities	Services
• Intersection Development • Water, Wastewater, and Storm Drains • Median and roundabout • Central Basin • Irrigation (MID) • Park Improvements • Improvements to Existing Neighborhoods • Right of Way	• Maintenance, repair and replacement of parkways • Tree Pruning • Landscaped medians • Masonry Walls • Neighborhood pocket park • Storm drainage basin facilities • Debris & Litter Removal • Care & Maintenance of CFD Trees & Plants

BOUNDARIES AND PROJECT DETAILS

- While the boundaries of CFD No. 2024-1 will ultimately encompass the entire Tivoli area, the formation will only include three (3) parcels.
- The Forming Parcels will consist of APNs 083-004-068, 083-004-059 and 083-004-060 totaling approximately 45.31 acres. The boundaries include Sylvan Avenue, Roselle Avenue and McReynolds Ave
- 300 estimated single-family dwelling units are anticipated to be developed.
- Once approved, the CFD will have authority to sell bonds for the purpose of paying for the total cost of facilities. The authority for bond proceeds of $120 million is much higher than the anticipated cost of facilities to ensure that all expenses are accounted for.



MAXIMUM SPECIAL TAX RATES

Special Tax Category	Maximum One-Time Facilities Special Tax Fiscal Year 2024-25	Maximum Annual Facilities Special Tax Fiscal Year 2024-25	Maximum Annual Maintenance Special Tax Fiscal Year 2024-25
Very Low Density Residential	$100,000 per Net Taxable Acre	$5,724 per Net Taxable Acre	$5,589 per Net Taxable Acre
Low Density Residential	$100,000 per Net Taxable Acre	$10,260 per Net Taxable Acre	$5,589 per Net Taxable Acre
Medium Density Residential	$100,000 per Net Taxable Acre	$13,725 per Net Taxable Acre	$5,589 per Net Taxable Acre
Medium High Density Residential	$100,000 per Net Taxable Acre	$13,087 per Net Taxable Acre	$5,589 per Net Taxable Acre
Non-Residential	$100,000 per Net Taxable Acre	$7,375 per Net Taxable Acre	$5,589 per Net Taxable Acre

- The one-time tax will be assessed at the parcel level and due prior to building permit issuance

**Tax rates are good through June 30, 2025. Each January, escalation for Annual Facilities Tax is 2%. Escalation for Annual Maintenance Tax is 4% or increase in Engineering News Record, whichever is greater.*

NEXT STEPS

- **September 24, 2024**
  - After the Public Hearing and Election results are read, an ordinance reflecting the formation of the CFD will be posted. A Notice of Special Tax Lien will be recorded with Stanislaus County.

- **October 8, 2024**
  - Second reading of the Ordinance.

- **Mid - 2025**
  - Construction is anticipated to begin mid 2025 at APN 083-004-068.

Questions?

RECOMMENDED ACTIONS

- Resolution declaring formation of City of Modesto Community Facilities District No. 2024-1 (Tivoli), conditionally authorizing the levy of special taxes therein, and conditionally establishing an annual appropriations limit.

- Resolution of the City Council of the City of Modesto, California, acting as the legislative body of the City of Modesto Community Facilities District No. 2024-1 (Tivoli), declaring the necessity to incur bonded indebtedness in the aggregate principal amount not to exceed $120,000,000 and calling a special election.

- Resolution declaring the results of the September 24, 2024, special election and approving certain related actions pertaining to City of Modesto Community Facilities District No. 2024-1 (Tivoli).

- Motion introducing and waiving the first reading of an Ordinance authorizing the levy of special taxes within the City of Modesto held within City of Modesto Community Facilities District No. 2024-1 (Tivoli).

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Item 21

CITY OF MODESTO CALIFORNIA

CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) PY 2023-2024

Edgar Garcia
Community Development Manager
September 24, 2024

Background

- As an Entitlement Community, the City of Modesto is eligible HUD funds:
  - Community Development Block Grant (CDBG)
  - HOME Investment Partnerships Program (HOME)
  - Emergency Solutions Grant (ESG)
- Purpose:
  - Serve low-income persons/households
  - Develop viable communities by providing decent housing, a suitable living environment, and expand economic opportunities.
- Each FY, an Annual Action Plan and a Consolidated Annual Performance Evaluation Report (CAPER) are completed detailing use of HUD funds.

2023-2024 HUD Grants Expended Funds

*Funding may include roll over funds and program income from previous funding years

Program	Amount Awarded	Expended*
Community Development Block Grant (CDBG)	$1,784,411	$2,661,931*
Emergency Solutions Grant (ESG)	$161,451	$183,111*
HOME Investment Partnerships Program (HOME)	$929,656	$159,329*
TOTAL	$2,875,518	$3,004,371

*Expended numbers are as of 07/31/2024 there may be further adjustments during the draft period.

CDBG Senior Playground – Ralston Tower

- Partner: Parks Department
- Location: Corner of Downey and I Street (adjacent to the Ralston Tower)
- Funding Contribution: City assisted with $650,000 and leveraged $550,000 from the State of CA Parks and Recreation Grant.
- Project Completed July 2023

CDBG Homeowner Rehabilitation Program

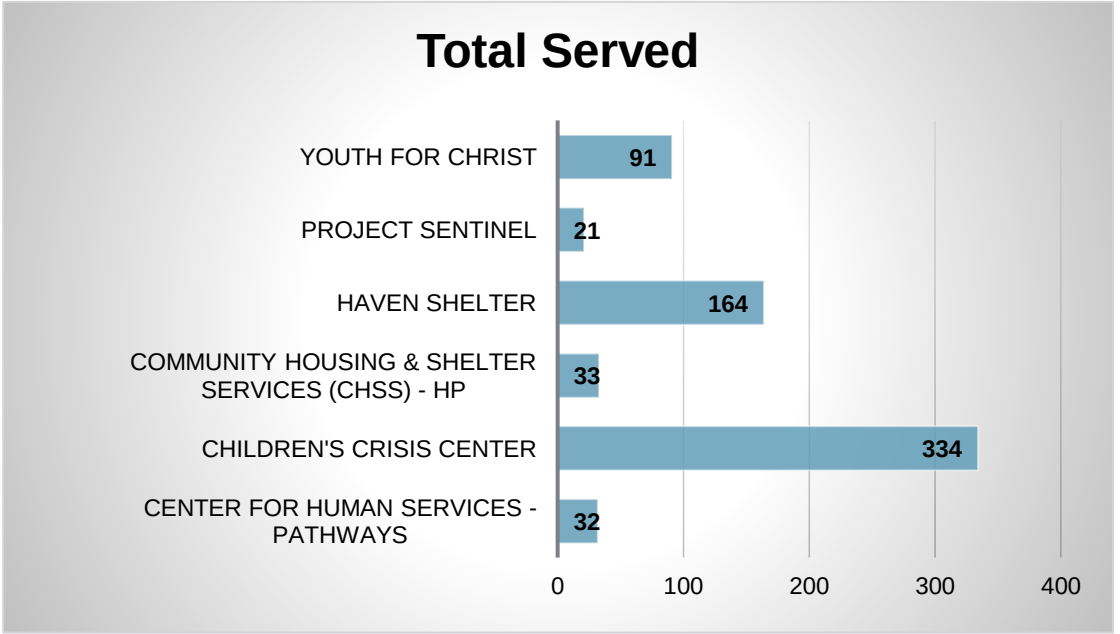
- Total Households Assisted: 8
- Total Awarded: $211,247 through loans and grants
- Repairs Included:
  - Health & Safety Repairs
  - Energy Efficient Windows
  - HVAC Repairs/Replacements
  - Roof Repairs/Replacements
  - ADA Accessibility

Before

After

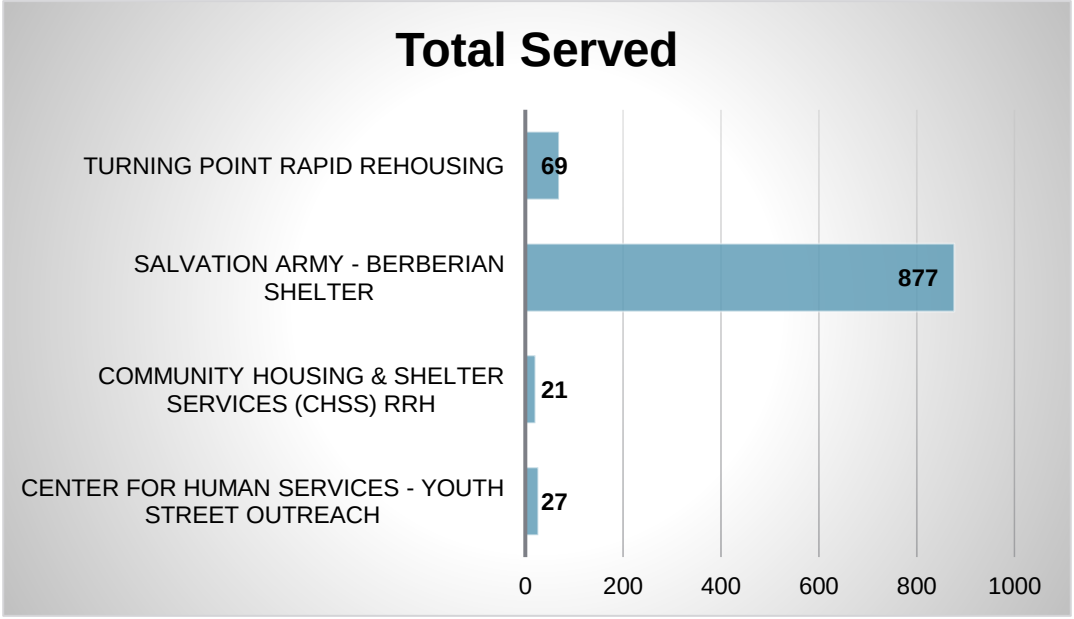
FY 2023-2024 Program Outcomes
CDBG Public Services

- Total Non-Profit Organizations Awarded: 6
- Total Award $218,460
- Total Expended: $195,439
- Total Individuals Served: 675



FY 2023-2024 Program Outcomes
ESG Public Services

- Total Non-Profit Organizations Awarded: 4
- Total Award $138,000
- Total Expended: $99,970
- Total Individuals Served: 994



ESG – Shelter Programs

- Program Partners
  - Salvation Army Berberian
  - HAVEN Women's Shelter
- Total Funding: $93,000
- Total Outcomes: 138 Individuals Served

HOME - Traveler's Motel

- Partner: Modesto Homekey LP
- Funding: $3,473,712
- Leveraged Funds: $19,709,839
- Permanent Supportive Housing
  - 55 Units
    - 17 Homeless
    - 37 Youth
    - 1 manager unit
- Status: Under Development

Citizen Participation Process

Schedule of Events	
Draft CAPER available for Public Comment	September 8, 2024
Neighborhood Meetings– Airport Neighborhood Collaborative	September 9, 2024
Neighborhood Meetings– West Modesto People of Action Council	September 10, 2024
Stanislaus Homeless Alliance (SHA) Meeting	September 11, 2024
Citizen's Housing & Community Development Committee	September 12, 2024
Stanislaus Community System of Care – Community Meeting	September 19, 2024
City Council Public Hearing	September 24, 2024
Submission to HUD	September 28, 2024
All Comments received between September 08, 2024 and September 24, 2024 will be included in the final document.	

Questions?

Recommended Council Action

- Resolution approving the City of Modesto's Consolidated Annual Performance Evaluation Report for Program Year 2023-2024 and authorizing the City Manager or his designee, to sign the required documents for submittal to the U.S. Department of Housing and Urban Development.

CITY OF
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CALIFORNIA

Item 1

CITY OF MODESTO CALIFORNIA

Cannabis Equity Program Grants

Jessica Hill, Director of Community and Economic Development

CITY OF MODESTO

CANNABIS EQUITY PROGRAM

PLEDGE

CITY OF
MODESTO
COMMUNITY & ECONOMIC
DEVELOPMENT

Historic Background

- On January 31, 2023, GO-Biz informed the City that it was deemed eligible to receive a grant award in the amount of $350,000 under the State grant program.

- On April 22, 2024, The Cannabis Program and Permit Review Committee approved utilizing the $280,000 allocation for grants to issue $70,000 to up to four (4) commercial cannabis businesses owned by PLEDGE program participants

Eligibility for The Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE)

- Local Cannabis Equity Programs are intended to widen opportunities among marginalized and economically disadvantaged communities that were disproportionally impacted prior during the period of cannabis prohibition in California.
- Proposition 209 prohibits preferential treatment in State and Local contracting based on race, sex, color, ethnicity, or national origin.
- To accomplish program goals and maintain compliance with State law applicants were required to provide evidence of eligibility based on **residency**, **income**, and **prior cannabis criminalization**.

PLEDGE Eligibility Verification

- Applications to participate in the PLEDGE program were accepted and reviewed by staff in April 2024.
- Twelve (12) applications were received in total with five (5) being deemed eligible based on the eligibility criteria.
- The verified PLEDGE participants were immediately enrolled in a technical assistance workshop.
- The City of Modesto partnered with Tulip & Oak Consulting to provide this six (6) week direct technical assistance workshop as well as one-on-one consulting to program participants.
- The participants completed the educational workshops on August 10, 2024.

Grant Applications

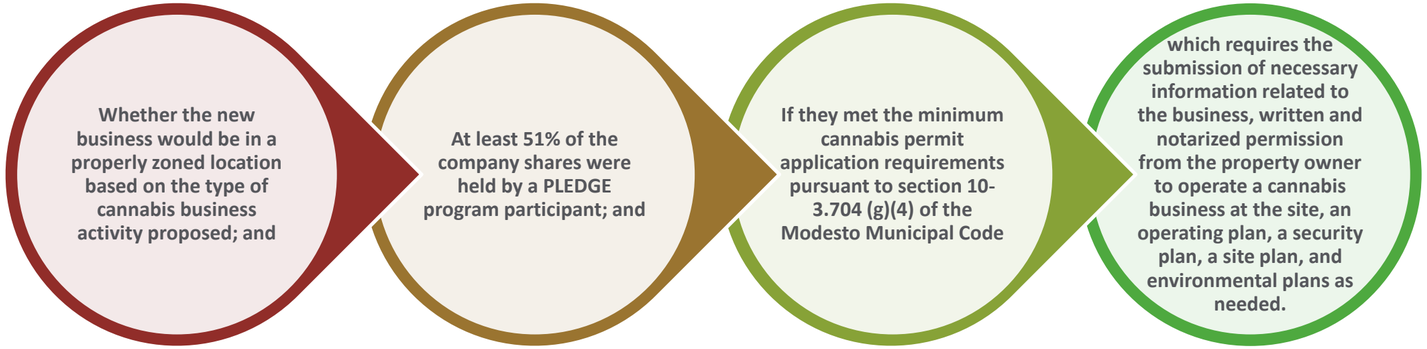
- Following the conclusion of the workshops a grant application form was developed to collect general applicant and business information which includes addresses, business type, permit status, and an overall initial budget for the amount requested.

- Each applicant was also required to have a non-dispensary commercial cannabis permit application submitted and in process.

- The City has received four (4) grant applications requesting $70,000 in assistance each.

Application Review Methodology and Results

- Applications were processed through a pass or fail methodology based on:



- City Staff, representatives from Stanislaus County, as well as the current cannabis consultant HdL reviewed each application and found that they met the minimum municipal code requirements.

- Each business also provided organization documents to confirm that at least 51% of the shares in the entity were owned by a PLEDGE program participant.

Grant Applicant Information

Owner:	Joshua Burrow	Jacob and Modesto Resendez	Eric Washington	LaPrice Reynolds
Business Name:	CLD, LLC	Modesto's Finest, LLC	Que Tees, LLC	Power High 99, Inc.
Business Type:	Distribution	Microbusiness (Cultivation, Manufacturing, Distribution)	Distribution	Cultivation
Address:	903 Kansas Avenue	1006 Lone Palm Ave	1127 Kansas Avenue Suite 47	1127 Kansas Avenue Suite 52
Zoning:	M-2 Heavy Industrial	M-1 Light Industrial	M-1 Light Industrial	M-1 Light Industrial
Grant Amount:	$70,000	$70,000	$70,000	$70,000

Grant Agreement

- Each applicant will be required to enter into a grant agreement with the City of Modesto.

- The agreement requires that PLEDGE grant program funds may only be used for reasonable expenses incurred to launch and operate a licensed commercial cannabis business.

- Grant recipients will be required to submit a detailed grant receipt reporting package within six (6) months of receiving funding.

Staff Recommendation

- Motion approving four (4) grant agreements to provide funding to verified City of Modesto Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE) participant owned businesses of $70,000, and authorizing the City Manager, or his designee, to finalize the language of, and execute, the Agreements and forwarding to Council for approval.

Questions?

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Item #4

ECONOMIC DEVELOPMENT COMMITTEE MEETING: EAGLE AERIAL SOLUTIONS: WATERVIEW – WATER USE COMPLIANCE SOFTWARE

William Wong, Director of Utilities
Manuel Martinez, Acting Water Division Manager

WaterView Overview

Eagle Aerial Solutions – Waterview SaaS:

Water Use Compliance Software

- AB 1668 and SB 606 CA Laws Enacted in 2018
- Establishes Long Term Urban Water Use Efficiencies
- C.O.M Pilot Project Overview and Findings
- Project Expansion

AB 1668 and SB 606 - Making Conservation a California Way of Life

AB 1668 and SB 606 establishes guidelines for efficient water use.

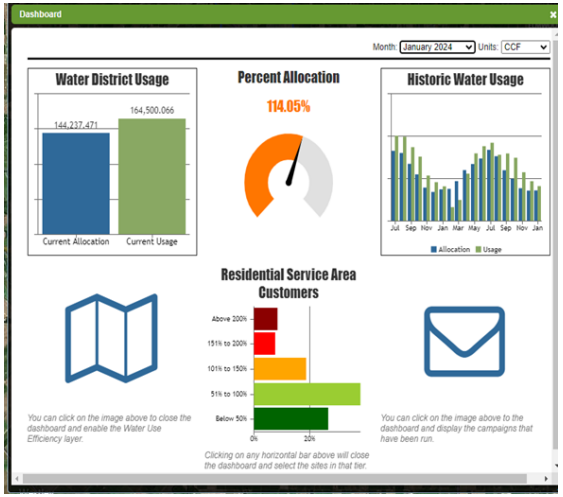
- Provides framework for implementation and oversight
- Strengthens the state's water resiliency in the face of future droughts and climate change impacts
- Establishes water use objectives and long-term standards for:
  - Commercial, Industrial, and Institutional (CII) use
  - Residential Use – Indoor and Outdoor
  - Water Loss Standards and Reporting

Indoor Residential Water Use Standard

- Applies to single family & multi-family housing
- Based on Gallons Per Capita per Day (GPCD); will decrease over time
- Suppliers multiply population served by the indoor residential standard by 365 days to produce the supplier level annual indoor water use budget
- The rule was adopted by the Department of Water Resources (DWR) and the State Water Resources Control Board (SWRCB) on July 3, 2024 and will go into effect January 1, 2025

Compliance Year	Allowable GPCD
2020-2024	55
2025-2029	47
2030 Onward	42

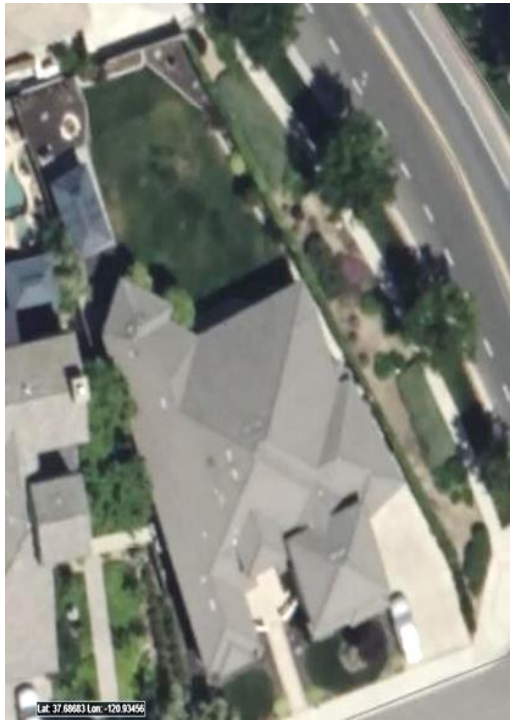
WaterView Data Management Dashboard



- Eagle Aerial Solutions, together with CalWEP (California Water Efficiency Partnership), custom-designed WaterView to help water professionals meet the efficiency and allocation requirements
- Eagle Aerial Solutions is currently conducting the statewide irrigated landscape measurement project for the California Department of Water Resources.
- WaterView is a data management platform merged with a simplified GIS environment that allows the City to identify inefficient water use within our service area.

Residential Efficiency Data

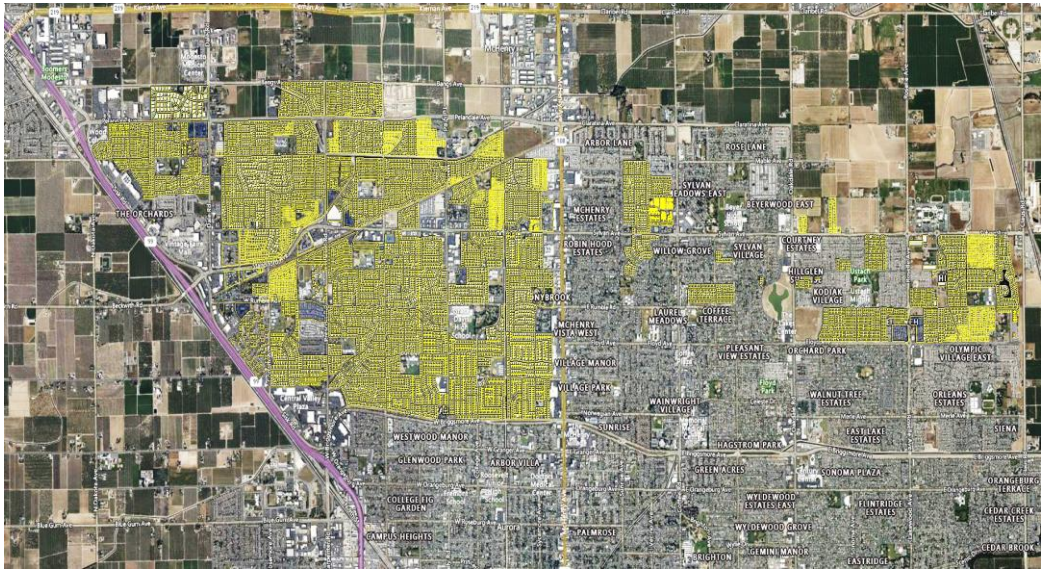
Lot Area (sqft)	10,890
Building Area (sqft)	3,227
Year Built	2006
(II) Irrigable Irrigated	3,816.60 SF
(INI) Irrigable Not Irrigated	46.84 SF
Total II + INI	3,863.44 SF
(NI) Not Irrigable	6,710.62 SF
Water Allocation	10.91 CCF
Water Usage	5.60 CCF
Current % of Allocation	51.33%



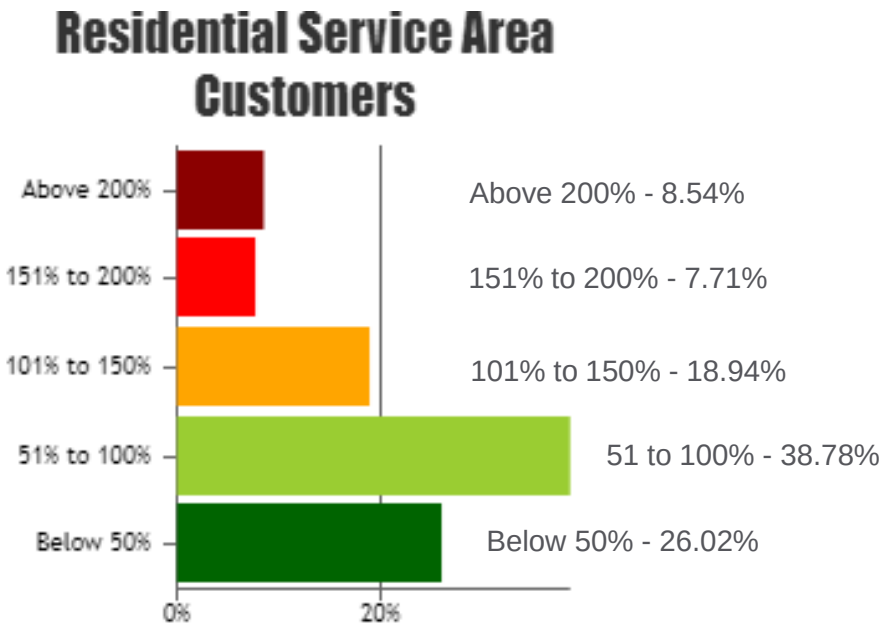
- WaterView is the only software that fully mirrors the requirements of AB 1668 and SB 606.
- It combines multiple data sets to allow precise, focused conservation efforts at the district, group and customer level.
- Data available: Irrigable Irrigated (II), Evapotranspiration (ET); Water Allocation (District and Resident); Percent of Allocation; Water Usage (current and historic)

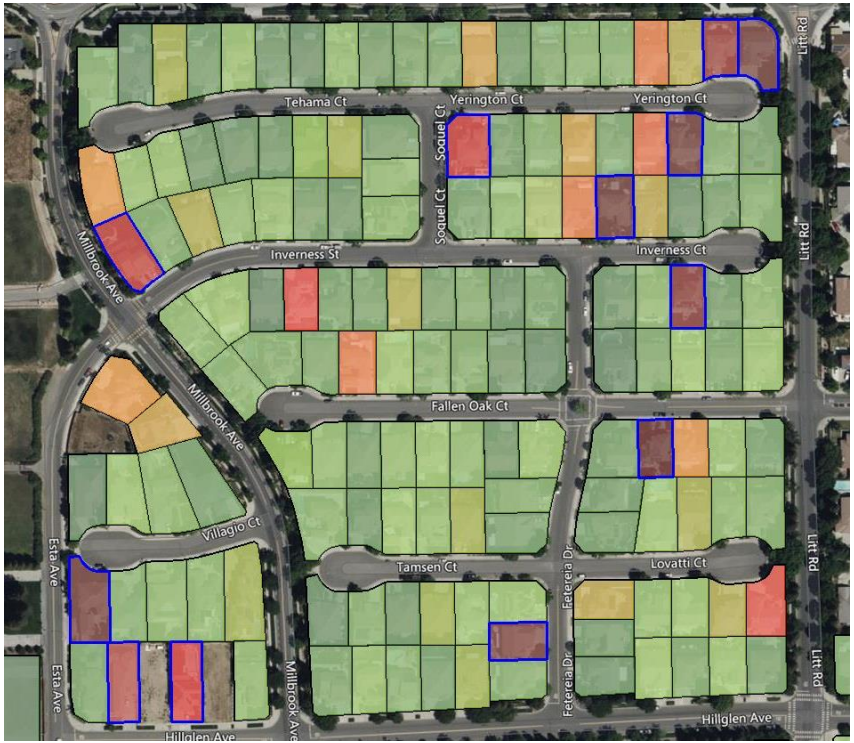
Pilot Project, 2023

- In April 2023, the City launched a pilot project to monitor 14,000 Single-Family Residence (SFR) water accounts for 12 months.
- This is 25% of all SFR connections.



Pilot Project Results, January 2024



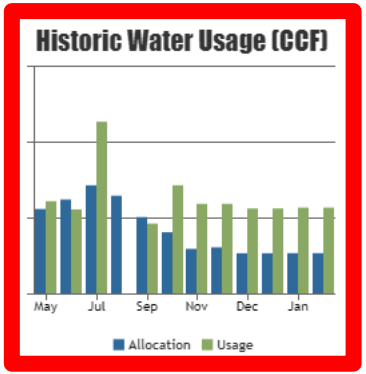


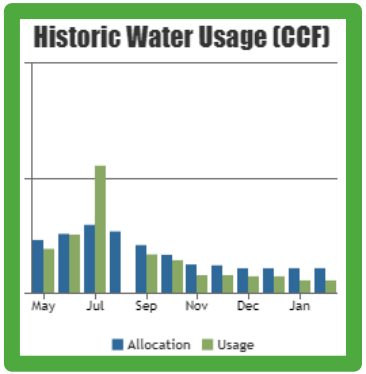
Note: “Revenue” includes Water (Fund 4100) and Wastewater (Fund 4210).

Pilot Project Results, Usage Comparison

Single Family Residence (SFR) – Comparison

Land Use Description	Red Over 200%	Green Under 100%
Irrigable Irrigated	3,663.61	3,816.60
Water Allocation (CCF)	10.78	10.91
Water Usage (CCF)	22.77	5.6
Current % of Allocation	211.32%	51.33%





Project Expansion

- Utilizing this software will identify and focus on users that have exceeded the daily water use allocation, providing the Water Division with a highly effective Conservation Campaign.
- Expanding this program will provide critical data allowing the City to be proactive in Conservation Outreach efforts to assist customers and help avoid regulatory compliance fines and penalties.

Project Expansion Costs

- Year 1 Initial Set-up Fees: $134,600
- Ongoing Annual Subscription: **$90,100**/yr (five-year agreement)
- Total Cost Over Five Years: **$495,000**
- Funding Source: Water Fund, Non-Capital Project: 101580 (Water Use Compliance Software

	Year 1	Year 2	Year 3	Year 4	Year 5	Contract Total
Discounted Subscription Fee:	$90,100	$90,100	$90,100	$90,100	$90,100	$450,500
One Time Fee: WaterView set up, to be finalized after consultation with IT (Pricing after $4,500 discount from pilot program)	$19,500					$ 19,500
One Time Fee: CII Roadmap Meter Analysis	$10,000					$ 10,000
Additional Parts and Services (as needed):	$15,000					$ 15,000
Contract Total over 5 years	$134,600	$90,100	$90,100	$90,100	$90,100	$ 495,000

Questions?

Olea Networks, Inc. - Confidential

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SUPPLEMENTAL MATERIALS FOR ITEM #28

Results from the Annual National Youth Tobacco Survey

On this page:

- 2024 Findings on Youth Tobacco Use
  - Findings on Youth Use for E-Cigarette Products
  - Findings on Youth Use for Nicotine Pouch Products
- Public Health Education
- Goals of NYTS
- Previous National Youth Tobacco Survey

2024 Findings on Youth Tobacco Use

In September 2024, FDA and Centers for Disease Control and Prevention (CDC) released data from the 2024 National Youth Tobacco Survey (NYTS) on e-cigarette and nicotine pouch use among U.S. youth: "Notes from the Field: E-cigarette and Nicotine Pouch Use Among Middle and High School Students—United States, 2024." (https://www.cdc.gov/mmwr/volumes/73/wr/mm7335a3.htm?_cid=mm7335a3_w)

Findings showed that there was a significant drop in the number of U.S. middle and high school students who reported current (past 30 days) e-cigarette use – a decrease from 2.13 million (7.7%) youth in 2023 to 1.63 million (5.9%) youth in 2024. Youth nicotine pouch use did not show a statistically significant change from 2023 (1.5% in 2023 and 1.8% in 2024).

2024 Findings on Youth Use for E-Cigarette Products

Current Use

- 5.9% of middle and high school students (1.63 million) reported current use of e-cigarettes
  - 7.8% (1.21 million) high school students and 3.5% (410,000) middle school students reported current use of e-cigarettes

Frequency of Use

- More than 1 in 4 (26.3%) of current youth e-cigarette users use an e-cigarette product daily
- More than 1 in 3 (38.4%) youth e-cigarette users report using e-cigarettes at least 20 of the last 30 days

Flavored E-Cigarette Use

- More than 8 out of 10 current e-cigarette users (87.6%) used flavored e-cigarettes, with fruit flavors being the most popular, followed by candy, desserts, or other sweets; mint; and menthol
- Over half (54.6%) of students currently using e-cigarettes reported using flavors with “ice” or “iced” in the name

Type of Device

- The most commonly used device among current e-cigarette users was disposables (55.6%), followed by prefilled/refillable pods or cartridges (15.6%)

Commonly Used Brands

- The most commonly reported brands reported among current e-cigarette users were: Elf Bar (36.1%), Breeze (19.9%), Mr. Fog (15.8%), Vuse (13.7%) and JUUL (12.6%)

2024 Findings on Youth Use for Nicotine Pouch Products

Current Use

- 1.8% of students (480,000) reported current use of nicotine pouches

Frequency of Use

- More than 2 in 10 (22.4%) youth nicotine pouch users report using nicotine pouches daily
- More than 1 in 4 (29.3%) youth nicotine pouch users report using nicotine pouches at least 20 of the last 30 day

Flavored Nicotine Pouch Use

- More than 8 out of 10 current nicotine pouch users (85.6%) used flavored nicotine pouches, with mint flavors being the most popular, followed by fruit

Commonly Used Brands

- The most commonly reported brands reported among current nicotine pouch users were: Zyn (68.7%), on! (14.2%), Rogue (13.6%), Velo (10.7%) and Juice Head ZTN (9.8%)

Public Education Campaigns

FDA conducts several public education campaigns aimed at young audiences to prevent youth from tobacco initiation and use (/tobacco-products/public-health-education). FDA's longest-running campaign, "The Real Cost (/tobacco-products/public-health-education-campaigns/real-cost-campaign)," educates teens on the health consequences of smoking cigarettes and in recent years has prioritized e-cigarette prevention messaging.

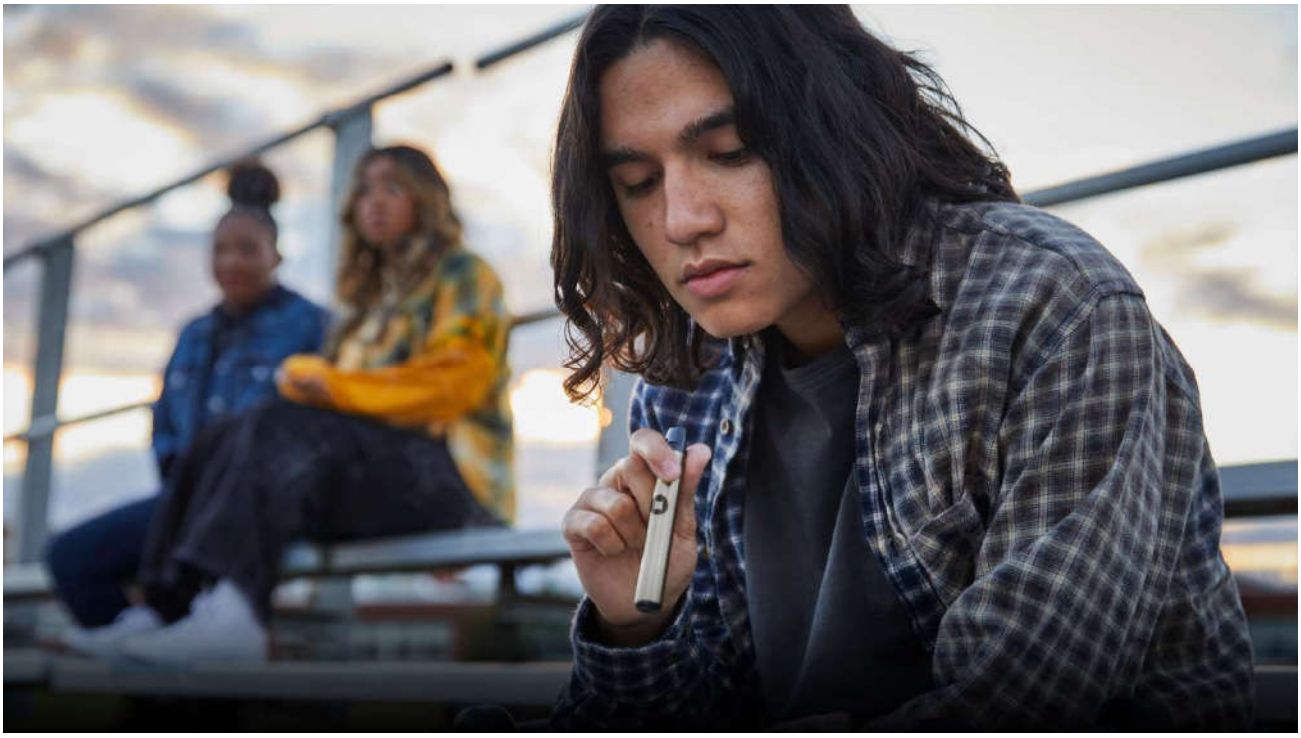
In the 2021 NYTS, 75.2% of middle and high school students reported having seen or heard any anti-tobacco public education campaign ad within the past year. An estimated 15.8 million (60.9%) students reported recognizing the FDA's "The Real Cost" campaign ad: by school level, almost two-thirds (65.8%) of high school students and more than half (54.8%) of middle school students reported recognizing "The Real Cost" campaign ad.

However, public health education campaigns are not the only messaging about tobacco products that youth receive and notice.

They might see advertisements for tobacco products while engaging in common activities – such as going to a convenience store, supermarket, or gas station; using the Internet; watching television or streaming services or going to the movies; or reading newspapers or magazines. In the 2021 NYTS, among youth who reported engaging in those common activities, 75.7% reported exposure to marketing or advertising for any tobacco product.

Among students who reported using social media, 73.5% had ever seen e-cigarette–related content.

Vaping Prevention and Education Resource Center (https://digitalmedia.hhs.gov/tobacco/educator_hub)



Goals of NYTS

FDA is committed to a science-based approach that addresses public health issues associated with tobacco use. We collaborate with CDC on this nationally representative survey of middle and high school students that focuses exclusively on tobacco use behaviors and associated factors.

NYTS was designed to provide national data on long-term, intermediate, and short-term indicators key to the design, implementation, and evaluation of comprehensive tobacco prevention and control programs.

For a deeper look at the agencies' collaboration on the study over the years, see CDC's "Historical NYTS Data and Documentation. (https://www.cdc.gov/tobacco/about-data/surveys/historical-nyts-data-and-documentation.html)"

Previous National Youth Tobacco Surveys

- 2023 NYTS (https://public4.pagefreezer.com/browse/FDA/04-07-2024T14:25/https://www.fda.gov/tobacco-products/youth-and-tobacco/results-annual-national-youth-tobacco-survey) (http://www.fda.gov/about-fda/website-policies/website-disclaimer)

- 2022 NYTS (https://public4.pagefreezer.com/browse/FDA/01-11-2023T15:52/https://www.fda.gov/tobacco-products/youth-and-tobacco/results-annual-national-youth-tobacco-survey) (http://www.fda.gov/about-fda/website-policies/website-disclaimer)

Smoking and Tobacco Use

SEPTEMBER 17, 2024

Youth and Tobacco Use

WHAT TO KNOW

- Youth use of tobacco products in any form is unsafe.
- Preventing tobacco product use among youth is critical to reducing tobacco use into adulthood.
- Review the data about young tobacco use by product type.

Overview

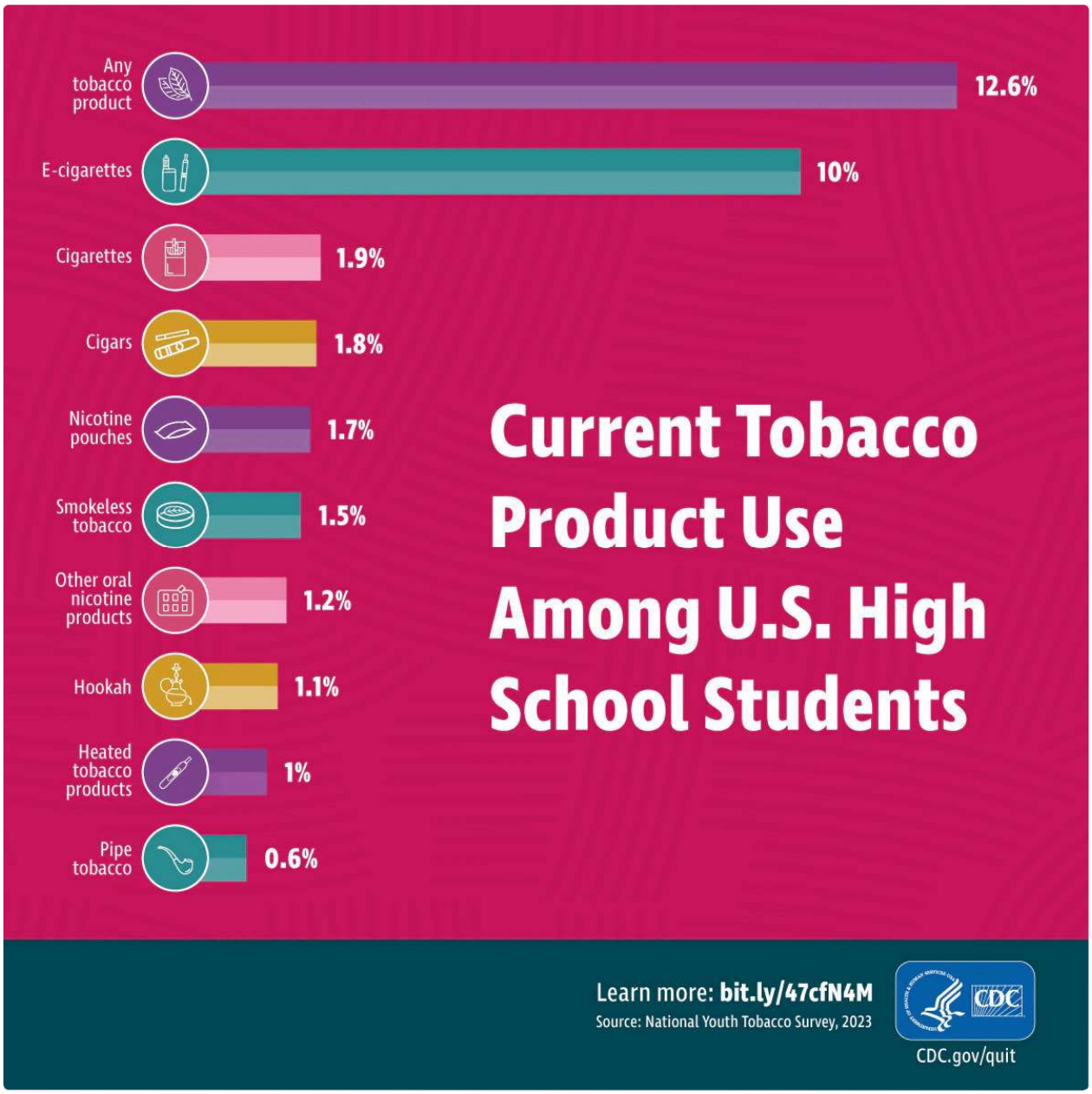
Youth use of tobacco products in any form is unsafe.

Preventing tobacco product use among youth is critical to reducing tobacco use among the nation's youth.

- Tobacco product use is started and established primarily during adolescence. [1] [2]
- Nearly 9 out of 10 adults who smoke cigarettes daily first try smoking by age 18.
- Flavorings in tobacco products can make them more appealing to youth. [3] [4]
  - In 2021, 80.2% of high school students and 74.6% of middle school students who used tobacco products in the past 30 days reported using a flavored tobacco product during that time. [5]
  - In 2023, 90.3% of high school students and 87.1% of middle school students who used e-cigarettes in the past 30 days reported using a flavored e-cigarette during that time. [6]

Keep Reading:
Learn more about trends in tobacco use among youth.

Estimates of current tobacco use among youth



See the breakdown of current tobacco products used by U.S. high school students.

Electronic cigarettes (E-cigarettes)

- E-cigarettes have been the most commonly used tobacco product among youth since 2014.
- In 2023, about 1 out of every 22 middle school students (4.6%) reported that they had used electronic cigarettes in the past 30 days. [6]
- In 2023, 1 of every 10 high school students (10.0%) reported that they had used electronic cigarettes in the past 30 days. [6]

Cigarettes

- In 2023, about 1 of every 100 middle school students (1.1%) reported that they had smoked cigarettes in the past 30 days. [6]
- In 2023, nearly 2 of every 100 high school students (1.9%) reported that they had smoked cigarettes in the past 30 days. [6]

Cigars

- In 2023, nearly 1 of every 100 middle school students (1.1%) reported that they had smoked cigars in the past 30 days. [6]
- In 2023, nearly 2 of every 100 high school students (1.8%) reported that they had smoked cigars in the past 30 days. [6]

Smokeless tobacco

- In 2023, nearly 1 of every 100 middle school students (0.7%) reported that they had had used smokeless tobacco in the past 30 days. [6]

- In 2023, nearly 2 of every 100 high school students (1.5%) reported that they had had used smokeless tobacco in the past 30 days. [6]

Hookah

- In 2023, less than 1 of every 100 middle school students (1.0%) reported that they had smoked hookah in the past 30 days. [6]
- In 2023, about 1 of every 100 high school students (1.1%) reported that they had smoked hookah in the past 30 days. [6]

Heated tobacco products

- In 2023, less than 1 of every 100 middle school students (0.8%) and about 1 of every 100 high school students (1.0%) reported using heated tobacco products in the past 30 days. [6]
- Heated tobacco products, also known as "heat-not-burn" products, deliver nicotine to the user by heating tobacco leaves rather than a nicotine-containing liquid like e-cigarettes.

Nicotine pouches

- In 2023, about 1 of every 100 high school students (1.7%) reported using nicotine pouches in the past 30 days. [6]
- Nicotine pouches are microfiber pouches with flavored nicotine powder that users dissolve in the mouth without spitting. Sales of nicotine pouches have increased rapidly in the U.S. [7]

All tobacco product use

- In 2023, more than 6 of every 100 middle school students (6.6%) and about 1 of every 8 high school students (12.6%) reported current use of a tobacco product. [6]
- In 2023, nearly 15 of every 100 middle school students (14.7%) and nearly 28 of every 100 high school students (27.9%) said they had ever tried a tobacco product. [6]

Many young people use multiple tobacco products.

- In 2023, more than 2 of every 100 middle school students (2.5%) and about 1 of every 30 high school students (3.9%) reported current use of multiple tobacco products in the past 30 days. [6]
- In 2023, about 6 of every 100 middle school students (6.1%) and more than 12 of every 100 high school students (12.7%) reported they had ever tried multiple tobacco products. [6]

Fact

Youth who use multiple tobacco products are at higher risk for developing nicotine dependence and might be more likely to continue using tobacco into adulthood. [1] [2]

Current Tobacco Product Use* Among High School Students in 2023 [6]

Tobacco Product	Overall	Girls	Boys
Any tobacco product†	12.6%	14.1%	11.2%
Electronic cigarettes	10.0%	12.2%	8.0%
Cigarettes	1.9%	1.5%	2.3%
Cigars	1.8%	1.4%	2.3%
Smokeless tobacco	1.5%	—	2.1%
Hookah	1.1%	1.4%	0.9%
Nicotine Pouches	1.7%	—	2.6%
Heated tobacco products	1.0%	0.7%	1.4%
Pipe tobacco	0.6%	0.5%	0.7%

Notes:

*"Current use" is determined by respondents indicating that they have used a tobacco product on at least 1 day during the past 30 days.

†In 2023, any tobacco product included e-cigarettes, cigarettes, cigars, smokeless tobacco (composite), pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), hookahs, heated tobacco products, nicotine pouches, and other oral nicotine products.

Current Tobacco Product Use* Among Middle School Students in 2023 [6]

Tobacco Product	Overall	Girls	Boys
Any tobacco product†	6.6%	7.5%	5.7%
Electronic cigarettes	4.6%	5.6%	3.5%
Cigarettes	1.1%	1.1%	—
Cigars	1.1%	1.2%	1.0%
Smokeless tobacco	0.7%	0.6%	—
Hookah	1.0%	—	0.8%
Nicotine Pouches	—	—	—
Heated tobacco products	0.8%	0.8%	—
Pipe tobacco	0.4%	—	—

Factors associated with youth tobacco product use

Factors associated with youth tobacco product use include the following:

- Social and physical environments [2] [8] [9]
  - The way mass media show tobacco product use as a normal activity can make young people want to try these products.
  - Youth are more likely to use tobacco products if they see people their age using these products.
  - High school athletes are more likely to use smokeless tobacco than those of the same age who are not athletes. [9]
  - Young people may be more likely to use tobacco products if a parent uses these products.
- Biological and genetic factors [1] [2] [8]
  - There is evidence that youth may be sensitive to nicotine and that teens can feel dependent on nicotine sooner than adults.
  - Genetic factors may make quitting smoking harder for young people.
  - Smoking during pregnancy may increase the likelihood that the child will smoke cigarettes regularly in the future.
- Mental health: There is a strong relationship between youth smoking and depression, anxiety, and stress. [2]
- Personal views: When young people expect positive things from smoking, such as coping with stress better or losing weight, they are more likely to smoke. [2] [8]
- Other influences that affect youth tobacco use include: [2] [8]
  - Lower socioeconomic status, including lower income or education
  - Not knowing how to say "no" to tobacco product use
  - Lack of support or involvement from parents
  - Accessibility, availability, and price of tobacco products
  - Doing poorly in school
  - Low self-image or self-esteem
  - Seeing tobacco product advertising in stores, on television, the Internet, in movies, or in magazines and newspapers

Youth are more likely to use tobacco products if they see people their age using these products.

Reducing youth tobacco product use

National, state, and local program activities have been shown to reduce and prevent youth tobacco product use when implemented together. [2] [10] [11] These activities include:

- Enacting higher costs for tobacco products (for example, through increased taxes) [2] [11]
- Prohibiting smoking in indoor areas of workplaces and public places [2] [11]
- Raising the minimum age of sale for tobacco products to 21 years [2] [10]
- Using TV and radio commercials, posters, and other media messages aimed at kids and teens in order to counter tobacco product ads [2] [11]
- Engaging community programs and school and college policies that encourage tobacco-free places and lifestyles [2] [10]
- Developing community programs that lower tobacco advertising, promotions, and help make tobacco products less easily available [2] [11]

Some social and environmental factors are related to lower smoking levels among youth. Among these are: [2]

- Being part of a religious group or tradition
- Racial/ethnic pride and strong racial identity
- Higher academic achievement

It is important to keep working to prevent and reduce the use of all forms of tobacco product use among youth.

SOURCES

CONTENT SOURCE:
National Center for Chronic Disease Prevention and Health Promotion; Office on Smoking and Health

REFERENCES

1. Corey CG, Ambrose BK, Apelberg BJ, King BA. Flavored tobacco product use among middle and high school students — United States, 2014. *MMWR Morb Mortal Wkly Rep* 2015;64(38):1066–1070. / U.S. Department of Health and Human Services. *The Health Consequences of Smoking—50 Years of Progress: A Report of the Surgeon General*. Centers for Disease Control and Prevention, U.S. Dept of Health and Human Services; 2014.
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Tobacco Product Use Among U.S. Middle and High School Students — National Youth Tobacco Survey, 2023

Weekly / November 3, 2023 / 72(44);1173–1182

Summary

What is already known about this topic?

Use of tobacco products in any form by youths is unsafe.

What is added by this report?

In 2023, 10.0% of middle and high school students reported current tobacco product use. From 2022 to 2023, current e-cigarette use among high school students declined from 14.1% to 10.0%. E-cigarettes remained the most commonly used tobacco product among youths. Among middle school and high school students who currently use e-cigarettes, 25.2% used e-cigarettes daily, and 89.4% used flavored e-cigarettes.

What are the implications for public health?

Tobacco use declined among high school students; however, sustained public health monitoring with implementation of evidence-based tobacco control strategies, including effective youth interventions, media campaigns, Food and Drug Administration regulations, and other proven tobacco prevention policies might further reduce youth tobacco product use.

Related Materials

Article PDF

Full Issue PDF

Jan Birdsey, MPH[1]; Monica Cornelius, PhD[1]; Ahmed Jamal, MBBS[1]; Eunice Park-Lee, PhD[2]; Maria R. Cooper, PhD[2]; Jia Wang, MPH[2]; Michael D. Sawdey, PhD[2]; Karen A. Cullen, PhD[2]; Linda Neff, PhD[1] (VIEW AUTHOR AFFILIATIONS)

View suggested citation

Abstract

Tobacco product use during adolescence increases the risk for lifelong nicotine addiction and adverse health consequences. CDC and the Food and Drug Administration analyzed data from the 2023 National Youth Tobacco Survey to assess tobacco product use patterns among U.S. middle school (grades 6–8) and high school (grades 9–12) students. In 2023, 10.0% of middle and high school students (2.80 million) reported current (i.e., past 30-day) use of any tobacco product. Current use

of any tobacco product by high school students declined by an estimated 540,000, from 2.51 million in 2022 to 1.97 million in 2023. From 2022 to 2023, current e-cigarette use among high school students declined from 14.1% to 10.0%. Among middle and high school students, e-cigarette products were the most used tobacco product in 2023 (7.7%; 2.13 million), followed by cigarettes (1.6%), cigars (1.6%), nicotine pouches (1.5%), smokeless tobacco (1.2%), other oral nicotine products (1.2%), hookahs (1.1%), heated tobacco products (1.0%), and pipe tobacco (0.5%). Among students who had ever used an e-cigarette, 46.7% reported current use. In 2023, among students reporting current e-cigarette use, 89.4% used flavored products and 25.2% used an e-cigarette daily; the most commonly reported brands were Elf Bar, Esco Bars, Vuse, JUUL, and Mr. Fog. Given the number of middle and high school students that use tobacco products, sustained efforts to prevent initiation of tobacco product use among young persons and strategies to help young tobacco users quit are critical to reducing U.S. youth tobacco product use.

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Introduction

Commercial tobacco use* among U.S. youths can lead to lifelong nicotine addiction (*1*) and subsequent disability, disease, and death (*2*). This report presents findings from the 2023 National Youth Tobacco Survey (NYTS) and describes the prevalence of ever use (i.e., ever having used, even once or twice) and current use of nine tobacco product types, flavored tobacco products, and e-cigarette use behaviors among U.S. middle and high school students. In addition, 2023 NYTS results are compared with those reported for 2022 NYTS data (*3*).

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Methods

Data Collection

The NYTS is a cross-sectional, school-based, self-administered web-based survey of U.S. middle and high school students. A stratified, three-stage cluster sampling procedure was used to generate a nationally representative sample of U.S. students attending private or public middle (grades 6–8) and high (grades 9–12) schools. In 2023, data were collected during March 9–June 16; a total of 22,069 students from 179 schools participated, with an overall response rate of 30.5%.

Data Analysis

National weighted prevalence estimates, 95% CIs, and population totals† were calculated for ever use (i.e., ever having used, even once or twice) and current use (i.e., use on ≥1 days during the past 30 days) of nine commercial tobacco products§ (e-cigarettes, cigarettes, cigars, smokeless tobacco, nicotine pouches,¶ hookahs, pipe tobacco, heated tobacco products,** and other oral nicotine products) by student characteristics. Three composite measures were also reported for use of any tobacco product,†† any combustible tobacco product,§§ and multiple tobacco products.¶¶ Current e-cigarette use (i.e., use on ≥1 day during the past 30 days) was reported by frequency of use, device type,*** brand,††† and flavor.§§§ Changes in current-use prevalence since 2022 were estimated using t-tests; details of the 2022 NYTS data collection and estimates have been published previously (*3*). P-values <0.05 were considered statistically significant. Analyses were conducted using SAS-callable SUDAAN software (version 11.0.4; Research Triangle Institute). Estimates with an unweighted denominator <50 or a relative SE >30% were suppressed. This activity was reviewed by CDC, deemed not research, and was conducted consistent with applicable federal law and CDC policy.¶¶¶

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Results

Tobacco Product Use by Population

In 2023, 22.2% of U.S. middle and high school students reported ever using any tobacco product, corresponding to 6.21 million persons (Table 1); 10.0% of students reported current use of any tobacco product, corresponding to 2.80 million persons (Table 2). Overall, current use of any tobacco product was reported by 11.2% of female, 8.9% of male, 12.6% of non-Hispanic multiracial (multiracial), 11.7% of Hispanic or Latino (Hispanic), 9.5% of non-Hispanic White (White), 9.3% of non-Hispanic Black or African American (Black), and 8.0% of non-Hispanic American Indian or Alaska Native (AI/AN) students.**** Current use of any combustible tobacco product was reported by 4.7% of Black, 3.9% of Hispanic, 3.7% of multiracial, and 2.7% of White and AI/AN students.

Types of Tobacco Products Used

E-cigarettes were the most commonly reported currently used tobacco product among all students (7.7%) and both middle school (4.6%) and high school students (10.0%). Other currently used tobacco products included cigarettes (1.6%), cigars (1.6%), nicotine pouches (1.5%), smokeless tobacco (1.2%), other oral nicotine products (1.2%), hookahs (1.1%), heated tobacco products (1.0%), and pipe tobacco (0.5%). Among students who had ever used e-cigarettes, 46.7% reported current e-cigarette use.

Characteristics of E-cigarette Use

Among students reporting current e-cigarette use, 25.2% reported using e-cigarettes daily. Frequent use (≥20 of the past 30 days) was reported by 34.7% of current e-cigarette users (Table 3). Disposable e-cigarettes were the most commonly reported device type used (60.7%), followed by prefilled or refillable pods or cartridges (16.1%), and tanks or mod systems (modifiable devices allowing users to customize the substances in the device) (5.9%). Among students who currently used e-cigarettes, Elf Bar was the most commonly reported brand (56.7%), followed by Esco Bars (21.6%), Vuse (20.7%), JUUL (16.5%), and Mr. Fog (13.6%).

Among students reporting current e-cigarette use, 89.4% reported using a flavored product during the past 30 days, excluding those who only used tobacco-flavored or unflavored e-cigarettes (Table 3). Among students who currently used e-cigarettes, fruit- (63.4%) and candy- (35.0%) flavored categories were reported most commonly; 6.4% of students reported use of tobacco-flavored e-cigarettes. Among those who currently used disposable e-cigarettes, the top reported flavor categories were fruit (70.5%), candy (39.8%), mint (32.0%), menthol (18.7%), unflavored (7.8%), alcoholic drinks (7.2%), and tobacco-flavored (5.4%) (Supplementary Table 1, https://stacks.cdc.gov/view/cdc/134700). Among students reporting current use of any tobacco product, 86.9% used a flavored product, ranging from 40.4% of cigarette users (menthol) to 89.4% of e-cigarette users (Supplementary Table 2, https://stacks.cdc.gov/view/cdc/134701). Among students currently using tobacco products, use of products with “ice” or “iced”[††††] included in the flavor name was reported by 57.9% of e-cigarette users, 25.9% of nicotine pouch users, and 22.6% of cigar users; use of concept flavors[§§§§] was reported by 16.1% of e-cigarette users and 13.4% of cigar users (Supplementary Table 3, https://stacks.cdc.gov/view/cdc/134702).

Tobacco Product Use Over Time

From 2022 to 2023, among high school students, statistically significant declines ($p<0.05$) occurred in current use of any tobacco product (from 16.5% to 12.6%), e-cigarettes (from 14.1% to 10.0%), cigars (from 2.8% to 1.8%), and any combustible tobacco product (from 5.2% to 3.9%). Among middle school students, statistically significant increases ($p<0.05$) occurred in current use of any tobacco product (from 4.5% to 6.6%) and multiple tobacco products (from 1.5% to 2.5%). Among middle school and high school students combined, no significant change in current use of any composite measure or individual tobacco product was observed.

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Discussion

Current use of any tobacco product by high school students declined by an estimated 540,000 students, from 2.51 million in 2022 (*3*) to 1.97 million in 2023. In 2023, 22.2% of middle and high school students (representing 6.21 million) reported ever using any tobacco product, and 10.0% of students (representing 2.80 million) reported current use of any tobacco product. Similar to 2022 (*3*), ever use of any tobacco product was lowest among non-Hispanic Asian students and did not differ significantly across most racial and ethnic groups.

E-cigarettes have been the most commonly used tobacco product among U.S. youths since 2014 (*4*). Youth e-cigarette use is a critical public health concern, because approximately one half of students ever using e-cigarettes reported using them currently, indicating that many young persons who try e-cigarettes remain e-cigarette users. In 2023, 10.0% of high school students and 4.6% of middle school students used e-cigarettes during the past 30 days. From 2022 (*3*) to 2023, a significant decline in current e-cigarette use occurred among high school students (from 14.1% to 10.0%), while no statistically significant change occurred among middle school students (from 3.3% in 2022 to 4.6% in 2023). The decline since 2022 in high school student e-cigarette use is likely attributable to multiple factors, such as ongoing efforts at the national, state, and local levels to implement tobacco control strategies, including Food and Drug Administration (FDA) regulatory actions. Continued surveillance is needed to determine the trajectory of middle school e-cigarette use. Despite the decline in e-cigarette use among high school students, close to 40% of high school students using e-cigarettes reported

frequent use, and 29.9% reported daily use. Furthermore, 550,000 middle school students currently used e-cigarettes, including 20.7% reporting frequent use. Similar patterns were observed in 2022 for both middle school and high school students. These findings are concerning, because adolescents have reported symptoms of nicotine dependence when using tobacco products only 1–3 days per month (*1*). Efforts aimed at reducing nicotine dependence among adolescents by preventing initiation of tobacco products is important (*5*).

Among students who reported current e-cigarette use, disposables were the most commonly used device type. Disposable e-cigarettes have been gaining market share; they are relatively inexpensive, have a high nicotine content, and are available in flavors appealing to youths (e.g., fruit and candy) (*6*). In January 2020, FDA announced that it would prioritize enforcement against prefilled e-cigarettes in flavors other than tobacco and menthol (*7*). In 2023, NYTS for the first time assessed tobacco-flavored product use, use of flavors that included the word “ice” or “iced” in their name, and use of concept flavors. These results, combined with results of other flavored tobacco product use research, continue to demonstrate the high appeal of flavored tobacco products among young persons.

Multiple factors continue to influence tobacco product use and initiation among middle and high school students, including availability of flavored products, marketing, and misperceptions regarding harm. Continued surveillance provides an understanding of the prevalence and frequency of tobacco product use, the popularity of specific brands and flavors, and how product use behaviors change over time as the tobacco product marketplace continues to diversify.

Limitations

The findings in this report are subject to at least three limitations. First, data were obtained by self-report, which can result in social desirability and recall biases, although previous research suggests that self-reported measures of tobacco use among persons aged 12–21 years correlate with biomarkers of tobacco use (*8*). Second, these findings might not be generalizable to youths who are home-schooled, have dropped out of school, are in detention centers, or are enrolled in alternative schools. Finally, the response rate for the 2023 NYTS was lower than that for the 2022 NYTS (30.5% in 2023 versus 45.2% in 2022). The lower response rate can increase the potential for bias and result in higher SEs for some estimates; higher SEs can reduce the power to detect a significant difference, if there is one, when doing year to year comparisons, especially for certain population groups. Adjustments were made to the survey weights to reduce the potential for nonresponse bias. Therefore, 2023 NYTS estimates may be compared with 2022 NYTS estimates for the same population groups.

Implications for Public Health Practice

In 2023, 10.0% (representing 2.80 million) of U.S. middle and high school students reported current tobacco product use. A significant decline in current e-cigarette use occurred among high school students from 2022 to 2023 (from 14.1% to 10.0%). Given the negative health consequences of tobacco use (*2*) and the unique harms associated with adolescent nicotine exposure (*1*), prevention of tobacco use by youths is imperative. Thus, a continued comprehensive approach to tobacco use prevention is needed to further reduce tobacco use among youths, based on knowledge about youth product use behaviors. Further, longstanding and proven tobacco prevention policies, such as price increases, comprehensive smoke-free policies (that include e-cigarettes), counter-marketing campaigns, and health care intervention, will continue to reduce youth initiation and tobacco use (*5*).

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Corresponding author: Jan Birdsey, JBirdsey@cdc.gov.

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[1]Office on Smoking and Health, National Center for Chronic Disease Prevention and Health Promotion, CDC; [2]Center for Tobacco Products, Food and Drug Administration, Silver Spring, Maryland.

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* The term “tobacco” as used in this report refers to commercial tobacco products and not to sacred and traditional use of tobacco by some American Indian communities.

† Data were weighted to account for complex survey design and to adjust for nonresponse. The weighted proportions of students in each grade matched national population proportions for U.S. public and private schools derived from data from Market Data Retrieval Inc. 2021–2022 Common Core of Data and the National Center for Education Statistics 2019–2020 Private School Universe Study. Population total estimates were rounded down to the nearest 10,000 persons.

§ Products include e-cigarettes, cigarettes, cigars (cigars, cigarillos, or little cigars), smokeless tobacco (chewing tobacco, snuff, dip, or snus), hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), and other oral nicotine products (lozenges, discs, tablets, gums, dissolvable tobacco products, and other products). In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

¶ Small, flavored pouches contain nicotine that comes from tobacco. Users place them in their mouth. Nicotine pouches are different from other smokeless tobacco products such as snus, dip, or chewing tobacco, because they do not contain any tobacco leaf.

** Heated tobacco products heat processed tobacco leaf in the form of sticks (“heatsticks”), plugs, or capsules to produce a vapor that the user inhales. They are different from e-cigarettes, which heat a liquid to produce a vapor.

†† Any tobacco product use was defined as use of one or more of the following tobacco products: e-cigarettes, cigarettes, cigars, smokeless tobacco, hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis, or other oral nicotine products.

§§ Any combustible tobacco product use is defined as use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

¶¶ Multiple tobacco product use was defined as use of two or more of the following tobacco products: e-cigarettes, cigarettes, cigars, smokeless tobacco, hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis, or other oral nicotine products.

*** Categories used are “disposables,” “prefilled or refillable pods or cartridges,” “tanks or mod system,” or “don’t know the type.” Disposable e-cigarettes come prefilled with e-liquid and are designed to be discarded once empty. Some pods or cartridges come prefilled with e-liquid that is replaced after use, although others can be refilled by the user. Tank or mod-type devices can also be refilled but are also usually customizable.

††† Brand response options included blu, Breeze, Elf Bar, Esco Bars, Fume, HQD, JUUL, Kangvape (including Onee Stick), Logic, Mr. Fog, NJOY, SMOK (including NOVO), Suorin (including Air Bar), Vuse, “some other brand(s) not listed here” with space for a write-in name, and “not sure/I don’t know the brand.” Write-in responses corresponding to an original response option were recoded.

§§§ Flavor type was determined by response to the question, “In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more).” Those who selected “some other flavor not listed here” could provide a write-in response; write-in responses corresponding to an original response option were recoded.

¶¶¶ 45 C.F.R. part 46.102(l)(2), 21 C.F.R. part 56; 42 U.S.C. Sect. 241(d); 5 U.S.C. Sect. 552a; 44 U.S.C. Sect. 3501 et seq.

**** Estimates among non-Hispanic Asian and non-Hispanic Native Hawaiian or other Pacific Islander students were statistically unreliable for all current measures and are not reported.

†††† Current users were asked, “Did any of the flavors you used in the past 30 days have names or descriptions that included the word ‘ice’ or ‘iced’ (for example, blueberry ice or strawberry ice)?” Those who reported using only “unflavored” e-cigarettes (n = 60) or nicotine pouches (n = 11) were not asked the question.

§§§§ Current users were asked, “Did any of the flavors that you used in the past 30 days have a name that did not describe a specific flavor, such as ‘solar,’ ‘purple,’ ‘jazz,’ ‘island bash,’ ‘fusion,’ or some other word or phrase?” Those who reported using only “unflavored” e-cigarettes (n = 60) or nicotine pouches (n = 11) were not asked the question.

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TABLE 1. Percentage of middle and high school students who reported ever using tobacco products,* b product, overall and by school level, sex, and race and ethnicity — National Youth Tobacco Survey, Un States, 2023

Tobacco product	% (95% CI)									Total estim weig no.§
	Sex		Race and ethnicity†							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Overall										
Any tobacco product¶	23.7 (21.5–26.0)	20.8 (18.9–22.8)	22.7 (16.8–30.0)	12.1 (6.5–21.5)	20.1 (17.7–22.6)	23.1 (20.2–26.2)	23.8 (22.2–25.4)	27.9 (22.5–33.9)	**22.2 (20.5–23.9)**	**6,21**
E-cigarettes	19.4 (17.5–21.5)	14.7 (13.2–16.3)	15.4 (10.7–21.8)	—**	12.9 (11.1–14.8)	18.4 (15.9–21.1)	18.2 (16.3–20.2)	20.8 (15.9–26.8)	**17.0 (15.6–18.5)**	**4,75**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Cigarettes	7.0 (6.0–8.1)	6.5 (5.4–7.7)	9.5 (5.6–15.5)	—	4.1 (2.9–5.8)	7.5 (6.3–8.9)	7.4 (5.9–9.2)	8.7 (6.0–12.4)	**6.7 (6.0–7.6)**	**1,84**
Cigars[††]	3.8 (2.9–4.8)	5.8 (4.8–7.0)	—	—	4.7 (3.4–6.4)	5.2 (4.1–6.6)	4.7 (4.0–5.5)	6.9 (4.8–9.8)	**4.8 (4.0–5.6)**	**1,30**
Hookahs	3.4 (2.4–4.8)	2.7 (1.9–3.8)	—	—	4.5 (2.7–7.2)	2.5 (1.7–3.5)	3.5 (2.7–4.5)	3.6 (2.4–5.2)	**3.0 (2.4–3.9)**	**820**
Smokeless tobacco (composite)[††]	2.2 (1.7–2.9)	3.7 (2.8–4.8)	—	—	1.3 (0.8–2.1)	3.4 (2.5–4.6)	2.9 (2.2–3.8)	5.0 (3.3–7.5)	**3.0 (2.4–3.6)**	**800**
Other oral nicotine products[††]	2.7 (2.1–3.4)	3.2 (2.6–4.1)	4.9 (2.8–8.5)	—	1.7 (1.1–2.6)	3.2 (2.4–4.1)	3.5 (2.7–4.6)	4.2 (2.4–7.2)	**3.0 (2.5–3.5)**	**800**
Nicotine pouches	1.7 (1.2–2.4)	3.0 (2.2–4.1)	—	—	—	3.0 (2.3–3.9)	2.0 (1.2–3.2)	—	**2.3 (1.8–3.0)**	**580**
Pipe tobacco	1.5 (1.1–2.0)	1.9 (1.4–2.5)	—	—	—	1.8 (1.3–2.5)	2.0 (1.5–2.7)	2.3 (1.3–3.9)	**1.7 (1.4–2.0)**	**440**
Heated tobacco products	1.5 (1.1–2.0)	1.5 (1.0–2.1)	—	—	1.7 (1.0–2.9)	1.4 (0.9–2.0)	1.8 (1.3–2.4)	1.6 (0.9–3.0)	**1.5 (1.1–2.0)**	**370**
Any combustible tobacco product[§§]	10.9 (9.3–12.8)	11.6 (10.1–13.2)	11.1 (7.0–17.1)	4.4 (2.4–7.8)	11.2 (8.5–14.7)	11.6 (9.7–13.7)	12.0 (10.4–13.8)	14.4 (11.0–18.5)	**11.2 (9.9–12.7)**	**3,09**
Multiple tobacco products[¶¶]	10.1 (8.7–11.8)	9.6 (8.4–10.9)	11.0 (7.2–16.3)	3.6 (2.1–6.0)	7.3 (5.5–9.7)	10.8 (9.1–12.8)	10.3 (8.9–11.8)	13.3 (10.1–17.3)	**9.8 (8.7–11.1)**	**2,75**
High school students (grades 9–12)										

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Any tobacco product[¶]	30.1 (26.9–33.5)	25.9 (23.5–28.5)	29.0 (19.1–41.5)	—	21.8 (18.8–25.2)	31.4 (28.0–34.9)	27.3 (24.8–29.8)	35.1 (27.3–43.7)	**27.9 (25.8–30.2)**	**4,39**
E-cigarettes	26.0 (23.2–29.0)	19.5 (17.6–21.5)	20.3 (12.5–31.2)	—	14.7 (11.7–18.2)	26.0 (23.0–29.2)	22.3 (20.0–24.9)	27.5 (20.9–35.3)	**22.6 (20.9–24.5)**	**3,55**
Cigarettes	8.8 (7.3–10.6)	8.3 (7.0–9.7)	—	—	3.0 (1.8–5.0)	10.5 (9.0–12.1)	8.8 (6.9–11.1)	10.5 (6.8–15.7)	**8.5 (7.7–9.5)**	**1,31**
Cigars[††]	4.8 (3.6–6.4)	7.9 (6.3–9.9)	—	—	4.8 (3.2–7.1)	7.8 (6.1–10.0)	5.4 (4.4–6.6)	9.6 (6.4–14.0)	**6.4 (5.3–7.7)**	**980**
Hookahs	4.0 (2.7–5.9)	3.5 (2.3–5.4)	—	—	—	3.6 (2.5–5.3)	3.9 (2.7–5.5)	3.3 (1.9–5.8)	**3.7 (2.8–5.1)**	**560**
Smokeless tobacco (composite)[††]	2.2 (1.5–3.2)	4.3 (3.3–5.7)	—	—	—	3.8 (2.8–5.1)	2.9 (2.1–4.0)	6.9 (4.1–11.4)	**3.3 (2.6–4.1)**	**500**
Other oral nicotine products[††]	2.8 (2.0–4.0)	4.0 (3.1–5.3)	—	—	1.6 (0.9–2.7)	4.1 (3.0–5.4)	3.8 (3.0–4.8)	—	**3.5 (2.8–4.2)**	**520**
Nicotine pouches	2.0 (1.4–2.9)	4.1 (3.0–5.6)	—	—	—	4.5 (3.5–5.7)	1.8 (1.1–2.8)	—	**3.1 (2.4–4.0)**	**430**
Pipe tobacco	1.7 (1.2–2.5)	2.4 (1.8–3.2)	—	—	—	2.7 (2.0–3.5)	2.2 (1.5–3.2)	3.3 (2.0–5.5)	**2.1 (1.7–2.5)**	**310**
Heated tobacco products	1.7 (1.2–2.5)	1.6 (1.0–2.4)	—	—	—	1.8 (1.2–2.8)	1.5 (0.9–2.3)	—	**1.6 (1.2–2.3)**	**230**
Any combustible tobacco product[§§]	13.6 (11.3–16.2)	14.9 (13.0–16.9)	—	—	10.7 (8.2–14.0)	16.4 (14.1–19.1)	13.8 (11.7–16.3)	17.5 (12.6–23.7)	**14.2 (12.6–16.1)**	**2,19**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Multiple tobacco products[¶¶]	12.8 (10.5–15.4)	12.6 (11.1–14.2)	14.2 (8.0–24.0)	4.6 (2.5–8.3)	7.1 (4.9–10.1)	15.4 (13.1–18.1)	11.7 (10.0–13.6)	17.1 (12.2–23.3)	**12.7 (11.1–14.4)**	**1,99**
Middle school students (grades 6–8)										
Any tobacco product[¶]	15.4 (12.9–18.3)	13.8 (11.3–16.6)	15.3 (9.7–23.2)	—	17.8 (12.9–24.0)	12.3 (10.0–14.9)	18.7 (16.5–21.1)	17.6 (13.0–23.6)	**14.7 (12.5–17.1)**	**1,78**
E-cigarettes	11.0 (9.1–13.3)	8.2 (6.9–9.8)	—	—	10.6 (8.5–13.1)	8.4 (6.8–10.3)	12.3 (10.5–14.4)	11.3 (6.3–19.5)	**9.7 (8.3–11.3)**	**1,17**
Cigarettes	4.6 (3.6–5.9)	4.0 (2.7–5.9)	—	—	5.5 (3.9–7.8)	3.5 (2.5–5.1)	5.3 (3.8–7.2)	—	**4.3 (3.3–5.5)**	**510**
Cigars[††]	2.4 (1.6–3.6)	2.9 (2.0–4.2)	—	—	4.6 (2.8–7.4)	1.7 (1.1–2.6)	3.5 (2.3–5.3)	—	**2.6 (1.9–3.7)**	**310**
Hookahs	—	1.7 (1.2–2.3)	—	—	—	0.9 (0.5–1.6)	2.9 (2.1–4.0)	—	**2.1 (1.4–3.2)**	**240**
Smokeless tobacco (composite)[††]	2.3 (1.6–3.1)	2.7 (1.8–4.0)	—	—	—	2.9 (1.9–4.4)	2.5 (1.6–3.9)	—	**2.4 (1.8–3.3)**	**290**
Other oral nicotine products[††]	2.4 (1.8–3.2)	2.1 (1.6–2.7)	—	—	—	2.0 (1.4–2.9)	2.9 (1.8–4.4)	2.9 (1.6–5.2)	**2.2 (1.8–2.7)**	**260**
Nicotine pouches	—	—	—	—	—	1.0 (0.6–1.8)	—	—	—	-
Pipe tobacco	1.1 (0.6–2.0)	1.1 (0.6–2.0)	—	—	—	—	1.7 (1.2–2.4)	—	**1.1 (0.7–1.6)**	**120**
Heated tobacco products	1.2 (0.7–1.9)	—	—	—	—	0.8 (0.5–1.5)	2.1 (1.6–2.8)	—	**1.2 (0.8–1.8)**	**130**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Any combustible tobacco product[§§]	7.5 (5.7–10.0)	7.2 (5.1–9.9)	6.6 (3.6–11.7)	—	11.9 (7.0–19.4)	5.3 (3.8–7.3)	9.3 (7.3–11.7)	9.8 (6.4–14.8)	**7.3 (5.6–9.4)**	**870**
Multiple tobacco products[¶¶]	6.7 (5.3–8.6)	5.5 (4.2–7.2)	—	—	7.6 (4.7–12.2)	4.7 (3.5–6.2)	8.0 (6.0–10.6)	7.9 (5.3–11.6)	**6.1 (4.9–7.5)**	**740**

Abbreviations: AI/AN = American Indian or Alaska Native; NH = non-Hispanic.

* Ever use is defined as ever having used the product, even once or twice. Because of missing data on the ever use questions, denominators for each tobacco product might be different. For each question, response options were "yes" or "no."

† Hispanic or Latino persons could be of any race. Estimates among NH Native Hawaiian or other Pacific Islander students, overall and by school level, were statistically unreliable for all measures and are not presented in this table.

§ Estimated weighted total number of ever tobacco product users was rounded down to the nearest 10,000 persons. Overall estimates were reported based on 22,069 U.S. middle and high school students. School level was determined by reported grade level: high school (grades 9–12; n = 10,879) and middle school (grades 6–8; n = 11,067). The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report sex, race and ethnicity, or grade level.

¶ Any tobacco product use is defined as ever use of one or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), or other oral nicotine products.

** Dashes indicate that data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

†† Cigars were defined as cigars, cigarillos, or little cigars. Smokeless tobacco (composite) was defined as chewing tobacco, snuff, dip, or snus. Other oral nicotine products were defined as lozenges, discs, tablets, gums, dissolvable tobacco products, and other products. In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

§§ Any combustible tobacco product use was defined as ever use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

¶¶ Multiple tobacco product use was defined as ever use of two or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis, or other oral nicotine products.

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TABLE 2. Percentage of middle and high school students who reported current (past 30-day) tobacco product use, by product,* overall and by school level, sex, and race and ethnicity — National Youth Tobacco Survey, United States, 2023

Return

Tobacco product	% (95% CI)								Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Overall									
Any tobacco product[¶]	11.2 (9.5–13.1)	8.9 (7.7–10.3)	8.0 (4.7–13.2)	9.3 (7.5–11.3)	9.5 (7.7–11.6)	11.7 (10.1–13.4)	12.6 (8.8–17.7)	**10.0 (8.9–11.2)**	**2,800,000**
E-cigarettes	9.3 (8.1–10.8)	6.1 (5.0–7.4)	5.9 (3.4–10.0)	5.6 (4.5–7.1)	7.7 (6.3–9.4)	8.5 (7.4–9.8)	10.2 (6.8–15.1)	**7.7 (6.8–8.6)**	**2,130,000**
Cigarettes	1.4 (1.0–1.9)	1.8 (1.4–2.4)	—**	—	1.6 (1.1–2.3)	2.1 (1.5–3.1)	1.6 (1.0–2.8)	**1.6 (1.2–2.1)**	**430,000**
Cigars	1.3 (0.9–2.0)	1.8 (1.4–2.3)	—	2.3 (1.4–3.8)	1.0 (0.7–1.4)	2.2 (1.7–2.8)	—	**1.6 (1.2–2.0)**	**420,000**
Nicotine pouches	0.8 (0.5–1.3)	2.1 (1.5–3.0)	—	—	1.4 (0.9–2.2)	1.9 (1.1–3.3)	—	**1.5 (1.0–2.1)**	**400,000**
Smokeless tobacco (composite)[††]	—	1.6 (1.1–2.3)	—	—	1.2 (0.7–1.8)	1.6 (1.1–2.4)	—	**1.2 (0.9–1.7)**	**330,000**
Other oral nicotine products	1.1 (0.9–1.4)	1.2 (0.9–1.7)	0.5 (0.3–0.8)	—	1.2 (0.9–1.5)	1.5 (1.1–2.0)	—	**1.2 (1.0–1.4)**	**310,000**
Hookahs	1.3 (0.8–2.1)	0.9 (0.6–1.3)	—	—	0.7 (0.4–1.1)	1.3 (1.0–1.7)	1.3 (0.7–2.4)	**1.1 (0.8–1.5)**	**290,000**
Heated tobacco products	0.7 (0.5–1.0)	1.2 (0.8–1.9)	—	1.0 (0.5–1.7)	0.7 (0.4–1.2)	1.5 (1.0–2.2)	—	**1.0 (0.7–1.3)**	**260,000**
Pipe tobacco	0.5 (0.3–0.7)	0.6 (0.4–0.9)	—	—	0.5 (0.3–0.8)	0.9 (0.5–1.4)	—	**0.5 (0.4–0.7)**	**130,000**

Tobacco product	% (95% CI)								
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	Total estimated weighted no.[§]
Any combustible tobacco product[§§]	3.3 (2.6–4.1)	3.5 (2.9–4.2)	2.7 (1.5–4.9)	4.7 (3.1–7.0)	2.7 (2.2–3.5)	3.9 (3.1–4.8)	3.7 (2.4–5.5)	**3.4 (2.9–4.0)**	**920,000**
Multiple tobacco products[¶¶]	3.4 (2.7–4.2)	3.4 (2.7–4.2)	2.0 (1.1–3.5)	3.2 (1.8–5.5)	3.1 (2.4–4.0)	3.9 (3.4–4.5)	4.1 (2.6–6.5)	**3.4 (2.9–3.9)**	**940,000**
High school students (grades 9–12)									
Any tobacco product[¶]	14.1 (11.6–17.0)	11.2 (9.4–13.1)	—	9.8 (7.7–12.5)	13.6 (11.2–16.5)	12.4 (10.6–14.4)	17.2 (11.3–25.3)	**12.6 (11.1–14.3)**	**1,970,000**
E-cigarettes	12.2 (10.3–14.5)	8.0 (6.3–10.0)	—	5.6 (4.2–7.4)	11.3 (9.2–13.7)	9.7 (8.0–11.8)	14.2 (9.0–21.8)	**10.0 (8.8–11.4)**	**1,560,000**
Cigarettes	1.5 (1.0–2.2)	2.3 (1.8–2.9)	—	—	2.2 (1.4–3.4)	2.2 (1.6–3.0)	—	**1.9 (1.5–2.4)**	**290,000**
Cigars	1.4 (0.8–2.3)	2.3 (1.7–3.0)	—	1.9 (1.2–3.0)	1.4 (0.9–2.2)	2.3 (1.6–3.3)	—	**1.8 (1.4–2.4)**	**280,000**
Nicotine pouches	—	2.6 (1.9–3.6)	—	—	2.2 (1.4–3.4)	1.6 (0.9–2.7)	—	**1.7 (1.2–2.5)**	**260,000**
Smokeless tobacco (composite)[††]	—	2.1 (1.4–3.0)	—	—	1.7 (1.1–2.6)	1.7 (1.1–2.7)	—	**1.5 (1.1–2.2)**	**230,000**
Other oral nicotine products	0.9 (0.7–1.3)	1.5 (1.0–2.2)	—	—	1.3 (1.0–1.8)	1.6 (1.1–2.2)	—	**1.2 (1.0–1.6)**	**180,000**
Hookahs	1.4 (0.8–2.4)	0.9 (0.6–1.5)	—	—	—	1.0 (0.6–1.6)	—	**1.1 (0.8–1.6)**	**170,000**

Tobacco product	% (95% CI)								
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	Total estimated weighted no.[§]
Heated tobacco products	0.7 (0.4–1.2)	1.4 (0.8–2.5)	—	—	—	1.6 (0.9–2.7)	—	**1.0 (0.7–1.6)**	**150,000**
Pipe tobacco	0.5 (0.3–0.9)	0.7 (0.4–1.2)	—	—	0.6 (0.4–1.0)	_	—	**0.6 (0.4–0.9)**	**90,000**
Any combustible tobacco product[§§]	3.6 (2.7–4.7)	4.3 (3.6–5.2)	—	4.5 (3.2–6.2)	3.8 (3.0–5.0)	3.8 (2.8–5.0)	5.3 (3.3–8.6)	**3.9 (3.4–4.6)**	**600,000**
Multiple tobacco products[¶¶]	3.5 (2.7–4.7)	4.3 (3.4–5.5)	—	—	4.3 (3.2–5.7)	3.9 (3.0–5.1)	6.1 (3.6–10.2)	**3.9 (3.3–4.7)**	**610,000**
Middle school students (grades 6–8)									
Any tobacco product[¶]	7.5 (5.9–9.4)	5.7 (4.1–8.0)	—	8.5 (5.8–12.4)	4.1 (3.2–5.2)	10.3 (7.5–14.0)	6.0 (3.4–10.5)	**6.6 (5.1–8.5)**	**800,000**
E-cigarettes	5.6 (4.5–7.1)	3.5 (2.5–4.8)	—	5.7 (3.9–8.2)	3.1 (2.2–4.2)	6.6 (5.3–8.2)	—	**4.6 (3.6–5.8)**	**550,000**
Cigarettes	1.1 (0.7–1.9)	—	—	—	0.8 (0.4–1.4)	—	—	**1.1 (0.6–1.9)**	**120,000**
Cigars	1.2 (0.7–2.2)	1.0 (0.6–1.8)	—	—	—	1.8 (1.1–3.1)	—	**1.1 (0.7–1.8)**	**130,000**
Nicotine pouches	—	—	—	—	0.5 (0.3–0.8)	—	—	—	—
Smokeless tobacco (composite)[††]	0.6 (0.4–1.0)	—	—	—	—	—	—	**0.7 (0.5–1.2)**	**80,000**

Tobacco product	% (95% CI)								Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Other oral nicotine products	1.3 (0.9–1.8)	0.8 (0.6–1.3)	—	—	1.0 (0.6–1.6)	1.3 (0.8–2.0)	—	**1.1 (0.8–1.4)**	**120,000**
Hookahs	—	0.8 (0.5–1.5)	—	—	0.4 (0.2–0.7)	1.8 (1.1–2.9)	—	**1.0 (0.6–1.8)**	**120,000**
Heated tobacco products	0.8 (0.4–1.3)	—	—	—	—	1.3 (0.8–2.3)	—	**0.8 (0.5–1.4)**	**90,000**
Pipe tobacco	—	—	—	—	—	—	—	**0.4 (0.2–0.6)**	**40,000**
Any combustible tobacco product[§§]	2.8 (1.8–4.4)	2.3 (1.4–3.6)	—	—	1.3 (0.9–1.9)	3.7 (2.4–5.6)	—	**2.5 (1.7–3.8)**	**300,000**
Multiple tobacco products[¶¶]	3.1 (2.2–4.4)	2.0 (1.3–3.0)	—	—	1.5 (1.0–2.2)	3.5 (2.5–4.9)	—	**2.5 (1.8–3.5)**	**300,000**

Abbreviations: AI/AN = American Indian or Alaska Native; NH = non-Hispanic.

* Current use is defined as use on ≥1 days during the past 30 days for each product. Because of missing data on past 30-day use questions, denominators for each tobacco product might be different.

† Hispanic or Latino persons could be of any race. Estimates among NH Asian and NH Native Hawaiian or other Pacific Islander students, overall and by school level, were statistically unreliable for all measures and are not presented in this table.

§ Estimated weighted total number of current tobacco product users was rounded down to the nearest 10,000 persons. Overall estimates were reported based on 22,069 U.S. middle and high school students. School level was determined by reported grade level: high school (grades 9–12; n = 10,879) and middle school (grades 6–8; n = 11,067). The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report sex, race and ethnicity, or grade level.

¶ Any tobacco product use is defined as current use of one or more of the following tobacco products on ≥1 days during the past 30 days: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), or other oral nicotine products.

** Dashes indicate that data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

†† Cigars were defined as cigars, cigarillos, or little cigars. Smokeless tobacco (composite) was defined as chewing tobacco, snuff, dip, or snus. Other oral nicotine products were defined as lozenges, discs, tablets, gums, dissolvable tobacco products, and other products. In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

[§§] Any combustible tobacco product use was defined as current use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

[¶¶] Multiple tobacco product use was defined as current use of two or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis, or other oral nicotine products.

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TABLE 3. Percentage of middle and high school students reporting current (past 30-day) e-cigarette use,* overall by selected characteristics and school level — National Youth Tobacco Survey, United States, 2023

Return

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Among all students	**2,130,000**	**7.7 (6.8–8.6)**	**1,560,000**	**10.0 (8.8–11.4)**	**550,000**	**4.6 (3.6–5.8)**
Among current e-cigarette users						
Frequency of use during past 30 days						
1–5 days	**980,000**	**46.1 (39.8–52.7)**	630,000	40.7 (33.1–48.7)	340,000	62.0 (55.7–67.9)
6–19 days	**400,000**	**19.1 (15.0–24.1)**	300,000	19.7 (14.1–26.8)	90,000	17.3 (12.2–24.0)
20–30 days	**740,000**	**34.7 (28.4–41.7)**	620,000	39.7 (31.3–48.6)	110,000	20.7 (14.6–28.6)
Daily e-cigarette use[§]	**530,000**	**25.2 (19.2–32.3)**	460,000	29.9 (22.1–39.1)	60,000	11.4 (7.5–17.0)
Device type most often used[¶]						
Disposables	**1,240,000**	**60.7 (53.3–67.6)**	1,000,000	65.2 (56.3–73.1)	240,000	47.9 (39.5–56.5)
Prefilled or refillable pods or cartridges	**330,000**	**16.1 (12.2–21.0)**	240,000	16.0 (11.1–22.5)	80,000	16.7 (11.4–23.8)
Tanks or mod system	**120,000**	**5.9 (4.4–7.8)**	90,000	6.0 (4.3–8.4)	20,000	4.4 (2.5–7.5)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Don't know the type	**350,000**	**17.3 (12.7–23.1)**	190,000	12.8 (8.7–18.4)	150,000	31.1 (22.2–41.5)
Any brand**						
Elf Bar	**1,160,000**	**56.7 (50.6–62.6)**	900,000	59.1 (52.9–65.1)	260,000	50.0 (37.5–62.5)
Esco Bars	**440,000**	**21.6 (16.2–28.3)**	370,000	24.9 (18.1–33.1)	60,000	12.0 (6.9–20.2)
Vuse	**420,000**	**20.7 (16.4–25.9)**	330,000	22.2 (16.9–28.6)	80,000	16.3 (10.8–23.8)
JUUL	**330,000**	**16.5 (12.9–20.9)**	240,000	16.3 (11.8–22.1)	80,000	16.8 (11.4–24.1)
Mr. Fog	**280,000**	**13.6 (7.9–22.4)**	230,000	15.1 (8.2–26.3)	—[††]	—
SMOK (including NOVO)	**230,000**	**11.3 (6.3–19.5)**	—	—	30,000	6.7 (3.9–11.1)
Breeze	**230,000**	**11.6 (7.6–17.4)**	200,000	13.2 (8.0–21.2)	30,000	6.6 (4.1–10.5)
Kangvape (including Onee Stick)	**180,000**	**8.8 (6.6–11.7)**	130,000	8.7 (6.5–11.6)	—	—
Fume	**180,000**	**9.0 (6.4–12.6)**	140,000	9.2 (6.0–13.9)	40,000	8.2 (4.7–14.0)
NJOY	**150,000**	**7.5 (5.5–10.3)**	120,000	8.1 (5.6–11.7)	20,000	5.4 (3.1–9.2)
blu	**120,000**	**6.0 (4.4–8.3)**	70,000	5.2 (3.4–7.8)	40,000	8.1 (5.0–12.9)
HQD	**110,000**	**5.5 (3.4–8.5)**	80,000	5.7 (3.3–9.7)	—	—

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Logic	**80,000**	**3.9 (2.5–6.1)**	50,000	3.7 (2.3–5.8)	—	—
Suorin (including Air Bar)	**70,000**	**3.8 (2.5–5.6)**	50,000	3.8 (2.3–6.3)	—	—
Lost Mary§§	**50,000**	**2.6 (1.4–4.8)**	40,000	3.3 (1.8–5.9)	—	—
Some other brand not listed	**350,000**	**17.3 (11.6–24.9)**	290,000	19.5 (12.4–29.2)	50,000	10.9 (6.0–19.0)
Not sure or don't know the brand	**490,000**	**23.9 (19.3–29.2)**	300,000	19.8 (15.6–24.9)	180,000	35.4 (24.3–48.3)
Usual brand¶¶						
Elf Bar	**630,000**	**31.1 (26.2–36.4)**	460,000	30.2 (24.8–36.2)	170,000	33.9 (24.6–44.7)
Vuse	**170,000**	**8.7 (5.8–12.9)**	150,000	10.0 (6.4–15.3)	—	—
Esco Bars	**120,000**	**6.0 (3.4–10.4)**	110,000	7.7 (4.3–13.5)	—	—
JUUL	**70,000**	**3.4 (1.9–6.1)**	—	—	—	—
Mr. Fog	—	—	—	—	—	—
SMOK (including NOVO)	—	—	—	—	—	—
Breeze	—	—	—	—	—	—
Kangvape (including Onee Stick)	—	—	—	—	—	—
Fume	—	—	—	—	—	—
NJOY	—	—	—	—	—	—
blu	—	—	—	—	—	—
HQD	—	—	—	—	—	—

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Logic	—	—	—	—	—	—
Suorin (including Air Bar)	—	—	—	—	—	—
Lost Mary	—	—	—	—	—	—
No usual brand	**90,000**	**4.4 (2.8–7.0)**	70,000	4.7 (2.8–7.5)	—	—
Some other brand not listed	**270,000**	**13.2 (7.8–21.5)**	230,000	15.4 (8.6–25.9)	—	—
Not sure or don't know the brand	**400,000**	**19.8 (16.0–24.1)**	240,000	16.0 (12.5–20.4)	150,000	30.5 (22.1–40.4)
Flavored e-cigarette use* **						
Any flavor other than tobacco-flavored or unflavored	**1,900,000**	**89.4 (86.2–91.9)**	1,410,000	90.3 (86.6–93.1)	480,000	87.1 (79.9–92.0)
Exclusive use of tobacco-flavored or unflavored	**110,000**	**5.6 (3.9–7.9)**	80,000	5.4 (3.4–8.4)	30,000	6.2 (3.4–11.0)
Unspecified	**100,000**	**5.0 (3.5–7.2)**	60,000	4.3 (2.8–6.6)	—	—
Flavor type used among current e-cigarette users†††						
Fruit	**1,280,000**	**63.4 (59.8–66.9)**	930,000	62.6 (57.9–67.0)	340,000	66.3 (59.5–72.5)
Candy, desserts, or other sweets	**700,000**	**35.0 (29.1–41.5)**	510,000	34.4 (27.5–42.1)	190,000	37.0 (28.6–46.4)
Mint	**560,000**	**27.8 (22.0–34.4)**	470,000	31.6 (24.2–40.1)	80,000	16.5 (11.6–22.9)
Menthol	**400,000**	**20.1 (15.5–25.8)**	340,000	23.3 (17.6–30.1)	50,000	10.4 (7.2–14.8)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Unflavored	**230,000**	**11.6 (8.8–15.1)**	160,000	10.9 (7.8–15.0)	60,000	13.2 (8.7–19.5)
Non-alcoholic drinks§§§	**220,000**	**11.3 (6.4–19.1)**	—	—	30,000	7.4 (4.1–13.0)
Alcoholic drinks§§§	**170,000**	**8.4 (5.5–12.7)**	130,000	9.0 (5.5–14.4)	—	—
Tobacco-flavored	**120,000**	**6.4 (4.5–9.0)**	70,000	5.3 (3.7–7.4)	—	—
Clove or spice §§§	**120,000**	**6.0 (4.3–8.2)**	70,000	5.1 (3.3–7.7)	40,000	7.9 (4.6–13.1)
Chocolate	**90,000**	**4.9 (3.4–7.1)**	50,000	3.4 (1.9–6.2)	40,000	8.0 (4.3–14.3)
Some other flavor	**120,000**	**6.0 (4.2–8.5)**	60,000	4.6 (3.0–7.0)	50,000	10.0 (5.9–16.4)
Use of any flavors that included the word “ice” or “iced” (such as “blueberry ice or strawberry ice”)¶¶¶						
Yes	**1,100,000**	**57.9 (52.5–63.1)**	800,000	57.0 (51.3–62.6)	290,000	61.0 (52.8–68.5)
No	**560,000**	**29.5 (24.8–34.8)**	440,000	31.6 (26.1–37.7)	110,000	24.1 (18.2–31.1)
Don’t know	**230,000**	**12.6 (9.8–16.0)**	160,000	11.4 (8.3–15.5)	70,000	15.0 (10.2–21.5)
Use of any concept flavors with a name that did not describe a specific flavor (such as “solar,” “purple,” “jazz,” “island bash,” or “fusion”)****						
Yes	**300,000**	**16.1 (13.5–19.0)**	210,000	15.4 (12.2–19.3)	80,000	17.7 (12.3–24.7)
No	**1,110,000**	**58.5 (52.5–64.3)**	850,000	60.9 (52.8–68.4)	250,000	52.8 (45.5–60.0)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Don't know	**480,000**	**25.4 (21.6–29.7)**	330,000	23.7 (19.0–29.2)	140,000	29.5 (22.6–37.5)

* Current (past 30-day) use of e-cigarettes was determined by asking, "During the past 30 days, on how many days did you use e-cigarettes?" Current use was defined as use on ≥1 days during the past 30 days.

[†] Estimated total number of users was rounded down to the nearest 10,000 persons. The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report grade level (n = 102), device type (n = 53), any brand (n = 54), usual brand (n = 61), flavor types used (n = 84), use of flavor including the word "ice" or "iced" (n = 136), or use of flavors without specific flavor descriptor (n = 143).

[§] Daily e-cigarette use was defined as use on all 30 of the past 30 days.

[¶] Device type was determined by the question, "Which of the following best describes the type of e-cigarette you have used in the past 30 days? If you have used more than one type, please think about the one you use most often."

** All current e-cigarette users were asked, "During the past 30 days, what e-cigarette brands did you use? (Select one or more)." Those who selected "some other brand(s) not listed here" could provide a write-in response. Write-in responses corresponding to an original response option were recoded.

[††] Data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

[§§] Lost Mary was not included in the list of prespecified response options, but it was the most commonly provided write-in response for "some other brand(s) not listed here."

[¶¶] If a single brand was selected for the question, "During the past 30 days, what e-cigarette brands did you use (Select one or more)," it was reported as the respondent's usual brand. Those who selected one or more brands were asked, "During the past 30 days, what brand of e-cigarettes did you usually use? (Choose only one answer)." Those who selected "some other brand(s) not listed here" could provide a write-in response. Write-in responses corresponding to an original response option were recoded.

*** All current e-cigarette users were asked, "In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more)?" Those who provided no valid responses were defined as "Unspecified" flavored users.

[†††] Flavor type was determined by response to the question, "In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more)." Those who selected "some other flavor not listed here" could provide a write-in response; write-in responses corresponding to an original response option were recoded.

[§§§] These flavor options provided examples: "Alcoholic drinks (such as wine, margarita, or other cocktails)"; "Non-alcoholic drinks (such as coffee, soda, lemonade, or other beverage)"; "Spice (such as cinnamon, vanilla, or clove)."

[¶¶¶] Current e-cigarette users were asked, "Did any of the flavors you used in the past 30 days have names or descriptions that included the word 'ice' or 'iced' (for example, blueberry ice or strawberry ice)?" Those who reported using only unflavored e-cigarettes (n = 60) did not receive the question.

**** Current e-cigarette users were asked, "Did any of the flavors that you used in the past 30 days have a name that did not describe a specific flavor, such as 'solar,' 'purple,' 'jazz,' 'island bash,' 'fusion,' or some other word or phrase?" Those who reported using only "unflavored" e-cigarettes (n = 60) did not receive the question.

Top

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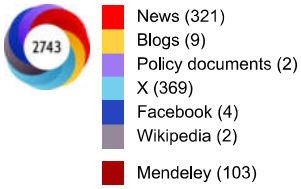

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Item #28

CITY OF MODESTO CALIFORNIA

TEMPORARY MORATORIUM ON ALL NEW TOBACCO RETAILER BUSINESSES / SMOKE SHOPS WITH THE CITY OF MODESTO

Brandon Gillespie, Chief of Police
Jose Sanchez, City Attorney

October 8, 2024
Council Meeting

Background

- Proliferation of tobacco retailers in Modesto (41 active)
- Link to unlawful activities (illegal sales, gambling, etc.)
- Public health and safety concerns (sale to minors)
- Previous enforcement actions and inspections

Enforcement Actions

- Recent enforcement operations by the Modesto Police Department and the California Department of Tax and Fee Administration (CDTFA)

Enforcement Actions

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Enforcement Actions

- Arrests, seizures, and safety violations

Enforcement Actions

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Enforcement Actions

- Significant impact of these illegal activities on community health and safety

CDPH Emergency Regulations and State Law

- The California Department of Public Health (“CDPH”) recently issued emergency regulations related to industrial hemp and the threat to public health, safety, and welfare, particularly to minors.

- These emergency regulations aim to combat hemp products containing tetrahydrocannabinol (“THC”) that skirt the age and sale restrictions that have been placed on recreational marijuana sold through licensed and regulated dispensaries.

CDPH Emergency Regulations and State Law

- The emergency regulations published by CDPH expand on the number of psychoactive cannabinoids that will need to be **undetectable** in industrial hemp final food form products, including edibles such as gummies, other candies, and drinks.

- The new regulations also restrict the serving sizes of such products containing five servings or less and limiting sales of the products to consumers who are at least 21 years of age.

Justification for a Moratorium

- Immediate action is needed to address public health and safety risks
- Authority is granted under Government Code sections 36937 and 65858
- Public health threats from illegal sales of flavored tobacco and cannabis-infused items. SB 793 prohibits the sale of flavored tobacco products to protect our youth
- Allows the City time to develop new regulations to better manage tobacco retailers

Justification for a Moratorium

- There is an immediate need to preserve and protect the public peace, health, safety, and welfare from the effects of tobacco use, tobacco retailing, hemp retailing, and other criminal activities that have been associated with these establishments.

- Will immediately limit the availability of harmful products to minors

- Will reduce the criminal activities linked to these businesses

Scope of the Moratorium

- The proposed Moratorium would be in effect for 45 days. The Moratorium can be extended for a total of 2 years.
- Will apply to new, relocating, or expanding tobacco businesses
- During this time, no new licenses, land-use permits, or business expansions would be approved

Staff Recommendation

Motion Adopting an urgency ordinance, making findings and establishing a temporary moratorium on the establishment of new and relocation or physical expansion of existing tobacco retailer businesses, also known as smoke shops, within the City of Modesto to become effective immediately.

QUESTIONS?

CITY OF
MODESTO
CALIFORNIA

SUPPLEMENTAL MATERIALS FOR ITEM #28

Results from the Annual National Youth Tobacco Survey

On this page:

- 2024 Findings on Youth Tobacco Use
  - Findings on Youth Use for E-Cigarette Products
  - Findings on Youth Use for Nicotine Pouch Products
- Public Health Education
- Goals of NYTS
- Previous National Youth Tobacco Survey

2024 Findings on Youth Tobacco Use

In September 2024, FDA and Centers for Disease Control and Prevention (CDC) released data from the 2024 National Youth Tobacco Survey (NYTS) on e-cigarette and nicotine pouch use among U.S. youth: "Notes from the Field: E-cigarette and Nicotine Pouch Use Among Middle and High School Students—United States, 2024." (https://www.cdc.gov/mmwr/volumes/73/wr/mm7335a3.htm?_cid=mm7335a3_w)

Findings showed that there was a significant drop in the number of U.S. middle and high school students who reported current (past 30 days) e-cigarette use – a decrease from 2.13 million (7.7%) youth in 2023 to 1.63 million (5.9%) youth in 2024. Youth nicotine pouch use did not show a statistically significant change from 2023 (1.5% in 2023 and 1.8% in 2024).

2024 Findings on Youth Use for E-Cigarette Products

Current Use

- 5.9% of middle and high school students (1.63 million) reported current use of e-cigarettes
  - 7.8% (1.21 million) high school students and 3.5% (410,000) middle school students reported current use of e-cigarettes

Frequency of Use

- More than 1 in 4 (26.3%) of current youth e-cigarette users use an e-cigarette product daily
- More than 1 in 3 (38.4%) youth e-cigarette users report using e-cigarettes at least 20 of the last 30 days

Flavored E-Cigarette Use

- More than 8 out of 10 current e-cigarette users (87.6%) used flavored e-cigarettes, with fruit flavors being the most popular, followed by candy, desserts, or other sweets; mint; and menthol
- Over half (54.6%) of students currently using e-cigarettes reported using flavors with “ice” or “iced” in the name

Type of Device

- The most commonly used device among current e-cigarette users was disposables (55.6%), followed by prefilled/refillable pods or cartridges (15.6%)

Commonly Used Brands

- The most commonly reported brands reported among current e-cigarette users were: Elf Bar (36.1%), Breeze (19.9%), Mr. Fog (15.8%), Vuse (13.7%) and JUUL (12.6%)

2024 Findings on Youth Use for Nicotine Pouch Products

Current Use

- 1.8% of students (480,000) reported current use of nicotine pouches

Frequency of Use

- More than 2 in 10 (22.4%) youth nicotine pouch users report using nicotine pouches daily
- More than 1 in 4 (29.3%) youth nicotine pouch users report using nicotine pouches at least 20 of the last 30 day

Flavored Nicotine Pouch Use

- More than 8 out of 10 current nicotine pouch users (85.6%) used flavored nicotine pouches, with mint flavors being the most popular, followed by fruit

Commonly Used Brands

- The most commonly reported brands reported among current nicotine pouch users were: Zyn (68.7%), on! (14.2%), Rogue (13.6%), Velo (10.7%) and Juice Head ZTN (9.8%)

Public Education Campaigns

FDA conducts several public education campaigns aimed at young audiences to prevent youth from tobacco initiation and use (/tobacco-products/public-health-education). FDA's longest-running campaign, "The Real Cost (/tobacco-products/public-health-education-campaigns/real-cost-campaign)," educates teens on the health consequences of smoking cigarettes and in recent years has prioritized e-cigarette prevention messaging.

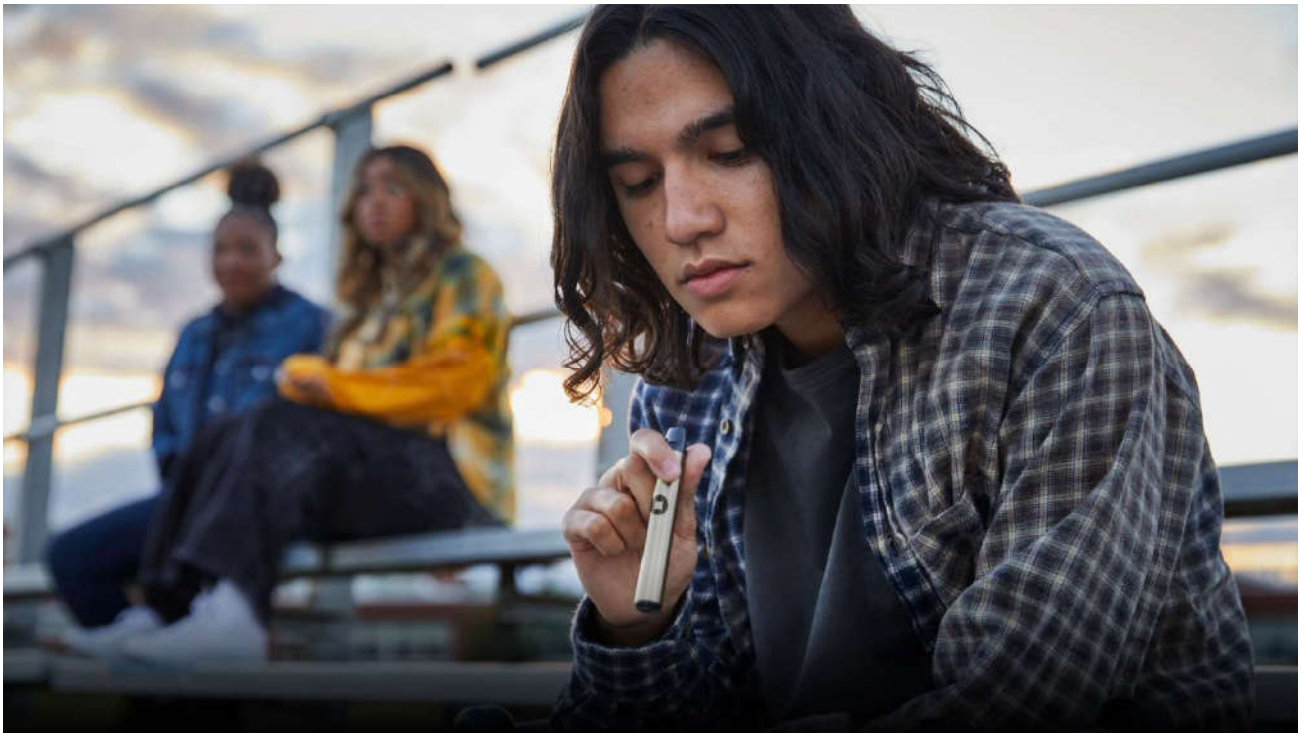
In the 2021 NYTS, 75.2% of middle and high school students reported having seen or heard any anti-tobacco public education campaign ad within the past year. An estimated 15.8 million (60.9%) students reported recognizing the FDA's "The Real Cost" campaign ad: by school level, almost two-thirds (65.8%) of high school students and more than half (54.8%) of middle school students reported recognizing "The Real Cost" campaign ad.

However, public health education campaigns are not the only messaging about tobacco products that youth receive and notice.

They might see advertisements for tobacco products while engaging in common activities – such as going to a convenience store, supermarket, or gas station; using the Internet; watching television or streaming services or going to the movies; or reading newspapers or magazines. In the 2021 NYTS, among youth who reported engaging in those common activities, 75.7% reported exposure to marketing or advertising for any tobacco product.

Among students who reported using social media, 73.5% had ever seen e-cigarette–related content.

Vaping Prevention and Education Resource Center (https://digitalmedia.hhs.gov/tobacco/educator_hub)



Goals of NYTS

FDA is committed to a science-based approach that addresses public health issues associated with tobacco use. We collaborate with CDC on this nationally representative survey of middle and high school students that focuses exclusively on tobacco use behaviors and associated factors.

NYTS was designed to provide national data on long-term, intermediate, and short-term indicators key to the design, implementation, and evaluation of comprehensive tobacco prevention and control programs.

For a deeper look at the agencies' collaboration on the study over the years, see CDC's "Historical NYTS Data and Documentation. (https://www.cdc.gov/tobacco/about-data/surveys/historical-nyts-data-and-documentation.html)"

Previous National Youth Tobacco Surveys

- 2023 NYTS (https://public4.pagefreezer.com/browse/FDA/04-07-2024T14:25/https://www.fda.gov/tobacco-products/youth-and-tobacco/results-annual-national-youth-tobacco-survey) (http://www.fda.gov/about-fda/website-policies/website-disclaimer)

- 2022 NYTS (https://public4.pagefreezer.com/browse/FDA/01-11-2023T15:52/https://www.fda.gov/tobacco-products/youth-and-tobacco/results-annual-national-youth-tobacco-survey) (http://www.fda.gov/about-fda/website-policies/website-disclaimer)

Smoking and Tobacco Use

SEPTEMBER 17, 2024

Youth and Tobacco Use

WHAT TO KNOW

- Youth use of tobacco products in any form is unsafe.
- Preventing tobacco product use among youth is critical to reducing tobacco use into adulthood.
- Review the data about young tobacco use by product type.

Overview

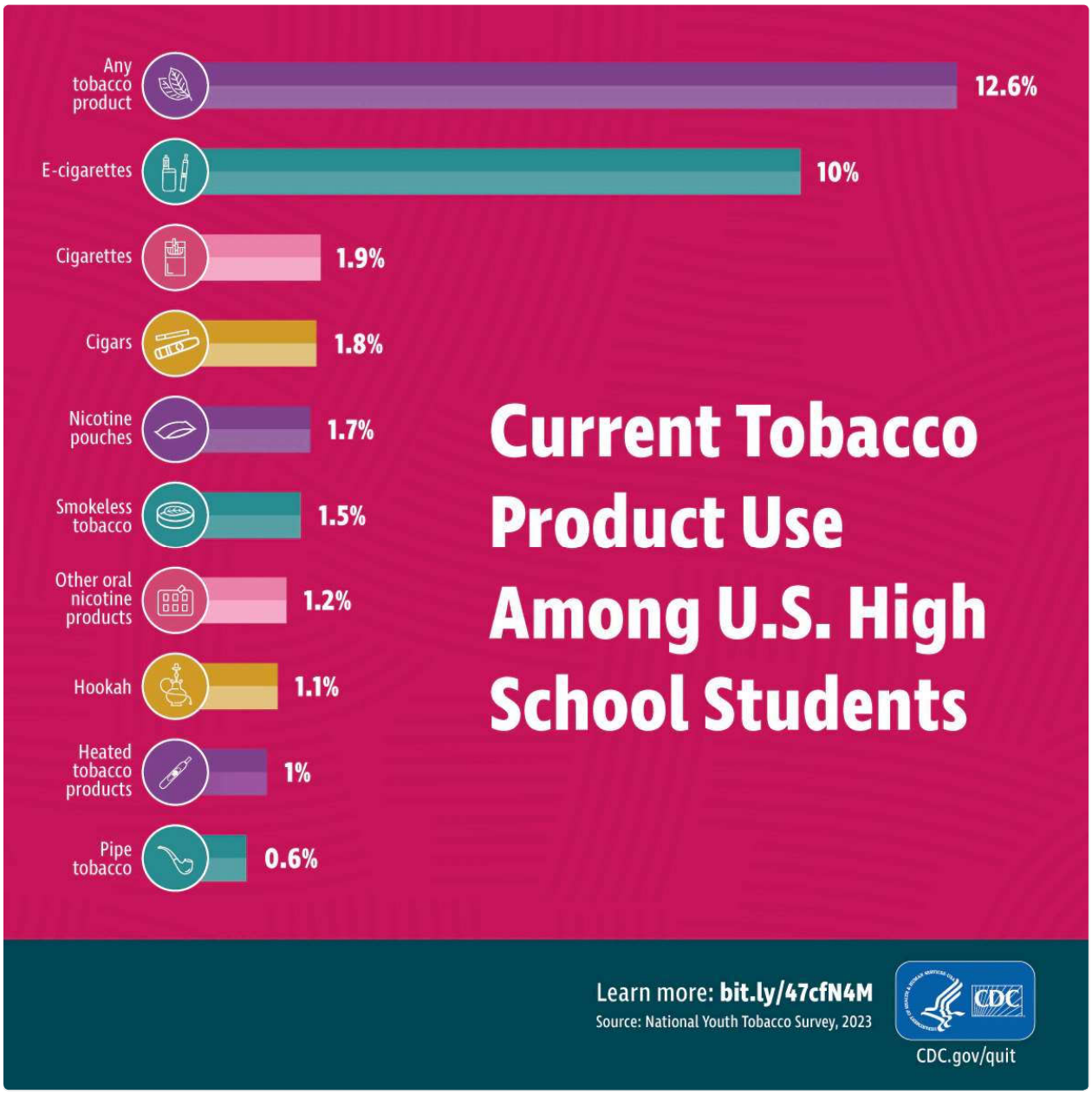
Youth use of tobacco products in any form is unsafe.

Preventing tobacco product use among youth is critical to reducing tobacco use among the nation's youth.

- Tobacco product use is started and established primarily during adolescence. [1] [2]
- Nearly 9 out of 10 adults who smoke cigarettes daily first try smoking by age 18.
- Flavorings in tobacco products can make them more appealing to youth. [3] [4]
  - In 2021, 80.2% of high school students and 74.6% of middle school students who used tobacco products in the past 30 days reported using a flavored tobacco product during that time. [5]
  - In 2023, 90.3% of high school students and 87.1% of middle school students who used e-cigarettes in the past 30 days reported using a flavored e-cigarette during that time. [6]

Keep Reading:
Learn more about trends in tobacco use among youth.

Estimates of current tobacco use among youth



See the breakdown of current tobacco products used by U.S. high school students.

Electronic cigarettes (E-cigarettes)

- E-cigarettes have been the most commonly used tobacco product among youth since 2014.
- In 2023, about 1 out of every 22 middle school students (4.6%) reported that they had used electronic cigarettes in the past 30 days. [6]
- In 2023, 1 of every 10 high school students (10.0%) reported that they had used electronic cigarettes in the past 30 days. [6]

Cigarettes

- In 2023, about 1 of every 100 middle school students (1.1%) reported that they had smoked cigarettes in the past 30 days. [6]
- In 2023, nearly 2 of every 100 high school students (1.9%) reported that they had smoked cigarettes in the past 30 days. [6]

Cigars

- In 2023, nearly 1 of every 100 middle school students (1.1%) reported that they had smoked cigars in the past 30 days. [6]
- In 2023, nearly 2 of every 100 high school students (1.8%) reported that they had smoked cigars in the past 30 days. [6]

Smokeless tobacco

- In 2023, nearly 1 of every 100 middle school students (0.7%) reported that they had had used smokeless tobacco in the past 30 days. [6]

- In 2023, nearly 2 of every 100 high school students (1.5%) reported that they had had used smokeless tobacco in the past 30 days. [6]

Hookah

- In 2023, less than 1 of every 100 middle school students (1.0%) reported that they had smoked hookah in the past 30 days. [6]
- In 2023, about 1 of every 100 high school students (1.1%) reported that they had smoked hookah in the past 30 days. [6]

Heated tobacco products

- In 2023, less than 1 of every 100 middle school students (0.8%) and about 1 of every 100 high school students (1.0%) reported using heated tobacco products in the past 30 days. [6]
- Heated tobacco products, also known as "heat-not-burn" products, deliver nicotine to the user by heating tobacco leaves rather than a nicotine-containing liquid like e-cigarettes.

Nicotine pouches

- In 2023, about 1 of every 100 high school students (1.7%) reported using nicotine pouches in the past 30 days. [6]
- Nicotine pouches are microfiber pouches with flavored nicotine powder that users dissolve in the mouth without spitting. Sales of nicotine pouches have increased rapidly in the U.S. [7]

All tobacco product use

- In 2023, more than 6 of every 100 middle school students (6.6%) and about 1 of every 8 high school students (12.6%) reported current use of a tobacco product. [6]
- In 2023, nearly 15 of every 100 middle school students (14.7%) and nearly 28 of every 100 high school students (27.9%) said they had ever tried a tobacco product. [6]

Many young people use multiple tobacco products.

- In 2023, more than 2 of every 100 middle school students (2.5%) and about 1 of every 30 high school students (3.9%) reported current use of multiple tobacco products in the past 30 days. [6]
- In 2023, about 6 of every 100 middle school students (6.1%) and more than 12 of every 100 high school students (12.7%) reported they had ever tried multiple tobacco products. [6]

Fact

Youth who use multiple tobacco products are at higher risk for developing nicotine dependence and might be more likely to continue using tobacco into adulthood. [1] [2]

Current Tobacco Product Use* Among High School Students in 2023 [6]

Tobacco Product	Overall	Girls	Boys
Any tobacco product†	12.6%	14.1%	11.2%
Electronic cigarettes	10.0%	12.2%	8.0%
Cigarettes	1.9%	1.5%	2.3%
Cigars	1.8%	1.4%	2.3%
Smokeless tobacco	1.5%	—	2.1%
Hookah	1.1%	1.4%	0.9%
Nicotine Pouches	1.7%	—	2.6%
Heated tobacco products	1.0%	0.7%	1.4%
Pipe tobacco	0.6%	0.5%	0.7%

Notes:

*"Current use" is determined by respondents indicating that they have used a tobacco product on at least 1 day during the past 30 days.

†In 2023, any tobacco product included e-cigarettes, cigarettes, cigars, smokeless tobacco (composite), pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), hookahs, heated tobacco products, nicotine pouches, and other oral nicotine products.

Current Tobacco Product Use* Among Middle School Students in 2023 [6]

Tobacco Product	Overall	Girls	Boys
Any tobacco product†	6.6%	7.5%	5.7%
Electronic cigarettes	4.6%	5.6%	3.5%
Cigarettes	1.1%	1.1%	—
Cigars	1.1%	1.2%	1.0%
Smokeless tobacco	0.7%	0.6%	—
Hookah	1.0%	—	0.8%
Nicotine Pouches	—	—	—
Heated tobacco products	0.8%	0.8%	—
Pipe tobacco	0.4%	—	—

Factors associated with youth tobacco product use

Factors associated with youth tobacco product use include the following:

- Social and physical environments [2] [8] [9]
  - The way mass media show tobacco product use as a normal activity can make young people want to try these products.
  - Youth are more likely to use tobacco products if they see people their age using these products.
  - High school athletes are more likely to use smokeless tobacco than those of the same age who are not athletes. [9]
  - Young people may be more likely to use tobacco products if a parent uses these products.
- Biological and genetic factors [1] [2] [8]
  - There is evidence that youth may be sensitive to nicotine and that teens can feel dependent on nicotine sooner than adults.
  - Genetic factors may make quitting smoking harder for young people.
  - Smoking during pregnancy may increase the likelihood that the child will smoke cigarettes regularly in the future.
- Mental health: There is a strong relationship between youth smoking and depression, anxiety, and stress. [2]
- Personal views: When young people expect positive things from smoking, such as coping with stress better or losing weight, they are more likely to smoke. [2] [8]
- Other influences that affect youth tobacco use include: [2] [8]
  - Lower socioeconomic status, including lower income or education
  - Not knowing how to say "no" to tobacco product use
  - Lack of support or involvement from parents
  - Accessibility, availability, and price of tobacco products
  - Doing poorly in school
  - Low self-image or self-esteem
  - Seeing tobacco product advertising in stores, on television, the Internet, in movies, or in magazines and newspapers

Youth are more likely to use tobacco products if they see people their age using these products.

Reducing youth tobacco product use

National, state, and local program activities have been shown to reduce and prevent youth tobacco product use when implemented together. [2] [10] [11] These activities include:

- Enacting higher costs for tobacco products (for example, through increased taxes) [2] [11]
- Prohibiting smoking in indoor areas of workplaces and public places [2] [11]
- Raising the minimum age of sale for tobacco products to 21 years [2] [10]
- Using TV and radio commercials, posters, and other media messages aimed at kids and teens in order to counter tobacco product ads [2] [11]
- Engaging community programs and school and college policies that encourage tobacco-free places and lifestyles [2] [10]
- Developing community programs that lower tobacco advertising, promotions, and help make tobacco products less easily available [2] [11]

Some social and environmental factors are related to lower smoking levels among youth. Among these are: [2]

- Being part of a religious group or tradition
- Racial/ethnic pride and strong racial identity
- Higher academic achievement

It is important to keep working to prevent and reduce the use of all forms of tobacco product use among youth.

SOURCES

CONTENT SOURCE:
National Center for Chronic Disease Prevention and Health Promotion; Office on Smoking and Health

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Morbidity and Mortality Weekly Report (*MMWR*)

Tobacco Product Use Among U.S. Middle and High School Students — National Youth Tobacco Survey, 2023

Weekly / November 3, 2023 / 72(44);1173–1182

Summary

What is already known about this topic?

Use of tobacco products in any form by youths is unsafe.

What is added by this report?

In 2023, 10.0% of middle and high school students reported current tobacco product use. From 2022 to 2023, current e-cigarette use among high school students declined from 14.1% to 10.0%. E-cigarettes remained the most commonly used tobacco product among youths. Among middle school and high school students who currently use e-cigarettes, 25.2% used e-cigarettes daily, and 89.4% used flavored e-cigarettes.

What are the implications for public health?

Tobacco use declined among high school students; however, sustained public health monitoring with implementation of evidence-based tobacco control strategies, including effective youth interventions, media campaigns, Food and Drug Administration regulations, and other proven tobacco prevention policies might further reduce youth tobacco product use.

Related Materials

Article PDF

Full Issue PDF

Jan Birdsey, MPH[1]; Monica Cornelius, PhD[1]; Ahmed Jamal, MBBS[1]; Eunice Park-Lee, PhD[2]; Maria R. Cooper, PhD[2]; Jia Wang, MPH[2]; Michael D. Sawdey, PhD[2]; Karen A. Cullen, PhD[2]; Linda Neff, PhD[1] (VIEW AUTHOR AFFILIATIONS)

View suggested citation

Abstract

Tobacco product use during adolescence increases the risk for lifelong nicotine addiction and adverse health consequences. CDC and the Food and Drug Administration analyzed data from the 2023 National Youth Tobacco Survey to assess tobacco product use patterns among U.S. middle school (grades 6–8) and high school (grades 9–12) students. In 2023, 10.0% of middle and high school students (2.80 million) reported current (i.e., past 30-day) use of any tobacco product. Current use

of any tobacco product by high school students declined by an estimated 540,000, from 2.51 million in 2022 to 1.97 million in 2023. From 2022 to 2023, current e-cigarette use among high school students declined from 14.1% to 10.0%. Among middle and high school students, e-cigarette products were the most used tobacco product in 2023 (7.7%; 2.13 million), followed by cigarettes (1.6%), cigars (1.6%), nicotine pouches (1.5%), smokeless tobacco (1.2%), other oral nicotine products (1.2%), hookahs (1.1%), heated tobacco products (1.0%), and pipe tobacco (0.5%). Among students who had ever used an e-cigarette, 46.7% reported current use. In 2023, among students reporting current e-cigarette use, 89.4% used flavored products and 25.2% used an e-cigarette daily; the most commonly reported brands were Elf Bar, Esco Bars, Vuse, JUUL, and Mr. Fog. Given the number of middle and high school students that use tobacco products, sustained efforts to prevent initiation of tobacco product use among young persons and strategies to help young tobacco users quit are critical to reducing U.S. youth tobacco product use.

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Introduction

Commercial tobacco use* among U.S. youths can lead to lifelong nicotine addiction (*1*) and subsequent disability, disease, and death (*2*). This report presents findings from the 2023 National Youth Tobacco Survey (NYTS) and describes the prevalence of ever use (i.e., ever having used, even once or twice) and current use of nine tobacco product types, flavored tobacco products, and e-cigarette use behaviors among U.S. middle and high school students. In addition, 2023 NYTS results are compared with those reported for 2022 NYTS data (*3*).

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Methods

Data Collection

The NYTS is a cross-sectional, school-based, self-administered web-based survey of U.S. middle and high school students. A stratified, three-stage cluster sampling procedure was used to generate a nationally representative sample of U.S. students attending private or public middle (grades 6–8) and high (grades 9–12) schools. In 2023, data were collected during March 9–June 16; a total of 22,069 students from 179 schools participated, with an overall response rate of 30.5%.

Data Analysis

National weighted prevalence estimates, 95% CIs, and population totals† were calculated for ever use (i.e., ever having used, even once or twice) and current use (i.e., use on ≥1 days during the past 30 days) of nine commercial tobacco products§ (e-cigarettes, cigarettes, cigars, smokeless tobacco, nicotine pouches,¶ hookahs, pipe tobacco, heated tobacco products,** and other oral nicotine products) by student characteristics. Three composite measures were also reported for use of any tobacco product,†† any combustible tobacco product,§§ and multiple tobacco products.¶¶ Current e-cigarette use (i.e., use on ≥1 day during the past 30 days) was reported by frequency of use, device type,*** brand,††† and flavor.§§§ Changes in current-use prevalence since 2022 were estimated using t-tests; details of the 2022 NYTS data collection and estimates have been published previously (*3*). P-values <0.05 were considered statistically significant. Analyses were conducted using SAS-callable SUDAAN software (version 11.0.4; Research Triangle Institute). Estimates with an unweighted denominator <50 or a relative SE >30% were suppressed. This activity was reviewed by CDC, deemed not research, and was conducted consistent with applicable federal law and CDC policy.¶¶¶

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Results

Tobacco Product Use by Population

In 2023, 22.2% of U.S. middle and high school students reported ever using any tobacco product, corresponding to 6.21 million persons (Table 1); 10.0% of students reported current use of any tobacco product, corresponding to 2.80 million persons (Table 2). Overall, current use of any tobacco product was reported by 11.2% of female, 8.9% of male, 12.6% of non-Hispanic multiracial (multiracial), 11.7% of Hispanic or Latino (Hispanic), 9.5% of non-Hispanic White (White), 9.3% of non-Hispanic Black or African American (Black), and 8.0% of non-Hispanic American Indian or Alaska Native (AI/AN) students.**** Current use of any combustible tobacco product was reported by 4.7% of Black, 3.9% of Hispanic, 3.7% of multiracial, and 2.7% of White and AI/AN students.

Types of Tobacco Products Used

E-cigarettes were the most commonly reported currently used tobacco product among all students (7.7%) and both middle school (4.6%) and high school students (10.0%). Other currently used tobacco products included cigarettes (1.6%), cigars (1.6%), nicotine pouches (1.5%), smokeless tobacco (1.2%), other oral nicotine products (1.2%), hookahs (1.1%), heated tobacco products (1.0%), and pipe tobacco (0.5%). Among students who had ever used e-cigarettes, 46.7% reported current e-cigarette use.

Characteristics of E-cigarette Use

Among students reporting current e-cigarette use, 25.2% reported using e-cigarettes daily. Frequent use (≥20 of the past 30 days) was reported by 34.7% of current e-cigarette users (Table 3). Disposable e-cigarettes were the most commonly reported device type used (60.7%), followed by prefilled or refillable pods or cartridges (16.1%), and tanks or mod systems (modifiable devices allowing users to customize the substances in the device) (5.9%). Among students who currently used e-cigarettes, Elf Bar was the most commonly reported brand (56.7%), followed by Esco Bars (21.6%), Vuse (20.7%), JUUL (16.5%), and Mr. Fog (13.6%).

Among students reporting current e-cigarette use, 89.4% reported using a flavored product during the past 30 days, excluding those who only used tobacco-flavored or unflavored e-cigarettes (Table 3). Among students who currently used e-cigarettes, fruit- (63.4%) and candy- (35.0%) flavored categories were reported most commonly; 6.4% of students reported use of tobacco-flavored e-cigarettes. Among those who currently used disposable e-cigarettes, the top reported flavor categories were fruit (70.5%), candy (39.8%), mint (32.0%), menthol (18.7%), unflavored (7.8%), alcoholic drinks (7.2%), and tobacco-flavored (5.4%) (Supplementary Table 1, https://stacks.cdc.gov/view/cdc/134700). Among students reporting current use of any tobacco product, 86.9% used a flavored product, ranging from 40.4% of cigarette users (menthol) to 89.4% of e-cigarette users (Supplementary Table 2, https://stacks.cdc.gov/view/cdc/134701). Among students currently using tobacco products, use of products with “ice” or “iced”[††††] included in the flavor name was reported by 57.9% of e-cigarette users, 25.9% of nicotine pouch users, and 22.6% of cigar users; use of concept flavors[§§§§] was reported by 16.1% of e-cigarette users and 13.4% of cigar users (Supplementary Table 3, https://stacks.cdc.gov/view/cdc/134702).

Tobacco Product Use Over Time

From 2022 to 2023, among high school students, statistically significant declines ($p<0.05$) occurred in current use of any tobacco product (from 16.5% to 12.6%), e-cigarettes (from 14.1% to 10.0%), cigars (from 2.8% to 1.8%), and any combustible tobacco product (from 5.2% to 3.9%). Among middle school students, statistically significant increases ($p<0.05$) occurred in current use of any tobacco product (from 4.5% to 6.6%) and multiple tobacco products (from 1.5% to 2.5%). Among middle school and high school students combined, no significant change in current use of any composite measure or individual tobacco product was observed.

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Discussion

Current use of any tobacco product by high school students declined by an estimated 540,000 students, from 2.51 million in 2022 (*3*) to 1.97 million in 2023. In 2023, 22.2% of middle and high school students (representing 6.21 million) reported ever using any tobacco product, and 10.0% of students (representing 2.80 million) reported current use of any tobacco product. Similar to 2022 (*3*), ever use of any tobacco product was lowest among non-Hispanic Asian students and did not differ significantly across most racial and ethnic groups.

E-cigarettes have been the most commonly used tobacco product among U.S. youths since 2014 (*4*). Youth e-cigarette use is a critical public health concern, because approximately one half of students ever using e-cigarettes reported using them currently, indicating that many young persons who try e-cigarettes remain e-cigarette users. In 2023, 10.0% of high school students and 4.6% of middle school students used e-cigarettes during the past 30 days. From 2022 (*3*) to 2023, a significant decline in current e-cigarette use occurred among high school students (from 14.1% to 10.0%), while no statistically significant change occurred among middle school students (from 3.3% in 2022 to 4.6% in 2023). The decline since 2022 in high school student e-cigarette use is likely attributable to multiple factors, such as ongoing efforts at the national, state, and local levels to implement tobacco control strategies, including Food and Drug Administration (FDA) regulatory actions. Continued surveillance is needed to determine the trajectory of middle school e-cigarette use. Despite the decline in e-cigarette use among high school students, close to 40% of high school students using e-cigarettes reported

frequent use, and 29.9% reported daily use. Furthermore, 550,000 middle school students currently used e-cigarettes, including 20.7% reporting frequent use. Similar patterns were observed in 2022 for both middle school and high school students. These findings are concerning, because adolescents have reported symptoms of nicotine dependence when using tobacco products only 1–3 days per month (*1*). Efforts aimed at reducing nicotine dependence among adolescents by preventing initiation of tobacco products is important (*5*).

Among students who reported current e-cigarette use, disposables were the most commonly used device type. Disposable e-cigarettes have been gaining market share; they are relatively inexpensive, have a high nicotine content, and are available in flavors appealing to youths (e.g., fruit and candy) (*6*). In January 2020, FDA announced that it would prioritize enforcement against prefilled e-cigarettes in flavors other than tobacco and menthol (*7*). In 2023, NYTS for the first time assessed tobacco-flavored product use, use of flavors that included the word “ice” or “iced” in their name, and use of concept flavors. These results, combined with results of other flavored tobacco product use research, continue to demonstrate the high appeal of flavored tobacco products among young persons.

Multiple factors continue to influence tobacco product use and initiation among middle and high school students, including availability of flavored products, marketing, and misperceptions regarding harm. Continued surveillance provides an understanding of the prevalence and frequency of tobacco product use, the popularity of specific brands and flavors, and how product use behaviors change over time as the tobacco product marketplace continues to diversify.

Limitations

The findings in this report are subject to at least three limitations. First, data were obtained by self-report, which can result in social desirability and recall biases, although previous research suggests that self-reported measures of tobacco use among persons aged 12–21 years correlate with biomarkers of tobacco use (*8*). Second, these findings might not be generalizable to youths who are home-schooled, have dropped out of school, are in detention centers, or are enrolled in alternative schools. Finally, the response rate for the 2023 NYTS was lower than that for the 2022 NYTS (30.5% in 2023 versus 45.2% in 2022). The lower response rate can increase the potential for bias and result in higher SEs for some estimates; higher SEs can reduce the power to detect a significant difference, if there is one, when doing year to year comparisons, especially for certain population groups. Adjustments were made to the survey weights to reduce the potential for nonresponse bias. Therefore, 2023 NYTS estimates may be compared with 2022 NYTS estimates for the same population groups.

Implications for Public Health Practice

In 2023, 10.0% (representing 2.80 million) of U.S. middle and high school students reported current tobacco product use. A significant decline in current e-cigarette use occurred among high school students from 2022 to 2023 (from 14.1% to 10.0%). Given the negative health consequences of tobacco use (*2*) and the unique harms associated with adolescent nicotine exposure (*1*), prevention of tobacco use by youths is imperative. Thus, a continued comprehensive approach to tobacco use prevention is needed to further reduce tobacco use among youths, based on knowledge about youth product use behaviors. Further, longstanding and proven tobacco prevention policies, such as price increases, comprehensive smoke-free policies (that include e-cigarettes), counter-marketing campaigns, and health care intervention, will continue to reduce youth initiation and tobacco use (*5*).

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Corresponding author: Jan Birdsey, JBirdsey@cdc.gov.

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[1]Office on Smoking and Health, National Center for Chronic Disease Prevention and Health Promotion, CDC; [2]Center for Tobacco Products, Food and Drug Administration, Silver Spring, Maryland.

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* The term “tobacco” as used in this report refers to commercial tobacco products and not to sacred and traditional use of tobacco by some American Indian communities.

† Data were weighted to account for complex survey design and to adjust for nonresponse. The weighted proportions of students in each grade matched national population proportions for U.S. public and private schools derived from data from Market Data Retrieval Inc. 2021–2022 Common Core of Data and the National Center for Education Statistics 2019–2020 Private School Universe Study. Population total estimates were rounded down to the nearest 10,000 persons.

§ Products include e-cigarettes, cigarettes, cigars (cigars, cigarillos, or little cigars), smokeless tobacco (chewing tobacco, snuff, dip, or snus), hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), and other oral nicotine products (lozenges, discs, tablets, gums, dissolvable tobacco products, and other products). In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

¶ Small, flavored pouches contain nicotine that comes from tobacco. Users place them in their mouth. Nicotine pouches are different from other smokeless tobacco products such as snus, dip, or chewing tobacco, because they do not contain any tobacco leaf.

** Heated tobacco products heat processed tobacco leaf in the form of sticks (“heatsticks”), plugs, or capsules to produce a vapor that the user inhales. They are different from e-cigarettes, which heat a liquid to produce a vapor.

†† Any tobacco product use was defined as use of one or more of the following tobacco products: e-cigarettes, cigarettes, cigars, smokeless tobacco, hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis, or other oral nicotine products.

§§ Any combustible tobacco product use is defined as use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

¶¶ Multiple tobacco product use was defined as use of two or more of the following tobacco products: e-cigarettes, cigarettes, cigars, smokeless tobacco, hookahs, heated tobacco products, nicotine pouches, pipe tobacco, bidis, or other oral nicotine products.

*** Categories used are “disposables,” “prefilled or refillable pods or cartridges,” “tanks or mod system,” or “don’t know the type.” Disposable e-cigarettes come prefilled with e-liquid and are designed to be discarded once empty. Some pods or cartridges come prefilled with e-liquid that is replaced after use, although others can be refilled by the user. Tank or mod-type devices can also be refilled but are also usually customizable.

††† Brand response options included blu, Breeze, Elf Bar, Esco Bars, Fume, HQD, JUUL, Kangvape (including Onee Stick), Logic, Mr. Fog, NJOY, SMOK (including NOVO), Suorin (including Air Bar), Vuse, “some other brand(s) not listed here” with space for a write-in name, and “not sure/I don’t know the brand.” Write-in responses corresponding to an original response option were recoded.

§§§ Flavor type was determined by response to the question, “In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more).” Those who selected “some other flavor not listed here” could provide a write-in response; write-in responses corresponding to an original response option were recoded.

¶¶¶ 45 C.F.R. part 46.102(l)(2), 21 C.F.R. part 56; 42 U.S.C. Sect. 241(d); 5 U.S.C. Sect. 552a; 44 U.S.C. Sect. 3501 et seq.

**** Estimates among non-Hispanic Asian and non-Hispanic Native Hawaiian or other Pacific Islander students were statistically unreliable for all current measures and are not reported.

†††† Current users were asked, “Did any of the flavors you used in the past 30 days have names or descriptions that included the word ‘ice’ or ‘iced’ (for example, blueberry ice or strawberry ice)?” Those who reported using only “unflavored” e-cigarettes (n = 60) or nicotine pouches (n = 11) were not asked the question.

§§§§ Current users were asked, “Did any of the flavors that you used in the past 30 days have a name that did not describe a specific flavor, such as ‘solar,’ ‘purple,’ ‘jazz,’ ‘island bash,’ ‘fusion,’ or some other word or phrase?” Those who reported using only “unflavored” e-cigarettes (n = 60) or nicotine pouches (n = 11) were not asked the question.

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TABLE 1. Percentage of middle and high school students who reported ever using tobacco products,* b product, overall and by school level, sex, and race and ethnicity — National Youth Tobacco Survey, Un States, 2023

Tobacco product	% (95% CI)									Total estim weig no.§
	Sex		Race and ethnicity†							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Overall										
Any tobacco product¶	23.7 (21.5–26.0)	20.8 (18.9–22.8)	22.7 (16.8–30.0)	12.1 (6.5–21.5)	20.1 (17.7–22.6)	23.1 (20.2–26.2)	23.8 (22.2–25.4)	27.9 (22.5–33.9)	**22.2 (20.5–23.9)**	**6,21**
E-cigarettes	19.4 (17.5–21.5)	14.7 (13.2–16.3)	15.4 (10.7–21.8)	—**	12.9 (11.1–14.8)	18.4 (15.9–21.1)	18.2 (16.3–20.2)	20.8 (15.9–26.8)	**17.0 (15.6–18.5)**	**4,75**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Cigarettes	7.0 (6.0–8.1)	6.5 (5.4–7.7)	9.5 (5.6–15.5)	—	4.1 (2.9–5.8)	7.5 (6.3–8.9)	7.4 (5.9–9.2)	8.7 (6.0–12.4)	**6.7 (6.0–7.6)**	**1,84**
Cigars[††]	3.8 (2.9–4.8)	5.8 (4.8–7.0)	—	—	4.7 (3.4–6.4)	5.2 (4.1–6.6)	4.7 (4.0–5.5)	6.9 (4.8–9.8)	**4.8 (4.0–5.6)**	**1,30**
Hookahs	3.4 (2.4–4.8)	2.7 (1.9–3.8)	—	—	4.5 (2.7–7.2)	2.5 (1.7–3.5)	3.5 (2.7–4.5)	3.6 (2.4–5.2)	**3.0 (2.4–3.9)**	**820**
Smokeless tobacco (composite)[††]	2.2 (1.7–2.9)	3.7 (2.8–4.8)	—	—	1.3 (0.8–2.1)	3.4 (2.5–4.6)	2.9 (2.2–3.8)	5.0 (3.3–7.5)	**3.0 (2.4–3.6)**	**800**
Other oral nicotine products[††]	2.7 (2.1–3.4)	3.2 (2.6–4.1)	4.9 (2.8–8.5)	—	1.7 (1.1–2.6)	3.2 (2.4–4.1)	3.5 (2.7–4.6)	4.2 (2.4–7.2)	**3.0 (2.5–3.5)**	**800**
Nicotine pouches	1.7 (1.2–2.4)	3.0 (2.2–4.1)	—	—	—	3.0 (2.3–3.9)	2.0 (1.2–3.2)	—	**2.3 (1.8–3.0)**	**580**
Pipe tobacco	1.5 (1.1–2.0)	1.9 (1.4–2.5)	—	—	—	1.8 (1.3–2.5)	2.0 (1.5–2.7)	2.3 (1.3–3.9)	**1.7 (1.4–2.0)**	**440**
Heated tobacco products	1.5 (1.1–2.0)	1.5 (1.0–2.1)	—	—	1.7 (1.0–2.9)	1.4 (0.9–2.0)	1.8 (1.3–2.4)	1.6 (0.9–3.0)	**1.5 (1.1–2.0)**	**370**
Any combustible tobacco product[§§]	10.9 (9.3–12.8)	11.6 (10.1–13.2)	11.1 (7.0–17.1)	4.4 (2.4–7.8)	11.2 (8.5–14.7)	11.6 (9.7–13.7)	12.0 (10.4–13.8)	14.4 (11.0–18.5)	**11.2 (9.9–12.7)**	**3,09**
Multiple tobacco products[¶¶]	10.1 (8.7–11.8)	9.6 (8.4–10.9)	11.0 (7.2–16.3)	3.6 (2.1–6.0)	7.3 (5.5–9.7)	10.8 (9.1–12.8)	10.3 (8.9–11.8)	13.3 (10.1–17.3)	**9.8 (8.7–11.1)**	**2,75**
High school students (grades 9–12)										

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Any tobacco product[¶]	30.1 (26.9–33.5)	25.9 (23.5–28.5)	29.0 (19.1–41.5)	—	21.8 (18.8–25.2)	31.4 (28.0–34.9)	27.3 (24.8–29.8)	35.1 (27.3–43.7)	**27.9 (25.8–30.2)**	**4,39**
E-cigarettes	26.0 (23.2–29.0)	19.5 (17.6–21.5)	20.3 (12.5–31.2)	—	14.7 (11.7–18.2)	26.0 (23.0–29.2)	22.3 (20.0–24.9)	27.5 (20.9–35.3)	**22.6 (20.9–24.5)**	**3,55**
Cigarettes	8.8 (7.3–10.6)	8.3 (7.0–9.7)	—	—	3.0 (1.8–5.0)	10.5 (9.0–12.1)	8.8 (6.9–11.1)	10.5 (6.8–15.7)	**8.5 (7.7–9.5)**	**1,31**
Cigars[††]	4.8 (3.6–6.4)	7.9 (6.3–9.9)	—	—	4.8 (3.2–7.1)	7.8 (6.1–10.0)	5.4 (4.4–6.6)	9.6 (6.4–14.0)	**6.4 (5.3–7.7)**	**980**
Hookahs	4.0 (2.7–5.9)	3.5 (2.3–5.4)	—	—	—	3.6 (2.5–5.3)	3.9 (2.7–5.5)	3.3 (1.9–5.8)	**3.7 (2.8–5.1)**	**560**
Smokeless tobacco (composite)[††]	2.2 (1.5–3.2)	4.3 (3.3–5.7)	—	—	—	3.8 (2.8–5.1)	2.9 (2.1–4.0)	6.9 (4.1–11.4)	**3.3 (2.6–4.1)**	**500**
Other oral nicotine products[††]	2.8 (2.0–4.0)	4.0 (3.1–5.3)	—	—	1.6 (0.9–2.7)	4.1 (3.0–5.4)	3.8 (3.0–4.8)	—	**3.5 (2.8–4.2)**	**520**
Nicotine pouches	2.0 (1.4–2.9)	4.1 (3.0–5.6)	—	—	—	4.5 (3.5–5.7)	1.8 (1.1–2.8)	—	**3.1 (2.4–4.0)**	**430**
Pipe tobacco	1.7 (1.2–2.5)	2.4 (1.8–3.2)	—	—	—	2.7 (2.0–3.5)	2.2 (1.5–3.2)	3.3 (2.0–5.5)	**2.1 (1.7–2.5)**	**310**
Heated tobacco products	1.7 (1.2–2.5)	1.6 (1.0–2.4)	—	—	—	1.8 (1.2–2.8)	1.5 (0.9–2.3)	—	**1.6 (1.2–2.3)**	**230**
Any combustible tobacco product[§§]	13.6 (11.3–16.2)	14.9 (13.0–16.9)	—	—	10.7 (8.2–14.0)	16.4 (14.1–19.1)	13.8 (11.7–16.3)	17.5 (12.6–23.7)	**14.2 (12.6–16.1)**	**2,19**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Multiple tobacco products[¶¶]	12.8 (10.5–15.4)	12.6 (11.1–14.2)	14.2 (8.0–24.0)	4.6 (2.5–8.3)	7.1 (4.9–10.1)	15.4 (13.1–18.1)	11.7 (10.0–13.6)	17.1 (12.2–23.3)	**12.7 (11.1–14.4)**	**1,99**
Middle school students (grades 6–8)										
Any tobacco product[¶]	15.4 (12.9–18.3)	13.8 (11.3–16.6)	15.3 (9.7–23.2)	—	17.8 (12.9–24.0)	12.3 (10.0–14.9)	18.7 (16.5–21.1)	17.6 (13.0–23.6)	**14.7 (12.5–17.1)**	**1,78**
E-cigarettes	11.0 (9.1–13.3)	8.2 (6.9–9.8)	—	—	10.6 (8.5–13.1)	8.4 (6.8–10.3)	12.3 (10.5–14.4)	11.3 (6.3–19.5)	**9.7 (8.3–11.3)**	**1,17**
Cigarettes	4.6 (3.6–5.9)	4.0 (2.7–5.9)	—	—	5.5 (3.9–7.8)	3.5 (2.5–5.1)	5.3 (3.8–7.2)	—	**4.3 (3.3–5.5)**	**510**
Cigars[††]	2.4 (1.6–3.6)	2.9 (2.0–4.2)	—	—	4.6 (2.8–7.4)	1.7 (1.1–2.6)	3.5 (2.3–5.3)	—	**2.6 (1.9–3.7)**	**310**
Hookahs	—	1.7 (1.2–2.3)	—	—	—	0.9 (0.5–1.6)	2.9 (2.1–4.0)	—	**2.1 (1.4–3.2)**	**240**
Smokeless tobacco (composite)[††]	2.3 (1.6–3.1)	2.7 (1.8–4.0)	—	—	—	2.9 (1.9–4.4)	2.5 (1.6–3.9)	—	**2.4 (1.8–3.3)**	**290**
Other oral nicotine products[††]	2.4 (1.8–3.2)	2.1 (1.6–2.7)	—	—	—	2.0 (1.4–2.9)	2.9 (1.8–4.4)	2.9 (1.6–5.2)	**2.2 (1.8–2.7)**	**260**
Nicotine pouches	—	—	—	—	—	1.0 (0.6–1.8)	—	—	—	-
Pipe tobacco	1.1 (0.6–2.0)	1.1 (0.6–2.0)	—	—	—	—	1.7 (1.2–2.4)	—	**1.1 (0.7–1.6)**	**120**
Heated tobacco products	1.2 (0.7–1.9)	—	—	—	—	0.8 (0.5–1.5)	2.1 (1.6–2.8)	—	**1.2 (0.8–1.8)**	**130**

Tobacco product	% (95% CI)									Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]							
	Female	Male	AI/AN, NH	Asian, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Any combustible tobacco product[§§]	7.5 (5.7–10.0)	7.2 (5.1–9.9)	6.6 (3.6–11.7)	—	11.9 (7.0–19.4)	5.3 (3.8–7.3)	9.3 (7.3–11.7)	9.8 (6.4–14.8)	**7.3 (5.6–9.4)**	**870**
Multiple tobacco products[¶¶]	6.7 (5.3–8.6)	5.5 (4.2–7.2)	—	—	7.6 (4.7–12.2)	4.7 (3.5–6.2)	8.0 (6.0–10.6)	7.9 (5.3–11.6)	**6.1 (4.9–7.5)**	**740**

Abbreviations: AI/AN = American Indian or Alaska Native; NH = non-Hispanic.

* Ever use is defined as ever having used the product, even once or twice. Because of missing data on the ever use questions, denominators for each tobacco product might be different. For each question, response options were "yes" or "no."

† Hispanic or Latino persons could be of any race. Estimates among NH Native Hawaiian or other Pacific Islander students, overall and by school level, were statistically unreliable for all measures and are not presented in this table.

§ Estimated weighted total number of ever tobacco product users was rounded down to the nearest 10,000 persons. Overall estimates were reported based on 22,069 U.S. middle and high school students. School level was determined by reported grade level: high school (grades 9–12; n = 10,879) and middle school (grades 6–8; n = 11,067). The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report sex, race and ethnicity, or grade level.

¶ Any tobacco product use is defined as ever use of one or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), or other oral nicotine products.

** Dashes indicate that data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

†† Cigars were defined as cigars, cigarillos, or little cigars. Smokeless tobacco (composite) was defined as chewing tobacco, snuff, dip, or snus. Other oral nicotine products were defined as lozenges, discs, tablets, gums, dissolvable tobacco products, and other products. In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

§§ Any combustible tobacco product use was defined as ever use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

¶¶ Multiple tobacco product use was defined as ever use of two or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis, or other oral nicotine products.

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TABLE 2. Percentage of middle and high school students who reported current (past 30-day) tobacco product use, by product,* overall and by school level, sex, and race and ethnicity — National Youth Tobacco Survey, United States, 2023

Return

Tobacco product	% (95% CI)								Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Overall									
Any tobacco product[¶]	11.2 (9.5–13.1)	8.9 (7.7–10.3)	8.0 (4.7–13.2)	9.3 (7.5–11.3)	9.5 (7.7–11.6)	11.7 (10.1–13.4)	12.6 (8.8–17.7)	**10.0 (8.9–11.2)**	**2,800,000**
E-cigarettes	9.3 (8.1–10.8)	6.1 (5.0–7.4)	5.9 (3.4–10.0)	5.6 (4.5–7.1)	7.7 (6.3–9.4)	8.5 (7.4–9.8)	10.2 (6.8–15.1)	**7.7 (6.8–8.6)**	**2,130,000**
Cigarettes	1.4 (1.0–1.9)	1.8 (1.4–2.4)	—**	—	1.6 (1.1–2.3)	2.1 (1.5–3.1)	1.6 (1.0–2.8)	**1.6 (1.2–2.1)**	**430,000**
Cigars	1.3 (0.9–2.0)	1.8 (1.4–2.3)	—	2.3 (1.4–3.8)	1.0 (0.7–1.4)	2.2 (1.7–2.8)	—	**1.6 (1.2–2.0)**	**420,000**
Nicotine pouches	0.8 (0.5–1.3)	2.1 (1.5–3.0)	—	—	1.4 (0.9–2.2)	1.9 (1.1–3.3)	—	**1.5 (1.0–2.1)**	**400,000**
Smokeless tobacco (composite)[††]	—	1.6 (1.1–2.3)	—	—	1.2 (0.7–1.8)	1.6 (1.1–2.4)	—	**1.2 (0.9–1.7)**	**330,000**
Other oral nicotine products	1.1 (0.9–1.4)	1.2 (0.9–1.7)	0.5 (0.3–0.8)	—	1.2 (0.9–1.5)	1.5 (1.1–2.0)	—	**1.2 (1.0–1.4)**	**310,000**
Hookahs	1.3 (0.8–2.1)	0.9 (0.6–1.3)	—	—	0.7 (0.4–1.1)	1.3 (1.0–1.7)	1.3 (0.7–2.4)	**1.1 (0.8–1.5)**	**290,000**
Heated tobacco products	0.7 (0.5–1.0)	1.2 (0.8–1.9)	—	1.0 (0.5–1.7)	0.7 (0.4–1.2)	1.5 (1.0–2.2)	—	**1.0 (0.7–1.3)**	**260,000**
Pipe tobacco	0.5 (0.3–0.7)	0.6 (0.4–0.9)	—	—	0.5 (0.3–0.8)	0.9 (0.5–1.4)	—	**0.5 (0.4–0.7)**	**130,000**

Tobacco product	% (95% CI)								
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	Total estimated weighted no.[§]
Any combustible tobacco product[§§]	3.3 (2.6–4.1)	3.5 (2.9–4.2)	2.7 (1.5–4.9)	4.7 (3.1–7.0)	2.7 (2.2–3.5)	3.9 (3.1–4.8)	3.7 (2.4–5.5)	**3.4 (2.9–4.0)**	**920,000**
Multiple tobacco products[¶¶]	3.4 (2.7–4.2)	3.4 (2.7–4.2)	2.0 (1.1–3.5)	3.2 (1.8–5.5)	3.1 (2.4–4.0)	3.9 (3.4–4.5)	4.1 (2.6–6.5)	**3.4 (2.9–3.9)**	**940,000**
High school students (grades 9–12)									
Any tobacco product[¶]	14.1 (11.6–17.0)	11.2 (9.4–13.1)	—	9.8 (7.7–12.5)	13.6 (11.2–16.5)	12.4 (10.6–14.4)	17.2 (11.3–25.3)	**12.6 (11.1–14.3)**	**1,970,000**
E-cigarettes	12.2 (10.3–14.5)	8.0 (6.3–10.0)	—	5.6 (4.2–7.4)	11.3 (9.2–13.7)	9.7 (8.0–11.8)	14.2 (9.0–21.8)	**10.0 (8.8–11.4)**	**1,560,000**
Cigarettes	1.5 (1.0–2.2)	2.3 (1.8–2.9)	—	—	2.2 (1.4–3.4)	2.2 (1.6–3.0)	—	**1.9 (1.5–2.4)**	**290,000**
Cigars	1.4 (0.8–2.3)	2.3 (1.7–3.0)	—	1.9 (1.2–3.0)	1.4 (0.9–2.2)	2.3 (1.6–3.3)	—	**1.8 (1.4–2.4)**	**280,000**
Nicotine pouches	—	2.6 (1.9–3.6)	—	—	2.2 (1.4–3.4)	1.6 (0.9–2.7)	—	**1.7 (1.2–2.5)**	**260,000**
Smokeless tobacco (composite)[††]	—	2.1 (1.4–3.0)	—	—	1.7 (1.1–2.6)	1.7 (1.1–2.7)	—	**1.5 (1.1–2.2)**	**230,000**
Other oral nicotine products	0.9 (0.7–1.3)	1.5 (1.0–2.2)	—	—	1.3 (1.0–1.8)	1.6 (1.1–2.2)	—	**1.2 (1.0–1.6)**	**180,000**
Hookahs	1.4 (0.8–2.4)	0.9 (0.6–1.5)	—	—	—	1.0 (0.6–1.6)	—	**1.1 (0.8–1.6)**	**170,000**

Tobacco product	% (95% CI)								
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	Total estimated weighted no.[§]
Heated tobacco products	0.7 (0.4–1.2)	1.4 (0.8–2.5)	—	—	—	1.6 (0.9–2.7)	—	**1.0 (0.7–1.6)**	**150,000**
Pipe tobacco	0.5 (0.3–0.9)	0.7 (0.4–1.2)	—	—	0.6 (0.4–1.0)	_	—	**0.6 (0.4–0.9)**	**90,000**
Any combustible tobacco product[§§]	3.6 (2.7–4.7)	4.3 (3.6–5.2)	—	4.5 (3.2–6.2)	3.8 (3.0–5.0)	3.8 (2.8–5.0)	5.3 (3.3–8.6)	**3.9 (3.4–4.6)**	**600,000**
Multiple tobacco products[¶¶]	3.5 (2.7–4.7)	4.3 (3.4–5.5)	—	—	4.3 (3.2–5.7)	3.9 (3.0–5.1)	6.1 (3.6–10.2)	**3.9 (3.3–4.7)**	**610,000**
Middle school students (grades 6–8)									
Any tobacco product[¶]	7.5 (5.9–9.4)	5.7 (4.1–8.0)	—	8.5 (5.8–12.4)	4.1 (3.2–5.2)	10.3 (7.5–14.0)	6.0 (3.4–10.5)	**6.6 (5.1–8.5)**	**800,000**
E-cigarettes	5.6 (4.5–7.1)	3.5 (2.5–4.8)	—	5.7 (3.9–8.2)	3.1 (2.2–4.2)	6.6 (5.3–8.2)	—	**4.6 (3.6–5.8)**	**550,000**
Cigarettes	1.1 (0.7–1.9)	—	—	—	0.8 (0.4–1.4)	—	—	**1.1 (0.6–1.9)**	**120,000**
Cigars	1.2 (0.7–2.2)	1.0 (0.6–1.8)	—	—	—	1.8 (1.1–3.1)	—	**1.1 (0.7–1.8)**	**130,000**
Nicotine pouches	—	—	—	—	0.5 (0.3–0.8)	—	—	—	—
Smokeless tobacco (composite)[††]	0.6 (0.4–1.0)	—	—	—	—	—	—	**0.7 (0.5–1.2)**	**80,000**

Tobacco product	% (95% CI)								Total estimated weighted no.[§]
	Sex		Race and ethnicity[†]						
	Female	Male	AI/AN, NH	Black or African American, NH	White, NH	Hispanic or Latino	Multiracial, NH	Total	
Other oral nicotine products	1.3 (0.9–1.8)	0.8 (0.6–1.3)	—	—	1.0 (0.6–1.6)	1.3 (0.8–2.0)	—	**1.1 (0.8–1.4)**	**120,000**
Hookahs	—	0.8 (0.5–1.5)	—	—	0.4 (0.2–0.7)	1.8 (1.1–2.9)	—	**1.0 (0.6–1.8)**	**120,000**
Heated tobacco products	0.8 (0.4–1.3)	—	—	—	—	1.3 (0.8–2.3)	—	**0.8 (0.5–1.4)**	**90,000**
Pipe tobacco	—	—	—	—	—	—	—	**0.4 (0.2–0.6)**	**40,000**
Any combustible tobacco product[§§]	2.8 (1.8–4.4)	2.3 (1.4–3.6)	—	—	1.3 (0.9–1.9)	3.7 (2.4–5.6)	—	**2.5 (1.7–3.8)**	**300,000**
Multiple tobacco products[¶¶]	3.1 (2.2–4.4)	2.0 (1.3–3.0)	—	—	1.5 (1.0–2.2)	3.5 (2.5–4.9)	—	**2.5 (1.8–3.5)**	**300,000**

Abbreviations: AI/AN = American Indian or Alaska Native; NH = non-Hispanic.

* Current use is defined as use on ≥1 days during the past 30 days for each product. Because of missing data on past 30-day use questions, denominators for each tobacco product might be different.

† Hispanic or Latino persons could be of any race. Estimates among NH Asian and NH Native Hawaiian or other Pacific Islander students, overall and by school level, were statistically unreliable for all measures and are not presented in this table.

§ Estimated weighted total number of current tobacco product users was rounded down to the nearest 10,000 persons. Overall estimates were reported based on 22,069 U.S. middle and high school students. School level was determined by reported grade level: high school (grades 9–12; n = 10,879) and middle school (grades 6–8; n = 11,067). The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report sex, race and ethnicity, or grade level.

¶ Any tobacco product use is defined as current use of one or more of the following tobacco products on ≥1 days during the past 30 days: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis (small brown cigarettes wrapped in a leaf), or other oral nicotine products.

** Dashes indicate that data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

†† Cigars were defined as cigars, cigarillos, or little cigars. Smokeless tobacco (composite) was defined as chewing tobacco, snuff, dip, or snus. Other oral nicotine products were defined as lozenges, discs, tablets, gums, dissolvable tobacco products, and other products. In 2023, dissolvable tobacco products were reclassified from smokeless tobacco to other oral nicotine products.

[§§] Any combustible tobacco product use was defined as current use of one or more of the following tobacco products: cigarettes, cigars, hookahs, pipe tobacco, or bidis.

[¶¶] Multiple tobacco product use was defined as current use of two or more of the following tobacco products: e-cigarettes, cigars, cigarettes, smokeless tobacco (composite), hookahs, nicotine pouches, heated tobacco products, pipe tobacco, bidis, or other oral nicotine products.

Top

TABLE 3. Percentage of middle and high school students reporting current (past 30-day) e-cigarette use,* overall by selected characteristics and school level — National Youth Tobacco Survey, United States, 2023

Return

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Among all students	**2,130,000**	**7.7 (6.8–8.6)**	**1,560,000**	**10.0 (8.8–11.4)**	**550,000**	**4.6 (3.6–5.8)**
Among current e-cigarette users						
Frequency of use during past 30 days						
1–5 days	**980,000**	**46.1 (39.8–52.7)**	630,000	40.7 (33.1–48.7)	340,000	62.0 (55.7–67.9)
6–19 days	**400,000**	**19.1 (15.0–24.1)**	300,000	19.7 (14.1–26.8)	90,000	17.3 (12.2–24.0)
20–30 days	**740,000**	**34.7 (28.4–41.7)**	620,000	39.7 (31.3–48.6)	110,000	20.7 (14.6–28.6)
Daily e-cigarette use[§]	**530,000**	**25.2 (19.2–32.3)**	460,000	29.9 (22.1–39.1)	60,000	11.4 (7.5–17.0)
Device type most often used[¶]						
Disposables	**1,240,000**	**60.7 (53.3–67.6)**	1,000,000	65.2 (56.3–73.1)	240,000	47.9 (39.5–56.5)
Prefilled or refillable pods or cartridges	**330,000**	**16.1 (12.2–21.0)**	240,000	16.0 (11.1–22.5)	80,000	16.7 (11.4–23.8)
Tanks or mod system	**120,000**	**5.9 (4.4–7.8)**	90,000	6.0 (4.3–8.4)	20,000	4.4 (2.5–7.5)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Don't know the type	**350,000**	**17.3 (12.7–23.1)**	190,000	12.8 (8.7–18.4)	150,000	31.1 (22.2–41.5)
Any brand**						
Elf Bar	**1,160,000**	**56.7 (50.6–62.6)**	900,000	59.1 (52.9–65.1)	260,000	50.0 (37.5–62.5)
Esco Bars	**440,000**	**21.6 (16.2–28.3)**	370,000	24.9 (18.1–33.1)	60,000	12.0 (6.9–20.2)
Vuse	**420,000**	**20.7 (16.4–25.9)**	330,000	22.2 (16.9–28.6)	80,000	16.3 (10.8–23.8)
JUUL	**330,000**	**16.5 (12.9–20.9)**	240,000	16.3 (11.8–22.1)	80,000	16.8 (11.4–24.1)
Mr. Fog	**280,000**	**13.6 (7.9–22.4)**	230,000	15.1 (8.2–26.3)	—[††]	—
SMOK (including NOVO)	**230,000**	**11.3 (6.3–19.5)**	—	—	30,000	6.7 (3.9–11.1)
Breeze	**230,000**	**11.6 (7.6–17.4)**	200,000	13.2 (8.0–21.2)	30,000	6.6 (4.1–10.5)
Kangvape (including Onee Stick)	**180,000**	**8.8 (6.6–11.7)**	130,000	8.7 (6.5–11.6)	—	—
Fume	**180,000**	**9.0 (6.4–12.6)**	140,000	9.2 (6.0–13.9)	40,000	8.2 (4.7–14.0)
NJOY	**150,000**	**7.5 (5.5–10.3)**	120,000	8.1 (5.6–11.7)	20,000	5.4 (3.1–9.2)
blu	**120,000**	**6.0 (4.4–8.3)**	70,000	5.2 (3.4–7.8)	40,000	8.1 (5.0–12.9)
HQD	**110,000**	**5.5 (3.4–8.5)**	80,000	5.7 (3.3–9.7)	—	—

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Logic	**80,000**	**3.9 (2.5–6.1)**	50,000	3.7 (2.3–5.8)	—	—
Suorin (including Air Bar)	**70,000**	**3.8 (2.5–5.6)**	50,000	3.8 (2.3–6.3)	—	—
Lost Mary§§	**50,000**	**2.6 (1.4–4.8)**	40,000	3.3 (1.8–5.9)	—	—
Some other brand not listed	**350,000**	**17.3 (11.6–24.9)**	290,000	19.5 (12.4–29.2)	50,000	10.9 (6.0–19.0)
Not sure or don't know the brand	**490,000**	**23.9 (19.3–29.2)**	300,000	19.8 (15.6–24.9)	180,000	35.4 (24.3–48.3)
Usual brand¶¶						
Elf Bar	**630,000**	**31.1 (26.2–36.4)**	460,000	30.2 (24.8–36.2)	170,000	33.9 (24.6–44.7)
Vuse	**170,000**	**8.7 (5.8–12.9)**	150,000	10.0 (6.4–15.3)	—	—
Esco Bars	**120,000**	**6.0 (3.4–10.4)**	110,000	7.7 (4.3–13.5)	—	—
JUUL	**70,000**	**3.4 (1.9–6.1)**	—	—	—	—
Mr. Fog	—	—	—	—	—	—
SMOK (including NOVO)	—	—	—	—	—	—
Breeze	—	—	—	—	—	—
Kangvape (including Onee Stick)	—	—	—	—	—	—
Fume	—	—	—	—	—	—
NJOY	—	—	—	—	—	—
blu	—	—	—	—	—	—
HQD	—	—	—	—	—	—

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Logic	—	—	—	—	—	—
Suorin (including Air Bar)	—	—	—	—	—	—
Lost Mary	—	—	—	—	—	—
No usual brand	**90,000**	**4.4 (2.8–7.0)**	70,000	4.7 (2.8–7.5)	—	—
Some other brand not listed	**270,000**	**13.2 (7.8–21.5)**	230,000	15.4 (8.6–25.9)	—	—
Not sure or don't know the brand	**400,000**	**19.8 (16.0–24.1)**	240,000	16.0 (12.5–20.4)	150,000	30.5 (22.1–40.4)
Flavored e-cigarette use* **						
Any flavor other than tobacco-flavored or unflavored	**1,900,000**	**89.4 (86.2–91.9)**	1,410,000	90.3 (86.6–93.1)	480,000	87.1 (79.9–92.0)
Exclusive use of tobacco-flavored or unflavored	**110,000**	**5.6 (3.9–7.9)**	80,000	5.4 (3.4–8.4)	30,000	6.2 (3.4–11.0)
Unspecified	**100,000**	**5.0 (3.5–7.2)**	60,000	4.3 (2.8–6.6)	—	—
Flavor type used among current e-cigarette users†††						
Fruit	**1,280,000**	**63.4 (59.8–66.9)**	930,000	62.6 (57.9–67.0)	340,000	66.3 (59.5–72.5)
Candy, desserts, or other sweets	**700,000**	**35.0 (29.1–41.5)**	510,000	34.4 (27.5–42.1)	190,000	37.0 (28.6–46.4)
Mint	**560,000**	**27.8 (22.0–34.4)**	470,000	31.6 (24.2–40.1)	80,000	16.5 (11.6–22.9)
Menthol	**400,000**	**20.1 (15.5–25.8)**	340,000	23.3 (17.6–30.1)	50,000	10.4 (7.2–14.8)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)	Estimated weighted no.†	% (95% CI)
Unflavored	**230,000**	**11.6 (8.8–15.1)**	160,000	10.9 (7.8–15.0)	60,000	13.2 (8.7–19.5)
Non-alcoholic drinks§§§	**220,000**	**11.3 (6.4–19.1)**	—	—	30,000	7.4 (4.1–13.0)
Alcoholic drinks§§§	**170,000**	**8.4 (5.5–12.7)**	130,000	9.0 (5.5–14.4)	—	—
Tobacco-flavored	**120,000**	**6.4 (4.5–9.0)**	70,000	5.3 (3.7–7.4)	—	—
Clove or spice §§§	**120,000**	**6.0 (4.3–8.2)**	70,000	5.1 (3.3–7.7)	40,000	7.9 (4.6–13.1)
Chocolate	**90,000**	**4.9 (3.4–7.1)**	50,000	3.4 (1.9–6.2)	40,000	8.0 (4.3–14.3)
Some other flavor	**120,000**	**6.0 (4.2–8.5)**	60,000	4.6 (3.0–7.0)	50,000	10.0 (5.9–16.4)
Use of any flavors that included the word “ice” or “iced” (such as “blueberry ice or strawberry ice”)¶¶¶						
Yes	**1,100,000**	**57.9 (52.5–63.1)**	800,000	57.0 (51.3–62.6)	290,000	61.0 (52.8–68.5)
No	**560,000**	**29.5 (24.8–34.8)**	440,000	31.6 (26.1–37.7)	110,000	24.1 (18.2–31.1)
Don’t know	**230,000**	**12.6 (9.8–16.0)**	160,000	11.4 (8.3–15.5)	70,000	15.0 (10.2–21.5)
Use of any concept flavors with a name that did not describe a specific flavor (such as “solar,” “purple,” “jazz,” “island bash,” or “fusion”)****						
Yes	**300,000**	**16.1 (13.5–19.0)**	210,000	15.4 (12.2–19.3)	80,000	17.7 (12.3–24.7)
No	**1,110,000**	**58.5 (52.5–64.3)**	850,000	60.9 (52.8–68.4)	250,000	52.8 (45.5–60.0)

Characteristic	Overall		High school		Middle school	
	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)	Estimated weighted no.[†]	% (95% CI)
Don't know	**480,000**	**25.4 (21.6–29.7)**	330,000	23.7 (19.0–29.2)	140,000	29.5 (22.6–37.5)

* Current (past 30-day) use of e-cigarettes was determined by asking, "During the past 30 days, on how many days did you use e-cigarettes?" Current use was defined as use on ≥1 days during the past 30 days.

[†] Estimated total number of users was rounded down to the nearest 10,000 persons. The sum of subgroup estimates might not sum to overall population estimates because of rounding or exclusion of students who did not report grade level (n = 102), device type (n = 53), any brand (n = 54), usual brand (n = 61), flavor types used (n = 84), use of flavor including the word "ice" or "iced" (n = 136), or use of flavors without specific flavor descriptor (n = 143).

[§] Daily e-cigarette use was defined as use on all 30 of the past 30 days.

[¶] Device type was determined by the question, "Which of the following best describes the type of e-cigarette you have used in the past 30 days? If you have used more than one type, please think about the one you use most often."

** All current e-cigarette users were asked, "During the past 30 days, what e-cigarette brands did you use? (Select one or more)." Those who selected "some other brand(s) not listed here" could provide a write-in response. Write-in responses corresponding to an original response option were recoded.

[††] Data were statistically unreliable because of an unweighted denominator <50 or a relative SE >30%.

[§§] Lost Mary was not included in the list of prespecified response options, but it was the most commonly provided write-in response for "some other brand(s) not listed here."

[¶¶] If a single brand was selected for the question, "During the past 30 days, what e-cigarette brands did you use (Select one or more)," it was reported as the respondent's usual brand. Those who selected one or more brands were asked, "During the past 30 days, what brand of e-cigarettes did you usually use? (Choose only one answer)." Those who selected "some other brand(s) not listed here" could provide a write-in response. Write-in responses corresponding to an original response option were recoded.

*** All current e-cigarette users were asked, "In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more)?" Those who provided no valid responses were defined as "Unspecified" flavored users.

[†††] Flavor type was determined by response to the question, "In the past 30 days when you used e-cigarettes, what flavors did you use? (Select one or more)." Those who selected "some other flavor not listed here" could provide a write-in response; write-in responses corresponding to an original response option were recoded.

[§§§] These flavor options provided examples: "Alcoholic drinks (such as wine, margarita, or other cocktails)"; "Non-alcoholic drinks (such as coffee, soda, lemonade, or other beverage)"; "Spice (such as cinnamon, vanilla, or clove)."

[¶¶¶] Current e-cigarette users were asked, "Did any of the flavors you used in the past 30 days have names or descriptions that included the word 'ice' or 'iced' (for example, blueberry ice or strawberry ice)?" Those who reported using only unflavored e-cigarettes (n = 60) did not receive the question.

**** Current e-cigarette users were asked, "Did any of the flavors that you used in the past 30 days have a name that did not describe a specific flavor, such as 'solar,' 'purple,' 'jazz,' 'island bash,' 'fusion,' or some other word or phrase?" Those who reported using only "unflavored" e-cigarettes (n = 60) did not receive the question.

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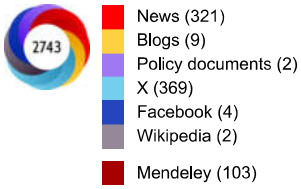

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Modesto Fire Department

Proposed 2024

Apparatus Purchase

Apparatus Purchase History

- 2016
  - 5 Type 1 Engines and 2 Tiller Ladder Trucks on 10 year turn in lease
- 2021
  - 5 Type 1 Engines on 10 year turn in lease

Apparatus Longevity

- Fire Engines
  - Ten Years of Frontline
  - Five Years Reserve
- Truck (Tillers)
  - Fifteen Years of Frontline
  - Five Years Reserve

Current State of Purchasing

- Type 1 Engine
  - 48 months from order to delivery
- Tiller Ladder Truck
  - 51 months from order to delivery
- Order backlog from
  - COVID delays – workforce and supply
  - Large increase in orders following COVID – previous delays in orders and use of ARPA funding

Current State of Purchasing

- 2016 Turn in Lease
  - New apparatus can not be delivered prior to end of lease
  - MFD may negotiate with Pierce and PNC to extend lease and balloon payment
  - MFD can turn in apparatus at end of lease period
    - This is not a viable option as it would leave MFD short apparatus
  - MFD can make balloon payment and take ownership of apparatus

2024
Lease Options

- Enter into a new 2024 10-year turn-in lease option at the time of order or upon delivery
  - Positives
    - Limit the one-time large capital expenditure from the City
  - Negatives
    - Lease at order receives pre-pay discount. 2 interest only and one full payment are made prior to delivery
    - MFD only gets nine years of use before turn-in or balloon payment
    - Considerable amount of interest paid, currently 5.1%
      - $2,885,389 lease at order (approximate)
      - $1,739,020 lease at delivery (approximate)
        - » Why do lease at order or delivery?
          - Lease at order has a lower annual cost
          - Lease at delivery pays less interest; however, we would lose the prepayment discount (1.5milliion)

Purchase at Order

- Purchase at the time of order
  - *Prepayment Discount* for 100% payment at the time of order
  - No interest or balloon payment

Engine Purchase

ITEM	PRODUCT DESCRIPTION	EXTENDED PRICE
A	Five (5) Pierce Manufacturing, Inc. Velocity 1500 GPM Type 1 Fire Engines	5,467,500.00
B	*Discount for 100% Payment at Time of Order (the "Prepayment Discount")*	*(860,500.00)*
C	SUBTOTAL	4,607,000.00
D	8.875% State Sales Tax	408,871.25
E	California Tire Fee	52.50
F	100% Payment and Performance Bond	12,690.00
G	**GRAND TOTAL PURCHASE PRICE**	**5,028,613.75**

Ladder Truck Purchase

ITEM	PRODUCT DESCRIPTION	EXTENDED PRICE
A	Two (2) Pierce Manufacturing, Inc. 107' Velocity Tractor Drawn Aerials	4,550,000.00
B	*Discount for 100% Payment at Time of Order (the "Prepayment Discount")*	*(684,800.00)*
C	SUBTOTAL	3,865,200.00
D	8.875% State Sales Tax	343,036.50
E	California Tire Fee	28.00
F	100% Payment and Performance Bond	10,080.00
G	**GRAND TOTAL PURCHASE PRICE**	**4,218,344.50**

MFD Recommendation

- Purchase 5 Type 1 Engines and 2 Tiller Ladder Trucks
  - Purchase at the time of order to receive the prepayment discount and save by not paying interest and the balloon payment (Approximately 2.8 to 3.2 million more)
  - 5 Engines for the reserve fleet
    - Age of apparatus for surplus upon 2028 delivery
      - 2003, 2004, 2005, 2007, 2009
  - 1 Tiller Ladder Truck to reserve status
    - Age of ladder truck for surplus
      - 2006

Questions?

CITY OF
MODESTO
CALIFORNIA

CLASSIFICATION AND POSITION ALLOCATION PLAN AMENDMENT

Christina Alger, Director of Human Resources
Finance Committee, October 21, ,2024

Authority

- Personnel Rule 2.1
  - City Manager ascertains duties and responsibilities
  - City prepares classification plan
  - Council approves
- Adjustments
  - Business needs and market conditions change
  - Adjustments are made using the City's Classification Study policies and procedures
    - Position Inventory Questionnaire
    - Study of like agencies for job descriptions and structure
    - Salary placement by study of nine accepted agencies

City Manager's Office

- Background
  - The Communications Division within the City Manager's Office leads all official internal and external communications. The City is positioning to implement a podcast to get information out to the public on various initiatives. This major project will require additional support.
- Request
  - Allocate one Multimedia Designer to the Communications team.

Utilities

- Background
  - A request to review the positions of Water and Wastewater Division Manager was received by Human Resources. Upon completing the review, staff is recommending a small adjustment in salary based on internal alignment.
  - A request was received to study and create a new position within Environmental Compliance to oversee and ensure all regulatory requirements are being met.
- Request
  - To move the Water and Wastewater Division Managers from range 452 to range 453 and to classify and allocate one Quality Management Analyst to the Environmental Compliance Division.

Public Works

- Background
  - A request was received to review the current structure of the Forestry Division. This division has historically operated with one supervisor. With the additional priorities of the City, including enhancing pruning cycles and focusing on reforestation efforts, efficiencies can be realized by reorganizing the workforce and adding additional supervisors to oversee the various major components of the business.
- Request
  - Restructuring work units and adding one Operations Supervisor, reclassifying one Operations Crewleader to one Operations Supervisor, and reclassifying two Tree Trimmer Crewleaders to two Senior Tree Trimmers.

Engineering

- Background
  - Parks Planning currently resides in Parks, Recreation, and Neighborhoods. In an effort to continue to create efficiencies, best practices were reviewed, and it was determined that Parks Planning activities are closely related to Engineering Services. Parks Planning must also coordinate efforts to implement park projects.
- Request
  - Move Parks Planning from the Parks, Recreation, and Neighborhoods Department to the Engineering Services Department.

Fiscal Impact

The fiscal impact of each of the recommended actions and associated department budgets are outlined in the chart below:

Department	Action	Fiscal Impact
City Manager's Office	Allocate one Multimedia Designer	$67,330
Utilities	Allocate one Quality Management Analyst	$83,637
Utilities	Move Water and Wastewater Division Managers from rang 452 to 453	$7,530
Public Works	Forestry Reorganization	$91,500
Engineering Services	Parks Planning Relocation	None

Staff Recommendation

Motion recommending an amendment to the City of Modesto Classification Plan and Position Allocation Plan to allocate one Multimedia Designer to the City Manager's Office, one Quality Management Analyst in the Utilities Department, one Operations Supervisor in the Public Works Department; and reclassify one Operations Crewleader to one Operations Supervisor and two Tree Trimmer Crewleaders to two Senior Tree Trimmers in Public Works; and move the Parks Planning Division from the Parks, Recreation, & Neighborhoods Department to the Engineering Services Department; and moving the Water and Wastewater Division Managers from range 452 to range 453 within Utilities; and forwarding to Council for approval.

QUESTIONS?

Item #6

FORMATION OF CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2024-2 (FAIRVIEW VILLAGE #2)

Jessica Hill
Director of Community and Economic Development

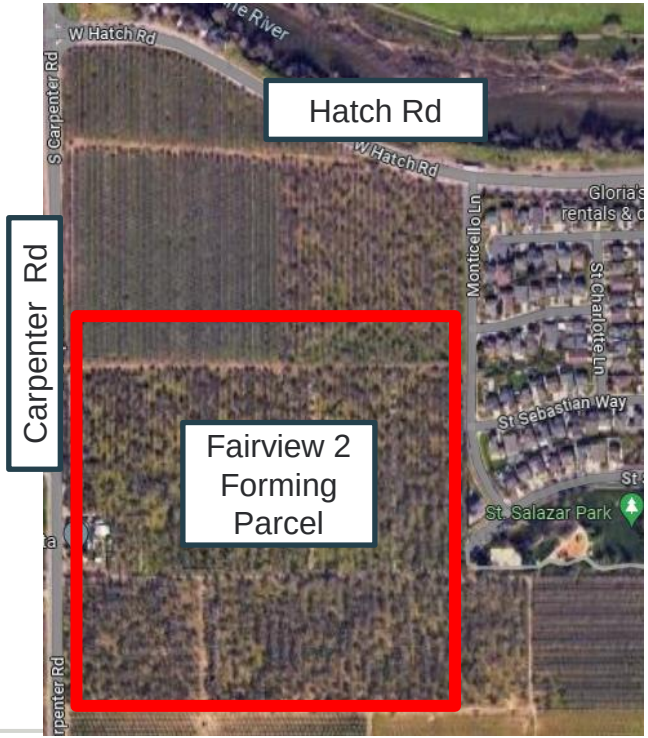
October 22, 2024

MELLO-ROOS DISTRICTS

- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments.
- Raises money through special taxes that must be approved by 2/3rds vote within the district.
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails.
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services.
- Bonds are secured by special taxes levied on property owners and billed on property tax bills.

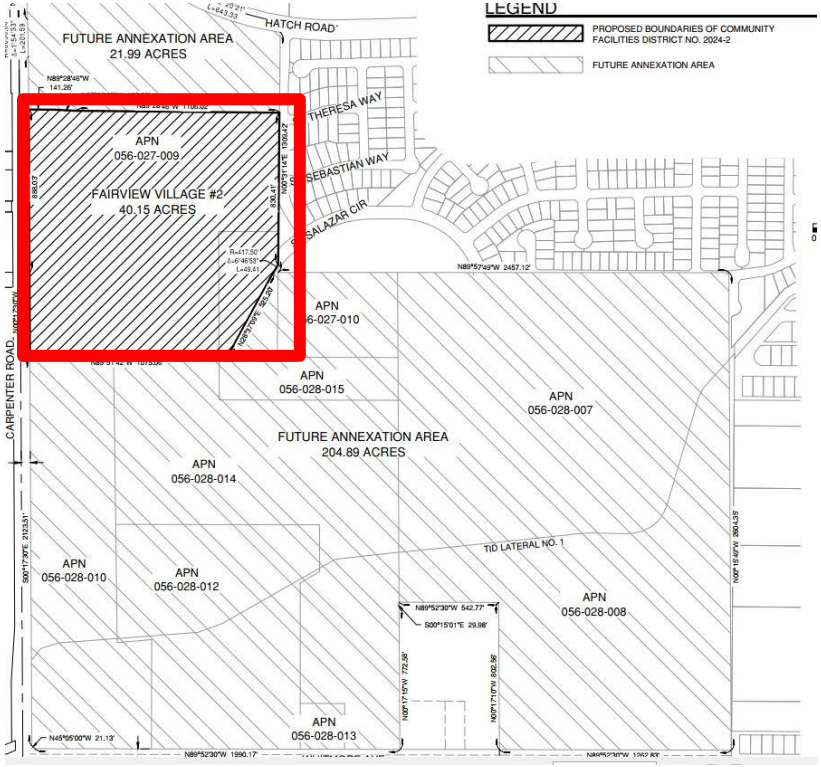
FAIRVIEW VILLAGE LOCATION

- The Fairview Specific Plan was approved by City Council in 1995 which encompasses 359.67 acres and is bounded by Whitmore Ave to the south, Carpenter Road to the west, and Hatch Road to the North .
- CFD No. 2003-1 (Fairview Village) was formed in 2003 but encompassed improvements such as water that has since been addressed, Fairview Village #2 will eventually encompass the remaining area of the Fairview Village Specific Plan.
- In February 2022, STL Company submitted an application to form a City CFD for maintenance and infrastructure, and a CFD through the CMFA BOLD program for fees and additional infrastructure.



BACKGROUND - FAIRVIEW VILLAGE

- The Forming Parcel will consist of APN 056-027-009 totaling 40.15 acres.
- CFD No. 2024-2 will ultimately encompass the entire Fairview Village area, the formation will only include one (1) parcel.
- 217 proposed single-family dwellings



CFD AND BOLD FINANCING

- This CFD will encompass financing with a City CFD and financing through the State of California BOLD Program.

City CFD	CMFA (Bold Program)
The City will be responsible for infrastructure and maintenance of: • Neighborhood Parks, • Arterial roads, • Median and roundabout • Central storm drain basin • Bike trails, • Masonry walls, • Landscaping, • Tree pruning,	Fees • Capital Facilities Fees • Water Connection • Water Installation • Sewer • Public Facilities Fees Facilities/ Infrastructure • Not funded by City CFD

MAXIMUM SPECIAL TAX RATES

Special Tax Category	Maximum One-Time Facilities Special Tax Fiscal Year 2024-25	Maximum Annual Maintenance Special Tax Fiscal Year 2024-25
Net Taxable Acres	$45,702	$4,775

- The forming parcel is 40.15 acres- so the full one-time tax for that parcel will be $1,834,935.
- The one-time tax will be assessed at the parcel level and due prior to building permit issuance.

NEXT STEPS

- **November 5, 2024**
  - Second Reading of the Ordinance will be read by the City Council.
- **Mid-2025**
  - Site improvements to begin.
- **2026**
  - Construction is anticipated to begin at APN 056-027-009.

Questions?

RECOMMENDED ACTIONS

- Resolution declaring the formation of the City of Modesto Community Facilities District No. 2024-2 (Fairview Village #2), conditionally authorizing the levy of special taxes therein, and conditionally establishing an annual appropriations limit of $12,100,000.

- Resolution of the City Council of the City of Modesto, California, acting as the legislative body of the City of Modesto Community Facilities District No. 2024-2 (Fairview Village #2), calling for a special election.

- Resolution declaring the results of October 22, 2024, special election and approving certain related actions pertaining to City of Modesto Community Facilities District No. 2024-2 (Fairview Village #2).

- Motion introducing an ordinance authorizing the levy of special taxes within the City of Modesto held within City of Modesto Community Facilities District No. 2024-2 (Fairview Village #2).

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Modesto Fire Department

Proposed 2024

Apparatus Purchase

Apparatus Purchase History

- 2016
  - 5 Type 1 Engines and 2 Tiller Ladder Trucks on 10-year turn in lease
- 2021
  - 5 Type 1 Engines on 10 year-turn in lease
- Pierce Manufacturing
  - Since the 1980s
  - Fleet Customer
    - Training for Mechanics
    - Fleet Team from Pierce
  - Fleet Continuity
    - Parts with OEM
    - Training and maintenance
    - Crew safety

Apparatus Longevity

- Fire Engines
  - Ten Years of Frontline
  - Five Years Reserve
- Truck (Tillers)
  - Fifteen Years of Frontline
  - Five Years Reserve

Current State of Purchasing

- Type 1 Engine
  - 48 months from order to delivery
- Tiller Ladder Truck
  - 51 months from order to delivery
- Order backlog from
  - COVID delays – workforce and supply
  - Large increase in orders following COVID – previous delays in orders and use of ARPA funding

Current State of Purchasing

- 2016 Turn in Lease
  - New apparatus can not be delivered prior to end of lease
  - MFD may negotiate with Pierce and PNC to extend lease and balloon payment
  - MFD can turn in apparatus at end of lease period
    - This is not a viable option as it would leave MFD short apparatus
  - MFD can make balloon payment and take ownership of apparatus

2024
Lease Options

- Enter into a new 2024 10-year turn-in lease option at the time of order or upon delivery
  - Positives
    - Limit the one-time large capital expenditure from the City
  - Negatives
    - Lease at order receives pre-pay discount. 2 interest only and one full payment are made prior to delivery
    - MFD only gets nine years of use before turn-in or balloon payment
    - Considerable amount of interest paid, currently 5.1%
      - $2,885,389 lease at order (approximate)
      - $1,739,020 lease at delivery (approximate)
        - » Why do lease at order or delivery?
          - Lease at order has a lower annual cost
          - Lease at delivery pays less interest; however, we would lose the prepayment discount (1.5milliion)

Purchase at Order

- Purchase at the time of order
  - *Prepayment Discount* for 100% payment at the time of order
  - No interest or balloon payment

Engine Purchase

ITEM	PRODUCT DESCRIPTION	EXTENDED PRICE
A	Five (5) Pierce Manufacturing, Inc. Velocity 1500 GPM Type 1 Fire Engines	5,467,500.00
B	*Discount for 100% Payment at Time of Order (the "Prepayment Discount")*	*(860,500.00)*
C	SUBTOTAL	4,607,000.00
D	8.875% State Sales Tax	408,871.25
E	California Tire Fee	52.50
F	100% Payment and Performance Bond	12,690.00
G	**GRAND TOTAL PURCHASE PRICE**	**5,028,613.75**

Ladder Truck Purchase

ITEM	PRODUCT DESCRIPTION	EXTENDED PRICE
A	Two (2) Pierce Manufacturing, Inc. 107' Velocity Tractor Drawn Aerials	4,550,000.00
B	*Discount for 100% Payment at Time of Order (the "Prepayment Discount")*	*(684,800.00)*
C	SUBTOTAL	3,865,200.00
D	8.875% State Sales Tax	343,036.50
E	California Tire Fee	28.00
F	100% Payment and Performance Bond	10,080.00
G	**GRAND TOTAL PURCHASE PRICE**	**4,218,344.50**

MFD Recommendation

- Purchase 5 Type 1 Engines and 2 Tiller Ladder Trucks
  - Purchase at the time of order to receive the prepayment discount and save by not paying interest and the balloon payment (Approximately 3.2 million more)
  - 5 Engines for the reserve fleet
    - Age of apparatus for surplus upon 2028 delivery
      - 2003, 2004, 2005, 2007, 2009
  - 1 Tiller Ladder Truck to reserve status
    - Age of ladder truck for surplus
      - 2006

Questions?

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PROPERTY MANAGEMENT REVIEW

City Auditor's Office
October 23, 2024

Objectives and Scope

- The purpose of this assessment was to evaluate how efficiently and effectively the City oversees and monitors its real estate assets to identify challenges and opportunities for improvement. This included the following:
  - In collaboration with the City, collected and inventoried all City real estate assets
  - Evaluated current oversight practices and use of assets to provide high-level recommendations for improvements to real estate performance
- This assessment was conducted between May 2024 and July 2024.

Methodology

- **Project Initiation and Management:** This phase concentrated on comprehensive planning and project management.
- **Fieldwork:** This phase included interviews, document review, and best practice research. We worked with City leadership to obtain the most up-to-date information and insights available.
- **Analysis:** In this phase, we evaluated the importance, impact, and scope of our observations within the context of the information we gathered to develop actionable recommendations.
- **Reporting:** We concluded the project by reviewing draft observations and recommendations with City leadership to validate facts and confirm the practicality of our recommendations, fine-tuning our observations and recommendations based on their feedback.

Commendations

- Excellent collaboration between departments and colleagues
- A culture that looks for best practices and opportunities for improvement
- As a best practice, the City is already working on the following:
    - Conducting a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for all City buildings.
    - Creating a deferred maintenance program and incorporate it into the City's Geographic Information System (GIS) and Environmental Systems Research Institute, Inc. (ESRI).
    - Establishing a formal Capital Improvement Plan (CIP).

Key Themes – Planning and Strategy

- The City currently lacks a multi-year strategic business plan to articulate the vision, goals, and performance measures for the City's properties.
- The City has not developed a real estate organizational chart with defined roles, responsibilities, an authority matrix, reporting lines, and oversight.
- The City does not perform strategic market competitive assessments or benchmarking for its properties.
- The City lacks a dedicated individual to serve as a liaison between the various City departments, the City Manager's office, and third-party real estate vendors.

Key Themes - Processes

- The City has not conducted a SWOT analysis for properties currently owned to help guide real estate expansion or consolidation strategies.
- The City lacks a regularly scheduled reporting process for key stakeholders to evaluate the health of City real estate property inventory.
- The City lacks a formalized communication plan for key internal stakeholders.
- The City does not have formalized real estate financial and operation policies and procedures
- The City lacks an asset list that is complete and accurate.

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FLEET OPERATIONS INTERNAL CONTROLS REVIEW

City Auditor's Office
October 23, 2024

Objectives and Scope

- The purpose of this internal controls review was to assess select key controls within the Fleet Services Division (the Division) deemed important to protecting the City's fleet assets and resources as well as processing and reporting timely financial information
- This internal controls review was conducted between April 2024 and August 2024

Methodology

- **Project Initiation:** comprehensive planning and project management
- **Fact Finding:** interviews and focus groups with Division management and staff and comprehensive document review
- **Analysis:** comparison of Division practices to industry standards and best practices and identification of opportunities for improvement and practical recommendations
- **Reporting:** presentation of report in a draft format to confirm the practicality of recommendations with management before finalizing

Commendations

Well-designed internal controls for the following processes:

- Bid waiver reviews and approvals
- Record retention for auctioned assets
- Maintenance tracking within AssetWorks

Key Themes – Comprehensive and Adhered to Policies & Procedures (P&P)

- Division had P&Ps for most functions, but staff were generally unaware of these P&Ps
- For the billing process, the Division did not have standard processes or a P&P
- Staff trainings on these P&Ps and the development of the billing process P&P will help to clarify employee functions

Key Themes – Roles and Responsibilities

- Roles and responsibilities were not very clear for employees particularly pertaining to purchasing due diligence
- Roles and responsibilities for ordering and receiving parts should be segregated to promote a stronger internal control environment
- This clarification would also help with securing parts as employee access to the parts room will be limited based on their roles and responsibilities

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SOLID WASTE AND FORESTRY EFFICIENCY STUDY UPDATE

City Auditor's Office
October 23, 2024

Objectives and Scope

- **Purpose:** Follow-up study on the 2016 Solid Waste Division Efficiency Study (included Forestry and Solid Waste at the time)
- **Scope:** Provide update on progress since last study, and identify any additional opportunities for improvement in the management, organization, and operations of Forestry and Solid Waste Divisions that would increase the City's ability to effectively deliver services
- **Timeline:** This study was conducted between April and July 2024

Methodology

Interviews

- 13 members of staff and management to understand current operations and challenges

All-Staff Survey

- Input on staffing levels, resources, and processes

Document Review

- Workload tracking metrics
- Goals and KPIs
- Recruiting and retention data

Analysis

- Comparison to 2016 study
- Gap analysis informed by best practices

Commendations

- **Staffing and morale** have both improved since the 2016 study
- Both divisions have prioritized finding **process efficiencies** where possible
- Both divisions are regularly tracking high-quality **performance measures**

Progress Since 2016 Study

Of the **11 findings** in the 2016 study:

- **Two** are **resolved** – organizational structure, performance metrics
- **Six** are **ongoing** but **actively decreasing** in risk due to staff intervention – Forestry span of control, employee retention and succession, staff morale, strengthening the Tree Ordinance, tree maintenance backlog, tree-related risk/liability
- **Two** are **ongoing** and **remain a high priority** – equipment, procurement
- **One** is **ongoing** and **increasing in severity –** Solid Waste staff capacity

Progress Since 2016 Study – Key Themes

- **Solid Waste staff capacity:** Solid Waste continues to have significant code enforcement, blight abatement, and compliance needs due to increasing state regulations and stagnant staffing levels
- **Equipment:** The divisions have begun to address equipment replacement needs, but equipment needs persist and there is no formal asset management strategy
- **Procurement:** Procurement delays are still impacting the divisions' ability to obtain necessary equipment, likely due to limited central procurement capacity and supply chain issues
- **Forestry span of control:** The span of control for the Forestry Manager is unusually high (reportedly resolving soon)

Progress Since 2016 Study – Key Themes Cont.

- **Employee retention and succession:** Employee turnover averaged 13% in Forestry and 18% in Solid Waste between 2021 and 2023, and 19% of the current workforce in Forestry and 8% in Public Works are eligible for retirement in the next five years
- **Staff morale:** While staff morale across both divisions has significantly improved since 2016, morale in Solid Waste continues to be impacted by understaffing and limited resources
- **Strengthening the Tree Ordinance:** The City's Tree Ordinance can be strengthened in several areas
- **Tree maintenance backlog:** Current staffing and equipment levels are not sufficient to address the City's tree maintenance backlog and maintain a tree pruning cycle aligned with best practices
- **Tree-related risk/liability:** The City has significant tree-related risks and potential liability

New Key Themes

- **Forestry Staff Capacity:** Forestry employees reported understaffing in several areas (equipment operators, inspectors, administrative office analysts)
- **Systems and Technology:** Technology limitations impact Forestry's operations related to tree management and community request processes

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Item #3

Development Application Approval

Jessica Hill, Director of Community and Economic Development

Economic Development Committee
November 4, 2024

Background

- Since the City's 1995 General Plan new growth boundaries located outside the City limits and inside the General Plan boundary have been defined with their own boundary and name.
- These locations are defined as Comprehensive Planning Districts (CPDs).
- The City's planning approach is to define future specific plans and requiring a comprehensive, holistic planning process in advance of annexations.
- This planning approach results in newly developed neighborhoods are integrated within a larger context that considers transportation systems, utilities and infrastructure, and land uses like parks, schools and services in advance

Measure A and M

- To address significant growth that occurred in the 1960s and ‘70s, advocates for slower growth initiated a process to hold city-wide elections to gauge public interest regarding substantial new annexation and development projects.

- On March 6, 1979, the voters of Modesto approved the Modesto Citizens Advisory Growth Management Act (Measure A). On November 4, 1997, voters approved the Modesto Citizens Advisory Growth Management Act of 1995 (Measure M).

- An advisory vote is required for any proposed planning projects that would result in the extension of certain sanitary sewer infrastructure to serve new residential development.

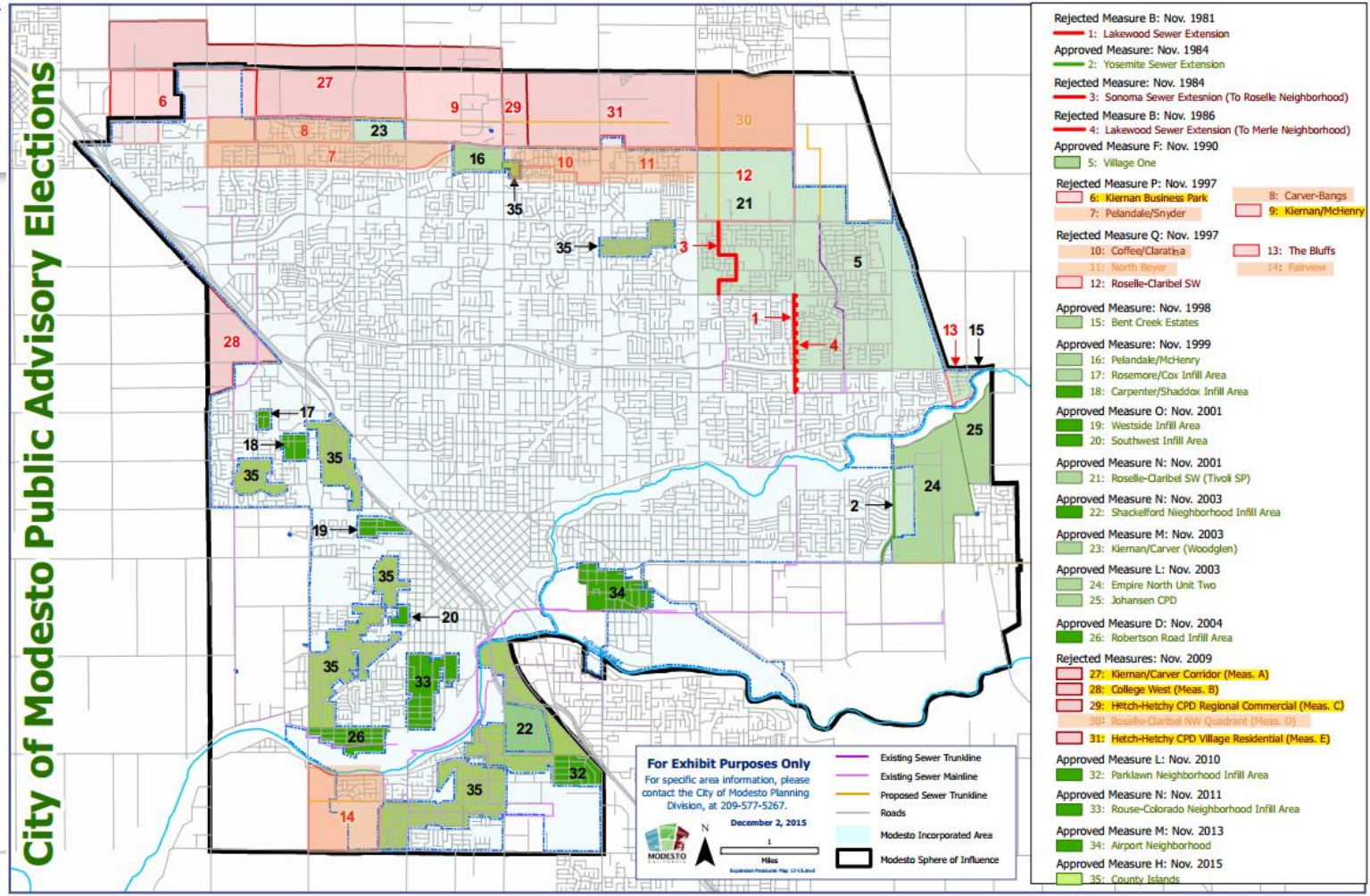
Negative Advisory Votes

- Staff has received developer interest in developing the following CPDs which have received negative advisory votes for the extension of utility services:

Comprehensive Planning District	Negative Advisory Year
Kiernan Business Park	1997
Kiernan/McHenry	1997
Kieran/Carver Corridor	2009
College West	2009
Hetch-Hetchy CPD Regional Commercial	2009
Hetch-Hetchy CPD Village Residential	2009

- The votes are non-binding, however Council action is required to move forward with the planning and development process.

- Map of Public Advisory Votes



Next Steps

- There is past precedent for CPDs that received a negative advisory vote to move forward in the development process without a subsequent vote

- Most recently, on February 8, 2022 Council directed staff to proceed with the development process for the Tivoli North CPD which received a negative advisory vote in 2009

Expected Impact

- Moving forward with the development process for the identified CPDs will provide land needed to achieve the goals set forth in the Housing Element, as well as to provide a variety of commercial and economic development benefits for the community.

CPD	Acres	Dwelling Units	New Jobs
Kiernan Business Park	300		7,800
Kiernan McHenry	470		12,020
Kiernan Carver	850	3,360	9,800
College West	230		5,980
Hetch Hetchy Regional Commercial	170		4,080
Hetch Hetchy Village Residential	790	5,030	550
Total	2,810	8,390	40,230

Next Steps

- If approved, staff would have the ability to accept annexation requests for these areas to annex into the City of Modesto.
- With an annexation application, a Specific Plan would be included to outline land uses and the circulation plan as well as an EIR to address any environmental issues.
- Following review- the applications for annexation would be brought forward to Planning Commission and Council for approval.

Staff Recommendations

- Motion recommending acceptance of applications for the future development of comprehensive planning districts referred to as Kiernan Business Park, Kiernan/McHenry, Kieran/Carver Corridor, College West, Hetch-Hetchy Comprehensive Planning District Regional Commercial, and Hetch-Hetchy Comprehensive Planning District Village Residential and forwarding to Council for approval

Questions?

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Item #4

AGREEMENT WITH MODESTO IMPROVEMENT PARTNERSHIP FOR DOWNTOWN BEAUTIFICATION PROGRAM

Jessica Hill, Director of Community and Economic Development

Economic Development Committee

November 4th, 2024

BACKGROUND

- On May 25, 2021, the City Council approved Resolution No. 2021-194 approving the Pandemic Recovery Strategy, Modesto Forward, and the associated spending plan for the American Rescue Plan funds.

- The revitalization of downtown Modesto has been a multi-decade effort, marked by various initiatives to restore the area’s vibrancy and economic viability

- Aligned with our city's strategic initiatives, the Downtown Beautification objective in Modesto Forward focuses on revitalizing our community to enhance aesthetics and economic vitality.

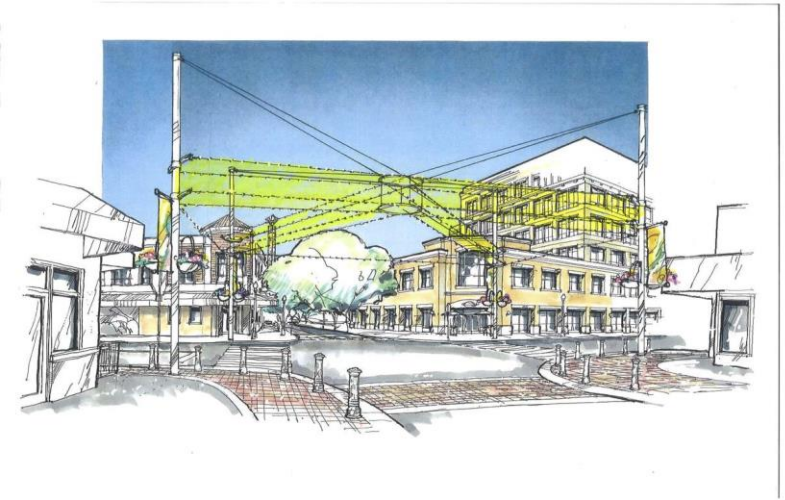
- The Modesto Improvement Partnership (MIP), doing business as Downtown Modesto Partnership (DoMo) is a nonprofit organization focused on the revitalization and enhancement of downtown Modesto.

Cost Breakdown

Street Lighting & Beautification	$155,500.00
J and 10th Lighting and Safety Pilot Project – Covell Corners	$251,000.00
Gateway Markers	$148,000.00
Public Art and Bike Parking Zones	$26,000.00
Bench and Flowerpots	$43,000.00
Electrical Outlet Cover Project	$16,500.00
Administrative & Staff Services, Maintenance and Repairs	$60,000.00
Grand Total	**$700,000.00**

Downtown BEAUTIFICATION Project

J & 10th Street Lighting and Safety Pilot Project



Location:

J St, between 10th & 11th. Both sides to use the same decorative market lights.

Scope of Work:

Procure and install Horizontal Market Lights strung between (4) new poles on the Southeast and Northwest sides of J Street, between 10th and 11th Streets (approx. 200' length)

Proposed Cost: $251,000.00

Example of other cities: DAY

Ceres, CA

Cheyenne, WY

Chinatown, NYC

Example of other cities: NIGHT

Ceres, CA

Cheyenne, WY

Chinatown, NYC

Example of other cities: DAY

Denver, CO

Fort Collins, CO

Gallup, NM

Example of other cities: NIGHT

Denver, CO

Fort Collins, CO

Gallup, NM

Downtown BEAUTIFICATION Project

Street Lighting & Beautification:

Location:

- J St, between 10th & 11th so that both sides of the street will have the same decorative lampposts and lights.

Scope of Work:

- Procure and install (4) lampposts using the City of Modesto standard (Visco Street Lights) on the Southeast side of J Street, between 10th and 11th Streets (in front of Beaty Building and Rancho Fresco).
- Lampposts will mirror the well-lit northwest side (next to Tenth Street Place).

Proposed Cost: $155,500.00

Downtown BEAUTIFICATION Project Cont.

Gateway to Downtown Cont.:

"DoMo"

Location:

- At corner of J & 9th Streets (northeast bound).

Scope of Work:

- Design, fabricate, and install a prominent "DoMo" gateway sign to market the entrance to Downtown Modesto from the Transit Center. This sign could include lighting, contingent on the feasibility of accessing electricity and cost.

Downtown BEAUTIFICATION Project Cont.

Gateway to Downtown Cont.:

Gateway Mural

Location:

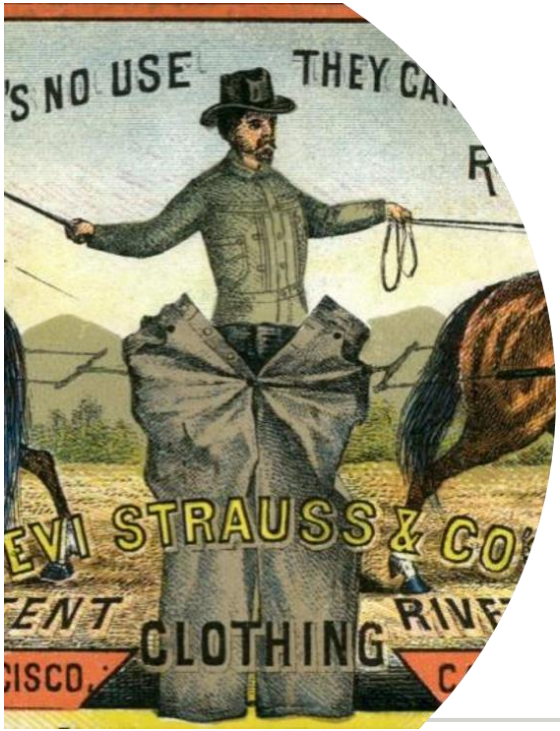
- BAC Building at corner of J & Five Points (southwest bound).

Scope of Work:

- Paint a mural on the side(s) of the BAC building coming onto J Street from Five Points. Note - sidewalk is too narrow for a sign.
- Mural would create a sense of arrival in a special place.

Downtown BEAUTIFICATION Project Cont.

Bike Parking Zones and Public Art Cont.



Scope of Work:

- Painted
  mural depicting vintage denim ad.

Location:

- Side of Beaty Building, on the left
  upon entering Mural Alley.

Downtown BEAUTIFICATION Project Cont.

Bike Parking Zones and Public Art

Proposed Cost: $26,000.00

3 Locations:

- J & 11th, near Preservation Coffee
- J & 12th, near Penny University
- 1126 14th Street, near Queen Bean

Scope of Work:

Repair and Removal

- Remove any existing bollard-style bike posts
- Remove old delineator post
- Remove old flowerpots
- Repair asphalt at Preservation bike parking (Public Works)
- Pour concrete into dirt patches at Queen Bean (Public Works)

Install

- Larger-capacity bike racks
- Replace delineator post
- Flowerpots to enhance sense of safety (Penn U)

Downtown BEAUTIFICATION Project Cont.

Pilot Block Lighting & Beautification Cont.:

Flowerpots

Location:

- Corner of 10th Street & J

Scope of Work:

- Place 6 Artisan flowerpots total on all four corners.

Location:

- Corner of 11th Street & J

Scope of Work:

- Place 8 Artisan flowerpots total on all four corners.

Proposed Cost: $43,000.00

Downtown BEAUTIFICATION Project Cont.

Bench and Flowerpots

Artisan Bench and
Flowerpot at Children's Museum

Location:

- Sidewalk in front of Modesto Children's Museum

Scope of Work:

- Install one child-size artisan bench curbside, *facing building. Note* –photo serves as placemark, intended to show bench design and not direction bench will face.
- Place one artisan flowerpot to left of bench, opposite tree.

Proposed Cost: $44,000.00

Downtown BEAUTIFICATION Project Cont.

Gateway to Downtown Cont.:

Remove Old Gateway Signs

Location:

- 20 Locations in downtown area

Scope of Work:

- Remove rusted, worn "Welcome to Downtown" and "Thank you for Visiting Downtown" signs.

Downtown BEAUTIFICATION Project Cont.

Electrical Outlet Cover Project

Location:

- In and around the core of our downtown, with an emphasis near the Gallo Center for the Performing Arts.

Scope of Work:

- Manufacture and install powder coated steel box covers for electrical outlets, where necessary.
- Install flaps that lock over outlets where necessary.

Proposed Cost: $16,500.00

RECOMMENDED COMMITTEE ACTION

Consider approving a Modesto Forward Grant Agreement with Modesto Improvement Partnership (MIP) for Downtown Beautification Project, for a total amount of $700,000 and forwarding it to Council for approval.

Questions?

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AN AMENDMENT TO TITLE 10 (ZONING REGULATIONS) RELATED TO ADU(S) AND JUNIOR ADU(S) AND ACCESSORY DWELLING UNIT (ADU) REVOLVING LOAN FUND PROGRAM

Jessica Hill, Director of Community and Economic Development

City Council
November 12, 2024

Background

- Like many cities across the state, Modesto has a limited affordable housing inventory. In recent years, ADUs have become a critical part of the housing stock for communities.

- ADUs can be detached, such as a small cottage or guest house on the same parcel as a single-family home. They can also be attached, such as an addition to a main house.

Background

- The City updated Title 10 (Zoning Regulations) related to ADUs in early 2023.
- State laws governing ADUs were most recently amended by **AB No. 976** (Chapter 751, Statutes of 2023); **AB No. 1033** (Chapter 752, Statutes of 2023); and **SB No. 477** (Chapter 7, Statutes of 2024) effective on January 1 and March 25, 2024.
- During the update to the City's Housing Element, comments were received from HCD regarding necessary corrections and clarifications needed in the City's ADU regulations.
- Item was heard by this Commission on July 15, 2024. The Planning Commission directed staff to make the following changes to the proposed ordinance:
  - Reduce the maximum height of ADUs on lots developed with an existing or proposed Place of Worship to sixteen (16) feet; and,
  - Clarify the maximum size of an attached ADU.
  - Clarify the regulations applicable to multifamily, multistory sites.

Summary of Proposed Code Amendment

- Clarified language for consistency with the Government Code;
  - Zones where ADUs and JADUs are allowed
  - Number and type of ADUs allowed
  - Standards for ADUs including maximum size and height limits
- Removed remnants from earlier versions of the Code
- Reorganized and corrected internally referenced sections
- Addressed HCD comments
- Provided for additional ADU opportunities on properties developed with churches or Places of Worship.

Summary of SB-4: Affordable Housing on Faith and Higher Education Lands Act of 2023

- The changes to Modesto's ADU Ordinance regarding ADUs on properties with Places of Worship is **in addition** to anything allowed by SB-4 ("Yes in God's Backyard/'YIGBY' bill").
    - SB-4 provides a streamlined process for religious organizations and nonprofit colleges to develop affordable housing on their property regardless of local zoning regulations. These regulations apply to all types of "housing development projects", not just ADUs.

Proposed Code Changes – Places of Worship

Create Additional ADU opportunities on properties with churches or Places of Worship

Proposed Code:

- Church or Place of Worship is on a lot zoned Residential or Commercial
  - Excludes churches on lots in the Industrial zones (C-M, M-1, and M-2)
- Allows the development of up to two (2) detached ADUs
  - Each ADU may not exceed 1,200 square feet in floor area;
  - Min. four (4) foot side and rear setbacks;
  - Max. height of sixteen (16) feet; and
- ADUs may use existing parking, if one (1) space is reserved for each ADU.

ADU Revolving Loan Fund Program

- The City approved $450,000 for an ADU Revolving Loan Fund as part of the Fiscal Year 2024-2025 budget.

- The City approached Valley First Credit Union (VFCU) to develop this program because of their extensive experience in preparing loan programs for Modesto residents.

- Valley First's primary mission is to create access to financial products and services to individuals of low- and moderate-income and other disadvantaged communities.

ADU Program Loan Terms

- Loans available: Loan amounts will be determined based on demonstrated need and demonstrated ability to adhere to all requirements of the program. The average loan amount is anticipated to be $50,000.
- Fixed Rate: 5 points below Wall Street Prime Rate
- Fixed Term: Up to 120 months
    - Those interested in a loan may opt for an extended term, but the extension will require a half-point increase in interest.
    - For example, if the Wall Street Prime Rate is 8.5%, the loan term category add-on is calculated in the following manner:

Term (in months)	Base Rate	Add-on	Final Rate
60	3.50%	0.00%	3.50%
84	3.50%	0.50%	4.00%
120	3.50%	1.00%	4.50%

ADU Program Applicant Requirements

- Property must be located within City of Modesto limits
- Must be a member of Valley First Credit Union
- The applicant must have owned the home for at least six (6) months
- Any owner listed on the deed must be on the loan
- A maximum of one (1) property financed by Valley First per borrower maximum
- All property taxes and supplemental taxes must be current
- Valid form of identification for notary signing

ADU Program Applicant Requirements

- Building Code Compliance: All ADUs must comply with local building codes and zoning regulations. Applicant must provide approved plans.

- Construction Contractor: Only licensed contractors registered with the State of California are authorized for any construction work related to the ADU.

- Title Insurance: Obtain title insurance coverage naming the lender as loss payee. ADU must be completed within one (1) year of building permit issuance.

Fiscal Impact

- The City's Fiscal Year 24/25 budget approved an allocation of $450,000, specifically for the establishment of an ADU Revolving Loan Program.
- Repayment of the loans will continue to be redirected to the Program.
- All funds dedicated to the program will be exclusively for the program; there are no additional costs associated with the establishment of the program from VFCU.

Next Steps

- If approved, the City will work with Valley First Credit Union to promote the program and announce that the funds will be available on a first-come, first-serve basis.

- The City anticipates initial loans to be available for customers in early 2025.

Staff Recommendation

Motion introducing and waiving the first reading of the Ordinance amending various Sections and Tables within Title 10 of the Modesto Municipal Code relating to Accessory Dwelling Units.

Resolution approving an Agreement with Valley First Credit Union Modesto, California for an Accessory Dwelling Unit (ADU) Revolving Loan Fund Program to help increase the development of ADUs in the community for a total amount not to exceed $450,000.

Questions?

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AMERICAN RESCUE PLAN ACTION (ARPA) UPDATE

DeAnna Christensen, Director of Finance

Finance Committee
November 13, 2024

ARPA Spending Plan Update

- Council approved two separate spending plans for the allocation of the City's $45.9M in ARPA funds that were received.
- Two separate funding plans were approved by Council both appropriating $22.95M each in ARPA funds for various projects under the following themes of Economic Vitality, Quality of Life, and Governance and Service Delivery.
- All ARPA funds must be obligated by **December 31, 2024** and be expended by December 31, 2026.

ARPA Guidelines

- **Replace lost public sector revenue**, using this funding to provide government services up to the amount of revenue lost due to the pandemic
- **Respond to the far-reaching public health and negative economic impacts of the pandemic**, by supporting the health of communities, and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts
- **Provide premium pay for essential workers**, offering additional support to those who have and will bear the greatest health risks because of their service in critical sectors

ARPA Guidelines

- **Invest in water, sewer, and broadband infrastructure**, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet

- **Emergency relief from natural disasters,** to provide emergency relief from the physical and economic impacts of natural disasters.

- **Surface transportation projects**, utilizing funds for eligible projects through three pathways.

- **Title I projects,** investing in activities that are eligible under the CDBG and ICDBG programs, as listed in section 105(a) of the Housing and Community Development Act of 1974.

CED UPDATE

Jessica Hill, Director Community Economic and Development

CED Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
CED	Stanislaus 2030 Initiative	$ 90,000	$ -	$ 90,000	$ -
CED	RadCard	$ 708,500	$ -	$ 708,500	$ -
CED	Opportunity Stanislaus - Funding Contribution	$ 300,000	$ -	$ 300,000	$ -
CED	Homeless Support Program	$ 361,722	$ 38,497	$ 323,225	$ -
CED	Downtown Streets Team	$ 1,800,000	$ 632,492	$ 1,167,508	$ -
CED	Revolving Loan Fund for Water/Sewer Connection Fees	$ 90,000	$ -	$ 90,000	$ -
CED	Expand Modesto Beautification	$ 500,000	$ 500,000	$ -	$ -
CED	Implementation of Workforce Development Program	$ 500,000	$ 500,000	$ -	$ -
CED	Business Incentives - Outside of Downtown	$ 500,000	$ 500,000	$ -	$ -
CED	Blight Abatement	$ 65,720	$ -	$ 65,720	$ -
CED	Small Business Support with Expansion and Retention	$ 610,000	$ 166,438	$ 443,562	$ -
CED	Central Valley Opportunity Center - Funding Contribution	$ 25,000	$ -	$ 25,000	$ -
CED	General Plan Update	$ 700,000	$ -	$ 700,000	$ -
CED	Downtown Quiet Zone	$ 414,949	$ 330,093	$ 84,856	$ -
CED	Support the Development of EIFD	$ 200,000	$ 119,187	$ 80,813	$ -
CED	Revolving Loan Fund for Attraction for Downtown Developme	$ 760,400	$ 170,200	$ 590,200	$ -
CED	Homeless Services (Day Center, Safe Park, Bridge Housing)	$ 1,514,278	$ 871,858	$ 452,355	$ 190,065
CED	Downtown Beautification	$ 700,000	$ -	$ -	$ 700,000
CED	Affordable Housing Trust	$ 500,000	$ -	$ -	$ 500,000
		$ 10,340,569	$ 3,828,765	$ 5,121,739	$1,390,065

CED Spending Plan – Obligation Timeline

- CED currently has three ARPA spending plan line items that have yet to be obligated to date.
- Contracts are currently in process to fully commit the following amounts by the December 31, 2024 deadline:

Spending Plan Item	Remaining Balance	Contracts in Process	Status
Homeless Services	$190,065	• $100,000 agreement with the Modesto Gospel Mission (MGM) • $90,065 agreement with Senior Advocacy Network (Seniors)	• MGM agreement is pending City Council approval on 11/12/2024. • The Seniors agreement has been fully executed.
Downtown Beautification	$700,000	• $700,000 agreement with the Downtown Modesto Partnership (DOMO)	• Economic Development Committee-November 4, 2024 • City Council-December 3, 2024
Affordable Housing Trust	$500,000	• $500,000 agreement with Stanislaus Equity Partners (STEP)	• City Council-November 12, 2024

CED Spending Plan-Community Benefits

- Small Business Support with Expansion and Retention:
  - **25 new home-based childcare** businesses created
  - The Modesto Chamber of Commerce launched the Shop Greater Modesto providing **93 local vendors** wider access to customers to grow their market share and business
- Stanislaus 2030 Initiative:
  - **39 new business starts** & **312 childcare slots** created since launch in Aug of 2023
- Implementation of Workforce Development Program:
  - At least **40 individuals** are expected to be assisted with master degree scholarships and **27 individuals** are expected to receive paid internship stipends.
- Business Incentives and Beautification expansion:
  - A grant has been approved to issue funding to Valley First Credit Union (VFCU) to establish a revolving loan fund (RLF) program for the purpose of providing low interest loans to assist with beautification efforts.
  - Loans will be five points below prime with a floor of 2.5% APR.

CED Spending Plan-Community Benefits (continued)

- Homeless Support Programs:
  - **73 individuals** have been provided a location for safe, stable overnight parking which includes support for updating vehicle tags, emergency housing vouchers, replacing IDs, or help with social security.
  - **451 individuals** were provided with a safe sleeping area through the Modesto Gospel Mission keeping them sheltered from the elements and pests while providing meals, restrooms, and case management.
- Downtown Streets Team:
  - **159 Homeless and low-income people** (Team Members) volunteer and work collaboratively on beautification projects around the community. Participants receive a basic needs stipend, while receiving case management and employment services.
- Homeless Services:
  - **2,038 individuals** were provided services through the Salvation Army Berberian and Day Centers.
  - Access to washer and dryers are made available for participants, along with meals, on site case management services and 180 beds for emergency shelter purposes.

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IT UPDATE

Dameon Booker, Chief Information Officer

IT Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
IT	Discoverer Replacement	$ 500,000	$ 38,294	$ 461,706	$ -
IT	Cybersecurity Mitigation	490,000	-	336,698	153,302
		$ 990,000	$ 38,294	$ 798,404	$ 153,302

IT Spending Plan – Obligation Timeline

- The remaining Cybersecurity Mitigation balance will be utilized by entering into an Agreement with address Cisco Security Proxy and VPN enhancement
- This agreement is scheduled for November 13th Finance Committee and Council in December 2024

IT Spending Plan – Community Benefits

Oracle Analytics Cloud Implementation: Community Impact

- Better financial transparency for citizens
- More efficient city services through improved data analytics
- Enhanced security of public financial information
- Modernized city infrastructure supporting future growth
- Improved decision-making through better data insights
- Improved service delivery per 2020-2025 Strategic Plan Directive

IT Spending Plan – Community Benefits

Patch Management Improvements (Ivanti): Community Impact

- Automated security patch deployment
- Real-time vulnerability assessment
- Streamlined patch testing process
- Reduced system downtime
- Enhanced compliance reporting
- Proactive security maintenance

IT Spending Plan – Community Benefits

Security Incident Management (IBM QRadar SIEM):

Community Impact

- Real-time threat detection and monitoring
- Advanced security analytics
- Automated incident response capabilities
- Comprehensive security logging
- Enhanced threat intelligence
- Centralized security management

IT Spending Plan – Community Benefits

Cisco Security Proxy and VPN enhancement: Community Impact

- More reliable access to city services
- Enhanced protection of citizen data
- Faster response times for digital services
- More efficient use of taxpayer resources
- Improved service delivery capabilities

MFD UPDATE

Kevin Wise, Fire Chief

MFD Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
MFD	Fire Station 1 Deferred Maintenance	$ 2,000,000	$ -	$ -	$ 2,000,000
MFD	Emergency Medical Service Equipment	$ 600,000	$ -	$ 600,000	$ -
		$ 2,600,000	$ -	$ 600,000	$ 2,000,000

MFD Spending Plan – Obligation Timeline

The Fire Department has drafted an Intra Agency MoU in accordance with US Treasury guidelines to obligate and spend ARPA funding by the December 31, 2026 deadline. MFD is currently working with Modesto-based architectural firm, Red Inc, to investigate the existing conditions of Fire Station 1. This investigation involves consultants from the following engineering disciplines: architectural, structural, mechanical, and electrical, to determine the cost estimate of necessary improvements. The outcome of this study will help determine the nature of the enhancement implementation for the Fire Station 1 project. The investigation findings are estimated to be delivered by the end of November 2024 so that a request for proposals can begin shortly thereafter.

Exp. Cat.	Project Name	Description	SLFRF Estimated Contribution
1.1	Feasibility Study	Investigation of existing conditions of Fire Station 1 involving consultants from the following engineering disciplines: architectural, structural, mechanical, electrical to determine the cost estimate of necessary improvements.	$43,400
1.2	Enhancement Initiative	Enhancement implementation for Fire Station 1 project.	$1,956,600
		Total	$2,000,000

MFD Spending Plan – Community Benefits

- The Fire Station 1 Deferred Maintenance falls under the key focus area of Governance and Service Delivery.
- The Governance and Service Delivery portion of funding is intended to improve the organization and service delivery for residents.

  - Enhancements to Fire Station 1 are vital to improving call times-- currently, when personnel at Station 1 respond to calls, they rush from separate living quarters next door to the engine in the apparatus bay.

MFD Spending Plan – Community Benefits

- ARPA funding was allocated for the acquisition of Emergency Medical Service equipment to support the COVID response focus– Quality of Life.
- The Quality-of-Life portion of funding is intended to improve the quality of life for our residents.
  - Purchases made with this funding include an ambulance, Life Pak devices (monitor defibrillators), and EMS supplies.
    - These items allow MFD to provide life-saving services to our community.

MPD UPDATE

Brandon Gillepsie, Police Chief

MPD Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
MPD	911 Dispatch Service	$ 63,116	$ -	$ 63,116	$ 0
MPD	Homeless Support Program	$ 524,000	$ -	$ 524,000	$ -
MPD	Community Health Assistance Team (CHAT)	$ 400,000	$ -	$ 400,000	$ -
		$ 987,116	$ -	$ 987,116	$ 0

MPD Spending Plan – Community Benefits

- Funded initial design for Modesto Dispatch Communications Center and Real Time Crime Center.
- Funding provided for the pilot program of Park Rangers for two years.
    - So far in 2024, the Park Rangers have:
        - Visited 3,336 Parks
        - Posted 637 illegal camps
        - Gave 143 verbal warnings
        - Issued 398 citations.

MPD Spending Plan – Community Benefits

- Funding provide for an expanded CHAT program for two years.
  - So far in 2024, CHAT has:
    - Have responded to over 2,600 calls for service
    - Proactively initiated over 2,200 contacts with those needing help
    - Placed over 814 people into emergency shelter

PRN UPDATE

Jeremy Rogers, Director of PRN

PRN Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
PRN	West Modesto Collaborative	$ 43,000	$ -	$ 43,000	$ -
PRN	Support for the Arts	$ 200,000	$ -	$ 200,000	$ -
PRN	State Theatre - Funding Contribution	$ 75,000	$ -	$ 75,000	$ -
PRN	Modesto Sister Cities - Funding Contribution	$ 35,000	$ -	$ 35,000	$ -
PRN	Modesto Neighborhoods Inc.	$ 120,000	$ -	$ 120,000	$ -
PRN	Modesto Area Partners in Science (MJC) - Funding Contribution	$ 50,000	$ -	$ 50,000	$ -
PRN	Gallo Arts Center - Funding Contribution	$ 50,000	$ -	$ 50,000	$ -
PRN	Cesar Chavez Renovation Project	$ 5,448,883	$ 5,448,883	$ -	$ -
PRN	Children's Museum	$ 500,000	$ -	$ 500,000	$ -
PRN	Park Improvements (Includes Turf at Mary Grogan)	$ 9,343	$ -	$ 9,343	$ -
PRN	First Tee and Boys and Girls Club - Funding Contribution	$ 500,000	$ -	$ 500,000	$ -
PRN	Stanislaus County Library - Funding Contribution	$ 500,000	$ -	$ 500,000	$ -
PRN	Dryden Clubhouse Renovation (Design)	$ 400,000	$ 296,878	$ 103,122	$ -
PRN	Graffiti Car Museum - Funding Contribution	$ 850,000	$ -	$ 850,000	$ -
PRN	Support for Convention and Visitor Bureau	$ 750,000	$ -	$ 750,000	$ -
PRN	Tuolumne River - Econ Development	$ 175,000	$ 93,703	$ 81,297	$ -
PRN	Park Improvements (Includes Turf at Mary Grogan)	$ 71,005	$ 18,739	$ 52,266	$ -
PRN	Awesome Spot	$ 1,100,000	$ 176,052	$ 327,600	$ 596,348
PRN	Deferred Maintenance at Parks & Public Facilities	$ 974,322	$ 100,775	$ 580,001	$ 293,545
PRN	Tuolumne River - Econ Development	$ 574,785	$ 408,045	$ 118,368	$ 48,372
		$ 12,426,338	$ 6,543,076	$ 4,944,997	$ 938,265

PRN Spending Plan – Obligation Timeline

- **PENDING COUNCIL ACTION** - The Awesome Spot Playground (TASP) ($596, 348)– remaining funds will be obligated after Council's consideration on December 3, 2024.
- **PENDING COUNCIL ACTION** - Tuolumne River – Economic Development ($48,372) – remaining funds will be reallocated to the Tuolumne River Regional Park Area B Picnic Renovation, which will go to Council on December 10, 2024 and obligated shortly thereafter
- **PENDING COUNCIL ACTION** - Deferred Maintenance at Parks & Public Facilities ($293,545)
  - Turf Reduction – Phase 1 complete; remaining funds will be reallocated to the Downey Shade Structure Project (Council consideration on November 11, 2024)
  - Downey Park Renovations – Item to be considered by Council on November 11, 2024
  - Creekside/Dryden Golf Course Renovations – an estimated $32,000 worth of repairs scheduled to be completed by the end of the year; the remaining funds will be obligated by the end of the year.

PRN Spending Plan – Community Benefits

Grant Funding Agreements:

1) Aid to Non-Profits to construct, rebuild and resume community programming for the Arts (The State Theater, Gallo Center for the Arts, The Prospect Theater, Modesto Childrens' Museum, Modesto Art Museum, Opera Modesto, and the Graffiti USA Classic Car Museum).
2) Assistance to Non-Profits to provide educational and recreational programming and support to target audiences and neighborhoods (Modesto Neighborhoods Incl, West Modesto Community Collaborative, Boys & Girls Clubs, First Tee, and Modesto Area Partners in Science).
3) Assistance to rehabilitate commercial properties or other improvements (Stanislaus County Library).
4) Aid to Tourism, Travel & Hospitality (Visit Modesto, Modesto Sister Cities International, Graffiti USA Classic Car Museum).

PRN Spending Plan – Community Benefits

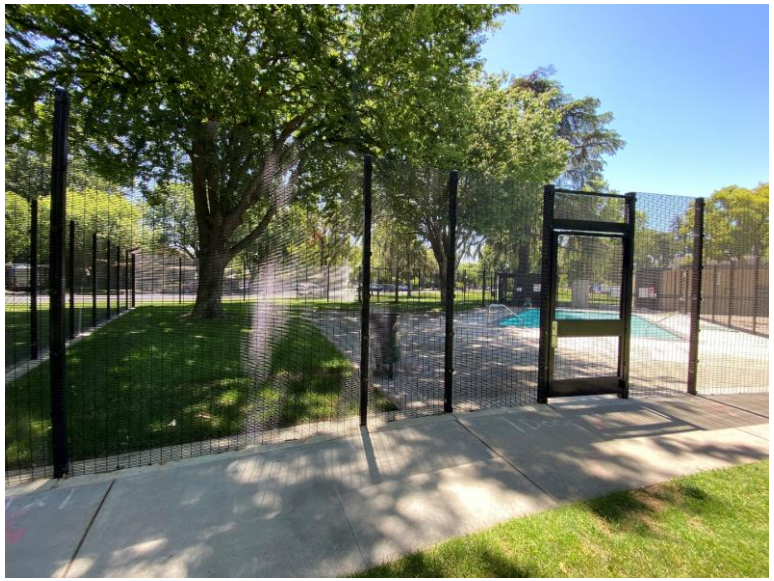
Park Improvements

- Cesar Chavez Park Renovation
- Turf Reduction at various Parks
- Park Security Cameras at various Parks

PRN Spending Plan – Community Benefits

Deferred Maintenance

- On course repairs for Dryden & Creekside Golf Courses
- New fence at Graceada Pool
- Upgrade to Community Facilities



PRN Spending Plan – Community Benefits

Development in TRRP

- Security Cameras at TRRP
- Renovation of TRRP Area B
- Vegetation Management at TRRP
- Funding for TRRP Master Plan Update

PUBLIC MEETINGS
REUNIONES PÚBLICAS

TUOLUMNE RIVER REGIONAL PARK

PW UPDATE

Patrick Crowley, Senior Public Works Manager

PW Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
PW	Forestry Program Enhancements (Yr. 1)	$ 1,850,000	$ -	$ 1,850,000	$ -
PW	Forestry Program Enhancements (Yr. 2)	$ 1,000,000	$ -	$ 1,000,000	$ -
PW	Blight Abatement	$ 500,000	$ 203,547	$ 283,038	$ 13,415
PW	Multifamily Bulky Item Program	$ 180,000	$ 89,030	$ 66,424	$ 24,546
PW	Parking Infrastructure	$ 250,000	$ 1,750	$ 232,980	$ 15,270
PW	LED Lighting	$ 250,000	$ 3,612	$ 241,495	$ 4,893
		$ 4,030,000	$ 297,939	$ 3,673,937	$ 58,124

PW Spending Plan – Obligation Timeline

- Remaining funds for parking infrastructure have been obligated to complete the LED conversion at 11th Street Garage.
- We anticipate having a small amount of funds leftover from the LED conversion.
- These remaining funds have been earmarked for use in the 9th Street Garage to begin converting fixtures to LED.
- All funds will be expended prior to the December 31, 2024, deadline.

PW Spending Plan – Community Benefits

- Energy Efficiency

The most efficient way of illumination and lighting, with an estimated energy efficiency of 80-90 percent.

- Longer Lifetime

Long lifetime stands out as the number one benefit of LED lights.

- Ecologically Friendly

LED lights are free of toxic chemicals. Most conventional fluorescent lighting bulbs contain a multitude of materials such as mercury that are dangerous for the environment.

- Zero Emissions

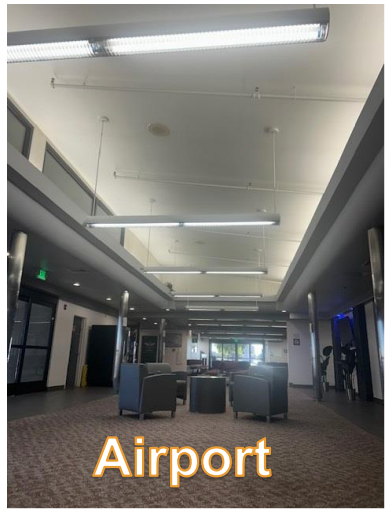
LED illumination produces little infrared light and close to no UV emissions.

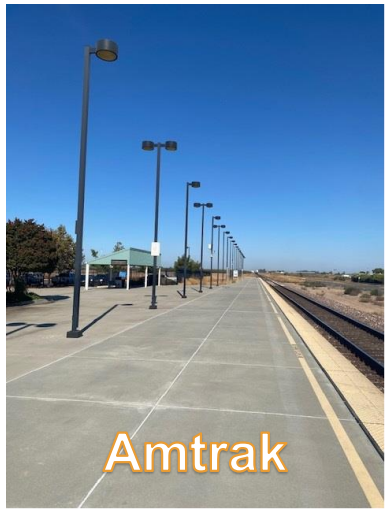
- Less Staff Time

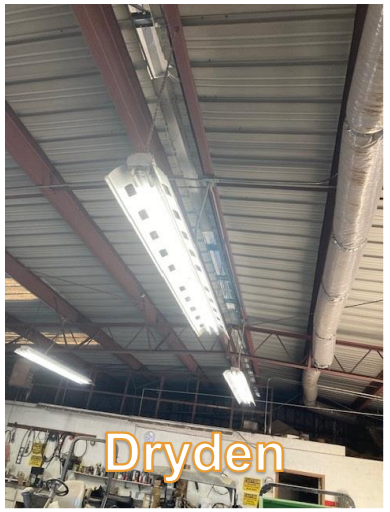
LED conversions dramatically reduces staff time for changing bulbs and troubleshooting lighting problems.

PW Spending Plan– LED Lighting - Facility Updates

- Airport
- Amtrak Station Exterior
- Centre Plaza Lobby
- Creekside Golf Course - Clubhouse & Cart Barn
- Dryden Golf Course - Maintenance Bldg.

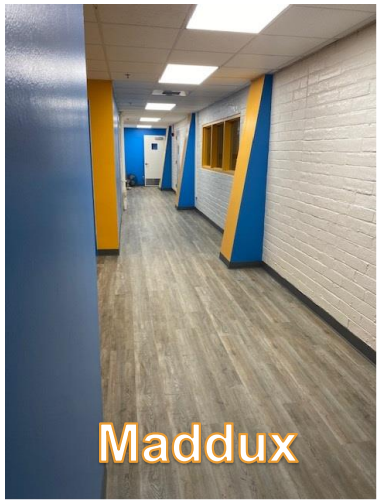






PW Spending Plan– LED Lighting - Facility Updates

- Heavy Bay Shop
- Jefferson Corp. Yard & Traffic and Signs
- King Kennedy Memorial Center
- Maddux Youth Center
- Neighborhood Center at Marshall Park (NCAMP)



PW Spending Plan– LED Lighting - Facility Updates

- Senior Citizen Center
- 9th St Garage Walk Bridge
- 11th St Garage
- John Thurman Field – Parking Lot

Example of One Site Conversion
11th Street Parking Garage

Total fixtures converted 86

Total watts of new fixtures 6,880

Total watts of old fixtures 34,400

- New Fixture – 80 watts
- Old Fixture – 400 watts
- Reduction 80%

- New Fixture – 70,000-hour Lifecycle
- Old Fixture – 10,000-hour Lifecycle
- 600% increase in Lifecycle

Illumination

- New Fixture 5000k
- Old Fixture 2100k
- 138%Brighter

PW- Parking Infrastructure

- ✅ Develop a Parking Action Plan
- ✅ Dixon Resource Unlimited was contracted
- ✅ Dixon Completed the Plan August 2023

PW Spending Plan - Modesto Parking Action Plan

- The study area consists of 2,734 on-street and 2,420 off-street (garage and surface lots) parking spaces in Downtown Modesto
- These spaces serve residents, visitors, business owners, and employees on a daily basis.
- This Plan is meant to highlight important considerations, measures, and best practices to optimize operations, regardless of the approach chosen.
- The parking experience is critical, as the first and last impression that a visitor or resident enjoying Downtown Modesto remembers.

PW Spending Plan – Community Benefits

Forestry - Purchase of a New Stump Grinder

- Faster stump removals for higher daily production.
- Better reliability and less down time due to equipment break downs.
- Faster response times to service requests and Go Modesto requests.

PW Spending Plan – Community Benefits

Forestry – Planting of over 300 New Trees

- Beautification of neighborhoods and improved air quality.
- Reduced energy costs due to tree canopy.
- Improved property values.

PW Spending Plan – Community Benefits

Forestry – Contractor Tree Removals

- Reduction of the backlog on tree removals.
- Removal of over 700 trees from backlog.
- Open spaces for new tree plantings.

PW Spending Plan – Community Benefits

Forestry – Hiring of New Employees

- Reduction in tree pruning cycle.
- Faster response times to service requests and Go Modesto requests.
- Faster response to storms and hazardous situations.

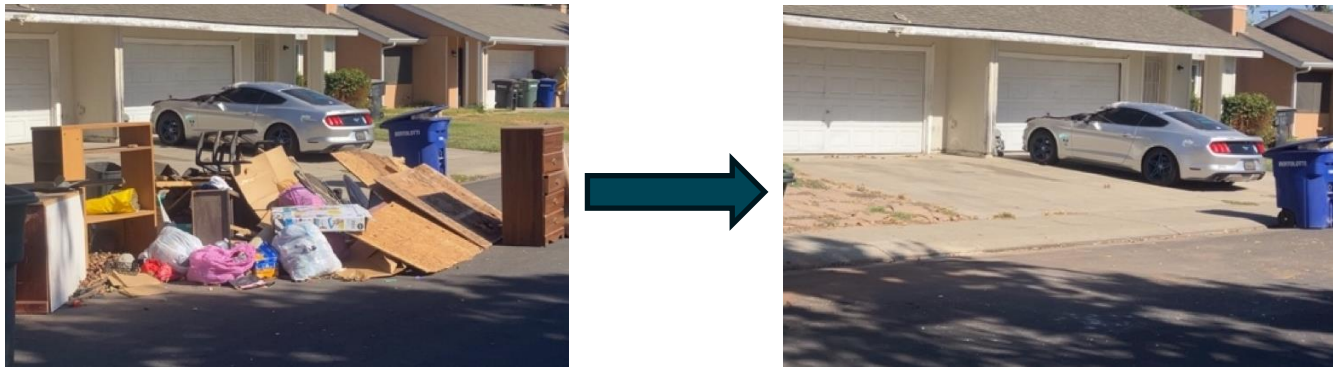
PW Spending Plan – Obligation Timeline

- Blight Abatement - Appx $13,415 remaining
  - Finalizing Modesto Mo' Beautiful outreach campaign and materials
  - PPE and supplies to support Blight Abatement Teams
- Multifamily Bulky Item Program - Appx $24,546 remaining
  - Advertise Bulky Item Program – print, digital, and radio to promote alternatives to illegal dumping
  - Continue to charge staff time until Dec 2024

MODESTO Mo' Beautiful

PW Spending Plan – Community Benefits

- Blight Abatement –
  - Expensed: $283,038
    - Logo and brand guide development of blight abatement slogan, Modesto Mo' Beautiful
    - Truck, trailer, and disposal costs for collected illegal dumping and litter
  - Committed: $203,547
    - Illegal dumping prevention cameras, mobile and stationary with license plate readers and necessary software



296.12 tons of illegal dumping removed from streets/alleys

Removed or cited 2,891 piles of illegal dumping

Average time to abate pile dropped from 15 days to 8 days

PW Spending Plan – Community Benefits

- Multifamily Bulky Item Program –
  - Expensed: $66,424
    - Hauler costs for schedule, collecting, and disposing of bulky items for apartment complexes
    - Outreach, engagement, and promotion of the program
  - Committed: $89,030
    - Remaining costs for bulky item appointments – intend to make program permanent
    - Traffic message board and attached camera for illegal dumping prevention

Information on the program distributed to 181 apartment complexes with over 10,000 units

254 MFD appointments and 66 tons of material collected

Less than 1% of illegal dumping is now found in front of apartment complexes

INTERNAL SERVICES UPDATE

DeAnna Christensen, Director of Finance
Steve Christensen, Interim Director of OPMB

FIN_HR Spending Plan – Update

Dept	Spending Plan Item	Allocation	Committed	Expensed	Remaining Balance
FIN	Upgrade Utility Billing Software	$ 23,063	$ -	$ 23,063	$ -
FIN	Employee Hazard Pay	$ 6,552,810	$ -	$ 6,552,810	$ -
FIN	Use of Reserve Funding (22-23) Budget Funding	$ 1,317,160	$ -	$ 1,317,160	$ -
FIN	Use of Reserve Funding (23-24) Budget Funding	$ 4,630,000	$ -	$ 4,630,000	$ -
FIN	Use of Reserve Funding (24-25) Budget Funding	$ 2,000,000	$ -	$ 195,452	$ 1,804,548
		$ 14,523,033	$ -	$ 12,718,485	$ 1,804,548

FIN_HR Spending Plan – Obligation Update and Community Benefits

- The remaining balance available for the FY 24-25 Reserve Funding will be utilized for COVID-19 payroll related fire service expenses
- The utility billing software funding was utilized to make improvements to our online form technology
- Several of our utility billing forms were still being managed only via hard copy
- Hazard Pay was paid to the employees to recognize their efforts in providing essential services during a time when people were required to shelter in place. Community members relied on the continuance of basic services as they navigated quarantines and providing for their families.

FIN_HR Spending Plan – Obligation Update and Community Benefits

- Use of Reserve Funding in Fiscal Years 22-23, 23-24, and 24-25 was to assist in balancing the General Fund budget and to ensure that vital public safety services continued to be provided to citizens of Modesto without being reduced
- These funds allowed the City maintain the staffing levels and services including expanded services for our public safety services

Staff Recommendations

Motion accepting an informational report update on the American Rescue Plan Act spending plan and forwarding to Council for approval.

Motion recommending a Memorandum of Understanding between the City of Modesto and Modesto Fire Department to implement the Fire Station 1 enhancement program and forwarding to Council for approval.

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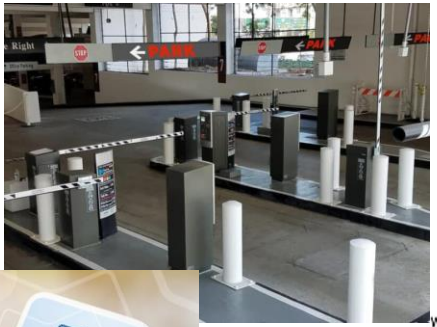
PARKING ACCESS REVENUE CONTROL SYSTEM (PARCS) - UPGRADE

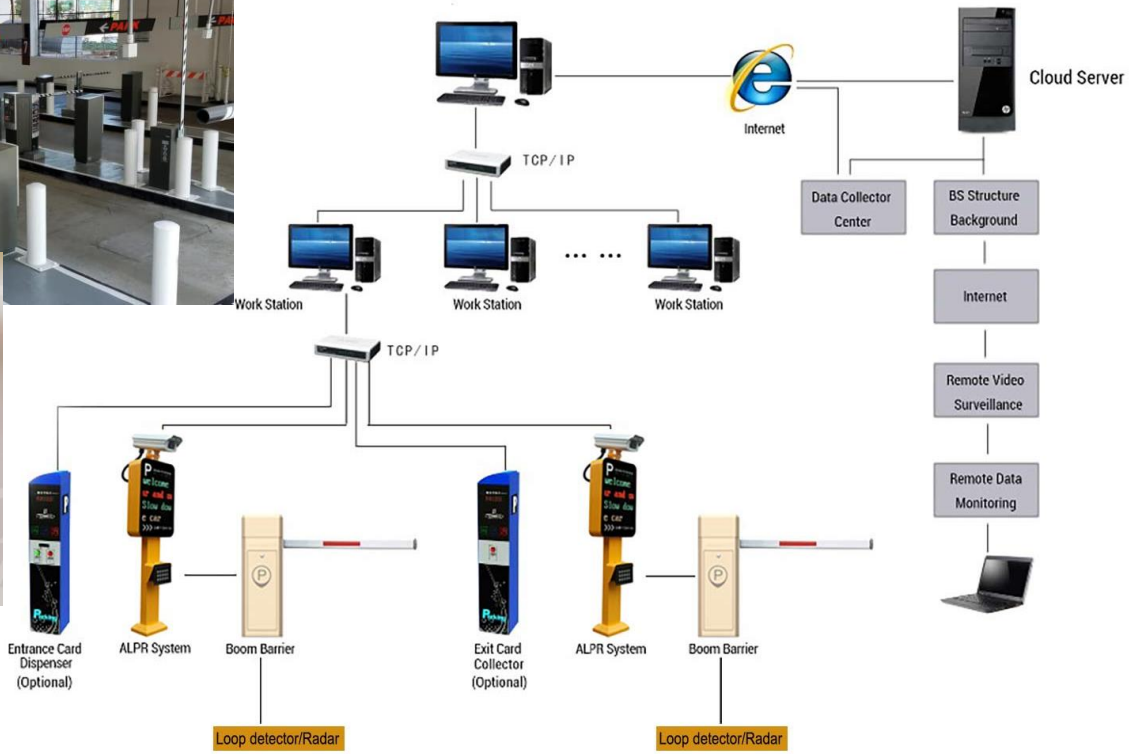
Public Works
Bill Sandhu, Director of Public Works
Patrick Crowley, Senior Manager

Finance Committee
November 13, 2024

DESCRIPTION AND BACKGROUND

Description of PARCS





Parking Services PARCS
Need / Recommendation / Cost

- Need
  - Out of service equipment is impacting customer service
  - Existing equipment, has surpassed the useful service life, does not accommodate modern features
  - Replacement parts are no longer available
  - Loss of revenue
- Recommendation
  - Upgrade to current cloud-based Amano McGann software and modernize the hardware to meet customer service expectations (access, payment, pre-trip planning)
- Cost
  - Hardware: $772,158
  - SaaS Year one: $36,000
  - Five Year Total Estimated Cost: $963,172
  - Approved Budget: $1,000,000

Replacement Evaluation Process

- FUTURE SYSTEM EXPECTATIONS
  - Manufacturer Experience
  - Supply Chain Logistics
  - Component Design
    - Moving / Electronic components
    - Plug and Play
    - Replacement Component Complexity
    - Hardware Name Branding
  - Customer Experience (User Interface Intuitive)
  - Features (Customer Facing and Management Tools)
  - Partner Integrations
  - Service Hotline
  - Warranty Support

REPLACEMENT SYSTEM UPGRADE FEATURES

Amano ONE Software

Interactive Reporting

Multi-Tenant Management

System Alerts and Notifications

Multi- Credential Access

Built-In Call Center

Powerful API Library

Flexible Parking Accounts

Amano ONE Hardware

Plug-and-play hardware components for easy service

One moving part = less downtime and maintenance

Mobile pay for customer convenience

Ticket issue speeds as fast as .5 seconds

Built-in call center

Designed for high-volume throughput

Accelerated processing and transaction speeds

Amano ONE Benefits

SIMPLIFIED INSTALLATION

LESS TRAINING OF PERSONNEL

LESS HARDWARE DOWNTIME

MORE SOFTWARE UPTIME

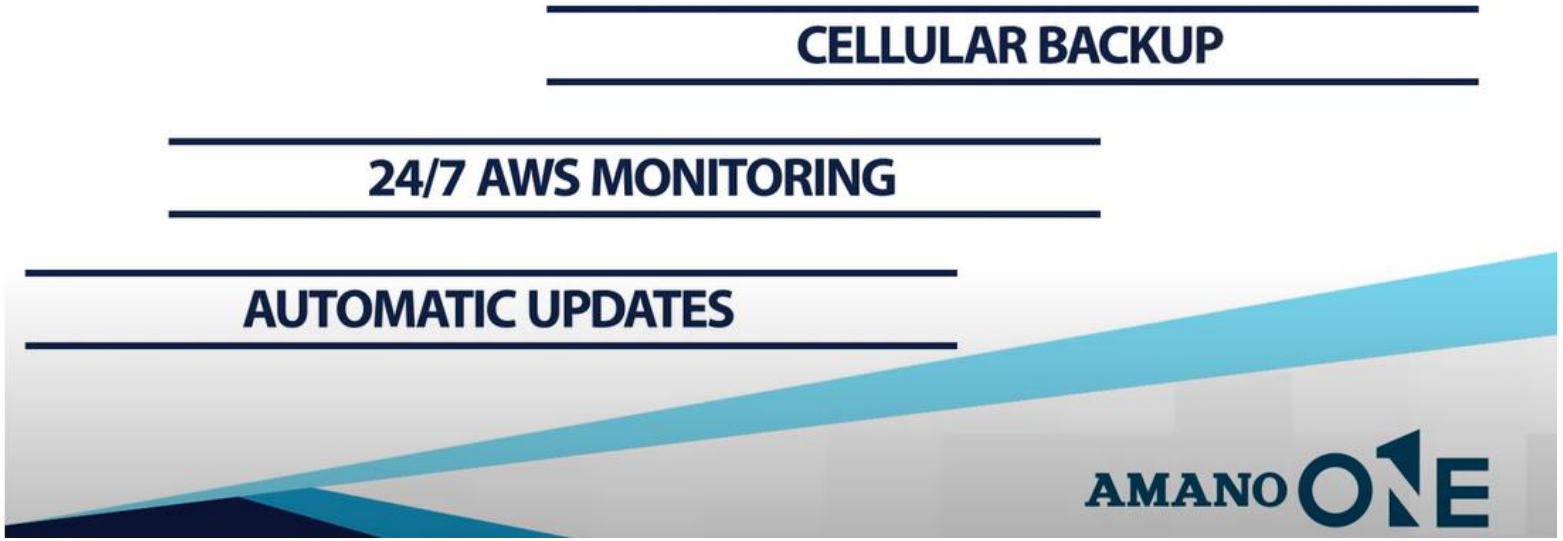
Pay-on-Foot Station
Credit Card

Exit Station
Credit Card Option

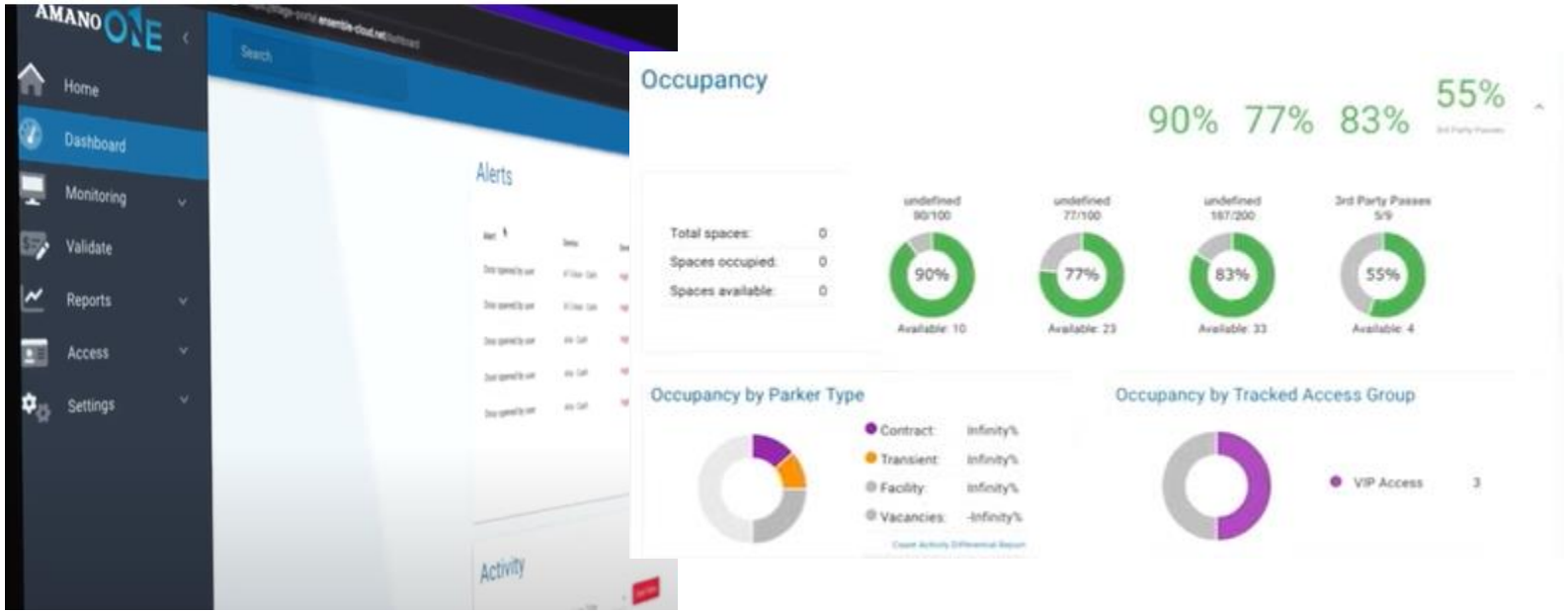
Pay-in-Lane Station
Cash & Credit Card

AMANO ONE

Amano ONE Benefits – cont.



Amano ONE Dashboard



Amano ONE Support Locations

North America and Hawaii

PARCS Upgrade Amano McGann

ANY QUESTIONS?

CITY OF
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Item #3

PARKS & RECREATION MASTER PLAN – AWARD OF CONTRACT

Jeremy Rogers, CPRE
Director of Parks, Recreation & Neighborhoods

Safety & Communities
November 18, 2024

Background

By Resolution No. 2024-190, Council approved Measure H funding to complete a **Parks and Recreation Master Plan (PRMP)**

- Guide decision-making related to parks and recreation planning, maintenance, programming, and funding
- Aligns services with national standards and industry trends
- Provide set goals, policies and standards for future park, facility, and program development
- Long-Term (10-15 years)
- Pre-requisite for national accreditation by the National Recreation Park Association's Commission for Accreditation of Parks and Recreation Agencies (CAPRA)

Parks & Recreation Master Plan
Scope of Work

- Set Vision, Goals & Objectives
- Evaluation of Existing Conditions
- Evaluation of Current Staffing Structure
- Incorporation of Fund Development Plan
- Outreach and Community Engagement
- Needs Assessment / Gap Analysis
- Recommendations
- Master Plan Document
- Timeline: 12-18 months

Request For Proposals & Selection

Request for Proposals (Opened July 16, 2024)

- 7 received
- Selection Committee reviewed and scored
- Top 3 firms interviewed and scored
- Berry, Dunn, McNeil, & Parker of Portland, Maine selected

Selected: BerryDunn

- BerryDunn's approach includes multiple phases and deliverables and is expected to take a minimum of 12 months to complete.

Phase	*Deliverables*
1 – Discovery	■ Project Work Plan & Schedule ■ Master Plan Vision & Goals
2 – Evaluate Existing Conditions	■ Inventory Atlas ■ Recreation Analysis ■ Level of Service Analysis ■ Survey Report & Analysis
3 – Evaluate Staffing Structure	■ Organizational Analysis
4 – 2023 Fund Development Plan Implementation	
5 – Outreach & Engagements	■ Detailed Engagement Strategy
6 – Community Needs Assessment	■ Gaps Analysis & Needs Assessment
7 - Recommendations	
8 – Prepare Final Plan	■ Draft Parks and Recreation Master Plan ■ Final Parks and Recreation Master Plan

Fiscal Impact

Measure H funding for the Parks and Recreation Master Plan is budgeted in Project #101607 – Parks Master Plan.

Anticipated Agreement Expenses:	
Consulting Services	$383,350
10% Contingency for Add'l. Svcs.*	$ 38,335
Total Not to Exceed	$421,685

**if needed*

Recommendations

Motion recommending an Agreement with Berry, Dunn, McNeil, & Parker LLC, Portland, ME to prepare the Parks and Recreation Master Plan for an amount of $383,350, plus $38,335 for additional services, if needed, for an Agreement total not to exceed $421,685 and forwarding to Council for approval.

CITY OF MODESTO CALIFORNIA

QUESTIONS?

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PARKS, RECREATION AND NEIGHBORHOODS

CONSTRUCTION CONTRACT FOR THE AWESOME SPOT PLAYGROUND, PHASE 1A

Jeremy Rogers, Director
Parks, Recreation and Neighborhoods Department

November 18, 2024

Background

- In 2015, the community rallied together in support of designing an all-inclusive playground at Beyer Park.
- On September 27, 2022, by Resolution No. 2022-397, and on July 11, 2023, by Resolution No. 2023-350, Council approved the purchases of various playground equipment for The Awesome Spot Playground with American Rescue Plan Act (ARPA) funds.
- On February 6, 2024, by Resolution No. 2024-043, Council approved the application and accepted the specified grant funds from the Budget Act of 2023 in the amount of $400,000 for The Awesome Spot Playground.

Discussion

- The site work for the project was advertised for bids on October 7, 2024.
- Bids were publicly opened on October 22, 2024, pursuant to City Charter Section 1307, and five (5) bids were received. Westside Landscape & Concrete, Inc. of Newman, CA, was determined to be the responsible bidder with the lowest responsive bid.
- Westside Landscape & Concrete, Inc. of Newman, CA, was 13.62% below the engineer's estimate.
- The next lowest bid was 0.12% below the engineer's estimate.

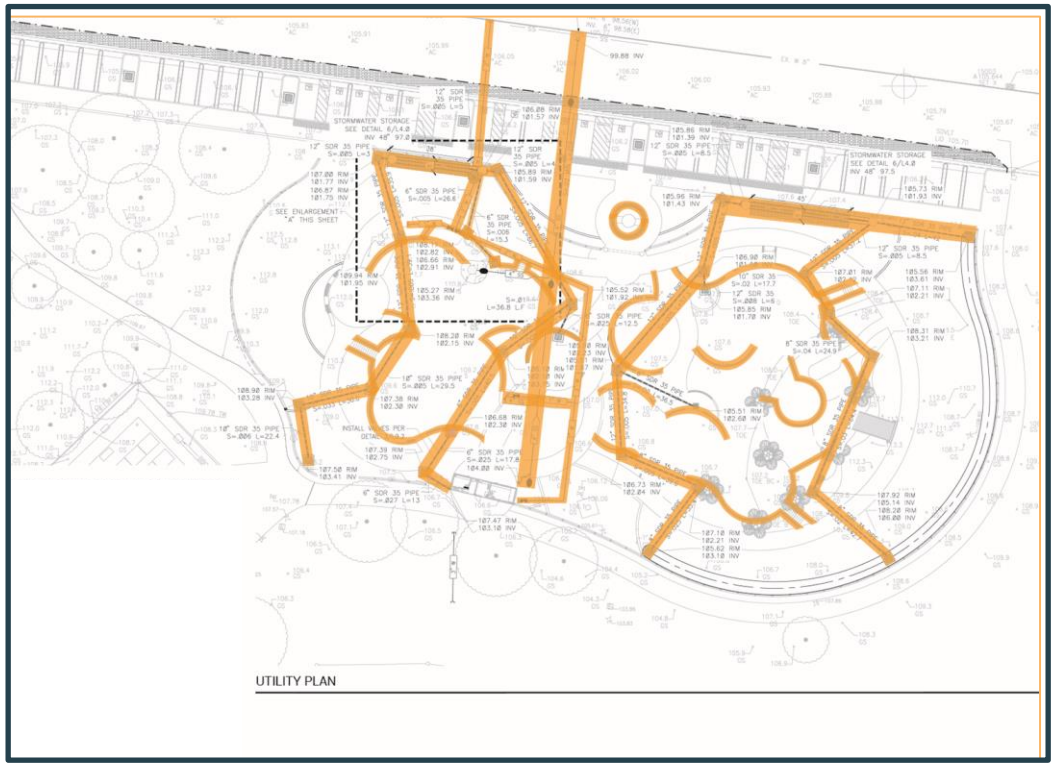
Donations to Date

Community Funded Phase I

CONTRIBUTIONS TO DATE:		
In-Kind Design & Construction Services	$	720,000
Cash Donations	$	1,330,000
Pledged In-Kind Donations	$	50,000
Total Cost	**$**	**2,100,000**

The Awesome Spot Playground

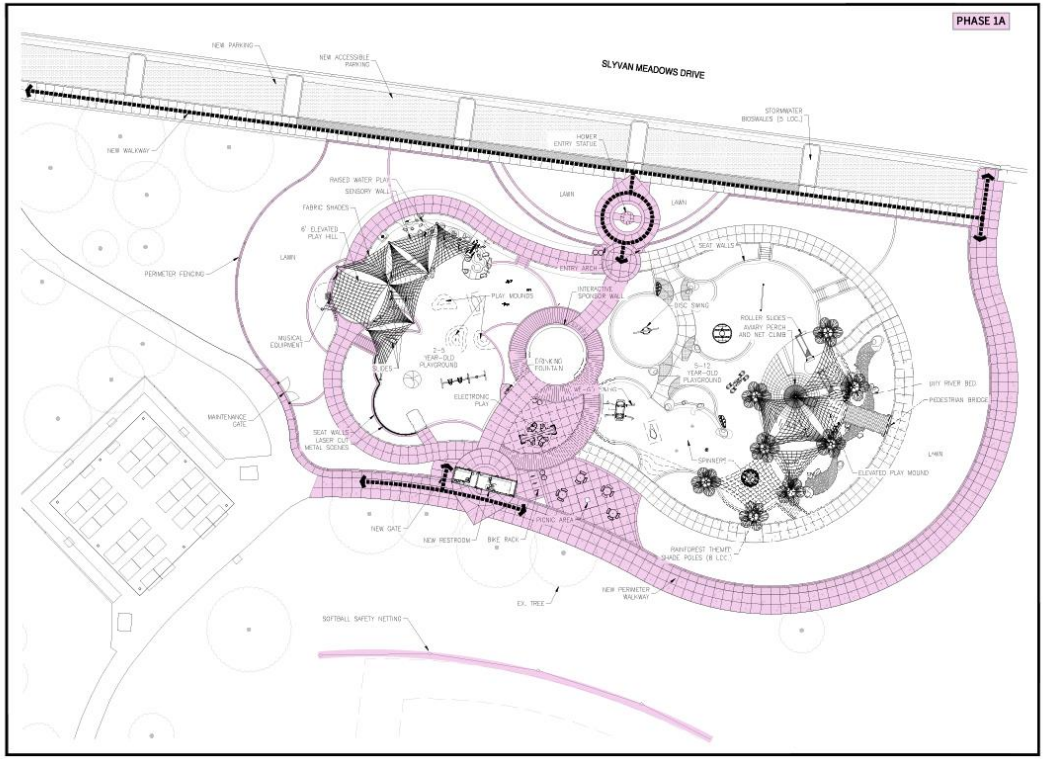
Community Funded – Phase I



RFB – The Awesome Spot Playground, Phase 1A

- **Scope of Work**
  - Fine Grading
  - Concrete Paving Installation
  - Concrete Stairs Installation
  - Concrete Mow Curb Installation
  - Fencing, Site Furnishing, and Drinking Fountain Installation
  - Sport Field Netting Installation

The Awesome Spot Playground, Phase 1A



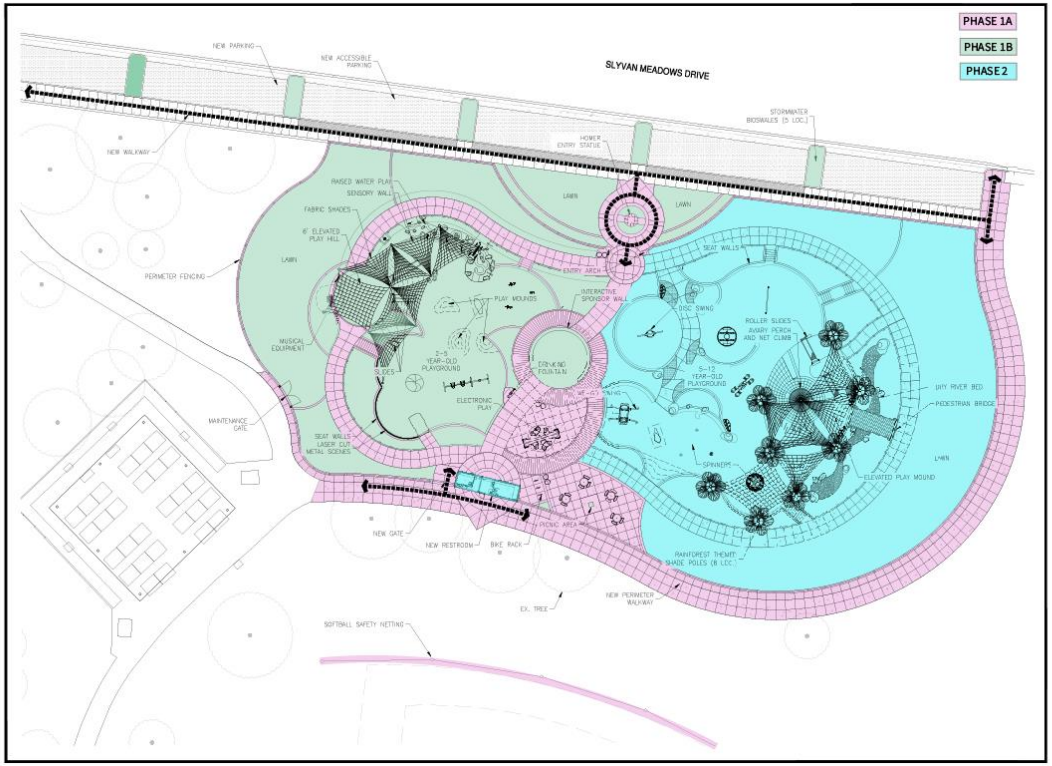
Fiscal Impact

PROJECT BUDGET (PHASE 1A CONSTRUCTION CONTRACT):		
Construction	$	738,868
Construction Contingency (10%)	$	73,887
Construction Administration – City Staff (20%)	$	147,774
Bid/Design Support During Construction (8%)	$	61,709
Construction (previously spent/ committed)	$	652,333
Engineering/Design/Admin (previously spent/committed)	$	18,442
Total Cost	$	**1,693,013**

Fiscal Impact

FUNDING SOURCES (PHASE 1A CONSTRUCTION CONTRACT):		
Budget Act of 2023 Specified Grant	$	400,000
Parks Fund	$	107,000
Miscellaneous Public Donations	$	8,250
General Fund	$	77,763
ARPA Funding	$	1,100,000
Total Cost	$	**1,693,013**

The Awesome Spot Playground, Phases



Construction Estimates for Phases

PHASED CONSTRUCTION COSTS:	
Community Funded Phase I	$ 2,100,000
Phase 1A	$ 1,693,013
Phase 1B	$ 1,919,180
Phase 2	$ 3,910,321
Total Cost	**$ 9,622,514**

New Fiscal Agent

Staff Recommendation

Motion recommending the Plans and Specifications for The Awesome Spot Playground, Phase 1A, accepting the Bid and Awarding a Construction Contract to Westside Landscape & Concrete, Inc. of Newman, CA., in the amount of $738,868 authorizing $73,887 for contingency (if needed) for a total payment amount not to exceed $812,755, and forwarding to Council for approval.

Questions?

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Commercial Cannabis Permit Applications

Jessica Hill, Director of Community and Economic Development

Background

- The Modesto City Council adopted a Commercial Cannabis Ordinance 3684-C.S. which established the City's regulatory framework for commercial cannabis uses.
- Commercial Cannabis businesses are restricted to the following zones:
    - Commercial (C-2, C-3, C-M): Retail non-storefront, manufacturing (non-volatile), testing laboratories
    - Industrial (M-1 and M-2): Retail non-storefront, cultivation, nursery, manufacturer (non-volatile and volatile), distributor, and a microbusiness
- Cannabis businesses may not be within 600 feet of a school, child-care center, or youth center, 100 feet from residential uses, 200 feet from a park or library, or within the downtown area

PLEDGE Program

- The City of Modesto's Cannabis Equity Program Providing Local Equity Development Grants and Education (PLEDGE) provided direct technical assistance and grant opportunities for individuals negatively impacted by previous cannabis prohibition policies.
- On August 23, 2024, the City formally received four commercial cannabis permit applications to engage in a variety of non-retail business activities with each business owned by a PLEDGE participant:

Business Name:	CLD, LLC	Modesto's Finest, LLC	Que Tees, LLC	Power High 99, LLC
Business Type:	Distribution	Microbusiness	Distribution	Cultivation
Address:	903 Kansas Avenue	1006 Lone Palm Ave	1127 Kansas Avenue Suite 47	1127 Kansas Avenue Suite 52
Zoning:	M-2 Heavy Industrial	M-1 Light Industrial	M-1 Light Industrial	M-1 Light Industrial

Application Review

Background checks for the owners of the proposed businesses were processed with all owners cleared to operate cannabis businesses in California.

Zoning requirements have been met with all businesses located in Industrial Zones with no proximity issues noted.

City Staff along with the current cannabis consultant reviewed each operating plan, security plan, site plan, and environmental plans for compliance with State and Local regulations.

On September 24, 2024, all applications were determined to be compliant with all regulatory requirements.

Applications deemed eligible for approval consideration by the Cannabis Program and Permit Review Committee

Power High 99 and Que Tees LLC Proximity and Tax

- Both businesses are located 1127 Kansas Avenue in two separate suites.
- This location is zoned M-1 light industrial which is generally farther away from areas of sensitive use such as residences, schools, parks, and youth centers.
  - The nearest residence is approximately 800 ft away at 1111 Custer Ct.
  - The nearest park is Charles M Sharp at around 3,200 ft away.
  - Franklin Elementary School is over 2,900 ft away which is the nearest school
  - Over 8,500 ft away from the Stanislaus County Library.
- Both businesses would be within 1,000 ft of CLD, LLC and 690 ft of Modesto's Finest, LLC.
- Power High 99, LLC would be subject to an excise tax of 2.5% as a cultivator.
- Que Tees, LLC would be subject to an excise tax of 2.5% as a distribution business.

Modesto's Finest, LLC Proximity and Tax

- Located at 1006 Lone Palm Ave, which is zoned M-1 light industrial
  - The nearest residence is approximately 1,500 ft away at 1103 Custer Ct.
  - The nearest park is Charles M Sharp at around 3,500 ft away.
  - The nearest school is Franklin Elementary School at over 3,700 ft away.
  - Over 8,500 ft away from the Stanislaus County Library.
- Modesto's Finest, LLC would be within 690 ft of Power High, LLC and Que Tees, LLC and 1,300 ft of CLD, LLC.
- Modesto's Finest would engage in commercial cannabis activities as a microbusiness with a cultivation, manufacturing and distribution component, and would be subject to the following excise tax amounts:
  - Gross receipts from cultivation activities: 2.5%
  - Gross receipts from manufacturing activities: 4%
  - Gross receipts from distribution activities: 2.5%

CLD, LLC Proximity and Tax

- Located at 903 Kansas Avenue, which is zoned M-2 heavy industrial
  - The nearest residence is approximately 617 ft away at 901 Loletta, Ave.
  - The nearest park is J.M Pike Park at around 4,000 ft away.
  - The nearest school is Pearson Elementary School at over 2,400 ft away.
  - Over 7,300 ft away from the Stanislaus County Library.
- CLD, LLC would be located within 1,000 ft of Power High 99, LLC and Que Tees, LLC and 1,300 ft of Modesto's Finest, LLC
- CLD, LLC would be subject to 2.5% in excise tax on their gross receipts as a distribution business

Next Steps

- Each business, if approved, will be subject to the annual permit fee of $4,307 for non-operational cannabis businesses, once operational they will be subject to $18,732 annually.

- The permits will be valid for a two-year period ending June 30, 2026, and will be subject to a renewal process.

- Each business must maintain an ownership level of at least 51% by a PLEDGE participant.

Staff Recommendation

- Four Resolutions approving commercial cannabis permits for Que Tee LLC, Power High, 99 LLC, Modesto's Finest LLC, and CLD LLC for a two-year period ending June 30, 2026.

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Questions?

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Grant Application: GO-Biz Cannabis Equity Grants Program For Local Jurisdictions

Jessica Hill, Director of Community and Economic Development

Background

- The State of California's Cannabis Equity Grants Program for Local Jurisdictions is designed to promote economic opportunity for individuals negatively impacted by cannabis prohibition and criminalization policies by reducing barriers to enter the regulated cannabis industry for equity applicants and licensees.

- On December 13, 2022, following the completion of an equity program assessment report, by Resolution No. 2022-479, Council adopted a City of Modesto Cannabis Equity Program. This program is now called the Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE).

- To fund this program the City applied for grant funding from the State of California to aid potential local equity program participants and on January 31, 2023, the State informed the City that it was deemed eligible to receive a grant award in the amount of $350,000.

Use of Funds

- Following the receipt of $350,000 in grant funding from The Governor's Office of Business and Economic Development (GO-Biz), Staff worked diligently on implementing the City of Modesto's PLEDGE program.
- Applications to participate in the PLEDGE program were accepted and reviewed by staff in April 2024. Twelve (12) applications were received in total with five (5) being deemed eligible to participate.
- $35,000 was spent to partner with Tulip & Oak Consulting to provide a six (6) week direct technical assistance workshop providing general business as well as cannabis industry specific skills.
- On October 22, 2024, by Resolution No. 2024-385, Council approved grant agreements to provide funding to the four (4) commercial cannabis businesses owned by verified PLEDGE participants in amounts not exceeding $70,000 totaling $280,000 in direct assistance provided.
- $35,000 was also used to recover City costs related to program administration.

Fiscal Year 2025 Grant

- PLEDGE program participants and Community Stakeholders have indicated support and a need for additional program funding to assist current and future PLEDGE applicants.

- GO-Biz has recently opened a grant solicitation period for the Cannabis Equity Grants Program for Local Jurisdictions.

- The maximum grant award is based on the amount of verified local equity program participants
  - If a local jurisdiction has fewer than 6 total verified local equity participants than GO-Biz may offer an award not to exceed $250,000, but this is not guaranteed.
  - The City of Modesto currently has 5 total verified local equity participants.

Installment Method

- In previous years, grant awards were provided in a single lump sum payment to local jurisdictions.
- GO-Biz has indicated that fiscal year 2025 awards will be paid in four installments calculated at 25% of the total amount, with the final installment provided on a reimbursement basis.
- The award may be allocated up to 10% for direct technical assistance, up to 10% for City administration of the program, with the remaining balance allocable to grants or loans to program participants.
- Based on the expected award amount of $250,000, staff expects the City to receive the following installment amounts:

	Amount per Installment	Total Grant Award
10% allocation to direct technical assistance	$6,250	$25,000
10% allocation to administrative costs	$6,250	$25,000
Subtotal-City related costs	$12,500	$50,000
Grants and loans to program participants.	$50,000	$200,000
Grand Total	$62,500	$250,000

Grant Timeline

- Grant Application Available: **October 8, 2024**
- Grant Application due: **December 16, 2024**
- Grant Award Date: **January 1, 2025**
- Grant Agreement Execution Date：**March 31, 2025**
- Expected receipt of first installment from the State: **June 2025**
- Grant term: **April 1, 2025-October 31, 2026**

Future Considerations If Awarded

- Grant awards would be significantly less. If only five individuals applied, awards would be $40,000 each.
- The current equity verified business owners have indicated that they would rely on future grants from the PLEDGE program to support their non-retail businesses.
- Whether to serve the existing program participants only, or to open the program for additional equity eligible individuals.
- Whether to issue an RFP for cannabis retail permits
  - Whether to only open the RFP to an equity owned business
- Whether to issue grants or loans
- Recovery of City related costs for the review of new applications, legal review of updated grant or loan agreements will be limited to $25,000 (10% of the grant award).
  - A risk exists that administrative costs will exceed $25,000 resulting in a General Fund impact due to the complexities involved in administering this potential next phase of the program.

Committee Action

- Motion providing a recommendation regarding the submission of a Grant Application for the Governor's Office of Business and Economic Development (GO-Biz) Cannabis Equity Grants Program for Local Jurisdictions for an amount up to $250,000 without a local match requirement and forwarding to Council for consideration.

Questions?

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FORMATION OF CITY OF MODESTO COMMUNITY FACILITIES DISTRICT NO. 2024-3 (KIERNAN BUSINESS PARK SOUTH#2)

Edgar R. Garcia
Community Development Manager

December 2, 2024

MELLO-ROOS DISTRICT

- The Mello-Roos Community Facilities Act of 1982 was enacted by the CA State Legislature to provide a flexible funding mechanism to local governments.
- Raises money through special taxes that must be approved by 2/3rds vote within the district.
- A Community Facilities District (CFD), is formed to finance major improvements and services within the district which might include roadways, storm drain facilities, pump stations, parks, median/roundabout landscaping, or bike trails.
- A CFD can chose to seek public financing through the sale of bonds for the purpose of financing certain public improvements and services.
- Bonds are secured by special taxes levied on property owners and billed on property tax bills.

KIERNAN BUSINESS PARK SOUTH LOCATION

- The Kiernan Business Park Specific Plan which encompasses 614 acres and is compromised of regional commercial, office, medical campus, mixed use, medium high density residential and business park land uses.

- The Kiernan Business Park South sub-area (KBP South) is bounded by American Avenue to the east, Dale Road to the west, Pelandale Avenue to the south, and Bangs Avenue to the north and consists of approximately sixty-eight (68) acres

- CFD No. 2012-1 (KBP South was formed in 2012, will be dissolved and replaced with a new CFD No. 2024-3 (Kiernan Business Park South #2)

PROJECT DETAILS

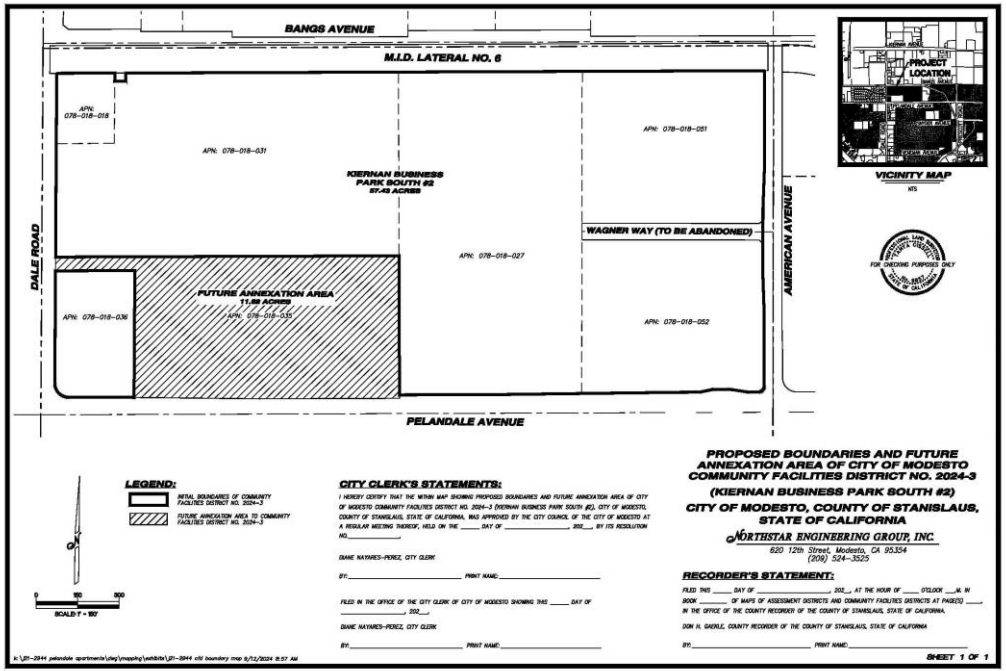
- The formation of the new CFD will require the dissolution of the existing CFD 2012-1 with the identical boundaries and was formed with the intent of developing a business park.
    - The plans for this area have changed from entirely business park to include multi-family and single-family housing which has prompted changes to the required facilities and maintenance for the area.

- While the boundaries of CFD No. 2024-3 will ultimately encompass the entire sub-area of KBP South, the replacement CFD formation will include six (6) parcels. Valley Development Partners LLC submitted an application to form a new CFD in October 2023.

- The initial forming parcels of the CFD are proposing to develop the Latter-Day Saints Temple and Gift Shop, and 189 proposed single-family dwellings and 312 proposed multi-family dwellings

BOUNDARY MAP

- The Forming Parcels will consist of APNs 078-018-018, 078-018-027, 078-018-031, 078-018-036, 078-018-051 and 078-018-52 totaling 57.43 acres.
- CFD 2024-3 will fund: Maintenance, repair and replacement of parkways, tree pruning and landscaped medians
- Special Taxes for KBP South
    - One-Time Facilities Special Tax
    - Annual Maintenance Special Tax



FACILITIES AND SERVICES

- The types of Facilities and Services proposed to be financed by Community Facilities District No. 2024-3 are as follows:

Facilities	Services
• Bangs Avenue improvements from Dale Road to American Avenue • Cost of land acquisition and right of way • Cost of design, engineering and planning • Cost of environmental or traffic studies • Landscaping and Irrigation	• Maintenance, repair and replacement of parkways • Tree Pruning • Landscaped medians • Storm Drain maintenance • Debris & Litter Removal • Care & Maintenance of CFD Trees & Plants • Fire & Weed Control

MAXIMUM SPECIAL TAX RATES

Assessor's Parcel Number	Net Taxable Acreage	Maximum One-Time Facilities Special Tax Fiscal Year 2024-25	Maximum Annual Maintenance Special Tax Fiscal Year 2024-25
078-018-018	1.22	$80,914	$2,323
078-018-031	17.63	$1,169,261	$33,567
078-018-036	2.62	$0	$5,084
Resultant Parcel #1	12.44	$825,712	$23,705
Resultant Parcel #2	14.04	$931,164	$26,732
Resultant Parcel #3	8.76	$580,983	$16,679

The CFD Administrator will allocate the above maximum taxes to successor parcels as provided in the RMA.

On July 1, 2025, and on each July 1 thereafter, all figures shown in the table above shall be increased by the annual Escalation Factor. In any Fiscal Year, the annual Escalation Factor will be the greater of either, the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or four percent (4.0%).

NEXT STEPS

- January 14, 2024
  - The City Council will hold a public hearing and consider a Resolution of Formation at least thirty (30) days, and no more than sixty (60) days, following the date of the adoption of the Resolution of Intention.

- February 25, 2025
  - The City Council will hold the public hearing. The special tax may only be levied if approved by the unanimous written consent of the property owners or by the property owners through an election.

- March 11, 2025
  - Second Reading of the Ordinance will be read by the City Council.

Questions?

RECOMMENDED ACTIONS

Motion recommending a Resolution of Intention to form City of Modesto Community Facilities District (CFD) No. 2024-3 (Kiernan Business Park #2) replacing CFD No. 2012-1, and designate a future annexation area, and forwarding to Council for approval.

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Item #23

CAPITAL FACILITIES FEES ANNUAL REPORT FISCAL YEAR 2023-24

Edgar Garcia, Community Development Manager
December 3, 2024

IMPACT FEES

- California Government Code §66000 allows local jurisdictions to adopt an impact fee program to mitigate the impacts of new development
- Impact fees **may** be used for the purchase, construction, expansion, rehabilitation, or acquisition of public facilities
- Impact fees **cannot** be used for maintenance of existing or future facilities
- Impact fees are typically paid at the time a building permit is issued

CAPITAL FACILITIES FEES (CFF) PROGRAM

- City of Modesto Capital Facilities Fees (CFF) program was established in 1987
- CFF are adopted by the City Council and are based on the relationship between the type of new development and its associated infrastructure at General Plan build-out
- CFF are collected on all new construction and expansion projects City-wide and within the City's sphere of influence
- CFF must be segregated from general and other funds containing fees collected for other improvements
- Used to finance the acquisition, construction, and improvement of public facilities as a result of new development

ANNUAL REPORTING

- California Government Code §66000 provides that a local agency that requires the payment of development fees shall prepare an annual report.

- The annual reports must be made available within 180 days after the last day of each fiscal year.

- Annual report follows a structure of deliverables in regards to fees collected, funds, public improvements, and transfers.

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ANNUAL REPORTING REQUIREMENTS

CAPITAL FACILITIES FUNDS

- **Streets Capital Facilities Fee – Fund 3410**

  This fee is collected for roadway improvements such as expressways, interchanges, arterial and collector roads, turn lanes, intersections and traffic signals

- **Public Transportation Capital Facilities Fee – Fund 3420**

  This fee is collected for new buses, bus shelters, bus stops, bus maintenance facility

- **Air Quality and Parks Facilities Fee – Fund 3432**

  This fee is collected for facilities that reduce automobile travel by facilitating alternative modes of travel such as the Amtrak station, carpooling, bike lanes, and pedestrian accessibility. This also includes land and construction costs for neighborhood, community, and regional parks, sports facilities, and community buildings.

- **Police Capital Facilities Fee – Fund 3440**

  This fee is collected for the Police Tactical Training Center, police vehicles, parking facilities, communication systems, and special equipment.

CAPITAL FACILITIES FUNDS

- **Fire Capital Facilities Fee – Fund 3450**

  This fee is collected for fire facility expansions, fire vehicles, special equipment, and the future Northeast Area Precinct (to be shared with police).

- **City Hall and Other Government Facilities Capital Facilities Fee – Fund 3470**

  This fee is collected for debt service payments on City Hall, related parking facilities, the corporation yard and related facilities, City vehicles and the City's information technology expansion.

- **Administration Capital Facilities Fee – Fund 3480**

  This fee is collected for the administration of the CFF program.

FEE SCHEDULE

Effective September 1, 2023 through June 30, 2024

FY 2023-2024 CFF PROGRAM - Development within City Limits									
Fee Category	Unit Measure Per	Streets	Transit	Parks and Air Quality	Police	Fire	General Gov't.	Admin	Total
Single-Family Residential	Dwelling Unit	$ 8,244	$ 120	$ 7,551	$ 766	$ 477	$ 631	$ 357	**$ 18,146**
Multi-Family Residential	Dwelling Unit	$ 5,709	$ 83	$ 5,195	$ 462	$ 220	$ 387	$ 194	**$ 12,250**
Senior Housing	Dwelling Unit	$ 4,975	$ 45	$ 5,067	$ 450	$ 215	$ 380	$ 136	**$ 11,268**
Hotel/Motel	Room	$ 4,287	$ 75	$ -	$ 174	$ 83	$ 146	$ 109	**$ 4,874**
Retail <50,000 SF	1,000 SF	$ 12,394	$ 246	$ -	$ 207	$ 101	$ 175	$ 335	**$ 13,459**
Retail 50,000-100,000 SF	1,000 SF	$ 10,290	$ 203	$ -	$ 208	$ 99	$ 174	$ 278	**$ 11,252**
Retail 100,000-300,000 SF	1,000 SF	$ 8,684	$ 171	$ -	$ 209	$ 101	$ 175	$ 236	**$ 9,575**
Retail >300,000 SF	1,000 SF	$ 8,102	$ 157	$ -	$ 208	$ 99	$ 176	$ 221	**$ 8,963**
Medical Office	1,000 SF	$ 15,654	$ 313	$ -	$ 347	$ 167	$ 291	$ 432	**$ 17,204**
General Office	1,000 SF	$ 7,576	$ 134	$ -	$ 347	$ 166	$ 291	$ 196	**$ 8,710**
Hospital	1,000 SF	$ 10,978	$ 194	$ -	$ 347	$ 167	$ 292	$ 273	**$ 12,250**
Daycare	1,000 SF	$ 6,063	$ 106	$ -	$ 347	$ 167	$ 291	$ 158	**$ 7,132**
Church	1,000 SF	$ 1,292	$ 23	$ -	$ 352	$ 168	$ 296	$ 45	**$ 2,176**
Nursing Home	1,000 SF	$ 1,892	$ 33	$ -	$ 351	$ 168	$ 295	$ 58	**$ 2,796**
Industrial (Manufacturing)	1,000 SF	$ 2,937	$ 51	$ -	$ 149	$ 71	$ 124	$ 76	**$ 3,408**
Industrial (Warehousing)	1,000 SF	$ 2,058	$ 36	$ -	$ 150	$ 71	$ 125	$ 56	**$ 2,496**

FY 2023-24 SUMMARY

FY 2023-24	3410 Streets	3420 Public Transp.	3432 Parks & Air Quality	3440 Police	3450 Fire	3460 Parks	3470 General Gov't	3480 Admin.	Total
REVENUES:									
Intergovernmental	(417,948)	0	0	0	0	0	0	0	(417,948)
Fees Collected	3,649,898	64,721	731,604	165,438	83,102	0	137,598	105,453	4,937,814
Interest and Rent	784,387	13,964	273,692	6,225	2,149	0	4,211	6,462	1,091,090
Net Change in Fair Value of Investments	691,952	12,524	259,546	5,894	2,020	0	3,853	5,081	980,870
Miscellaneous	16,885		0	0	0	0	0	0	16,885
TOTAL REVENUES	**4,725,174**	**91,209**	**1,264,842**	**177,557**	**87,271**	**0**	**145,662**	**116,996**	**6,608,711**
EXPENDITURES:									
Current:									
General Gov't.	0	0	0	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	16,066	16,066
Highways and Streets	0	0	0	0	0	0	0	0	0
Public Works	0	0	0	0	0	0	0	0	0
Parks and Recreation	0	0	0	0	0	0	0	0	0
Public Safety	0	0	0	0	0	0	0	0	0
Capital Outlay:									0
Community Development	0	0	0	0	0	0	0	0	0
Highways and Streets	2,661,728	0	0	0	0	0	0	0	2,661,728
Parks and Recreation	0	0	0	0	0	100,250	0	0	100,250
TOTAL EXPENDITURES	**$ 2,661,728**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 100,250**	**$ -**	**$ 16,066**	**$ 2,778,044**
FUND BALANCES, June 30	**$ 35,078,090**	**$ 634,643**	**$ 8,820,782**	**$ 9,089**	**$ (304,142)**	**$ 2,656,460**	**$ 7,224**	**$ 290,159**	**$ 47,192,305**

CIP EXPENDITURES

Fund	CIP Project Number	Project Name	% Funded by Fee	% Funded by Other	Budget	Expenses up to June 30, 2023	Committed Funds	FY 2023/24 Expenditures	Balance Available	Estimated Construction Start FY	Estimated Construction End FY
Fund 3410 Streets	100048	Claratina/McHenry Plan Lane	100%	0%	$ 341,500	$ 39,005	$ -	$ -	$ 302,495	2022/23	2025/26
	100051	Claratina: McHenry/Coffee 4 Ln	100%	0%	$ 6,062,911	$ 4,180,711	$ 579,191	$ 6,275	$ 1,296,734	2023/24	2026/27
	100586	CED - 7th St Bridge Tuolumne	100%	0%	$ 1,401,911	$ 523,832	$ -	$ 401,799	$ 476,280	2022/23	2026/27
	100614	State Route 132 W. Express	44%	56%	$ 34,540,705	$ 33,572,380	$ 70,231	$ 542,664	$ 355,430	2019/20	2024/25
	100944	Tuolumne, 7th & B Intersection	100%	0%	$ 350,000	$ 508	$ -	$ 243	$ 349,249	2022/23	2025/26
	100945	Hetch-Hetchy Crossing	100%	0%	$ 5,070,000	$ 481,583	$ 93,017	$ 14,205	$ 4,481,195	2022/23	2025/26
	101181	Claus Road Plan Line	100%	0%	$ 250,000	$ 846	$ -	$ 27,778	$ 221,376	2023/24	2025/26
	101182	Standiford Interchange PID	85%	15%	$ 7,098,000	$ 352,959	$ 319,362	$ 1,667,728	$ 4,757,951	2028/29	2029/30
Subtotal								$ 2,660,693			
Fund 3460 Parks	101017	Mary Grogan Park - Phase 2	100%	0%	$ 5,629,822	$ 206,878	$ 4,084,327	$ 100,250	$ 1,238,367	2022/23	2024/25
Subtotal								$ 100,250			
TOTAL								$ 2,760,944			

CFF TRANSFERS

Fund	Transfer Description	Loan Maturity Date	Rate of Interest	Transfer Amount
Fund 3410 - Streets	Transfer Out - Fund 3160 - Pavement Rehabilitation of Crows Landing Rd., Pelandale Ave. & Standiford Ave.[1]			$ 7
	Transfer Out - Fund 3160 - Pelandale Ave. Interchange - Phase II			$ (434,301)
	Transfer Out - Fund 3160 - SR 132 West Expressway			$ (1,309,011)
				$ (1,743,305)
Fund 3420 - Public Transportation				$ -
				$ -
Fund 3432 - Parks & Air Quality	Transfer Out - Fund 3140 - Dry Creek to TRRP Trail Connection			$ (118,985)
	Transfer Out - Fund 6710 - TRRP Master Plan Update			$ (6,163)
	Transfer Out - Fund 6710 - TRRP Carpenter Road Area Soccer Complex			$ (62,314)
	Transfer Out - Fund 6710 - TRRP Neece Drive Boat Launch			$ (800,000)
	Transfer Out - Fund 6710 - TRRP River Pavilion			$ (44)
				$ (987,506)
Fund 3440 - Police	Transfer Out - Fund 0100 - Police Department Headquarters			$ (373,000)
				$ (373,000)
Fund 3450 - Fire	Transfer Out - Fund 0100 - Fire Station #11			$ (139,000)
				$ (139,000)
Fund 3470 - General Government	Transfer Out - Fund 0100 - 2008 Lease Revenue Bonds paid through 2034			$ (258,000)
				$ (258,000)
Fund 3480 - Administration				
				$ -
			TOTAL	**$ (3,500,811)**

CFF ACCESSORY DWELLING UNITS (ADUs)

- In Fiscal Year 2023-24, a total of 110 permits were issued for Accessory Dwelling Units (ADUs)
- Ten (10) ADU permits had CFF fees due
  - One (1) permit was charged proportionately
  - Nine (9) permits were charged at Multi-Family Rate
- Total Fees Paid for ADUs in Fiscal Year 2023-24: **$22,602**

CFF EXEMPTIONS – AFFORDABLE HOUSING

- In Fiscal Year 2023-24 there was one (1) exemption processed. On December 26, 2023 the City approved an exemption agreement with Free Will Baptist Church for its project at 225 E. Orangeburg Avenue.

- The project provides nine (9) multi-family residential housing units for very-low income households with less than 50% of the Area Median Income. The property will consist of affordable residential units that must be maintained as affordable to low-income households for a period of 10 years.

RECOMMENDED COUNCIL ACTION

Adopt a Resolution accepting the Capital Facilities Fees Annual Report for Fiscal Year 2023-24 and making findings related to each of the fee categories.

CITY OF
MODESTO
CALIFORNIA

Fee Schedule

Effective July 1, 2023 through August 31, 2023

FY 2023-2024 CFF PROGRAM - Development within City's Sphere of Influence									
Fee Category	Unit Measure Per	Streets	Transit	Parks and Air Quality	Police	Fire	General Gov't.	Admin	Total
Single-Family Residential	Dwelling Unit	$ 8,269	$ 88	$ 1,676	$ -	$ -	$ -	$ 213	**$ 10,246**
Multi-Family Residential	Dwelling Unit	$ 5,951	$ 64	$ 1,062	$ -	$ -	$ -	$ 145	**$ 7,222**
Senior Housing	Dwelling Unit	$ 3,481	$ 38	$ 1,163	$ -	$ -	$ -	$ 116	**$ 4,798**
Hotel/Motel	Room	$ 4,169	$ 44	$ -	$ -	$ -	$ -	$ 62	**$ 4,275**
Retail <50,000 SF	1,000 SF	$ 11,895	$ 124	$ -	$ -	$ -	$ -	$ 173	**$ 12,192**
Retail 50,000-100,000 SF	1,000 SF	$ 9,902	$ 104	$ -	$ -	$ -	$ -	$ 145	**$ 10,151**
Retail 100,000-300,000 SF	1,000 SF	$ 8,394	$ 90	$ -	$ -	$ -	$ -	$ 122	**$ 8,606**
Retail >300,000 SF	1,000 SF	$ 7,842	$ 84	$ -	$ -	$ -	$ -	$ 115	**$ 8,041**
Medical Office	1,000 SF	$ 15,121	$ 161	$ -	$ -	$ -	$ -	$ 222	**$ 15,504**
General Office	1,000 SF	$ 7,401	$ 77	$ -	$ -	$ -	$ -	$ 114	**$ 7,592**
Hospital	1,000 SF	$ 10,590	$ 112	$ -	$ -	$ -	$ -	$ 160	**$ 10,862**
Daycare	1,000 SF	$ 5,972	$ 64	$ -	$ -	$ -	$ -	$ 91	**$ 6,127**
Church	1,000 SF	$ 1,429	$ 14	$ -	$ -	$ -	$ -	$ 31	**$ 1,475**
Nursing Home	1,000 SF	$ 2,016	$ 21	$ -	$ -	$ -	$ -	$ 38	**$ 2,075**
Industrial (Manufacturing)	1,000 SF	$ 2,881	$ 30	$ -	$ -	$ -	$ -	$ 43	**$ 2,955**
Industrial (Warehousing)	1,000 SF	$ 2,056	$ 22	$ -	$ -	$ -	$ -	$ 32	**$ 2,111**

Fee Schedule

Effective September 30, 2023 through June 30, 2024

FY 2023-2024 CFF PROGRAM - Development within City's Sphere of Influence									
Fee Category	Unit Measure Per	Streets	Transit	Parks and Air Quality	Police	Fire	General Gov't.	Admin	Total
Single-Family Residential	Dwelling Unit	$ 8,963	$ 96	$ 1,817	$ -	$ -	$ -	$ 231	**$ 11,107**
Multi-Family Residential	Dwelling Unit	$ 6,451	$ 69	$ 1,152	$ -	$ -	$ -	$ 157	**$ 7,829**
Senior Housing	Dwelling Unit	$ 3,774	$ 41	$ 1,260	$ -	$ -	$ -	$ 126	**$ 5,201**
Hotel/Motel	Room	$ 4,519	$ 47	$ -	$ -	$ -	$ -	$ 68	**$ 4,634**
Retail <50,000 SF	1,000 SF	$ 12,894	$ 135	$ -	$ -	$ -	$ -	$ 188	**$ 13,216**
Retail 50,000-100,000 SF	1,000 SF	$ 10,734	$ 112	$ -	$ -	$ -	$ -	$ 157	**$ 11,004**
Retail 100,000-300,000 SF	1,000 SF	$ 9,100	$ 97	$ -	$ -	$ -	$ -	$ 132	**$ 9,329**
Retail >300,000 SF	1,000 SF	$ 8,500	$ 92	$ -	$ -	$ -	$ -	$ 125	**$ 8,716**
Medical Office	1,000 SF	$ 16,391	$ 175	$ -	$ -	$ -	$ -	$ 240	**$ 16,806**
General Office	1,000 SF	$ 8,023	$ 83	$ -	$ -	$ -	$ -	$ 123	**$ 8,230**
Hospital	1,000 SF	$ 11,480	$ 121	$ -	$ -	$ -	$ -	$ 173	**$ 11,774**
Daycare	1,000 SF	$ 6,474	$ 69	$ -	$ -	$ -	$ -	$ 99	**$ 6,642**
Church	1,000 SF	$ 1,549	$ 16	$ -	$ -	$ -	$ -	$ 34	**$ 1,599**
Nursing Home	1,000 SF	$ 2,185	$ 23	$ -	$ -	$ -	$ -	$ 41	**$ 2,249**
Industrial (Manufacturing)	1,000 SF	$ 3,123	$ 33	$ -	$ -	$ -	$ -	$ 47	**$ 3,203**
Industrial (Warehousing)	1,000 SF	$ 2,229	$ 24	$ -	$ -	$ -	$ -	$ 35	**$ 2,288**

Fee Schedule

Effective July 1, 2023 through August 31, 2023

FY 2023-2024 CFF PROGRAM - Development within the Downtown Economic Incentives Program									
Fee Category	Unit Measure Per	Streets	Transit	Parks and Air Quality	Police	Fire	General Gov't.	Admin	Total
Single-Family Residential	Dwelling Unit	$ -	$ 111	$ 6,965	$ 707	$ 440	$ 582	$ 330	**$ 9,135**
Multi-Family Residential	Dwelling Unit	$ -	$ 77	$ 4,793	$ 426	$ 203	$ 357	$ 179	**$ 6,034**
Senior Housing	Dwelling Unit	$ -	$ 41	$ 4,675	$ 414	$ 199	$ 350	$ 126	**$ 5,805**
Hotel/Motel	Room	$ -	$ 69	$ -	$ 161	$ 77	$ 135	$ 100	**$ 542**
Retail <50,000 SF	1,000 SF	$ -	$ 228	$ -	$ 192	$ 93	$ 162	$ 309	**$ 983**
Retail 50,000-100,000 SF	1,000 SF	$ -	$ 187	$ -	$ 192	$ 91	$ 161	$ 257	**$ 888**
Retail 100,000-300,000 SF	1,000 SF	$ -	$ 157	$ -	$ 193	$ 92	$ 162	$ 217	**$ 822**
Retail >300,000 SF	1,000 SF	$ -	$ 145	$ -	$ 192	$ 91	$ 162	$ 204	**$ 794**
Medical Office	1,000 SF	$ -	$ 289	$ -	$ 320	$ 154	$ 268	$ 398	**$ 1,428**
General Office	1,000 SF	$ -	$ 124	$ -	$ 320	$ 154	$ 268	$ 180	**$ 1,046**
Hospital	1,000 SF	$ -	$ 178	$ -	$ 320	$ 154	$ 269	$ 251	**$ 1,172**
Daycare	1,000 SF	$ -	$ 98	$ -	$ 320	$ 154	$ 269	$ 146	**$ 987**
Church	1,000 SF	$ -	$ 21	$ -	$ 324	$ 155	$ 273	$ 41	**$ 815**
Nursing Home	1,000 SF	$ -	$ 30	$ -	$ 323	$ 155	$ 272	$ 54	**$ 834**
Industrial (Manufacturing)	1,000 SF	$ -	$ 47	$ -	$ 137	$ 66	$ 115	$ 70	**$ 435**
Industrial (Warehousing)	1,000 SF	$ -	$ 33	$ -	$ 138	$ 66	$ 115	$ 51	**$ 404**

Fee Schedule

Effective September 30, 2023 through June 30, 2024

FY 2023-2024 CFF PROGRAM - Development within the Downtown Economic Incentives Program									
Fee Category	Unit Measure Per	Streets	Transit	Parks and Air Quality	Police	Fire	General Gov't.	Admin	Total
Single-Family Residential	Dwelling Unit	$ -	$ 120	$ 7,550	$ 766	$ 477	$ 631	$ 357	**$ 9,902**
Multi-Family Residential	Dwelling Unit	$ -	$ 83	$ 5,196	$ 462	$ 220	$ 387	$ 194	**$ 6,541**
Senior Housing	Dwelling Unit	$ -	$ 45	$ 5,068	$ 449	$ 215	$ 379	$ 137	**$ 6,293**
Hotel/Motel	Room	$ -	$ 75	$ -	$ 174	$ 83	$ 146	$ 109	**$ 588**
Retail <50,000 SF	1,000 SF	$ -	$ 247	$ -	$ 208	$ 100	$ 175	$ 335	**$ 1,066**
Retail 50,000-100,000 SF	1,000 SF	$ -	$ 203	$ -	$ 208	$ 99	$ 174	$ 278	**$ 963**
Retail 100,000-300,000 SF	1,000 SF	$ -	$ 171	$ -	$ 209	$ 100	$ 175	$ 235	**$ 891**
Retail >300,000 SF	1,000 SF	$ -	$ 157	$ -	$ 208	$ 99	$ 175	$ 221	**$ 861**
Medical Office	1,000 SF	$ -	$ 313	$ -	$ 347	$ 167	$ 290	$ 431	**$ 1,548**
General Office	1,000 SF	$ -	$ 134	$ -	$ 347	$ 167	$ 291	$ 195	**$ 1,134**
Hospital	1,000 SF	$ -	$ 193	$ -	$ 347	$ 167	$ 291	$ 272	**$ 1,270**
Daycare	1,000 SF	$ -	$ 106	$ -	$ 347	$ 167	$ 291	$ 158	**$ 1,070**
Church	1,000 SF	$ -	$ 23	$ -	$ 351	$ 168	$ 296	$ 45	**$ 883**
Nursing Home	1,000 SF	$ -	$ 33	$ -	$ 350	$ 168	$ 295	$ 58	**$ 904**
Industrial (Manufacturing)	1,000 SF	$ -	$ 51	$ -	$ 149	$ 71	$ 125	$ 76	**$ 472**
Industrial (Warehousing)	1,000 SF	$ -	$ 36	$ -	$ 150	$ 71	$ 125	$ 56	**$ 438**

Item #24

CITY OF MODESTO CALIFORNIA

FISCAL YEAR 2023-24 ANNUAL REPORT FUNDS HELD FOR FUTURE IMPROVEMENTS

Edgar Garcia, Community Development Manager

December 3, 2024

BACKGROUND

- State law allows local jurisdictions to collect impact fees as a condition of approval of a development project to construct facilities needed for future development
- Impact fees may ONLY be used for the purchase, construction, expansion, rehabilitation, or acquisition of public facilities
- Securities deposited for three (3) development projects are currently being held by the City
- These fees may only be used for the specific future improvements identified during the project approval process

SECURITIES HELD FOR FUTURE IMPROVEMENTS

- **1024 Florence Avenue**
  $3,250.90* - City sewer connection

- **3055 Floyd Avenue**
  $43,053.68* - share of Beta street extension

- **3019 Floyd Avenue**
  $34,741.31* - share of reconstruction cost of bus turnout and on-site/off-site driveway access

*Securities include interest as of June 30, 2024

RECOMMENDED COUNCIL ACTION

Resolution accepting the Fiscal Year 2023-24 Annual Report of Funds Held for Future Improvements, and making findings related to each security on file.

Questions?

CITY OF
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Item #25

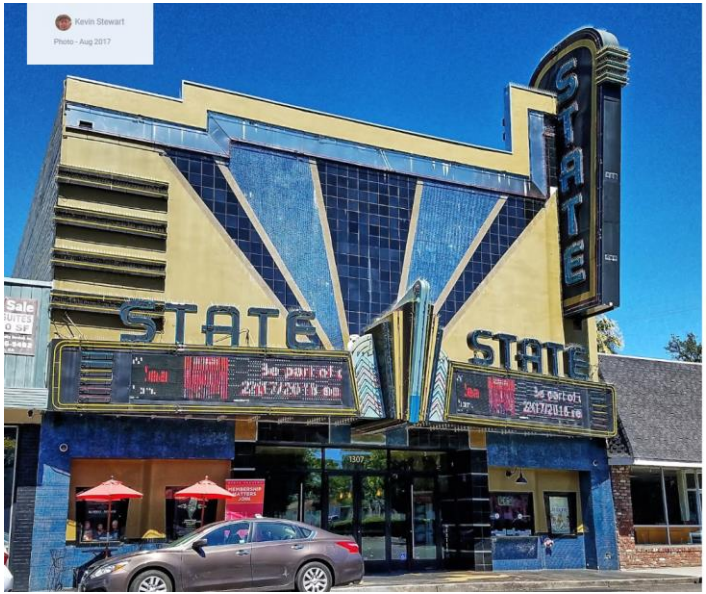
MILLS ACT CONTRACT FOR THE MODESTO STATE THEATRE

Jessica Hill, Director of Community and Economic Development

City Council
December 3, 2024

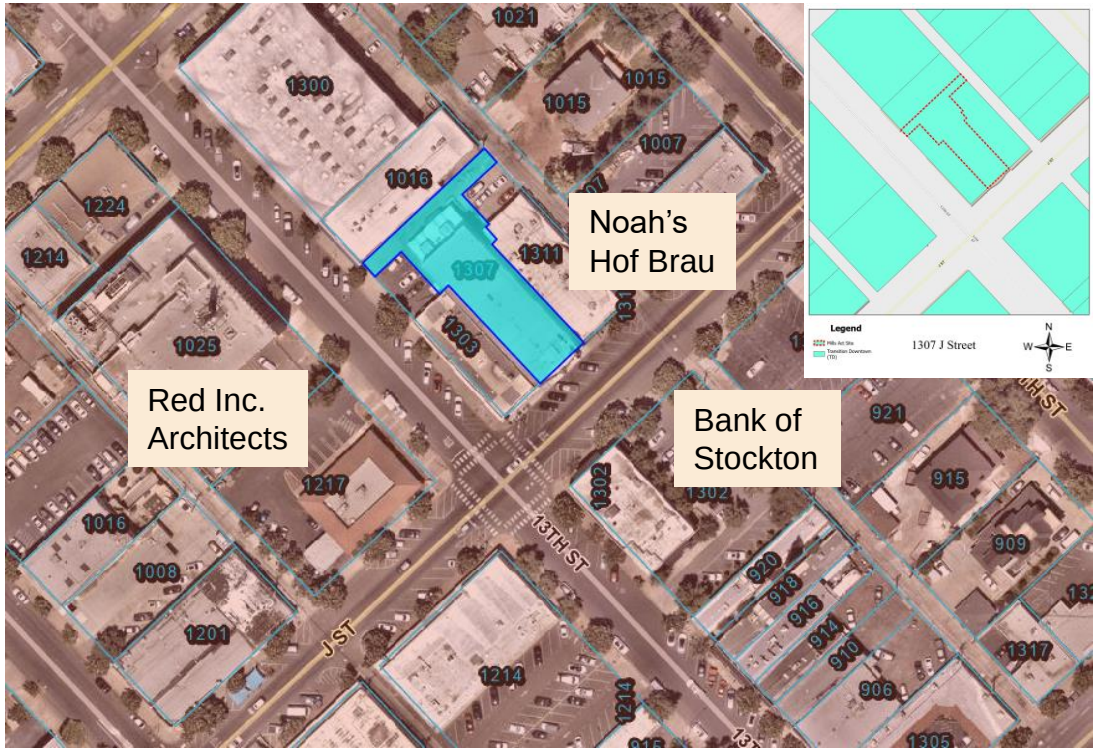
Background

- On May 9, 2024, State Theatre of Modesto, Inc. submitted an application for a Mills Act contract for the State Theatre at 1307 J Street.
- This property was designated as a local historic landmark by Modesto City Council Resolution No. 95-11 on January 10th, 1995.
- The Mills Act authorizes local governments to enter historical property contracts with owners of a qualified historical property if the owner pledges to rehabilitate and maintain the property for the length of the contract.
- Mills Act contracts provide the owners with property tax relief for a period of ten years with automatic yearly extensions.



Project Location

- Located at 1307 J Street
- Site is currently zoned Transition Downtown (TD)
- All surrounding and adjacent properties are zoned TD
- Surrounding properties include a restaurant, an architecture firm, and a bank.



Analysis

- California Government Code section 50280 allows the city to offer property tax reductions to property owners in return for their agreement to restore, maintain, and protect the historical character of their property.

- Section 439.2 prohibits the assessor from using sales data relating to similar properties, whether or not enforceably restricted, to value an enforceably restricted historical property. Instead, the assessor must annually value a restricted historical property using an income approach that follows the specific provisions of section 439.2

Analysis

- Therefore, the property has been traditionally assessed on the value of the property which is $1,000,000
- This action would allow the property to be assessed at what the income generation could be for this historical property which is realized at $473,324.
- If approved ,the Stanislaus County Assessor’s office estimates that the tax savings for the State Theatre would be $6,030.95 per year

Environmental

- City staff have prepared a Notice of Exemption, C&ED 2024-16, for this project, which concludes that this matter is exempt under Section 15301 of the CEQA Guidelines, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

Committee Recommendation

- On September 16, 2024, this item was heard by the Landmark Preservation Commission at a Public Hearing. The Landmark Preservation Commission recommended that the City Council approve the contract as presented.

Staff Recommendation

- Resolution approving a Historic Property Preservation Agreement (Mills Act Contract #13) for the State Theatre at 1307 J Street (owner: State Theatre of Modesto, Inc) Modesto Landmark Preservation Site #22, and authorizing the City Manager or his designee to execute the aAgreement.

Questions?

CITY OF
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Item # 26

CITY OF MODESTO CALIFORNIA

Grant Application: GO-Biz Cannabis Equity Grants Program For Local Jurisdictions

Jessica Hill, Director of Community and Economic Development

Background

- The State of California's Cannabis Equity Grants Program for Local Jurisdictions is designed to promote economic opportunity for individuals negatively impacted by cannabis prohibition and criminalization policies by reducing barriers to enter the regulated cannabis industry for equity applicants and licensees.

- On December 13, 2022, following the completion of an equity program assessment report, by Resolution No. 2022-479, Council adopted a City of Modesto Cannabis Equity Program. This program is now called the Cannabis Program Providing Local Equity Development Grants and Education (PLEDGE).

- To fund this program the City applied for grant funding from the State of California to aid potential local equity program participants and on January 31, 2023, the State informed the City that it was deemed eligible to receive a grant award in the amount of $350,000.

Use of Funds

- Following the receipt of $350,000 in grant funding from The Governor's Office of Business and Economic Development (GO-Biz), Staff worked diligently on implementing the City of Modesto's PLEDGE program.
- Applications to participate in the PLEDGE program were accepted and reviewed by staff in April 2024. Twelve (12) applications were received in total with five (5) being deemed eligible to participate.
- $35,000 was spent to partner with Tulip & Oak Consulting to provide a six (6) week direct technical assistance workshop providing general business as well as cannabis industry specific skills.
- On October 22, 2024, by Resolution No. 2024-385, Council approved grant agreements to provide funding to the four (4) commercial cannabis businesses owned by verified PLEDGE participants in amounts not exceeding $70,000 totaling $280,000 in direct assistance provided.
- $35,000 was also used to recover City costs related to program administration.

PLEDGE Grantee Spending

- Of the $70,000 awarded to four PLEDGE participant owned businesses:
  - $6,380 was automatically collected for the payment of the City of Modesto commercial cannabis permit application fee.
  - The City of Modesto annual permit fee of $4,307 for non-operational businesses will also be paid through the grants. This amount is subject to proration by the Finance Department.
  - Grant recipients will be required to submit a grant receipt reporting package in April of 2025 (6 months following receiving funding). The City may also request other financial information including other funding sources secured and potential budget gaps.

Fiscal Year 2025 Grant

- PLEDGE program participants and Community Stakeholders have indicated support and a need for additional program funding to assist current and future PLEDGE applicants.

- GO-Biz has recently opened a grant solicitation period for the Cannabis Equity Grants Program for Local Jurisdictions.

- The maximum grant award is based on the amount of verified local equity program participants
  - If a local jurisdiction has fewer than 6 total verified local equity participants than GO-Biz may offer an award not to exceed $250,000, but this is not guaranteed.
  - The City of Modesto currently has 5 total verified local equity participants.

Installment Method

- In previous years, grant awards were provided in a single lump sum payment to local jurisdictions.
- GO-Biz has indicated that fiscal year 2025 awards will be paid in four installments calculated at 25% of the total amount, with the final installment provided on a reimbursement basis.
- The award may be allocated up to 10% for direct technical assistance, up to 10% for City administration of the program, with the remaining balance allocable to grants or loans to program participants.
- Based on the expected award amount of $250,000, staff expects the City to receive the following installment amounts:

	Amount per Installment	Total Grant Award
10% allocation to direct technical assistance	$6,250	$25,000
10% allocation to administrative costs	$6,250	$25,000
Subtotal-City related costs	$12,500	$50,000
Grants and loans to program participants.	$50,000	$200,000
Grand Total	$62,500	$250,000

Grant Timeline

- Grant Application Available: **October 8, 2024**
- Grant Application due: **December 16, 2024**
- Grant Award Date: **January 1, 2025**
- Grant Agreement Execution Date ：**March 31, 2025**
- Expected receipt of first installment from the State: **June 2025**
- Grant term: **April 1, 2025-October 31, 2026**
- **Grant Notice of Funding Availability typically opens in October of each year.**

Future Program Considerations If Awarded- Committee, Council, and Staff

- Grant awards would be significantly less. If only five individuals applied, awards would be **$40,000 each**. The current equity verified business owners have indicated that they would rely on future grants from the PLEDGE program to support their non-retail businesses.
- Whether to serve the existing program participants only, or to open the program for additional equity eligible individuals. Feedback was received stating that a grant of $70,000 would be insufficient if no other funding sources were identified, and future grants in this next phase will be less.
- Whether to issue an RFP for cannabis retail permits
  - And whether to only open the RFP to an equity owned business or the public at large
- Whether to issue assistance in the form of grants or loans.
- The above-mentioned discussion points will directly impact recovery of City related costs which will be limited to $25,000 through the grant (10% of the potential award).

A risk exists that administrative costs will exceed $25,000 resulting in a General Fund impact due to the complexities involved in administering this potential next phase of the program should retail permits be made available, and whether the program is opened to new participants beyond the initial five.

Committee Recommendation

- This item was presented to the Cannabis Program and Permit Review Committee on November 19, 2024
- The Committee's action was as follows:
    - A Motion was passed, two in favor with one opposing vote, to provide a recommendation for Staff to submit a Grant Application for the Governor's Office of Business and Economic Development (GO-Biz) Cannabis Equity Grants Program for Local Jurisdictions for an amount up to $250,000 without a local match requirement.
    - And forwarding this recommendation to Council for consideration.

Questions?

CITY OF
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CITY OF MODESTO CALIFORNIA

ORDINANCE UPDATE SPEED LIMITS

Safety & Communities Committee, December 9, 2024
Public Works Director, Bill Sandhu
Max Navarro, Associate Engineer

Background

- California Vehicle Code (CVC) outlines our powers and practices of setting speed limits.
    - Sections 627, 22357, 22358, 40802
- Surveys are extended and revalidated at 5 years and 7 years, respectively. When revalidated then can extend up to 14 years from the date of the original survey.
- School zones speeds can be reduced to 15 mph if adopted by ordinance.

Background cont.

- State Assembly Bill 43- Traffic Safety (2021)
  - Speed limit may be reduced an additional 5 mph;
    - Safety Corridors- roadways identified to have a history of severe collisions
    - Roadways adjacent to a facility that generates a high concentration of pedestrians or bicyclists.
  - Ability to retain the current speed limit if it is determined the speed limit calculated from the 85th percentile is still more than is reasonable.
  - Revised the maximum extension from 10 years to 14 years.

Discussion

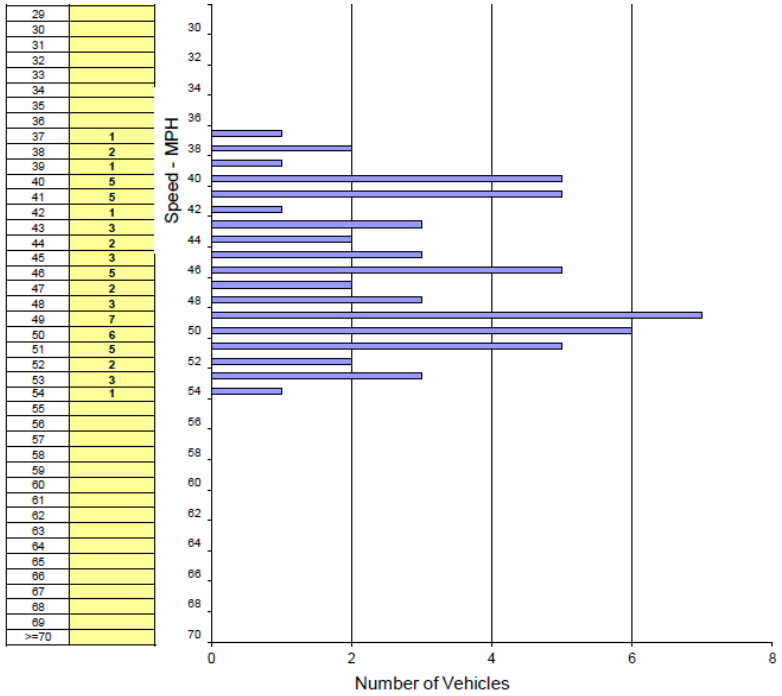
1. Update engineering and traffic surveys on file and reinstating radar enforceable prima facie speed limits for 30 roadway segments.

2. Extending 54 surveys to keep them radar enforceable.

3. Revising and updating the 15 mph school zones to be more inclusive adding 12 new segments.

Discussion cont.

- 85th percentile- the travel speed where counted vehicles equals 85%
- Sample size: 100 vehicles, no less than 50 vehicles.
- Rounding: Cannot exceed 12.4 mph (CVC 22358.6) from 85th percentile. We take into consideration collision history, safety, pedestrian and bicyclists use.



Discussion cont.

- School zones can be set to 25 mph with no survey.
- We can adopt by ordinance lower speeds of 20 or 15 mph within 500 feet of schools. (CVC 22358.4)
- We can extend schools zone speed of 25 mph to 1000 feet and transition to lower speeds.

Discussion cont.

- The roadway is within a residential district
- The posted speed limit is 30 mph or less
- Roadway has no more than two through travel lanes

Fiscal Impact

- Coordination between Public Works and Modesto Police Department
  - Utilized on-call Traffic Engineering consultant agreement
  - Funding from FY24/25 Police budget professional services

Expenditures	Total
Cost per Survey	$800
Surveys	30
Total Expenditures	$24,000

Recommendation

Motion recommending an Ordinance amending Section 3-2.1401.1 of Article 14 of Chapter 2 of Title 3 of the Modesto Municipal Code relating to speed limits and forwarding to Council for approval.

CITY OF
MODESTO
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Questions