

May 17, 2011, 7:00 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

Mayor Ives called the meeting to order at 7:05 p.m. and led the Pledge of Allegiance.

The invocation was provided by Pastor Kal Waetzig, Saint Paul's Lutheran Church.

Roll call found Council Members Abercrombie, Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives present.

Dele Peterson, Fire Engineer, provided a presentation regarding drowning prevention.

Mayor Ives presented a proclamation to Kevin Tobeck, Director of Public Works, in recognition of National Public Works Week, May 15 – 21, 2011.

Mayor Ives recognized D.A.R.E. graduates from the following schools: New Jerusalem Elementary, Bella Vista Christian Academy, Saint Bernard's Catholic School and West Valley Christian Academy.

1. CONSENT CALENDAR - Following the removal of item 1-A by Mayor Pro Tem Maciel, it was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt the Consent Calendar. Roll call vote found all in favor; passed and so ordered.
 - B. Authorize a Professional Services Agreement with Drake Haglan & Associates of Sacramento, CA, for a Not to Exceed Amount of \$398,102 to Provide Professional Engineering Services for the Preparation of Environmental Documents, Plans, Specifications and Cost Estimates for the Intersection Improvements at Eleventh Street and MacArthur Drive (Western) Project - CIP 72069, and Authorize the Mayor to Execute the Agreement – Resolution 2011-096 authorized the agreement.
 - C. Approval of Permit for the Consumption of Alcoholic Beverages on City Streets for the TCCA "Downtown Spring Wine Stroll" Event on June 3, 2011 – Resolution 2011-097 approved the permit.
 - A. Minutes Approval - Council Member Maciel stated certain information included in the minutes of March 1, 2011 was not accurate. The City Clerk had reviewed the staff report and tape recording of the meeting and the minutes as written are accurate. However, the information presented at the meeting indicating D.A.R.E. funding had been reduced due to economic conditions (page 6, last sentence regarding D.A.R.E. funding), was not factual. Council Member Maciel suggested an asterisk be placed at the end of the sentence and a footnote inserted stating the reason D.A.R.E. funding had been reduced from \$60,000 to \$45,000 was a result of a staff recommendation based on the fact that D.A.R.E. expenses had been reduced by \$20,000 due to the elimination of D.A.R.E. personnel costs.

Mayor Pro Tem Maciel added the Council did not direct the funding reduction and worsening economic conditions were not a consideration.

Council Member Abercrombie stated the minutes reflect what was said at the meeting and disagreed with adding what Council thinks should have been said or adding asterisks to minutes. Council Member Abercrombie indicated staff's original recommendation was \$60,000 and after a Council Member pulled the item off calendar it came back with a reduced amount.

Dan Sodergren, City Attorney, indicated the Council does have discretion regarding what is reflected in the minutes. The rules of procedure are ". . .that the City Clerk's office shall be responsible for the preparation and distribution of City Council minutes. The minutes shall be summary minutes and shall reflect the sense of the discussion, any action taken or recommendation made with respect to each item considered at the meeting".

Mayor Pro Tem Maciel reiterated his understanding of the discussion.

Mayor Ives asked the Clerk if the tape was reviewed for the minutes. The City Clerk stated yes.

Mayor Ives invited members of the public to address Council on the item.

Dave Helm, 1000 Central Avenue, stated rewriting history was inappropriate.

Tom Benigno, 2473 Angora Court, stated he was concerned with any direction to change the minutes.

Council Member Elliott asked if the question was what was in the staff report and not the minutes. Mayor Ives indicated there was one paragraph that was re-stated at the meeting. Council Member Elliott stated the minutes should reflect what was actually said.

Mayor Pro Tem Maciel stated the idea was not to change the minutes, but to adopt them as written, adding a footnote with the correct information at the bottom of the page.

Mayor Ives asked Mr. Sodergren if there was any precedent for footnotes in the minutes. Mr. Sodergren indicated he was not sure.

Mayor Ives stated the minutes from this meeting should reflect the intent and understanding of what was correct.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Elliott to adopt the minutes March 1, 2011. Voice vote found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE - Dave Helm, 1000 Central Avenue, addressed Council regarding a possible violation of the Brown Act when Mayor Pro Tem Maciel responded to his comments at a previous meeting. Mr. Helm indicated he had asked for a couple of items to be placed on the agenda for discussion and 30 days have elapsed and the

items have not appeared on the agenda. Mr. Helm voiced concerns regarding the investigation of Chief Thiessen, Council members writing letters to the editor of a local newspaper stating opinions, safety issues with a shortage of police staff, lack of corrective action taken on City staff, and amending minutes.

Mayor Ives read the policy regarding items from the audience being placed on the agenda.

Mr. Helm asked that a Council Member or members sponsor the items for a future agenda item.

3. CONTINUED PUBLIC HEARING TO AWARD A FACILITY FINANCING CONTRACT (DESIGN-BUILD) TO RENEWABLE INTEGRATOR, INC., OF TRACY, CALIFORNIA FOR THE CIVIC CENTER SOLAR PANEL INSTALLATION PROJECT – CIP 71068
Kul Sharma, City Engineer, presented the staff report. Mr. Sharma stated that the agenda item is a continuation of the public hearing held on May 3, 2011, related to awarding a Facility Financing Contract for installation of solar panels on Civic Center buildings. The item was continued because the deadline of the Request for Proposals (RFP) was extended by 10 days in order to receive qualified and competitive proposals.

The City has received an EECBG grant for \$571,600 from the Department of Energy to install solar panels on Civic Center buildings. Of this amount \$514,440 is allocated for design and construction and the remaining \$57,160 is for the City's project management expenses. To expedite completion of design and installation of the solar panels the services of an experienced and qualified design and construction firm are required.

The State of California Government Code Section 4217-13 allows public agencies to enter into Facility Financing Contracts with qualified individuals or firms to develop energy conservation plans and to complete design and construction. This process is available if repayment of funds used for design, construction, and operation of an energy conservation facility are projected to be available from such facility that otherwise would have been used for the purchase of electricity or energy required by the public agency in the absence of an energy conservation facility.

Prior to the award of such a contract, the public agency must make the certain findings consistent with Section 4217.12 and 4217.13 of the Government Code at a regularly scheduled public hearing with the public notice given at least two weeks in advance.

A RFP for installation of solar panels was mailed to proposers and posted on the City's website on April 5, 2011. The proposer is required to be an experienced design consultant and licensed contractor or a licensed contractor with an in-house design consultant to complete this work. The RFP includes the selection criteria with appropriate weight given to the total kW electricity generated within the budgeted amount and the life cost cycle analysis of the solar panels.

The selected proposer will enter into a Facility Financing Contract and will provide similar insurance and securities which are normally required by the City from other design consultants and construction contractors.

The following proposals were received on May 5, 2011 - Integrated Engineering of Santa Clara; Sun Light & Power of Berkeley, and Renewable Integrated of Tracy.

Following a review of the proposals and based on the established criteria, Renewable Integrator Inc., of Tracy was found to be the most qualified proposer who met the requirements of the RFP to design and install solar panels on the Civic Center buildings. The proposer has not taken any exceptions to the requirements of the proposal and has provided the required securities. Renewable Integrator Inc. has satisfactorily completed installation of solar panels for Tracy Interfaith Ministries and other projects. Staff has verified that Renewable Integrator Inc., holds the proper licensing necessary for this type of construction. Staff also negotiated with the proposer to include installation of additional solar panels on Civic Center buildings within the budgeted amount of \$514,440.

The negotiated proposal includes design and installation of solar panels on the following buildings which are most cost effective and energy efficient among all the buildings in the Civic Center area:

- Flat roof areas of new City Hall and Council Chambers
- Western and southern roof areas of the Police Department building

The proposer also provided an alternate proposal to provide solar panels on the flat roof of the old City Hall building and the Parks & Community Services buildings instead of the sloped roof of the Police building. However, this alternate proposal is not recommended by staff since the remaining life of the existing roofs on those buildings is less than the life of the solar panels (20 year roof life vs. 30 year solar panel life).

Staff recommended the Council open the public hearing continued from May 3, 2011, receive testimony, make the following findings in the best interest of the City, and award the Facility Financing contract for the solar panel installation project to Renewable Integrator, Inc., of Tracy, California, in the amount of \$514,440:

1. Funds for the repayment of the cost of design, construction, and operation of the Civic Center energy conservation facility, as required by the contract, are projected to be available from funding that otherwise would have been used to purchase electrical energy required by the City in absence of this energy conservation facility within 19.5 years and these findings required under Sections 4217.12 and 4217.13 are made on projections for electrical rates from PG&E which provides electrical energy to the City of Tracy.
2. That the proposal from Renewable Integrator Inc., provides repayment of funds consistent with the requirement of the State of California Code Section 4217.3, and award of the Facility Financing Contract to Renewable Integrator Inc. for the Civic Center Solar Panel Installation Project – CIP 71068.

The break down of the EECBG grant fund is as follows:

- Funding for Design & Construction (design-build) \$514,400
- City Project Management \$ 57,160

Mr. Sharma noted that the City had received two protest letters and that staff's recommendation did not change based on the protests.

Council Member Elliott asked for clarification regarding funding and if the City would repay this cost. Mr. Sharma stated the City would recover its costs based on the savings from PG&E within approximately 19 years.

Mayor Pro Tem Maciel referred to the protest filed by Integrated Engineering Services and asked if it was normal to interview companies that submit bids. Mr. Sharma stated if time allows or the proposal is unclear a bidder may be asked to clarify items in the proposal. Mr. Sharma stated in this case exceptions were taken by two proposers. The proposal from the local firm was clear without exceptions so staff chose to negotiate with them.

Mayor Pro Tem Maciel referred to the protest from Sun Light and Power and asked if they had the experience and qualifications necessary to do the job. Mr. Sharma stated staff had checked their references and believes they can complete the project.

Council Member Abercrombie asked if Tracy Interfaith was contacted. Mr. Sharma stated yes.

Mayor Ives opened the public hearing. As there was no one wishing to address Council the public hearing was closed.

It was moved by Council Member Abercrombie and seconded by Mayor Pro Tem Maciel to adopt Resolution 2011-098 awarding a Facility Financing Contract (design-build) to Renewable Integrator, Inc., of Tracy, California, for the Civic Center solar panel installation project – CIP 71068. Voice vote found all in favor; passed and so ordered.

4. PUBLIC HEARING FOR THE APPROVAL OF THE URBAN WATER MANAGEMENT PLAN UPDATE - Vanessa Carrera, Management Analyst, presented the staff report. Ms. Carrera stated that a draft Urban Water Management Plan had been prepared. The plan includes: past, present, and projected water use; reliability of the water supply; wastewater treatment and water recycling; water efficiency and drought contingency. The plan has been coordinated with the water conservation plan, water shortage contingency plan, groundwater management policy, recycled water ordinance, as well as the draft water master plan.

The notice for the preparation of the plan was published in the Tri Valley Herald on January 25, 2011. The notice for the public hearing was published in the Tri Valley Herald on February 28 and March 7, 2011. The draft document was posted on the City's website on April 18, 2011. Draft hardcopies were made available at the Tracy Public Library and the Public Works Department as of April 15, 2011. After adoption by the City, the plan will be submitted to the State. The plan is required to be updated every five years.

The plan includes water demand estimates. In 2007, the City used 19,176 acre-feet of water. Since then water demand has trended lower, due to conservation efforts and vacant homes. The 2010 water demand was 16,603 acre-feet. The projected water demand by 2035 is estimated to be 33,600 acre-feet/year.

Currently, the City has water entitlements of up to a maximum of 31,833 acre-feet/year. These are subject to reduction in dry years and the projected available supply in multiple dry years is 23,600 acre-feet/year. To increase reliability in dry years, the plan includes

acquisition of stored water supplies through an aquifer storage and recovery program, and water banked with the Semitropic Water Storage District in Kern County. Native groundwater use will be reduced in future years to improve the aesthetic quality of the water delivered to the customer and to meet future wastewater regulatory requirements. The groundwater will be available in the event of an emergency.

Legislation approved in 2009 requires the State to reduce urban per capita water use by 20 percent by 2020. The City's 10-year base daily water use for 1995-2004 is 227 gallons per capita per day. The 2020 conservation target is 20% less or 182 gallons per capita per day. It is anticipated that the future use of recycled water will assist in attaining this conservation goal. The City has a diverse and reliable portfolio of water resources that should ensure an adequate, high quality water supply to City customers.

There is no fiscal impact associated with the adoption of the Urban Water Management Plan. Eler & Kalinowski, Inc. prepared the Plan for a fee \$40,000. The cost was charged to the Water Enterprise Fund.

Staff recommended the Council adopt the Urban Water Management Plan.

Mayor Pro Tem Maciel asked how long the City will consider the aquifer storage program on an experimental basis. Ms. Carrerra stated the City is in the pilot ASR project and currently in an injection cycle that will run several more weeks after which the water will be tested. The test results go to the State Boards to see if the City goes under another pilot project or if it can move forward with a full ASR program.

Mayor Ives asked if there was anything in this plan that precludes the City from using up to 9,000 acres of ground water if it needs to. Ms. Carrerra stated should the City need it the water is available in the ground water.

Tom Benigno, 2473 Angora Court, addressed Council regarding placing water into the aquifer. Mr. Benigno stated the water is not clean, and he believes it's a violation to put contaminated water into the drinking water. Mr. Benigno stated he wanted to make sure this was not a plan to get more water to build more houses.

Mayor Ives asked staff to discuss the aquifer. Ms. Carrerra stated the water to be injected into the City's underground aquifer was pristine Stanislaus water treated through the South San Joaquin Irrigation District. Kevin Tobeck, Public Works Director, stated there are strict regulations that must be followed by the State to be able to inject water into the aquifer.

Mr. Benigno stated the City still hasn't proved that the water is pristine.

Mayor Ives clarified that the City was putting drinking water into the aquifer, not recycled water.

As there was no one further wishing to address Council on the item, the public hearing was closed.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2011-099 approving the Urban Water Management Plan Update. Voice vote found all in favor; passed and so ordered.

5. APPROVAL OF WAYFINDING SIGN SYSTEM PHASING PLAN AND AUTHORIZE STAFF TO PREPARE BID DOCUMENTS FOR PHASE 1 - Ursula Luna-Reynosa, Economic Development Director, provided the staff report. The City Council has appropriated \$75,000 for design of a wayfinding sign system (the "System") in the FY 2009-10 adopted budget. On January 19, 2010, a professional services agreement with the Consultant was approved by the Council. The goal is to provide vehicular and pedestrian (where appropriate) signage to direct the public to regional serving public and private facilities including regional serving retail centers. An appropriation of \$360,000 has been approved as a CIP project for the fabrication and installation of the System.

On June 1, 2010, the Council selected a design option for the System and directed staff to determine cost estimates associated with the fabrication and installation. Preliminary estimated costs for the entire System are approximately \$821,453 - \$1,076,923. Since the CIP budget is only \$360,000, staff recommended a phasing plan with the cost of phase 1 not to exceed the currently budgeted CIP amount.

In terms of number of signs and signs that facilitate the main goal of the project, the Trailblazer Signs are the most important component of the System. The high range for this component is less than the CIP amount budgeted for this project.

City staff is working with Cal Trans staff to determine, which (if any), of the Cal Trans Signs will be replaced at Cal Trans' expense. The estimated price range for the Cal Trans Signs are estimates provided by Cal Trans if the City were to pay in the entirety for all of the Cal Trans Signs. The Cal Trans Signs are important particularly for those not familiar with Tracy. Traffic counts for I-205 show 110,000 annual daily trips. Freeway signage that helps commuters access, and encourage spending external dollars within, Tracy is an important component to attaining project objectives.

The System proposes two Primary Gateway Signs located off I-205 that will be visible as commuters are driving on the freeway. However, unlike the Cal Trans Signs these signs can be personalized to elicit an emotional connection and positively influence the perception of Tracy. The Primary Gateway Signs will communicate that all exits located between the two signs on I-205 are located within the City of Tracy. The cost estimate provided for the Primary Gateway Signs includes the design and construction for both signs, but does not include land acquisition costs or costs associated with bringing utilities to the sites. Also because the unique art piece has not yet been selected there may be some additional costs associated with this component of the project.

The System also proposes two Secondary Gateway Signs; one located on Eleventh Street just at the City's eastern limit to the east of Chrisman Road. This sign has been incorporated as part of the MacArthur Drive overpass bridge project and is oriented toward commuters entering Tracy that are traveling southbound on I-205 and exit Eleventh Street. The other Secondary Gateway Sign is located near the intersection of Corral Hollow Road and Linne Road and is oriented toward commuters that are entering Tracy off I-580 at the Corral Hollow Road exit. The cost estimate provided for this component of the System is based on fabrication and installation of Sign G4 only, as Sign G3 has been incorporated as part of the Mac Arthur Drive overpass project and funded separately.

Painting the two water towers are additional signage opportunities that could be incorporated into the System. Some water towers display noteworthy town

accomplishments, such as winning a sports championship or being the “home of” someone or something famous. Water towers often have their city or town names painted on them. This simple gesture can help travelers know exactly where they are located and can help elicit an emotional connection with the town.

The System also proposes Downtown Kiosks and Banners. Downtown revitalization has been a priority for Tracy for many years. Providing a means to help visitors navigate their way to downtown was a key catalyst for moving the design of the System forward. An effective way to help downtown stand out as a unique shopping and dining environment is to add kiosks to the downtown. It is envisioned that once fully implemented, the System will contain six, three-sided kiosks. One side will be dedicated as a directory, one side to historic photos of downtown, and the third side will be dedicated to the Tracy City Center Association (the “TCCA”) to program and market their events. Each kiosk will contain three independent touch-screens and computers for easy updating.

Banners will also provide a special detail to downtown and a branding opportunity for the TCCA. Staff will work with the TCCA to ensure banner opportunities are coordinated. Finally, the use of banners at the intersection of Eleventh Street and Central Avenue can be strategically placed to act as a gateway into downtown. The combined elements of kiosks and banners will help to define downtown as a retail district.

Without Trailblazer signs the System lacks a skeleton and is not functional; therefore, staff recommended that Phase I include the Trailblazer signs. The estimate for this component of the System is \$215,000 - \$316,000, below the \$360,000 available under the existing CIP budget. If the Trailblazer signs come in at the low end then \$145,000 is available for additional signage, if the Trailblazer signs come in at the high end then \$44,000 is available for additional signage.

Staff prioritized the remaining System components in the following order:

1. Cal Trans Signs; 2. Secondary Gateway Sign; 3. Water Tower Signs; 4. Downtown Kiosks; 5. Downtown Banners and 6. Primary Gateway Signs.

The rationale for ranking the Cal Trans Signs as the next highest priority is because they serve a similar purpose as the Primary Gateway Signs and are significantly less expensive. Staff is working with Cal Trans to see if they will pay for any of the proposed Cal Trans Signs. The Secondary Gateway Sign is next because it is relatively inexpensive and will provide a welcome sign for visitors exiting I-580. Also, as a result of the other Secondary Gateway Sign being incorporated into the MacArthur Drive overpass bridge project, only one other Secondary Gateway sign is needed to complete this component of the System. The Water Tower Signs were selected as the next highest priority due to their high visibility relative to their cost. They will also serve as iconic landmark signs. This item could be partitioned to incorporate only one Water Tower Sign initially, with the second Water Tower Sign completed at some point in the future. The Downtown Kiosks and Downtown Banners may be eligible for Community Development Block Grant funds and, therefore, have been made a lesser priority. Finally, the Primary Gateway Signs have been listed last because they are expensive and have additional land acquisition and utility costs that will complicate the effort.

If Council agrees with the recommended listing of priorities, one approach is to move forward with the Trailblazer Signs by preparing bid documents and soliciting bids. The

balance of the CIP budget would be used in order of priority until there is not enough money to complete the next component. If there is not enough money to complete the next component but there is enough money to complete the component that is next on the list, then staff would pursue that item so that as many of the components can be implemented within the existing \$360,000 budgeted (collectively, "Option 1"). Items that do not get implemented will have to compete for CIP funding in future years.

Another option is to augment the existing \$360,000 budget with Residential Specific Plan funds to complete the System (or desired components of the System) ("Option 2").

A final alternative is to not move forward with the fabrication and installation of any components of the System and the project will have to compete for CIP funding in future years ("Option 3").

Staff recommended that the Council proceed with Option 1: Approve the Way Finding Sign System Phasing Plan and authorize staff to prepare bid documents for Phase 1 and incorporate as many components of the System as possible within the \$360,000 approved CIP budget based on priority and availability of funds to complete each component.

Council Member Abercrombie referred to page 3 regarding staff prioritizing vs. the slide show presented. Ms. Luna Reynosa stated the staff report was correct.

Council Member Abercrombie stated he believed the Cal Trans Signs were more important and asked if there had been discussion regarding identifying the auto mall on these signs. Mr. Luna-Reynosa stated yes, along with signs for the mall, the outlets and downtown.

Council Member Abercrombie asked what staff saw as their maintenance. Ms. Luna-Reynosa stated the City would maintain the signs. Kevin Tobeck, Director of Public Works, added that he had been involved in the discussions and that vines or vegetation had been recommended to eliminate tagging opportunities.

Council Member Abercrombie asked if this would affect the military banners downtown. Mr. Luna-Reynosa stated there was an existing ordinance allowing banners downtown.

Council Member Elliott asked if staff was having regular dialog with the downtown merchants regarding wayfinding signs and if so, what type of feedback was being received. Ms. Luna-Reynosa stated the merchants were very supportive of the signs.

Council Member Abercrombie asked if the merchants agreed with the prioritization. Ms. Luna-Reynosa stated they have not discussed prioritization with the merchants.

Council Member Elliott reiterated keeping up the dialogue and outreach with the downtown merchants. Ms. Luna-Reynosa referred to a newspaper article which quoted Pete Mitracos.

Mayor Pro Tem Maciel indicated he appreciated staff prioritizing the items and identifying the funding sources. Mayor Pro Tem Maciel asked if it would be cheaper if the kiosks were not lit. Ms. Luna-Reynosa stated for six kiosks, it seemed inexpensive. Mayor Pro Tem Maciel indicated he preferred electronic kiosks.

Council Member Rickman asked if there was any before and after information about other communities that had undertaken wayfinding signs. Ms. Luna-Reynosa stated she did not have that information, but added she had spoken with Mr. Tung who is working on the Downtown Specific Plan and he was in support of the signs.

Council Member Abercrombie asked if Livermore put the signs in prior to revitalizing the downtown. Ms. Luna-Reynosa stated Livermore did not have a comprehensive sign program and that she was not sure when Livermore installed their signs although she suspected it was part of their revitalization efforts.

Mayor Ives stated any merchant will tell you signage is critical. Mayor Ives invited members of the public to address Council on the item.

Marvin Rothschild, 1652 Waverly Court, stated he was concerned with the cost to paint the hotel, the landscaping, Eleventh and Central since he did not see it in the budget. Mr. Rothschild indicated there has to be more variety otherwise signs are not noticed.

Don Sader, 16214 Redondo Drive, asked what the current tax dollars are for the downtown and what would they be with this signage, questioning the return on investment. Mr. Sader stated he liked the look of the signs and added he believed the Cal Trans Signs were the most important to get people off the freeway and into town.

Ms. Luna-Reynosa indicated the sales tax numbers for downtown are significantly less than other areas which was another reason for the focus. Ms. Luna-Reynosa stated it was an investment for the future; creating gathering places and a place to celebrate.

Mayor Ives asked if incentivizing Cal Trans would work. Ms. Luna-Reynosa stated she was not convinced that Cal Trans would be encouraged. Ms. Luna-Reynosa stated the reason Cal Trans is not number one is because the City has no control over what they do.

George Riddle, 1850 Harvest Landing, asked if this was "nice to have" or "need to have," and asked if the merchants were contributing.

Robert Tanner, 1371 Rusher, indicated this was the first he had heard about a million dollar price tag. Mr. Rusher suggested using the water towers instead of Trail Blazer Signs.

Rhodesia Ransome asked what the cost of maintenance would be for the electrical. Ms. Luna-Reynosa stated she did not have that information. Ms. Luna-Reynosa stated she has had discussions with the Public Works Department, but that an annual cost had not been determined.

Council Member Abercrombie stated he hoped that the City would be able to work out any problems with Cal Trans. Council Member Abercrombie was concerned with the Downtown area between 8 p.m. and midnight and added there needed to be businesses Downtown first to draw the public. Council Member Abercrombie added he was concerned with the costs of the signs.

Council Member Rickman asked how long until other phases were implemented. Ms. Luna-Reynosa stated the staff recommendation was to start with Phase 1 (Trail Blazer

Signs). Ms. Luna-Reynosa stated staff would get as many of the priorities taken care of as possible without going over \$360,000. Mr. Churchill added additional phases could be added as funding became available.

Council Member Elliott stated it was his understanding that the money for the wayfinding program was not part of the General Fund. Mr. Churchill stated it was a general capital fund that originates from the general fund; general tax dollars that have been earmarked for capital purposes.

Mayor Ives asked if it was already budgeted. Zane Johnston, Director of Finance, stated yes.

Council Member Elliott stated he agreed that the Cal Trans Signs were important.

Mayor Pro Tem Maciel asked if the money originated from the general fund and moved to the Capital Improvement Project fund. Mr. Johnston stated yes, and was a one time only expense.

Mayor Pro Tem Maciel indicated the input he had received from the business community was very supportive. Mayor Pro Tem Maciel stated he believe it was important that Council move forward and do what can be done with the money available.

Mayor Ives stated he saw this as one of those items where money should be spent wisely. Mayor Ives stated it is Council's top priority to bring the City along in economic development and that the first phase deserved its attention and is one of the Council's priorities.

Council Member Abercrombie asked if staff was still working on the Cal Trans portion. Ms. Luna-Reynosa stated yes.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Elliott to adopt Resolution 2011-100 approving the Wayfinding Sign System Phasing and authorizing staff to prepare bid documents for Phase 1. Voice vote found Council Members Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor; Council Member Abercrombie opposed. Motion carried 4:1.

Mayor Ives called for a recess at 9:13 p.m. The meeting was reconvened at 9:21 p.m.

6. **ACCEPT REPORT ON THE CITY MANAGER'S WORKFORCE READINESS INITIATIVE**
Maria Hurtado, Assistant City Manager, presented the staff report. Over the last several years, staff has addressed the City's structural budget deficit by utilizing five workforce reduction principals which consisted of (1) reducing complexity and consolidating similar services where possible, (2) de-layering of management and supervision levels, (3) increasing span of control for all levels in the organization, (4) automating routine and back office functions where viable, and (5) contracting out where feasible. This resulted in spending cuts of over \$5 million dollars, eliminating 16% of the workforce. The \$5 million dollar reduction in expenditures included employee concessions equal to \$3 million dollars, one-half million of which came from top management. In addition to these expenditure reductions, revenue increase efforts resulted in the successful passage of Measure E, the one-half cent sales tax approved by voters in November, 2010, resulting in an estimated increase in revenue of \$4.6 million per year.

On February 15, 2011, during the budget workshop, the five-year budget and fiscal projection highlighted two key factors that contribute to increased expenses for the current level of service. These factors include the (1) increase in PERS Employer rate over the next 3 years from 24% to 27.2% in public safety and 11.6% to 13.8% for all other employees, and (2) provisions in current labor contracts, which include an increase in health insurance costs, step increases, and educational and training incentives.

Six strategies on how to address the ongoing budget challenges were also presented during February's budget workshop. The variety of options that contribute to the ultimate solution to long-term and sustainable fiscal health will include some, all, or a combination of (1) new labor contracts; (2) contracting out services; (3) continuation of the City's organizational restructure; (4) reprioritization of existing expenditures; (5) elimination or reduction in non-essential services, and (6) an improved economy that could demonstrate a modest growth in revenues over the next five years.

The Council also modified two of the 13 budget principles to address the City's structural budget deficit, giving consideration to the recent contributing factors outlined above that impact the City's five-year plan to address the structural budget deficit. One budget principal modification extended the requirement to present a "balanced budget" by the end FY 12/13 to FY 14/15, allowing for a smoother transition without significant interruption of desired services. In conjunction with this change the existing 15% reserve level was increased to 25%. Finally, an additional budget principle was added which requires staff to bring, with any future funding appropriation or augmentation request, a corresponding budget reduction in another area for a cost neutral proposition.

The strategies and actions outlined above taken over the last several years puts the City in a position to simultaneously now focus on the future of the existing workforce. The City Manager's Workforce Readiness Initiative purposefully positions the City to prepare for anticipated retirements and address any potential talent gap within the organization.

In order to ensure services continue to be offered without disruption or decline in quality now and in the future, it is critical to prepare for the potential loss of institutional knowledge and transfer it to the next generation of professionals within the City organization. To this end, the Workforce Readiness Initiative supports the Council's strategic focus on organizational efficiency by anticipating future retirements, moving beyond position replacement to developing the next generation of leaders within the organization and helping create a culture of learning and talent development, which are key to enhancing the organizational capacity in the face of declining resources.

The staff report focuses on key elements of the Workforce Readiness Initiative and presents the (1) results of the Tracy's workforce analysis, (2) results of the retirement survey, (3) results of an assessment tool "Developing Our Organization's Talent", and (4) the goals and plan for the City's Leadership Development Team.

An analysis of Tracy's workforce revealed that the current employees' average age is 46, with a total average of 11 years of service. Each department was examined and a comparison of retirement eligibility by department in 2011 and in 2016 revealed that three departments are particularly vulnerable. For example, when assessing the potential for retirement of all employees within the Development and Engineering Services (DES) Department, 48% of the total DES employees are age and service eligible in 2011. That figure jumps to 60% in 2016. In the Public Works department, 46% of the employees are

retirement eligible in 2016 vs. only 27% in 2011. Both departments have pivotal or high-leverage positions that may be difficult to fill, like utility managers, operators or engineering professionals. Knowing this potential vulnerability can help the City better prepare for any future talent gap in these areas.

After the workforce analysis was completed, a retirement survey for the organization was administered by Data Cycles. Three primary objectives were identified when administering the retirement survey: (1) estimate the impact of retirement wave changes within the organization, (2) assess interest in early retirement options, and (3) seek advice from employees to help the City optimize business continuity through the retirement wave. This information will help the City organization fine tune any organizational structure changes going forward. There was good participation by employees with 70% of the workforce responding to the retirement survey. Key findings are as follows: When assessing the overall engagement of the existing employees, over 80% stated they would recommend their department as an employer to a friend who was currently seeking employment. The survey also revealed that one in four employees plan to retire in the next 5 years. When asked whether they would be interested in an early retirement option, 60 employees said yes or maybe, which is 78% of the total respondents who are eligible to retire within the next two years. An additional question regarding which potential window of time they would be interested in and, almost half, 45% of employees stated August- October of 2012, 25% stated October-December of 2011, and 16% stated March-May of 2012.

The survey also assessed the potential disruption of these retirements by department with Finance, Development and Engineering Services, and Public Works being the most impacted. A subsequent question asked whether employees felt there were any employees in their division prepared to advance and whether their managers thought they were well prepared. Sixty one percent of employees thought they were well prepared or totally prepared to advance. When asked whether they thought their managers thought they were well prepared, 49% thought their managers felt they were well prepared or totally prepared.

Several risk factors were identified in the survey that should be considered. These included the length of time it would take to transition job duties, with 29% of employees stating it would take 9 to 12 months. When asked how well the critical tasks of the job were documented, 58% thought they were very well or mostly documented, 32% stated they were somewhat documented, 10% stated they were poorly or not at all documented.

When asked what barriers they saw to career development within the organization, 37% stated they were too busy and did not have enough time, 23% stated the event schedule was inconvenient, 21% stated their supervisor did not authorize participation, and 18% stated other reasons. Finally, when asked how Tracy as an organization could help employees advance within the organization, seven key themes emerged:

- Focus on succession planning;
- Offer job rotation and cross-training opportunities;
- Training courses and seminars (i.e. manager skills and leadership training; providing funding and time to participate);
- Publicize training and advancement opportunities;
- Give high priority to internal promotions;
- Reimburse more of tuition expenses, and
- Mentor and coach for success

In summary, approximately 60 employees throughout the organization are interested and eligible to retire over the next couple of years, half of which are interested in doing so by the end of 2011. City management will now need to assess whether those positions are “pivotal” or “high-leveraged” positions, which can be eliminated and/or whether there will be a significant “talent” challenge for those that may require replacements. The three vulnerable departments are Finance, Development and Engineering and Public Works. Although only 10% responded stating critical tasks were poorly or not at all documented, special attention will be placed on ensuring critical tasks are well documented in the appropriate divisions to capture the institutional knowledge prior to retirements. The fact that 80% of employees who responded would recommend the City as an employer of choice is a good sign that the employees are committed to and satisfied with this organization. The various recommendations offered by employees via this survey regarding how the City can intentionally assist with talent development opportunities will be considered and evaluated by the Leadership Development Team.

An internal development assessment tool was administered to the Department Heads and Mid-Managers to obtain base line data on their assessment of the “*Organizational*” efforts in preparing the next generation of leaders in and across all departments. The first ten questions were designed to hear their assessment of how the City, as an organization is doing in developing the talent within the organization. The assessment tool also asked Department Heads and Mid-Managers to rate “*themselves*” as talent developers. The last five questions asked them to “*self-assess*” and rate how they are doing as a talent developer in developing talent within the organization. Thirty nine percent of Department Heads and Mid-Managers responded to this survey.

Overall, the results show that respondents rated the organization’s efforts in developing and retaining talent on the low end, ranging from “poor performers” to doing “okay”. When respondents rated themselves as talent developers, the majority of respondents thought they were doing “okay”. The preliminary data results will be compared a year from now when the assessment tool is administered post-implementation of the various talent development programs, providing City administration the opportunity to re-assess its efforts and employee perception.

In preparation for the potential retirement wave of professional staff leaving the organization, the City Manager formed the Leadership Development Team to implement and evaluate leadership development programs on an ongoing basis. The Leadership Development Team includes a diverse group of Department Head, mid-manager, early and mid-career employees, labor representatives, and administrative support staff representatives. This 25 member team aims to:

- Assist the Tracy organization in accelerating the growth and development of leaders in order to fill critical positions as they become vacant and where a need exists to fill;
- Create leaders at all levels of the organization;
- Help promote a culture of talent development in the organization;
- Ensure a continued level of quality service to the community despite the “retirement wave” of seasoned professional staff;
- Capture and transfer institutional knowledge before it leaves the organization, and
- Enhance the organization’s ability to attract talent.

This Leadership Development Team has top management support from the City Manager and Department Directors. With the assistance of Dr. Frank Benest, International City Manager's Association (ICMA) lead for Preparing the Next Generation, this team is convened by the City Manager and Assistant City Manager, who will in turn; ensure coordination with the Executive Team. This team will meet on a regular basis and, via a work group structure, will develop an action plan to execute a number of program ideas, including a structured leadership and/or multi-track learning academy, institutionalizing annual development plans for employees, creating opportunities for special assignments, and talent exchange programs within divisions, departments and/or other local government agencies where possible, among others.

The initial five work groups will focus on: (1) *Branding and Key Messages* to develop the key messages about the Workforce Readiness Initiative to be delivered to employees as well as overall brand for the initiative; (2) *Outreach to Departments and Employees* to inform the employees about the Workforce Readiness Initiative and get their feedback; (3) the *Intranet Content* to inform employees about resources, training opportunities, articles, the Leadership Development Team (LDT) action plan, results of workforce analysis, special assignment opportunities; (4) *Collaboration Opportunities with other local governments* to research training/talent exchange opportunities with adjacent jurisdictions and assess potential for regional training opportunities, and (5) the *Employee Value Proposition* to determine what makes Tracy the "Employer of Choice" and how to enhance the employee value proposition for the City of Tracy.

In conclusion, the Workforce Readiness Initiative purposefully and strategically prepares the organization for the potential retirement wave that will occur in the next couple of years. This initiative strategically identifies key talent within the organization while developing key talent-development opportunities. The goal is to ensure that quality service delivery remains at the forefront as budget reduction efforts continue. In order to do that, a focus on establishing an organizational culture of learning and talent development is necessary, particularly as the City has down-sized and reduced it's workforce by 16% over the last couple of years.

It is important to note that employees' abilities will be pushed and stretched as they perform new tasks and receive special assignments, potentially resulting in missteps. The executive team and mid-managers understands that allowing for mistakes as we put employees in a position to grow and learn is a key element of the process and their commitment to coach and mentor is expected.

This initiative is an extremely important part of the City's expenditure reduction plan, as it is expected that not all positions that become open through early retirement options will need to be replaced. It is estimated that an average of \$100,000 savings per position could be realized (this cost includes salary and benefits). The total savings related to the early retirement options will be refined over the next couple of months as pivotal positions are evaluated.

Additionally, a \$15,000 appropriation request for talent development activities and programs will be included prior to the June 1, budget adoption.

Staff recommended that Council accept the report on the Workforce Readiness Initiative.

Mayor Pro Tem Maciel asked what the talent development activities included. Ms. Hurtado stated staff was in the process of identifying those activities and provided a few examples.

Council Member Elliott stated by cross-training and providing opportunities for people to do other jobs, he hoped that the responsible department head would maintain a certain amount of counseling and coaching so that mistakes could be kept at a minimum. Ms. Hurtado stated senior staff has made a commitment to mentor and coach those individuals assigned special projects.

Mayor Ives invited members of the public to address Council on the item. There was no one wishing to address Council on the item.

Council accepted the report on the Workforce Readiness Initiative.

7. INTRODUCE ORDINANCE AMENDING TRACY MUNICIPAL CODE REGARDING FEES, AND ADOPT RESOLUTION APPROVING MASTER FEE SCHEDULE - Zane Johnston, Finance and Administrative Support Services Director, presented the staff report. The City-wide Master Fee Schedule replaces multiple Council resolutions adopted over many years, from different departments and on different topics. The benefits of this consolidated approach include: a the record of fees, reports and resolutions will exist in one place and can more readily be found; provides better public information; and will allow for consistent updating of fees in the future.

Council was asked to take two related actions. First, introduce the ordinance amending and repealing various sections of the Municipal Code; second, adopt a resolution approving the Master Fee Schedule. The proposed ordinance does three things:

- Primarily, it amends several Code sections where a specific fee dollar amount was set forth in the Code itself. In these cases, the amendment removes the specific dollar amount and states the fee will be "in the amount set by resolution of the City Council." (Proposed Ordinance SECTIONS 1, 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 14.) This makes it simpler to update fees by resolution in the future, because it does not require amending the Code (by ordinance) every time a fee amount changes.
- Repeals current Chapter 4.36, Regulations Pertaining to Amusement Machine Businesses, on the recommendation of the Police Department, since these regulations are out of date and no longer used. (Proposed Ordinance, SECTION 5.)
- Adds a new section 5.08.185, Owner surrender of live animals, to provide legal authority for the charges that are imposed for this type of surrender. (Proposed Ordinance, SECTION 13.)

The Resolution approving the Master Fee Schedule will take effect immediately. However, (1) the DES fees will not take effect until July 1, 2011 (because a 60-day delay is required by state statute); and (2) the new fireworks related fees will not take effect until the new Fireworks ordinance takes effect.

Except for minor modifications shown on this Master Fee Schedule, the fees are unchanged from those currently in effect as a result of prior City Council resolutions. The intention is for the Master Fee Schedule to be updated annually, in March or April of

each year. At that time, the Council may consider, fee increases to bring the fees closer in line with the actual costs of providing a particular service. This could be done based on a cost-of-living adjustment calculated since the fee was last set (using CPI or other inflationary index). As it is now, most of the fees have not been updated for many years and do not reflect the actual costs, resulting in less-than-full-cost-recovery to the City. If the Council is interested in bringing the fees more in line with current costs, the next annual update of the Master Fee Schedule would be a good time to do this.

In preparing this Schedule, the City Attorney's Office has worked with a representative of each department to bring together all of the fees affecting that department. Once the first Master Fee Schedule is approved, the Finance Department "fee coordinator" will be responsible for annually updating the fees at the same time each year. The proposed fee schedule includes fees charged for City services, but it does not include the following types of fees and charges:

- development impact fees adopted under the Mitigation Fee Act;
- mitigation fees (i.e. habitat mitigation, agricultural mitigation fees);
- business license fees (taxes);
- enterprise fund charges (water, sewer, stormwater, airport, transit);
- fees adopted under franchise agreements (cable franchise under TMC Chapter 8.10; franchise contractor for collection of solid waste, yard waste and recycling under TMC Chapter 5.20);
- landscape maintenance districts;
- fines (imposed as penalties);
- leases of City property; and
- rates established by separate agreements (i.e. Tracy Unified School District).

In the long term, the consolidated Master Fee Schedule should facilitate regular updating of fees.

Staff recommended that Council (1) introduce the ordinance amending the Municipal Code, and (2) adopt the resolution approving the Master Fee Schedule.

Mayor Ives invited members of the public to address Council on the item.

Marvin Rothschild stated he did not see any mention of business licenses. Mr. Johnston stated it was not considered a fee and was contained in the business license ordinance.

Mr. Rothschild stated the City cannot charge a Veteran any business license fee for peddling and indicated he did not believe Ms. Chaparro had been educated on this law.

Mayor Ives asked staff to follow up with Mr. Rothschild.

Mr. Johnston stated there were two additions; 1) the fireworks permit fee added; and 2) Parks & Community Services now allows inflatable structures (jumpy houses) in parks.

The Clerk read the title of Proposed Ordinance 1159.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to waive reading of text. Voice vote found all in favor; passed and so ordered.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to introduce Ordinance 1159. Voice vote found all in favor; passed and so ordered.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2011-101 approving the Master Fee Schedule. Voice vote found all in favor; passed and so ordered.

8. SECOND READING AND ADOPTION OF ORDINANCE 1158 AN ORDINANCE OF THE CITY OF TRACY ADDING CHAPTER 3.04, ENTITLED "FIREWORKS", TO THE TRACY MUNICIPAL CODE

The Clerk read the title of Proposed Ordinance 1158.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to waive the reading of the text. Voice vote found all in favor; passed and so ordered.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Elliott to adopt Ordinance 1158. Roll call vote found Council Members Abercrombie, Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor; Council Member Abercrombie opposed. Motion carried 4:1.

9. ADOPTION OF A RESOLUTION PROVIDING A LOTTERY PROCESS FOR THE SELECTION OF NON-PROFIT ORGANIZATIONS TO OBTAIN A SAFE AND SANE FIREWORKS SALES PERMIT FOR JULY 4, 2011 - Al Nero, Fire Chief, presented the staff report. Chief Nero stated that on May 3, 2011, Council introduced Ordinance 1158 entitled "Fireworks" which, when effective, will legalize, and codify requirements for the sale, use and discharge of Safe and Sane Fireworks within the City. The ordinance includes provisions for Council, by resolution, to determine a lottery process for selection of non-profits that will be eligible to apply for a permit to sell and store Safe and Sane Fireworks. Section 3.04.050 "Maximum Number of Safe and Sane Fireworks Permits Issued" of the introduced ordinance, provides that prior to June 8, 2011, the Council shall provide the process, by City Council resolution, for selection of non-profit organizations that will be eligible to apply for permits to sell and store Safe and Sane Fireworks. After July 5, 2011, the Council shall again provide, by City Council resolution, a process for a lottery to determine which non-profit organizations will be eligible to apply for an annual permit to sell and store Safe and Sane Fireworks. Given the time constraints of the "Fireworks" ordinance in relation to July 4, 2011, the resolution attached to the staff report provides an expedited process for selecting non-profit organizations this year.

Under Ordinance 1158, the number of Safe and Sane Fireworks Sales Permits issued to non-profit organizations will be determined by the resident population of the City. The "Fireworks" ordinance specifies one Safe and Sane Fireworks Sales Permit per 10,000 residents or fraction thereof. With the City's current population in excess of 80,000 residents, nine such permits will be issued to non-profit organizations in Tracy. Due to the number of non-profits exceeding the number of permits available, it is necessary to provide an equitable, objective process by which eligible non-profits may receive the Safe and Sane Fireworks Sales Permit.

The expedited lottery process includes an aggressive timeline for both City staff and the applicants. The process includes application submission and screening, lottery processing and drawing, permitting process, safety seminar and permit issuance. If Council adopts the proposed resolution, a two year limit will be put in place for each nonprofit organization if they are drawn in subsequent years, after which the organization will have to sit out a year before submitting another Safe and Sane Fireworks application. The fees associated with the "Fireworks" ordinance are included in the City's Master Fee Schedule which is up for the consideration at this meeting.

Administrative costs for application processing, lottery administration, safety seminars and sales booth inspections will be recovered through the Safe and Sane Fireworks Sales Permit fee as indicated in the City's Master Fee Schedule. It is anticipated that the City will receive approximately \$2,205 in Safe and Sane Fireworks Sales permit revenue and \$650 in temporary use permit revenue for a total of \$2,855.

Staff recommended that Council adopt a lottery process for the selection of non-profit organizations to obtain a Safe and Sane Fireworks Sales Permit for July 4, 2011.

Council Member Elliott asked staff if the fees charged would cover all the costs for overtime for fire and police as a result of the sale of the fireworks. Chief Nero stated they did take into consideration the cost of the sales of the safe and sane fireworks. Chief Nero added a separate issue was the costs related to enforce the existing ban on illegal fireworks. Chief Nero stated close records of all costs would be kept relative to the administration of the program and if adjustments were needed for subsequent years it would be brought to Council for their consideration.

Mayor Pro Tem Maciel asked if there was a general fee application. Chief Nero stated only for those selected.

Chief Nero outlined the process for obtaining permits to be a distributor/seller of safe and sane fireworks.

Mayor Ives invited members of the public to address Council on the item.

Marvin Rothschild asked where individuals pick up the applications. Chief Nero stated all applications can be obtained at Fire Administration, 835 Central Avenue.

Mr. Rothschild stated he was concerned that about the number of booths and the number of non-profits that will want to take advantage.

Dennis Rovellet, Rovellet Communications, thanked the Chief and staff for their work. Mr. Rovellet stated he was in support of the resolution; that it was not a perfect document, but was workable. Mr. Rovellet encouraged staff to amend the administrative fine to permit for illegal fireworks.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adopt Resolution 2011-102 approving a lottery process for the selection of non-profits to obtain a safe and sane fireworks sales permit for July 4, 2011. Voice vote found Council Members Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor; Council Member Abercrombie opposed. Motion carried 4:1.

- 10. ITEMS FROM THE AUDIENCE – None.

- 11. COUNCIL ITEMS - Council Member Abercrombie requested a future discussion item regarding the police firing range. Council Member Abercrombie stated he would like a meeting with TCCA, the Chamber, downtown businesses, and downtown property owners to discuss how to improve the downtown area.

Council Member Abercrombie reminded everyone that Saturday, May 21, 2011, was the first Guns and Hoses Benefit basketball game for only \$2. The event will be held at West High at 7:15 p.m.

- 12. ADJOURNMENT - It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adjourn. Voice vote found all in favor; passed and so ordered. Time 10:03 p.m.

The above agenda was posted at the Tracy City Hall on May 12, 2011. The above are summary minutes. A tape recording is available at the office of the City Clerk.

Mayor

ATTEST:

City Clerk