

**May 15, 2012, 5:45 p.m.**

City Council Chambers, 333 Civic Center Plaza

Web Site: [www.ci.tracy.ca.us](http://www.ci.tracy.ca.us)

1. Mayor Ives called the meeting to order at 6:23 p.m.
2. Roll call found Council Members Abercrombie, Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives present.
3. Items from the Audience – None.
4. CONDUCT A WORKSHOP TO REVIEW THE PROPOSED FY 12-13 CITY BUDGET  
Zane Johnston, Finance and Administrative Services Director, presented the staff report. Mr. Johnston provided an overview of the operating, capital and debt service budget as proposed by the City Manager. Mr. Johnston presented detailed information on the more significant budget programs, projects and funding sources and summarized the FY 12-13 proposed budget as follows for all funds:

Operating Budget	\$112,836,710
Capital Budget	\$ 21,886,650
Debt Service	\$ 23,752,110
Total Budget	\$158,475,470

Mr. Johnston indicated that once the Council has reviewed the proposed budget, any changes would be noted and a final budget presented for adoption at the June 5, 2012 City Council meeting.

Mayor Pro Tem Maciel referred to property tax and asked if any relief would be realized with the development of Gateway, Cordes Ranch, Ellis or other properties. Mr. Johnston stated the reason the deficits shown were not larger was because of the lag between the time a property was built and when it realizes its full value. Mr. Johnston added it was due to the tax distribution formula. The City would receive 5% of the local share which is \$.34 out of every \$1.00 property tax paid from Gateway. Mr. Johnston added that stabilization in the residential economy needed to happen.

Council Member Elliott asked what period of time the projected deficit of \$4 million was for. Mr. Johnston stated that four years from now the 8 point plan would be in operation (assuming no further losses in property taxes) and the loss of Measure E (\$6.5 million) would replace the \$8 million.

Council Member Elliott asked if the budget principles that call for a balanced budget by 2014-2015 would happen. Mr. Johnston stated the City would have a balanced budget by 2015-2016 for one year until Measure E was lost. Mr. Johnston stated it would not be because the City didn't come up with a plan, but because of the loss of property taxes.

Mayor Ives stated Council and staff needed to continue to look at avenues to balance the budget.

Council Member Rickman stated property tax alone would not get the City out of the deficit. Mr. Johnston stated if property tax was not an issue, the City would have a completely different picture.

Council Member Rickman asked what the City was doing to increase sales tax. Mr. Churchill stated there were some further expenditure reductions that could be looked into. Mr. Churchill stated the majority of the \$4 million target is in economic development and revenue strategy, including job creation and non-traditional retail which has some potential to generate sales tax.

Council Member Rickman stated he believed that Council needed to look aggressively at the I-205 area with the idea of how to get people off the freeway and into Tracy.

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 Member Rickman indicated he had talked with one of the board of directors of Cisco who indicated they look at where their employees work and asked if the City had any data on large companies that have a majority of their workers living in Tracy and suggested targeting them to come to Tracy. Mr. Churchill indicated it had been several years since the City has done any surveying and data collection. Mr. Churchill added the City does know that a significant number of Lawrence Livermore National Laboratory employees live in Tracy.

5. ADJOURNMENT - Mayor Ives adjourned the meeting at 6:52 p.m.

The above agenda was posted at the Tracy City Hall on May 10, 2012. The above are summary minutes. A recording is available at the office of the City Clerk.

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Mayor

ATTEST:

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City Clerk