

March 15, 2011, 6:15 p.m.

Council Chambers, 333 Civic Center Plaza

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1. Mayor Ives called the special meeting to order at 6:22 p.m.
2. Roll call found Council Members Abercrombie, Elliott, Mayor Pro Tem Maciel and Mayor Ives present; Council Member Rickman absent.
3. Items from the Audience – None.
4. CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE PROPOSED FY11-12 CAPITAL IMPROVEMENT PLAN - Zane Johnston, Finance and Administrative Services Director, presented the staff report. The Capital Improvement Program (CIP) is a five year plan that identifies proposed capital projects for the City. The City has almost \$100m in the CIP. The CIP contains a list of current projects (those that have not yet been completed) that have received an appropriation of funds in FY 10-11 or prior fiscal years. If any of those projects require additional funding it is noted in the year in which the funding is proposed. In addition to current projects, new projects are also noted. These projects may have funds proposed for appropriation in the upcoming FY 11-12 or may indicate funding in some future year. Mr. Johnston stated the City can have a General Fund operating budget deficit, yet still have money to do capital projects. This is because most funds being discussed are restrictive in nature. For example, gas tax money cannot be used to pay police officers. The Operating Budget workshop will be held on May 17, 2011. Mr. Johnston added adoption of the CIP would be included with the adoption of the City's budget which would be presented at the City Council meeting to be held on June 7, 2011

Mr. Johnston added he would concentrate on CIP projects which would receive funding in FY 11-12. Projects which have received an appropriation in prior years are considered authorized projects. However, at various stages of the project development the Council may be requested to approve specific actions associated with that project. Such actions could include award of design contract, property acquisition, award of construction contract, etc. Mr. Johnston used the "Wayfinding Signage" program as an example, and stated the project has been authorized but funding has not yet been appropriated. Design has been completed; construction has not. It is not included in the FY 11-12 budget because no money is proposed, but it is still an authorized project. Subsequent decisions by the City Council could result in the project not going forward.

Council Member Abercrombie asked if money had been approved to fund the project. Mr. Johnston responded there is no construction contract to manufacture signs and put them in the ground. If the project goes out to bid it will come back to Council to approve the contract.

Council Member Abercrombie stated he was speaking hypothetically, but asked if Council could move money which has been allocated to a project to other projects. Using the "Wayfinding Signage" project as an example, Mr. Johnston responded the

Council has two options. Council could wait until the construction contract comes before the Council. If three Council Members voted against awarding the contract the project would end. Or, the Council could decide tonight whether they want to remove the money from the project. If three Council Members agree the changes could be made to the CIP, and when it comes before the Council for approval in June the money would be removed from that project. Mr. Johnston added "Wayfinding Signage" has a budget of \$435,000; so far, almost \$50,000 has been spent on design.

Mayor Pro Tem Maciel stated that since "Wayfinding Signage" is under general projects it has a little more discretion on funding. Other projects that come from different funding sources would not have as much discretion. Mr. Johnston responded a decision by a previous City Council was to allocate \$435,000 to the project. Therefore, it is an authorized project and staff can begin working on the project.

Mr. Johnston stated there are 188 active current projects that have received some or all of the necessary funding. Of these 21 have additional funding proposed for FY 11-12. There are 28 new projects and \$44.2 million in FY 11-12 appropriations. There is also an additional \$55.2 million previously appropriated to be carried over to FY 11-12 making a grand total of \$99.4 million.

Mr. Johnston gave some background information on Fund 301, the City's General Projects Fund. The fund has no ongoing revenue source. Prior to FY 07-08 Fund 301 received funding from the General Fund operating budget surplus, and in December of 2008, approximately \$10 million was added from a bond restructuring. The FY 09-10 CIP appropriated almost all of the funding in Fund 301. The fund has received \$186,000 in savings left over from completed projects, and a small appropriation of \$433,000 for FY 11-12. It is unlikely that this fund will receive any additional funding in the near future as the City has experienced significant General Fund revenue losses and will not be generating any operating budget surpluses. In addition, all bonds that could be refinanced have already been refinanced. Due to the reasons listed above only \$433,000 in funding from the City's General Projects Fund is proposed for FY 11-12. The bulk of these funds has already been allocated. The most notable of these projects is the Holly Sports Fields which has received about \$8.1 million from the General Projects Fund. As current projects funded by the City's General Projects Fund are completed, any money left over from the project budget will go back into the fund. It is possible the fund may have a balance in the high six figure range available for future projects.

Mr. Johnston stated two projects have been deleted from the CIP - \$100,000 for solar panels because the grant did not require a match, and \$190,000 for police cameras because the City did not receive the grant. The \$290,000, together with the \$186,000 left over from completed projects allowed the City to add other projects - \$100,000 for park security cameras; \$30,000 for downtown light repairs; \$250,000 for a new HVAC system for the Parks and Community Services Building; \$10,000 from Fund 301, plus some CDBG money for electric doors at City Hall, and \$43,000 for the Police Range. The money allocated to the Police Range is the beginning of a substantial investment for water, sewage and lighting. The intention is to be able to rent out the facility and put the fees generated back into this project.

Mr. Johnston stated the CIP is organized into groups by the type of project. Groups include, General Government and Public Safety, Traffic Safety, Streets & Highways, Wastewater, Water, Drainage, Airport & Transit, Parks & Recreation, and Miscellaneous Projects.

Group 71 - General Government/ Public Safety - includes \$343,120 for expansion of the Boyd Service Center (Development Impact fees); \$60,000 for automatic doors at City Hall (CDBG funding of \$50k, Fund 301 \$10k); \$100,000 for a Fuel Dispenser (Equipment Replacement Fund); and \$43,000 for the Police Range (Fund 301).

Group 72 – Traffic Safety – All projects funded from the gas tax. \$200,000 for a Traffic Signal at Corral Hollow and Kavanagh; \$100,000 for a Turning Pocket at Eleventh and McArthur (a multi-year project which will require additional land); \$50,000 for Traffic Calming; \$75,000 for a Traffic Signal Reflectivity Assessment (new mandate to ensure signs have the correct reflectivity), and \$50,000 for Traffic Signal Controller Replacement, an annual project.

Group 73 – Street & Highways - Widen Corral Hollow (Grant Line to Mall) final \$1,300,000 (Measure K) of \$6,662,304 total cost; New Interchange at I-205 and Lammers, \$5,754,300 mostly from Fed TEA grant; \$9,477,270 to widen Lammers, south of Eleventh Street completed by Tracy Gateway; \$660,000 to widen Corral Hollow, north of Linne (Measure K and gas tax), and Construction of Paradise through parcel 31 (NEI) \$653,700, final amount of Measure K funds.

Mr. Johnston added that with regard to the Gateway item, Gateway will do the work and then dedicate it to the City. Widening Corral Hollow, north of Linne was planned in anticipation of the aquatic facility, but the funding could be reallocated. Kul Sharma, City Engineer agreed that widening Corral Hollow was projected in anticipation of the aquatic center at Ellis; however, the City has an agreement with the church and following annexation of that area the improvements will be done.

Council Member Elliott referred to the sidewalk on Lammers and inquired whether there would be a sidewalk connecting to the school. Andrew Malik, Director of Development and Engineering Services, stated the developer's responsibility stops at the frontage of Gateway. Part of this area is in the County, and, at present, the City is working with the County to get this issue resolved.

Group 74 – Wastewater – \$1,000,000 to upgrade WW lines, South ISP, with a larger capacity line funded with impact fees; \$260,000 for Annual WW line replacement; \$230,000 for Annual WW plant items; \$50,000 for Capacity Maintenance Mgt Data; \$50,000 for discharge permit studies which need to be completed before the City can expand to 16 mgds, and \$600,000 for WW line replacement of underground pipes on Corral Hollow Road.

Group 75 – Water - \$2,125,000 water supply purchase WSID/BCID; \$200,000 to inject water into the ground table for storage and recovery; \$5,273,000 for water distribution (Gateway funded); \$320,000 for annual water line replacement; \$600,000 to replace water line on Corral Hollow Road, and \$50,000 for capacity maintenance data acquisition. Mr. Johnston added that although the water purchase from WSID/BCID has been financed they have requested a lump sum payment this year.

Group 76 - Storm Drainage - \$43,000 for replacement of various storm drains.

Group 77 - Airport and Transit – \$600,000 for replacement of Para Transit buses; \$700,000 for replacement of Transit buses; \$300,000 for Fiber Optic installation Transit Station to City Hall; \$25,000 for Electric Vehicle Charging Station, and \$150,000 for Security Cameras at the Transit Station. All funds for these projects will come from transit funds or from grants.

Parks & Recreation - \$557,400 additional development impact fees available to the Aquatics Center; \$10,000,000 from Development Agreement with Surland; \$250,000 for HVAC upgrades to the Parks and Community Services Building; \$448,000 added to Holly Sugar Sports Fields project (swap grant); \$100,000 for security cameras in parks; \$75,000 grant for frequency drives that run irrigation systems in the parks; \$120,000 grant for lights at the Tracy ballpark, and \$30,000 for downtown light/electrical repairs.

Mr. Johnston added that since this was the year the City had anticipated moving forward with the Aquatic Center the project has been included, even though other developments have occurred. Additionally, a federal grant the City received for the Holly Sugar Sports Fields was transferred to other projects which were closer to being implemented at the time. Since those projects have been completed the grant money received for those completed projects has been transferred back to Holly Sugar.

Group 79 – Miscellaneous – \$200,000 for a computer replacement program (equipment replacement fund).

Mr. Johnston stated there are no items other than program management funded by various development impact areas.

Mr. Johnston concluded by thanking staff who helped put together the CIP.

Council Member Elliott inquired if every project presented would come back to Council to approve funding before it moves forward. Mr. Johnston responded virtually any construction contract over \$10,000 which involves public works construction needs Council approval. Both the design contract and the construction contract require Council approval.

Council Member Elliott referred to the \$10 million dollars from a Development Agreement with Surland, and the \$557,400 in development impact fees for the aquatic center and stated he presumed the project would not move forward until there is more clarity on the situation. Mr. Johnston stated if Council chooses to leave the \$10 million in the CIP because the project is still being pursued in its existing form there is no problem in doing that, since a construction project will not be awarded until the funding has been received. However, if the facility is not built the impact fees would have to be returned to the specific development area.

Mayor Pro Tem Maciel inquired whether the fees could be used to remodel the Joe Wilson pool. Mr. Johnston responded the fees can be used to build new pools, but not to rehabilitate pools. Dan Sodergren, City Attorney, stated it would depend on what was included in the original fee study.

Council Member Elliott referred to the staff report which indicated it is possible the General Projects Fund may have a balance in the high six figure range available for future projects and asked if that was the \$186,000 referred to earlier. Mr. Johnston responded no. Two projects would be defunded - \$100,000 for solar panels because the grant did not require a match, and \$190,000 for police cameras because the City did not receive the grant. That money is available for the projects listed. However, after everything is completed staff estimates approximately half a million will be left over for which there is no specific project at the moment.

Council Member Abercrombie inquired whether the City was working on acquiring a grant to replace HAZMAT vehicles in June 2013. Al Nero, Fire Chief, responded the Fire Department will be looking at grant opportunities over the next two years. Homeland Security grants, Aid to Firefighters grants and several different grant opportunities are available.

In response to a question from Council Member Abercrombie regarding whether the City had begun looking at the costs involved in upgrading the CAD/RMS system at the Police Department to accommodate Fire Dispatch, Fire Chief Nero responded not yet.

Mr. Johnston stated there is an agenda item on the City Council agenda later this evening requesting additional funds for consulting services related to a new CAD/RMS system which would have multi-jurisdictional and multi-agency capabilities.

Council Member Abercrombie asked if the costs had been determined. Captain Espinoza responded there will be additional costs for staff, training, and dispatch, but the new system will have the ability to add an additional agency. In response to a question from Council Member Abercrombie regarding the cost to add an additional agency, Captain Espinoza stated that has not been determined.

Council Member Abercrombie inquired how many additional fields could be added at the Holly Sugar Sports Complex if \$385,382 became available. Rod Buchanan, Director of Parks and Community Services responded four or five, depending on whether they were baseball or soccer.

Mayor Ives asked for an update on the hangars at the airport. Mr. Buchanan stated the hangars have been designed for the most part, although there is still some design work still to be done. Mr. Buchanan added the City is seeking loan based funding of approximately \$2.2m dollars, but eventually the cash flow will be positive.

Mayor Ives asked for an update on the regional rail planning study grant. Leon Churchill, City Manager, stated there may be some additional work the City needs to complete in order to secure those funds.

Mayor Ives stated that since economic development has been determined to be the Council's highest priority, is any additional funding required in the CIP budget. Mr. Churchill responded there is no additional funding required other than what was discussed regarding "Wayfinding Signage." Other efforts can be pursued, but they are not proposed at this time.

Mr. Johnston reminded the Council that additional projects could be brought forward for consideration at any Council meeting.

Mayor Ives requested an economic development plan be brought back to Council, supplemental to what the City is already doing.

Council Member Elliott suggested more shape be put into the plan for economic development, so there is a more focused master plan approach for each area of the City.

Council Member Abercrombie requested an update on the regional animal shelter. Mr. Churchill responded the City is actively pursuing the project with San Joaquin County. The County has some capital funds available, although there is no time frame on when a decision will be made. Discussions are ongoing between the Board of Supervisors and staff.

5. ADJOURNMENT - It was moved by Council Member Abercrombie and seconded by Mayor Pro Tem Maciel to adjourn. Voice vote found all in favor; passed and so ordered. Time: 7:17 p.m.

The above agenda was posted at the Tracy Community Center on March 10, 2011. The above are summary minutes. A recording is available at the office of the City Clerk.

Mayor

ATTEST:

City Clerk