



City of Modesto

Popular Annual Financial Report

FY 2019-2020 | Fiscal Year Ended June 30, 2020



CITY OF
MODESTO
CALIFORNIA



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Modesto
California**

For its Annual
Financial Reporting
for the Fiscal Year Ended

June 30, 2019

The Government Finance Officers Association of the United States and Canada has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Modesto, California for its Popular Annual Financial Report for the fiscal year ended June 30, 2019.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards for creativity, presentation, understandability and reader appeal. We believe our current report, for the fiscal year ended June 30, 2020 also conforms to the Government Finance Officers Association Popular Annual Financial Reporting standards.

Table of Contents

About Modesto: A City of Great Neighbors	4-5
City Manager's Message	6
Fiscal Sustainability, General Fund Revenues & Expenditures	7-8
Statements of Net Position & Financial Highlights	9
Strategic Commitments Overview	10
Quality of Life	11
Economic Vitality	12
Governance & Service Delivery	13
Pandemic Response	14
Strategic Plan Online Dashboard	15
Citizen Committees	16
City Council	17



Located in Central California, the City of Modesto boasts glorious weather, a low cost of living and a rich sporting and cultural heritage. The city hosts annual events celebrating the movie American Graffiti, has produced more track and field records than any other city, has its own poet laureate and the largest privately owned winery in the world.

Modesto is an ideal business location for start-ups and expanding firms. Amidst its growth, Modesto has not forgotten what makes it special – its people. At a population of approximately 214,000 residents, we aren't a small city but we maintain a small town feel while offering big city amenities.



CITY OF
MODESTO
CALIFORNIA

Residents value camaraderie, community, and a healthy lifestyle. Fresh eating and farm-to-table living is an everyday norm in the heart of one of the richest agricultural areas in our nation. Outdoor recreation options abound, with seventy-seven parks, three rivers, four walking trails, and multiple cycling paths. Modesto's central location offers close proximity to the ocean, mountains, and some of our nation's largest cities, national parks and renowned landmarks.

City Manager's Message

I consider it a privilege to submit to the residents of Modesto the Popular Annual Financial Report (PAFR) for Fiscal Year 2019-2020. Each year, the City's budget reflects an optimism that staff will have the resources required to provide essential services, and the realism that balancing revenues and expenses has become harder and harder. This past year was certainly no exception.

In the midst of a global pandemic, two words could be used to summarize our budget: uncertain and uncharted. Never before have we operated through so many unanswered questions about the health of our economy and the tax revenue to support the services we provide to the community.

While we continue to look for innovative ways to bolster the tight budget, we cannot lose sight of our Vision and Mission Statements:

Vision: Modesto is an inviting and safe community with thriving neighborhoods.

Mission: We are committed to the delivery of exceptional public services and building partnerships that promote economic prosperity and engaged neighborhoods.

With these guiding statements in mind, we continue to balance the revenue we are receiving and the services we provide. Even without the pandemic, costs are increasing, and most of these costs are expenses we do not control.

Amid the FY 19/20 budget, we began carefully reviewing our priorities to ensure our resources are properly aligned to enact the new 2020 – 2025 Strategic Plan, and each employee was empowered to review their workload and feel confident that everything they do is tied to some element of the strategic plan. The Strategic Plan provides the basic framework for resource allocation, and the city has set forth a vision and associated General Fund budget that focuses on three core focus areas:

Quality of Life: Engaging partners across the community to ensure the safety, resilience, and attractiveness of Modesto. General Fund - \$123.8 Million (81.5% of total General Fund Budget)

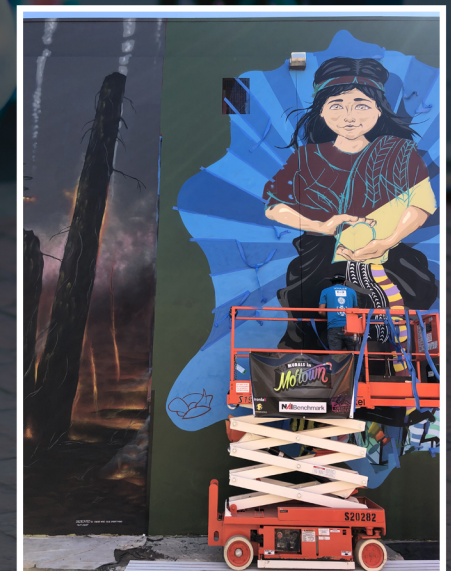
Economic Vitality: Retaining and attracting residential, commercial and industrial development to meet the community's needs today and for the next generation. General Fund - \$6.7 Million (4.4% of total General Fund Budget); Water Fund - \$81.6 Million; Wastewater Fund - \$58.7 Million; Surface Transportation Fund - \$21.3 Million; Storm Drain Fund - \$6.3 Million

Governance and Service Delivery: Building community trust in City government through responsive, transparent and efficient service delivery. General Fund - \$13.5 Million (8.9% of total General Fund Budget)

Above all, this organization has consistently shown resiliency. Even though the City – like many across the State – will continue to face fiscal challenges, I'm confident we will excel at serving our community.



City Manager
Joseph P. Lopez



Fiscal Sustainability: Planning for Challenges

The General Fund Financial Forecast is a valuable tool to the City's future fiscal sustainability. This forecast helps chart our course to fiscal sustainability by providing leadership the tools to:

- Develop a detailed understanding of available funding.
- Assess the likelihood that services can be sustained.
- Assess the level at which capital investment(s) can be made.
- Identify future commitments and resource demands and their impact on the General Fund.
- Identify key variables that cause changes in the level of revenue and expenditures through various forecast methodologies.

General Fund Five Year Forecast

	Actuals 18/19	Actuals 19/20	Budget 20/21	Projected 21/22	Projected 22/23	Projected 23/24	Projected 24/25	Projected 25/26
Revenue:								
Property Tax	\$ 33.32 M	\$ 34.98 M	\$ 36.63 M	\$ 37.35 M	\$ 39.41 M	\$ 41.03 M	\$ 42.68 M	\$ 44.36 M
% chng	5.9%	5.0%	4.7%	2.0%	5.5%	4.1%	4.0%	3.9%
Sales Tax	\$ 32.63 M	\$ 31.46 M	\$ 31.66 M	\$ 32.47 M	\$ 33.44 M	\$ 34.60 M	\$ 35.79 M	\$ 36.85 M
% chng	0.9%	-3.6%	0.6%	2.6%	3.0%	3.5%	3.5%	3.0%
Other Taxes	\$ 22.75 M	\$ 25.32 M	\$ 24.07 M	\$ 26.64 M	\$ 28.44 M	\$ 29.09 M	\$ 29.76 M	\$ 30.44 M
% chng	5.8%	11.3%	-4.9%	10.7%	6.7%	2.3%	2.3%	2.3%
Other Revenue	\$ 43.11 M	\$ 51.51 M	\$ 49.35 M	\$ 47.27 M	\$ 48.12 M	\$ 48.63 M	\$ 49.15 M	\$ 49.67 M
% chng	3.9%	8.6%	-0.2%	-37.8%	3.3%	2.4%	2.3%	1.9%
Total Revenue	\$ 131.81 M	\$ 143.27 M	\$ 141.72 M	\$ 143.74 M	\$ 149.41 M	\$ 153.34 M	\$ 157.37 M	\$ 161.32 M
% chng	3.7%	8.7%	-1.1%	1.4%	3.9%	2.6%	2.6%	2.5%
Expense:								
Salary/OT/Add-Pays	\$ 61.73 M	\$ 66.95 M	\$ 62.64 M	\$ 62.12 M	\$ 63.68 M	\$ 65.09 M	\$ 66.53 M	\$ 68.00 M
% chng	3.1%	8.5%	-6.4%	-0.8%	2.5%	2.2%	2.2%	2.2%
Retirement	\$ 18.75 M	\$ 22.56 M	\$ 27.26 M	\$ 30.33 M	\$ 33.14 M	\$ 35.30 M	\$ 37.58 M	\$ 39.31 M
% chng	13.4%	20.3%	20.9%	11.2%	9.3%	6.5%	6.5%	4.6%
Medical	\$ 6.10 M	\$ 6.60 M	\$ 7.98 M	\$ 7.07 M	\$ 7.32 M	\$ 7.58 M	\$ 7.85 M	\$ 8.13 M
% chng	-7.7%	8.1%	20.9%	-11.3%	3.5%	3.5%	3.6%	3.6%
Other	\$ 7.31 M	\$ 7.89 M	\$ 9.53 M	\$ 9.39 M	\$ 9.63 M	\$ 9.85 M	\$ 10.06 M	\$ 10.28 M
% chng	17.6%	8.0%	20.8%	-1.4%	2.6%	2.2%	2.2%	2.2%
Vacancy Savings	-	-	\$ (5.79 M)	\$ (3.86 M)	\$ (3.96 M)	\$ (4.05 M)	\$ (4.14 M)	\$ (4.23 M)
	0.0%	0.0%	0.0%	-33.3%	2.6%	2.3%	2.3%	2.2%
Total Personnel	\$ 93.89 M	\$ 104.00 M	\$ 101.62 M	\$ 105.06 M	\$ 109.81 M	\$ 113.77 M	\$ 117.88 M	\$ 121.49 M
% chng	5.3%	10.8%	-2.3%	3.4%	4.5%	3.6%	3.6%	3.1%
Non-Personnel O&M	\$ 30.43 M	\$ 31.68 M	\$ 33.23 M	\$ 33.95 M	\$ 34.68 M	\$ 35.42 M	\$ 36.19 M	\$ 36.97 M
% chng	1.4%	4.1%	4.9%	2.2%	2.2%	2.2%	2.2%	2.2%
Transfers Out	\$ 9.24 M	\$ 7.64 M	\$ 7.11 M	\$ 7.14 M	\$ 7.17 M	\$ 7.19 M	\$ 7.22 M	\$ 7.25 M
% chng	246.6%	-17.3%	-6.9%	0.4%	0.4%	0.4%	0.4%	0.4%
Total Expense	\$ 133.56 M	\$ 143.32 M	\$ 141.97 M	\$ 146.14 M	\$ 151.66 M	\$ 156.39 M	\$ 161.29 M	\$ 165.70 M
	9.6%	7.3%	-0.9%	2.9%	3.8%	3.1%	3.1%	2.7%
Net Revenue/(Expense)	\$ (1.75 M)	\$ (0.05 M)	\$ (0.25 M)	\$ (2.41 M)	\$ (2.24 M)	\$ (3.04 M)	\$ (3.91 M)	\$ (4.38 M)
Net Chng in Other Reserves	\$ 0.58 M	\$ 0.22 M	-	-	-	-	-	-
Total Beginning Fund Balance	\$ 26.75 M	\$ 25.58 M	\$ 25.76 M	\$ 25.51 M	\$ 23.10 M	\$ 20.86 M	\$ 17.81 M	\$ 13.90 M
Total Ending Fund Balance	\$ 25.58 M	\$ 25.76 M	\$ 25.51 M	\$ 23.10 M	\$ 20.86 M	\$ 17.81 M	\$ 13.90 M	\$ 9.52 M
Reserves:								
Nonspendable/Restricted	\$ 4.93 M	\$ 4.64 M	\$ 4.64 M	\$ 4.64 M	\$ 4.64 M	\$ 4.64 M	\$ 4.64 M	\$ 4.64 M
Encumbrances/Other Assigned	\$ 0.51 M	\$ 0.31 M	\$ 0.31 M	\$ 0.31 M	\$ 0.31 M	\$ 0.31 M	\$ 0.31 M	\$ 0.31 M
Emergency Reserve	\$ 18.40 M	\$ 18.40 M	\$ 18.40 M	\$ 18.15 M	\$ 15.91 M	\$ 12.86 M	\$ 8.95 M	\$ 4.57 M
Unassigned Balance	\$ 1.74 M	\$ 2.41 M	\$ 2.16 M	\$ 0.00 M	\$ 0.00 M	\$ 0.00 M	\$ 0.00 M	\$ 0.00 M
Total Available Balance	\$ 20.14 M	\$ 20.81 M	\$ 20.56 M	\$ 18.15 M	\$ 15.91 M	\$ 12.86 M	\$ 8.95 M	\$ 4.57 M
Emerg+Unassign as % of Tot Exp	15.1%	14.5%	14.5%	12.4%	10.5%	8.2%	5.5%	2.8%

Key points to the General Fund Forecast
Major Revenue Assumptions: Average Property Tax Growth of 3.9%, Average Sales Tax Growth Rate of 4.2%, and Average Other Taxes Growth Rate of 4.9% in years 2022 through 2026.

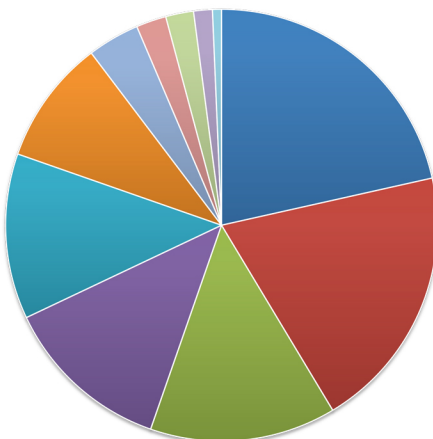
Expenses reflect current staffing levels and do not address unmet needs, future expansion of public safety services, or deferred maintenance on capital assets.

Revenues continue to show marginal increases over the projected years but they are not enough to cover the costs of improved services, increased pension costs, or capital improvements needed in future years.

General Fund Revenues & Expenditures

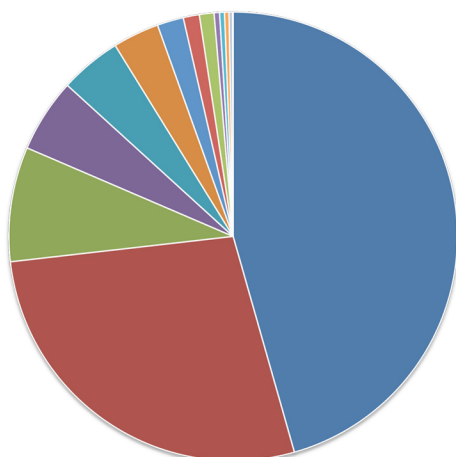
FY 2019-20 Actual General Fund Revenues Received

- Sales and Use Tax (\$30.53 Million)
- Departmental Revenues (\$28.26 Million)
- Utility Users Tax (\$19.80 Million)
- Property Tax (\$17.95 Million)
- Vehicle License Fees Swap (\$17.60 Million)
- Business License/Mill Tax (\$13.27 Million)
- Other Taxes/Fees (\$5.53 Million)
- Cannabis Tax (\$3.20 Million)
- Transient Occupancy Tax (\$2.96 Million)
- Construction Revenues (\$1.99 Million)
- Transfers In (\$0.95 Million)



FY 2019-20 Actual General Fund Expenditures by Department

In FY 2019-20 the General Fund had total expenditures from all Departments (inclusive of Transfers Out) of \$143.3 million. Revenues (inclusive of Transfers In) were at \$142.3 million.



- Police Department (\$65.33 Million)
- Fire Department (\$39.54 Million)
- Parks, Recreation & Neighborhoods (\$11.83 Million)
- Transfers Out (\$7.60 Million)
- Community & Economic Development (\$6.35 Million)
- Finance Department (\$4.79 Million)
- City Manager's Office (\$2.72 Million)
- City Attorney's Office (\$1.66 Million)
- Human Resources (\$1.51 Million)
- Public Works (\$0.56 Million)
- City Clerk's Office (\$0.51 Million)
- City Council (\$0.46 Million)
- Non-Departmental (\$0.37 Million)
- Office of the City Auditor (\$0.06 Million)

What do your tax dollars fund?

Nearly 73.2% of the City's General Fund is used to pay for operating expenditures related to Public Safety (Police and Fire services). These two areas in the General Fund had expenditures of \$104.9 million in FY 2019-20. Considering the main resident-driven taxes such as Sales Tax, Property Tax (inclusive of the Vehicle License Fee Swap), Utility Users Tax, and the new Cannabis Tax revenues, the actual revenue received in FY 2019-20 (\$89.1 million) would not be enough to fund Public Safety services alone.



The figures represented in these charts agree, in totality, to figures shown for revenues and expenditures in the City of Modesto's CAFR (Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds) for the General Fund in FY 2019-20.

Statements of Net Position & Financial Highlights

City of Modesto's Net Position As of June 30, 2020

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current & Other Assets	\$ 272,631,002	\$ 246,108,781	\$ 284,412,811	\$ 281,130,823	\$ 557,043,813	\$ 527,239,604
Capital Assets	\$ 410,590,070	\$ 439,689,132	\$ 940,720,640	\$ 926,872,707	\$ 1,351,310,710	\$ 1,366,561,839
Deferred Outflows of Resources	\$ 63,609,490	\$ 60,664,344	\$ 54,868,365	\$ 45,442,749	\$ 118,477,855	\$ 106,107,093
Total Assets & Deferred Outflow of Resources	\$ 746,830,562	\$ 746,462,257	\$ 1,280,001,816	\$ 1,253,446,279	\$ 2,026,832,378	\$ 1,999,908,536
Current Liabilities	\$ 344,543,513	\$ 310,234,095	\$ 157,792,562	\$ 146,601,151	\$ 502,336,075	\$ 456,835,246
Noncurrent Liabilities	\$ 90,284,799	\$ 89,612,581	\$ 318,360,958	\$ 333,748,552	\$ 408,645,757	\$ 423,361,133
Deferred Inflows of Resources	\$ 8,337,099	\$ 8,559,554	\$ 1,786,927	\$ 1,708,977	\$ 10,124,026	\$ 10,268,531
Total Liabilities & Deferred Inflows of Resources	\$ 443,165,411	\$ 408,406,230	\$ 477,940,447	\$ 482,058,680	\$ 921,105,858	\$ 890,464,910
Net Investment in Capital Assets	\$ 374,618,780	\$ 401,515,805	\$ 647,695,354	\$ 607,813,261	\$ 1,022,314,134	\$ 1,009,329,066
Restricted	\$ 135,818,614	\$ 127,885,787	\$ 15,857,655	\$ 15,569,107	\$ 151,676,269	\$ 143,454,894
Unrestricted	\$ (206,772,243)	\$ (191,345,565)	\$ 138,508,360	\$ 148,005,231	\$ (68,263,883)	\$ (43,340,334)
Total Net Position	\$ 303,665,151	\$ 338,056,027	\$ 802,061,369	\$ 771,387,599	\$ 1,105,726,520	\$ 1,109,443,626

Financial Highlights from the City's Comprehensive Annual Financial Report

- The assets of the City exceeded liabilities at the close of the 2020 fiscal year by \$1,105,726,520 (total net position). Of this amount, \$151,676,269 is restricted for a specific purpose (restricted net position), \$1,022,314,134 is invested in capital assets, net of related debt and (\$68,263,883) is unrestricted (unrestricted net position).
- The largest portion of the City's net position, \$1,022,314,134 (92.5 percent), reflects its investment in capital assets (e.g. land, water rights, buildings, improvements, furnishings and equipment, buses and fare boxes, pipelines, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of debt and related deferred outflows and inflows, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- The City's total net position decreased by \$3,717,106 during the current fiscal year and was largely due to the deletions associated with the City's infrastructure and capital improvements.

Enterprise Funds Change in Net Position	Business-type Activities	
	2020	2019
Revenues:		
Charges for Services	\$ 163,915,962	\$ 158,963,772
Operating Grants & Contributions	\$ 21,780,920	\$ 25,668,280
Capital Grants & Contributions	\$ 546,375	\$ 5,198,721
Other	\$ 9,664,146	\$ 9,021,460
Total Revenues	\$ 195,907,403	\$ 198,852,233
Expenses:		
Water	\$ 69,187,391	\$ 62,745,688
Sewer	\$ 45,832,671	\$ 41,216,914
Bus	\$ 25,261,736	\$ 24,276,760
Parking	\$ 1,905,382	\$ 1,899,479
Storm Drain	\$ 7,384,884	\$ 7,157,290
Compost	\$ 10,330,237	\$ 8,477,947
Airport	\$ 1,841,645	\$ 1,646,800
Golf	\$ 2,939,639	\$ 3,052,785
Community Center	\$ 1,603,302	\$ 1,541,592
Abatement and Public Nuisance	\$ 142,124	\$ 63,312
Total Expenses	\$ 166,429,011	\$ 152,078,567
Increase in Net Position Before Transfers	\$ 29,478,392	\$ 46,773,666
Transfers	\$ (479,917)	\$ 1,675,373
Change in Net Position	\$ 28,998,475	\$ 48,449,039
Net Position - Beginning of the Year	\$ 771,387,599	\$ 723,029,635
Adjustments	\$ 1,675,295	\$ (91,075)
Net Position - End of the Year	\$ 802,061,369	\$ 771,387,599



Strategic Commitments

Strategic planning plays an important role in the City's policy development and prioritization processes and has included the creation of annual action plans since FY 2008-09. The City's FY 2018-19 budget included five overarching goals, the first of which is the adoption of an updated strategic plan. The City's prior strategic plan was adopted by the City Council in March of 2015 and served as a roadmap for FY 2015-16 through FY 2018-19.

The City of Modesto engaged Management Partners to assist with the development of the strategic plan. To update the plan, a wide range of stakeholders were invited to provide input and develop goals and strategies. Stakeholders included the following:

- City Council
- Members of Citizen Advisory Boards and Commissions
- Community members
- City Staff

Areas of Focus

The Strategic Plan contains three overarching areas of focus. A summary of the identified areas of focus, along with their definition statement is provided below.

QUALITY OF LIFE	Engage partners across the community to ensure the safety, resilience, and attractiveness of Modesto.
ECONOMIC VITALITY	Retain and attract residential, commercial, and industrial development to meet the community's needs today and for the next generation.
GOVERNANCE AND SERVICE DELIVERY	Build community trust in City government through responsive, transparent and efficient service delivery.



Vision

Modesto is an inviting and safe community with thriving neighborhoods.

Mission

We are committed to the delivery of exceptional public services and building partnerships that promote economic prosperity and engaged neighborhoods.



Quality of Life



Blight Abatement Strategy

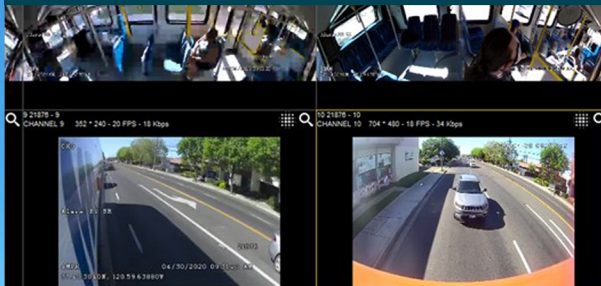
The Blight Abatement Strategy was created, adopted and implemented as a major step toward achieving the strategic initiatives to improve community safety, and invest in beautification efforts to improve the overall quality of life in the city – one the three pillars of the Strategic Plan. This strategy provides a roadmap to improving beautification across the entire city by reducing illegal dumping, tagging, litter, illegal encampments, abandoned shopping carts and much more. This next year, a Blight Abatement Advisory Committee will be formed to promote public-private partnerships with the community to ensure a long-lasting program.



The Police Department's license plate reader program was expanded with the installation of cameras at three additional high traffic locations.



Upgraded the video surveillance system onboard MAX buses to provide better video resolution, live look-in capability, and central storage.



Modesto Area Express (MAX)

- Added new MAX service to the evening and weekend to provide better service to riders using SB1 Funds.
- Consolidated transit services and operations for the City of Ceres and City of Escalon.



Modesto Fire Department secured a contract services for the communities of Oakdale, Knights Ferry, and Valley Home that brought 21 new members to our team and extending our service area.

Tuolumne River Regional Park Master Plan

As part of our goal of investing in the beautification efforts of our community assets and amenities, an initial expense budget has been created, and the city began a search for a consultant who could effectively update the current Tuolumne River Regional Park (TRRP) Master Plan.

While the upcoming Master Plan update is key to the long-term future, staff has not slowed the progress toward implementation of key elements of the existing Master Plan.

Major progress has been made on designing 4 current development projects within the park, including the Stanislaus Youth Soccer Complex, TRRP River Overlook, Neece Drive Non-Motorized Boat Ramp and the River Pavilion and Learning Theatre projects.



Economic Vitality

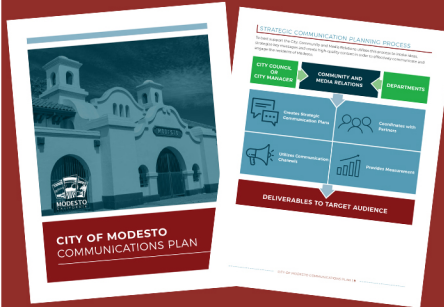


Driving Economic Vitality

Completed design and began construction on the State Route 132 Freeway/Expressway Phase 1 project. The project is anticipated to be complete in 2022 and the total construction cost is anticipated to be \$117M.



New Communications Plan: Building the Modesto Brand



The City recently released a new Communications Plan, detailing priorities, strategies, and tools the City uses when communicating with you, a Modesto resident. But why should this matter to you?

Transparent government can't happen if residents are not notified of upcoming projects, services, and changes within the City. Transparent government also can't happen if these notifications are meant to simply check a box, yet don't actually reach residents.

The plan's goal is to increase community understanding of City services, initiatives, and resources in order to better inform future communication.

The Communications Plan is an effort to increase reception so that the person on the other end of the line knows exactly what we, the caller, are saying and how it affects them. It lays out the most efficient ways to contact our diverse population to ensure that every resident is fully informed.

And even then, good phone conversations aren't single-sided.

That's why we're proud to be working on an Engagement Plan—to be completed by the end of 2020—to help perfect the two-way conversation between residents and the City. This will allow the City to get resident input and determine what levels of engagement work best for various projects.

This is all part of the Five-Year Strategic Plan.

Making Downtown A Destination

Several promising efforts are underway, including the City's release of a Request for Qualifications for the development of a hotel and other uses supporting the Modesto Centre Plaza. The City expects that residential units, restaurants and other retail, as well as office space will be accommodated in this space in the heart of downtown. A significant amount of interest has been expressed recently in developing residential/mixed use projects and various amenities. The Downtown Economic Development Plan will maximize our efforts to realize this interest.



Additional Downtown Master Plan implementation plans include a Specific Plan for the area surrounding the transit center, which in the next 2 years will accommodate passenger rail connection to the Bay Area; a South and West Modesto Plan, which is intended to address potential redevelopment efforts while maintaining the character of the community; and a Comprehensive Housing Plan, which will address strategies to reduce barriers to development citywide and particularly in the downtown.

There are several efforts currently underway including the development of 75 affordable units on the periphery of the downtown, which includes significant improvements to 9th Street that are in line with the Downtown Master Plan; the development of the new 8-story, \$200M+ Courthouse, which is expected to start construction in Summer 2021.

Achieving Financial Sustainability

- Transitioned the City treasury services with Bank of the West to maximize on lower banking fee services and higher rebate for utilization of the Commercial Card and e Pay programs for payment processing for our vendors.
- Restored Central Stores at the North East Corporation Yard to establish better efficiencies and manage inventory control for the Water Fund.
- Entered into a Letter of Credit agreement with Bank of the West for the 2008 Lease Revenue Bonds to obtain lower pricing on our letter of credit fees.

On Our Way to Becoming a “Smart City”: Building a High Performance Organization

An internal task force of key City staff members is creating a Smart City Strategy, which will detail specific ways for Modesto to improve various aspects of life through technology. It will maximize existing investments by identifying bottlenecks, revealing day-to-day pain points, and re-imagining data analysis.

A smart city uses information and communications technology to enhance its livability, workability, and sustainability by collecting data about itself and analyzing that data to anticipate the needs of the community. Believe it or not, we have already begun integrating data-driven decision making internally at City Hall, and now we are expanding that philosophy to the way in which we deliver services and operations to the community.

Similar smart cities have seen an increase in public-private investment, which leads to greater innovation throughout the area at a low cost to taxpayers. With a ready infrastructure, the City is more likely to be the home of additional smart city initiatives resulting in future business and community growth.

Modesto has three areas of focus that will direct goals for the Smart City Strategy in future months: Efficiency, Data Culture, and Community Well-Being.

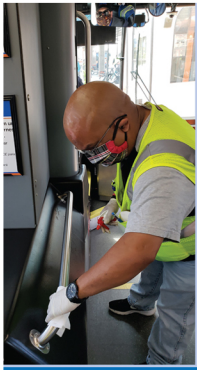
An important aspect of this project is that it is not about investing large sums of money into new infrastructure; it's about making our current infrastructure do more and last longer, for less.

We're looking forward to embarking on this journey, because we know that Modesto is a city that welcomes innovation, and we'll rely on innovation to enrich the services we provide our community.

Network Infrastructure

The City's network infrastructure is the foundation for vital communications for all computer systems and software applications used by City employees. A \$1.6 million comprehensive upgrade of the nearly 15-year-old network infrastructure was completed including over 80 end-point network switches (supporting over 4,000 connections), 2 core routers, and 4 firewalls. With very little downtime for the organization, this upgrade has dramatically improved speed, security, and reliability.

Pandemic Response



We are in This TOGETHER!
Ten Steps to Keep you Healthy.

Enhanced cleaning -
MAX is using hospital-grade disinfectant in stations and on-board buses.



Modesto Area Express (MAX)

Public Transportation is an essential service in which thousands of Modesto residents rely on each day. The Modesto Area Express (MAX) team realized the importance of keeping public transportation safe and accessible during the earliest stages of the COVID-19 pandemic. MAX implemented essential travel and social distancing policies the same day the statewide shelter-in-place order was issued. In addition, MAX provided Free Fares from April through November not only to limit crowding at the fare box, but also to provide financial relief to riders in which many work serving on the frontlines. Masks are required on MAX and all vehicles, which undergo daily cleanings with hospital-grade disinfectants, are equipped with hand sanitizer stations and plastic driver barriers. MAX will continue to follow guidelines from the state as well as public health experts and will always be transparent with its response to the COVID-19 pandemic.



VIRTUAL RECREATION CENTER

Play & Create | Learn & Explore | Find Resources



Parks, Recreation and Neighborhoods

In response to the cancellation of in-person recreational programming multiple virtual programming opportunities were developed. Recreational programming includes a virtual Recreation Center generating over 4,500 visits and links to 128 sites for all ages, a digital Activity Guide providing online access to 20 different virtual classes, Junior Giants At-Home Virtual Season serving over 350 players, and weekly trivia. The Senior Meals program also changed its format from "Dine-In" to "Drive-Thru" and served nearly 3,000 seniors over \$15,000 meals. Weekly activity packets were also provided to keep the senior community engaged during the pandemic.



Utility Billing Financial Assistance

During the initial weeks following the pandemic a social media campaign rolled out for those who had been financially impacted by COVID-19. We continue to offer support to those whose finances have impacted their ability to pay their utility bill, we are here to offer any assistance we can including payment extensions and payment arrangements based on your individual needs.



Small Business Assistance Program

On April 14, 2020, the Modesto City Council approved a COVID-19 Small Business Assistance Program (SBAP) that provided the following assistance benefits:

- Deferral of city business (Mill) taxes for up to 90 calendar days from April 30, 2020.
- Deferral of city business license fees for up to 90 calendar days from April 30, 2020.
- Deferral of city Utility payments for up to 90 calendar days from April 30, 2020.
- Access to zero-interest forgivable Emergency Loans provided under the Community Development Block Grant (CDBG) program with total funding of \$250,000. Emergency Loans can cover up to two months operating expenses to a maximum total loan of \$10,000. Businesses that have been awarded Stanislaus County Small Business Relief Grants are ineligible for the Small Business Assistance Program Emergency Loan.


Information Technology

At the beginning of the COVID-19 pandemic, IT Staff quickly responded by providing mobile devices, connectivity, and remote access for employees able to work remotely. IT Staff issued over 100 devices and over 160 remote access connections for employees.

Strategic Plan Online Dashboard

Search, Visualize, Download, Create

The City Council Priorities and Core Services provide links to key metrics used to measure the work your City is doing for you. Our goal is to provide greater government transparency through easy online access to our key performance indicators (KPI). Follow along with the progress of the Strategic Plan on the dashboard found at the City's official website.

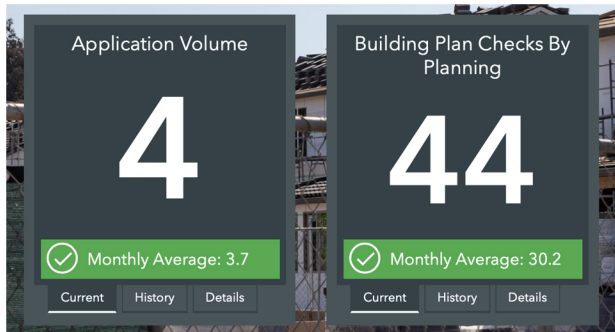
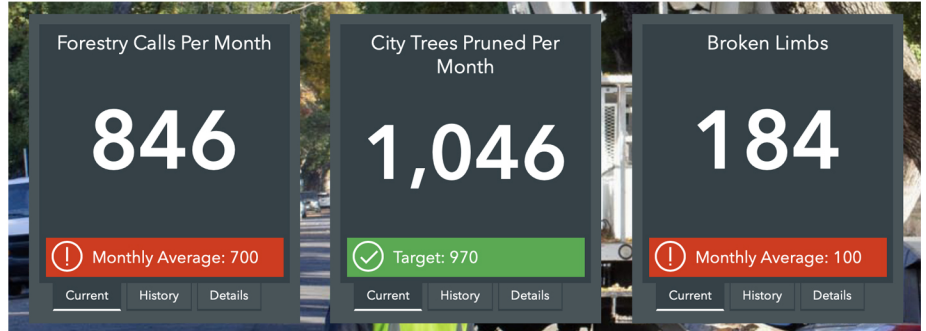


Quality of Life

Explore

Investing in Beautification Efforts

Creating and implementing a comprehensive tree health, maintenance, and replacement program and education campaign.



Retaining and attracting residential, commercial, and industrial development to meet the community's needs today and for the next generation.

Driving the success of vibrant and economically sustainable business climate.



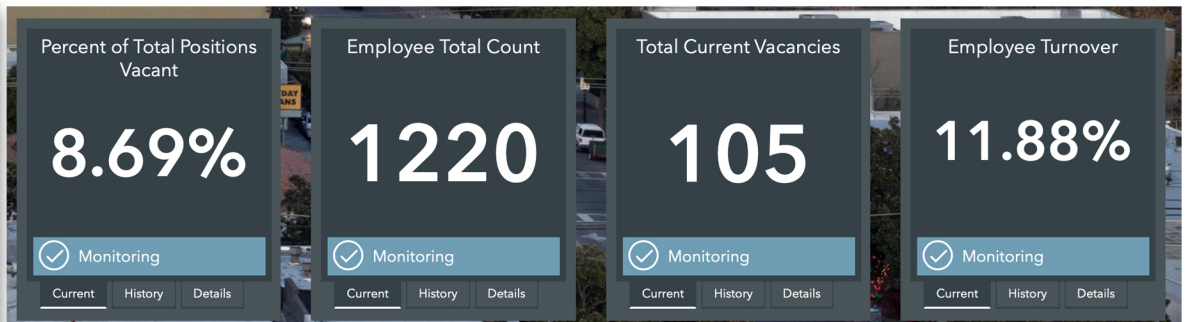
Economic Vitality

Explore



Governance and Service Delivery

Explore



Building a high-performance organization

Formalizing the City's performance management system. Other components will be added in the coming months such as performance improvement plans and professional development tracking.

Civic Engagement Opportunities Boards, Commissions & Committees

Citizen feedback is essential to providing and maintaining quality services to the Modesto community. Our citizens are our top priority. To meet their expectations, citizen advisory groups, called boards, committees and commissions, are formed to assist the Modesto City Council in making policy decisions that impact the community.

Citizen Advisory Groups research, study and discuss specific issues with both short and long-term implications, forwarding their recommendations to the Council.

The City of Modesto is committed to its mission of maintaining and enhancing the quality of community life by developing an economically vital, culturally rich, safe and attractive community. Only by working hand-in-hand with the community will we be successful in our mission.

Those interested in applying for a position on one of the citizen advisory groups can apply online when applications are being accepted for vacancies. Applications are reviewed annually and are considered whenever a vacancy on one of the advisory groups occurs.

- Airport Advisory Committee
- Board of Building Appeals
- Board of Zoning Adjustments
- Citizens Housing and Community Development
- Citizens Transportation Sales Tax Commission
- Culture Commission
- Destination Modesto Task Force
- Disabled Access Appeals Board
- Entertainment Commission
- Equal Opportunity/Disability Commission
- Golf Course Advisory Committee
- Housing Rehabilitation Loan Committee
- Human Relations Commission
- Landmark Preservation Committee
- Planning Commission
- Tuolumne River Regional Park Citizens Advisory Committee

Appointments Committee

Chair: Councilmember Tony Madrigal, Email: tmadrigal@modestogov.com

Vice Chair: Mayor Ted Brandvold, Email: mayor@modestogov.com

Member: Councilmember Jenny Kenoyer,
Email: jkenoyer@modestogov.com

Apply

Online: www.modestogov.com/337/Boards-Commissions

Phone: 209-571-5169

In Office: 1010 Tenth Street, 6th Floor, Ste. 6200, Modesto, CA

Modesto City Council

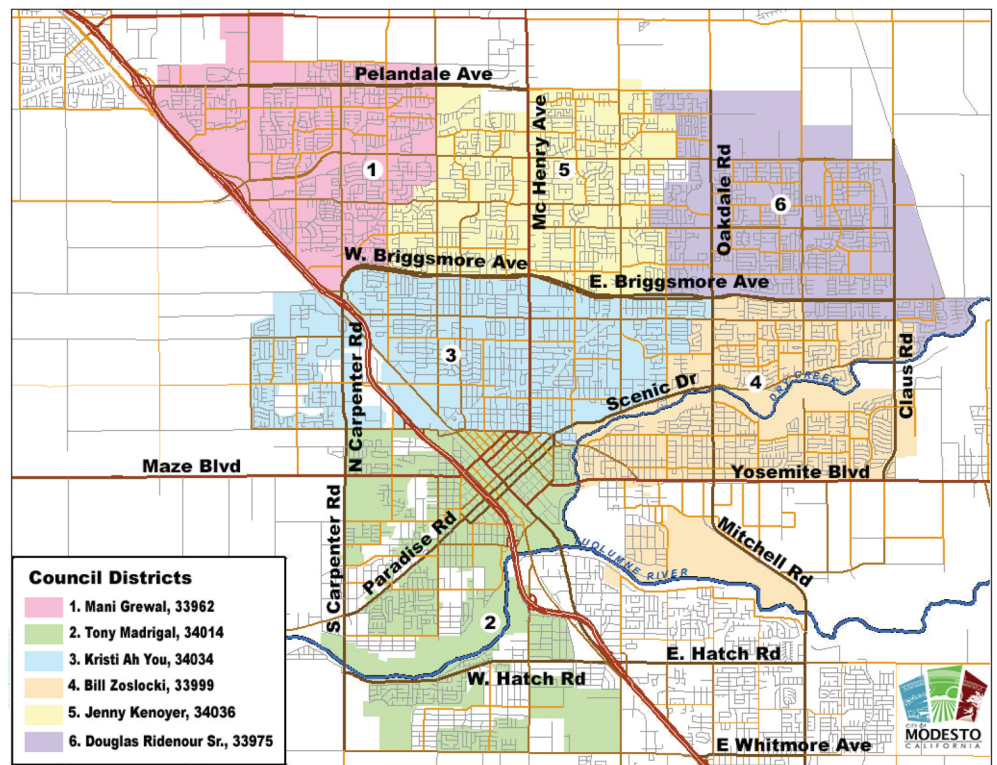
Ted Brandvold Mayor, Mani Grewal District 1, Tony Madrigal District 2, Kristi Ah You District 3 (left to right)



Bill Zoslocki District 4, Jenny Kenoyer District 5, Douglas Ridenour District 6 (left to right)

The Modesto City Council is the City's legislative body. It sets policies, approves budgets, determines tax rates, and passes ordinances and resolutions to govern the City. Council also appoints citizen volunteers to advisory boards, committees, and commissions; and appoints and supervises the City Manager, City Auditor, City Attorney, and City Clerk.

The Modesto City Council is made up of seven elected officials. The Mayor is elected at-large by City residents while the six Councilmembers are elected by district. Members of the City Council hold office for four year terms and are limited to two terms.





This Popular Annual Financial Report (PAFR) has been prepared to inform citizens about the City of Modesto and its operations, services, and programs, as well as its financial condition for the fiscal year ended June 30, 2020. It is suitable for readers who prefer to review operational and financial information in summary form and does not substitute for the City's Comprehensive Annual Financial Report (CAFR). This publication is derived from information provided in the CAFR, which is based on generally accepted accounting principles (GAAP). This report is presented in GAAP format and is not inclusive of all funds. The City's financial statements have been audited by Hudson Henderson & Company, Inc., an independent firm of certified public accountants. The auditors' report concluded that the financial statements fairly reflect the financial condition of the City in all material respects.

The PAFR and a full copy of the CAFR are published on the City's website at www.modestogov.com For more information, please contact DeAnna Christensen - Director of Finance at dachristensen@modestogov.com 1010 10th Street, Modesto, CA 95354 | P.O. Box 642, Modesto, CA 95353 | 209-577-5200