

July 17, 2012, 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 7:00 p.m. and led the Pledge of Allegiance.

The invocation was offered by Deacon Jack Ryan.

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

Leon Churchill, Jr., City Manager, presented Certificates of Recognition to Luis Mejia - Police Department, Scott Claar – Development Services Department for completing the 1st Annual Local Government Leadership Academy, Alameda County 2011-12, and Monica Gutierrez and Linda Bower - City Manager's Office for completing the 1st Annual FY 2011-12 Legacy Livermore Leadership Institute.

Mayor Ives presented Commissioner Terry Sonnefeld with a Certificate of Reappointment to the San Joaquin County Commission on Aging.

1. CONSENT CALENDAR - Following the removal of items 1-C and 1-D by Council Member Abercrombie, and item 1-E by Council Member Elliott, 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.
 - A. Minutes Approval – Regular meeting minutes of March 20, 2012, and April 17, 2012, special meeting minutes of May 15, 2012, and closed session minutes of June 19, 2012, were approved.
 - B. Authorize the Appointment of Two Youth Commissioners to the Youth Advisory Commission – Resolution 2012-137 authorized the appointment of Rebecca Fuller and Parnoor Khinda from Tracy High School.
 - F. Authorize the Establishment of No Parking Zones at the Intersections of Central Avenue/Deerwood Lane and at Beverly Place/Mae Avenue – Resolution 2012-138 established the No Parking Zones.
 - G. Acceptance of the Fire Station 96 Roof Repairs - CIP 71067, Completed by Barth Roofing Company Inc. of Tracy, California, and Authorization for the City Clerk to File the Notice of Completion – Resolution 2012-139 accepted the project.
 - H. Authorization to Award Chemical Bids for Water and Wastewater Treatment for Fiscal Year 2012-13 – Resolution 2012-140 authorized the award.
 - I. To Rescind the Adopted Rate for Additional Residential Recycling Toters – Resolution 2012-141 rescinded the rate.

- J. Award a Construction Contract to Desilva Gates Construction of Dublin, California, for the Sludge Drying Beds Improvements - Phase 2 - CIP 74004, Authorize an Allocation of \$125,000 from the Wastewater Capital Fund to CIP 74004, and Authorize the Mayor to Execute the Contract – Resolution 2012-142 awarded the contract in the amount of \$897,400, and authorized the allocation.
- K. Authorization to Submit the Annual Claim to the State of California, Through the San Joaquin County Council of Governments, for Transportation Development Act Funds in the Amount of \$2,908,733 for Fiscal Year 2011-2012, and for the Finance and Administrative Services Director to Execute the Claim – Resolution 2012-143 authorized submittal of the claim.
- L. The City Council of the City of Tracy Acting as the Governing Body of the Successor Agency for the Community Development Agency of the City of Tracy Approving the Recognized Obligations Payment Schedule (ROPS) – Resolution 2012-144 approved the ROPS.

Items 1-C, 1-D, and 1-E were considered together.

- C. Award a Construction Contract for the New Jerusalem Airport Repaint Runway Markings - CIP 77033D (CAAP#SJ 3-08-1), to Pacific Striping of Whittier, California, Authorize an Appropriation of Grant Funds, and Authorize the Mayor to Execute the Contract
- D. Award a Construction Contract for the New Jerusalem Airport Runway Asphalt Repair - CIP 77033C (CAAP#SJ-3-08-2), to Graham Contractors of San Jose, California, Authorize an Appropriation of Grant Funds, and Authorize the Mayor to Execute the Contract
- E. Award Construction Contracts for the New Jerusalem Airport Perimeter Fencing Phases 1 and 2 - CIP 77033A, CAAP#SJ 3-08-3 and CIP 77033B, CAAP#SJ 3-08-4) to Arrow Fencing of Calpella, California, Authorize an Appropriation of Grant Funds, and Authorize the Mayor to Execute the Contracts – Council Member Abercrombie asked how staff would be able to monitor application of the asphalt. Mr. Sharma indicated the previous project was designed and inspected by an outside agency and this project was designed in-house and coordinated with CalTrans. Staff has specified the type of slurry seal suitable for airfields in the specifications, and will ensure the design meets the specifications.

Council Member Abercrombie asked what the runway length was at New Jerusalem Airport. Rod Buchanan stated 3,530 feet. Mr. Sharma added that there will be repairs made to the runway as well.

In response to a question from Council Member Abercrombie regarding airport use, Mr. Buchanan stated there are approximately 10,000 applications (take off and landings) per year.

Council Member Elliott asked if due diligence had been done with regard to the contractors and if they would be able to do a good job. Mr. Sharma stated references had been checked as well as previously completed projects. Mr.

Sharma added that construction management and inspection by City staff will ensure that the project meets specifications.

Council Member Abercrombie asked why the big difference between the low bidder and the next lowest bidder. Mr. Sharma explained there are only a few slurry seal companies in the area which makes it quite competitive.

Council Member Elliott asked if staff is confident there is sufficient buffer between the airport and the farming operations next door. Mr. Buchanan indicated fencing will be installed on existing roads and will not hinder farming operations.

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

It was moved by Council Member Abercrombie and seconded by Council Member Rickman to adopt Resolution 2012-145 awarding a Construction Contract for the New Jerusalem Airport Repaint Runway Markings - CIP 77033D (CAAP#SJ 3-08-1), to Pacific Striping of Whittier, California, authorizing an Appropriation of Grant Funds, and authorizing the Mayor to execute the contract; Resolution 2012-146 awarding a Construction Contract for the New Jerusalem Airport Runway Asphalt Repair - CIP 77033C (CAAP#SJ-3-08-2), to Graham Contractors of San Jose, California, authorizing an appropriation of Grant Funds, and authorizing the Mayor to execute the contract; and Resolution 2012-147 awarding Construction Contracts for the New Jerusalem Airport Perimeter Fencing Phases 1 and 2 - CIP 77033A, CAAP#SJ 3-08-3 and CIP 77033B, CAAP#SJ 3-08-4) to Arrow Fencing of Calpella, California, authorizing an appropriation of Grant Funds, and authorizing the Mayor to execute the contracts. Voice vote found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE – Alison, on behalf of Tri-Valley CAREs, invited Council and the public to attend a free event being held Sunday, August 5, 2012, acknowledging the anniversary of the U.S. bombings of Hiroshima and Nagasaki. The event will be held at William Payne Park in Livermore.

DEVIATION IN AGENDA

10. APPROVE A FINAL MAP FOR TRACY GATEWAY BUSINESS PARK, TRACT 3659 (PHASE 2 FINAL MAP), TO CREATE THREE COMMERCIAL LOTS FOR A PROPOSED MEDICAL OFFICE AND ASSISTED LIVING CARE FACILITY - Kul Sharma, City Engineer, presented the staff report. Tracy Gateway Business Park is a 550-acre commercial project for the development of a business park and commercial/retail sites. The Vesting Tentative Subdivision Map for the Gateway Business Park was approved on April 28, 2004, pursuant to Resolution 2004-011. A Development Agreement between the City and Tracy Gateway, LLC (Developer) was approved on June 1, 2004, as Ordinance 1062, and recorded as Document No. 2004-163961

On May 28, 2009, Council approved the Final Map, Subdivision Improvement Agreement (SIA), Deferred Improvement Agreement (DIA) and Non Potable Water Supply Operation and Maintenance Agreement (NPWSOMA) for the Tracy Gateway Business Park – Phase 1 Tracy 3659, per Resolution 2009-087.

The previously approved final map created seven buildable lots including Lot 22, located at the northwest corner of Lammers Road and Capital Park Drive. Lot 22 is approximately 24.98 acres and has adequate water and sewer allocations for commercial office development. The subdivider wants to divide this lot into two parcels. Lot 22A will be 15.98 acres and Lot 22B, 9.00 acres. This resubdivision of Lot 22 will enable the Developer to sell to investors or developers, or use the new lots for financing purposes.

The in-tract roadway and utilities that will serve the seven lots are being constructed by the Developer. The remaining street and utility improvements on Lammers Road are anticipated to be complete by the end of 2012.

There will be no fiscal impact to the General Fund with approval of this agenda item. The cost of recordation of the Final Map will be paid by the Developer.

Staff recommended that Council approve the Final Map for the subdivision of Lot 22 of the Tracy Gateway Business Park into two lots and authorize the City Clerk to file Final Map with the San Joaquin County Recorder.

Council Member Elliott asked if there were potential clients to occupy the proposed buildings. Mr. Sharma indicated the developers had not discussed any possible clients with staff.

Council Member Elliott asked if the other seven lots had potential clients. Mr. Sharma stated the developer was having talks with potential clients.

Mayor Ives asked if the proposed buildings would meet the general character of a Class A Business Park. Mr. Sharma confirmed there had been no proposals to change standards.

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

Robert Tanner, 1371 Rusher Street, asked for clarification regarding Lots 1, 2, and 3. Mr. Sharma stated the lots were near the hospital, but not at that site.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2012-148 approving a Final Map for the Tracy Gateway Business Park, Tract 3659 (Phase 2 Final Map), to create three commercial lots for a proposed medical office and assisted living care facility. Voice vote found all in favor; passed and so ordered.

3. PUBLIC HEARING TO CONSIDER (1) APPROVING THE ENGINEER'S ANNUAL LEVY REPORT AND (2) ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS FOR TRACY CONSOLIDATED LANDSCAPE MAINTENANCE DISTRICT; AND (3) AUTHORIZING THE BUDGET OFFICER TO MAKE NECESSARY BUDGET ADJUSTMENTS - Anne Bell, Management Analyst, presented the staff report. Ms. Bell stated that since the formation of the Tracy Consolidated Landscape Maintenance District (TCLMD), the City Council has annually reviewed and approved assessments based on the Engineer's Annual Levy Reports. The Council preliminarily approved the annual assessments proposed in the Engineer's Report presented to Council on June 17, 2012.

The maximum assessment rates, summarized in the Engineer's Report, are allowed to be increased annually by the lesser of three percent or the percentage increase of the applicable Consumer Price Index (CPI). The percentage difference for the CPI for the San Francisco-Oakland-San Jose Area applicable for Fiscal Year (FY) 2010/2011 was 2.9%. Therefore, the maximum assessment rates allowed for FY 2011/2012 will increase 2.9% over the prior year's maximum assessment rates.

Because all the proposed assessment rates for FY 2012/2013 are less than or equal to the maximum rates previously approved by voters, no ballot proceedings are required. Based upon the estimated costs and expenditures to maintain the landscaping and appurtenant improvements within the TCLMD, staff recommends approval of the assessment rates found in Section IV, Appendix A of the Engineer's Report for FY 2012/2013. Of the 39 assessable Zones, 27 zones would be assessed the maximum assessment rates allowed for FY 2012/2013, nine zones would be assessed at a level below their maximum rate due to lower operating costs, and three zones will not be assessed due to a Home Owners Association providing maintenance, adequate reserves, or no improvements.

The total revenue from the levy of assessments will be \$2,645,080. The remaining District revenues would be \$150,000 from the Drainage Fund to cover the cost of storm channel related improvements, \$242,734 from General Fund support for improvements that are largely general benefit, \$190,000 from the Gas Tax support for zones that have arterial, median and right-of-way landscaping, and \$568,023 from zone reserves. The total cost to maintain the TCLMD for FY 2011/2012 is estimated to be \$3,795,837.

Staff recommended that the Council approve the final Engineer's Report; order the levy and collection of assessments for the TCLMD; and authorize the Budget Officer to make necessary adjustments to the City budget.

Council Member Abercrombie asked if there had been further discussions regarding a City-wide landscape district. Mr. Churchill indicated there had been internal discussions approximately two years ago. Since that time there have been no further discussions.

Ms. Bell added that the Supreme Court has ruled in favor of not consolidating districts; the argument has been that in order to levy an assessment there must be a special benefit that is not benefited by all.

Council Member Rickman asked if the money collected was being used for designated areas. Ms. Bell stated staff was careful to use funds only for the zone it was collected for.

Council Member Rickman asked if rates would be increased. Ms. Bell stated the increase is 2.9% per zone.

Council Member Rickman asked if the City was raising fees on districts just to increase them or was it necessary. Ms. Bell stated some zones have adequate funding because of the inflationary increases.

Council Member Rickman stated he was concerned that this would become a revenue generating fee. Ms. Bell explained a process of expected and unexpected maintenance and how that causes zones in a positive fund balance to become unbalanced. Mr.

Tobeck added that the City likes to have reserves for long-term capital improvements to parks such as park equipment, fencing replacement needs, irrigation, etc. Mr. Tobeck stated that the funds per zone are evaluated yearly and that funds collected for the LMD have to stay in the LMD.

Council Member Elliott asked if each zone had its own reserve. Ms. Bell stated yes, from the assessments.

Mayor Ives opened the public hearing.

Chris Tyler, 3208 Wycliff Drive, Modesto, stated he hoped that next year's levy would consider the appropriateness of taxing private undeveloped property.

Dave Helm asked about the General Fund contribution. Ms. Bell explained that Zone 38 covers a portion of Eleventh Street which provides a general benefit to the entire community and law the assessment for that area has to come from City funds.

Charles Manne, 672 W. Eleventh Street, stated the CPI, as updated today, was at 1.7% which should be taken into consideration.

As there was no one else wishing to address Council, the public hearing was closed.

Council Member Abercrombie abstained from voting on Zone 9 and Mayor Ives abstained from voting on Zone 24.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2012-149 approving the Engineer's Annual Levy Report for the TCLMD, for Fiscal Year 2012/2013 and authorizing the Budget Manager to make the necessary adjustments to the City budget. Roll call vote found Council Members Abercrombie, Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor. Motion carried 5:0.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2012-150 ordering the levy and collection of assessments within the Tracy Consolidated Landscape Maintenance District for the Fiscal Year 2012/2013. Roll call vote found Council Members Abercrombie, Elliott, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor. Motion carried 5:0.

4. THAT COUNCIL CONDUCT A PUBLIC HEARING DECLARING THE EXISTENCE OF WEEDS, RUBBISH, REFUSE AND FLAMMABLE MATERIAL ON EACH OF THE PARCELS LISTED IN EXHIBIT "A" TO THIS AGENDA ITEM A NUISANCE; CONSIDER OBJECTIONS TO ABATEMENT OF SAID NUISANCE, AND ADOPT A RESOLUTION AUTHORIZING FIRE DEPARTMENT STAFF TO ORDER CONTRACTOR TO ABATE SAID NUISANCES - Steve Hanlon, Division Chief, presented the staff report. Chief Hanlon stated that pursuant to Tracy Municipal Code, a Public Hearing is required prior to the abatement of any parcels. Sections 4.12.250 through 4.12.340 of the Tracy Municipal Code set forth the procedure for the City to abate weeds, rubbish, refuse and flammable material on private property.

On June 21, 2012, pursuant to Tracy Municipal Code, Section 4.12.280, the Fire Department sent a notice to the affected property owner requiring the owner to abate

weeds, rubbish, refuse and flammable material on his/her parcel within 20 days, and informed the property owners that a Public Hearing would be conducted on July 17, 2012, where any protests regarding the notice to abate would be heard. The Tracy Municipal Code provides that upon failure of the owner, or authorized agent, to abate within 20 days from the date of notice, the City will perform the necessary work by private contractor and the cost of such work will be made a personal obligation of the owner, or become a tax lien against the property.

Under the provisions of Tracy Municipal Code, Section 4.12.290, the Fire Department will proceed at Council's direction to instruct the City's contractor to perform weed, rubbish, refuse and flammable material abatement on the parcels listed in Exhibit "A" to the staff report. Property owners are liable for the cost of abatement and will be billed for the actual cost of the contractor's services, plus a 25% administrative charge. All unpaid assessments will be filed with the San Joaquin County Auditor Controller's office to establish a lien on the property.

Staff recommended that Council declare the weeds, rubbish, refuse, and flammable material located at the parcels listed on Exhibit "A" to the staff report to be a nuisance, and authorize the Fire Department to direct the City's contractor to abate such nuisance.

Council Member Rickman asked if the City recovers the costs of abatement. Chief Hanlon stated yes.

Council Member Elliott stated it was his understanding that some of the owners have already abated the properties. Chief Hanlon stated that was correct.

Mayor Ives opened the public hearing. As there was no one 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 2012-151 declaring the existence of weeds, rubbish, refuse and flammable material on the parcels listed in Exhibit "A" to the staff report a nuisance and authorizing the Fire Department staff to order the contractor to abate. Voice vote found all in favor; passed and so ordered.

5. CONDUCT A PUBLIC HEARING TO HEAR OBJECTIONS TO AND APPROVE THE FINAL COSTS OF WEED ABATEMENT - Steve Hanlon, Division Chief, presented the staff report. Pursuant to Tracy Municipal Code Section 4.12.260, property was identified by the Fire Department that required weed abatement. The property owners were given notice to abate and a public hearing was conducted on December 13, 2011. The Tracy Municipal Code provides that upon failure of the owner, or authorized agent, to abate within 20 days from the date of notice, the City will perform the necessary work by private contractor and the cost of such work will be made a personal obligation of the owner, or become a tax lien against the property. The Council authorized the abatement.

The Fire Department has designated three parcels that require abatement by Baylor Services, the City's contractor. The abatement was completed at a cost to the City of \$834.00. Fire Department staff notified the affected property owners of this public hearing where Council will consider the report of costs for abatement and any objections of the property owners liable for the cost of abatement. The cost of abatement assessed

to the property owner is the actual cost of the City contractor plus a 25% administrative charge, per Resolution 2003-059.

The Fire Department budgeted \$12,100 for weed abatement services in FY 2011-2012. The department has expended \$2,438.00 for the work performed by Baylor Services. Expended funds were within the identified budget for FY 2011-2012.

Staff recommended that the City Council authorize approval of the final abatement costs.

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

Council Member Rickman thanked the Division Chief, Code Enforcement and neighbors who reported the properties.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2012-152 approving the final costs of weed abatement. Voice vote found all in favor; passed and so ordered.

6. PUBLIC HEARING TO CONSIDER A PROPOSAL TO ADOPT A NORTHEAST INDUSTRIAL SPECIFIC PLAN, AMEND THE TEXT OF THE ZONING ORDINANCE TO INCLUDE A NORTHEAST INDUSTRIAL SPECIFIC PLAN ZONE AND REZONE THE NORTHEAST INDUSTRIAL PLANNING AREA FROM PLANNED UNIT DEVELOPMENT TO NORTHEAST INDUSTRIAL SPECIFIC PLAN - APPLICATION NUMBERS SPA12-0003, ZA12-0006 AND R12-0003 - Victoria Lombardo, Senior Planner, presented the staff report. NEI is one of the City's major employment areas covering 870 acres. NEI was annexed to the City in 1996 and is half built-out. The entire NEI planning area is zoned PUD, which contains development standards that have guided development since its inception.

Prior to construction, all development within a PUD must be approved through a two-step process, including a Preliminary Development Plan (PDP) and a Final Development Plan (FDP). Typically bundled for approval, PDP/FDPs must be approved by City Council, with consideration of the Planning Commission's recommendation. This means that each time a new project (such as a distribution center, call center, or manufacturing plant) or an amendment to such a project is proposed, the applicant works with staff, then Planning Commission and Council through two public hearings prior to approval. These public hearings, including the noticing requirements along with the time between regularly scheduled hearings can cause project approvals to take several additional months past staff's initial evaluation and recommendation.

Because development standards have already been adopted for NEI through Planning Commission and City Council review, and in an effort to streamline the process and eliminate the two steps of Planning Commission and City Council public hearings, staff has completed the documentation necessary to rezone the NEI project area from PUD to "NEI Specific Plan". This enables the NEI Specific Plan zoning designation to include a Development Review approval process that can be completed at staff level by the Development Services Director. The Development Review process is the current process used throughout the entire City in areas that are not zoned PUD. This approval process would still require a public hearing for the benefit of surrounding property owners with a ten-day notice period, but it could be scheduled quickly during normal

working hours. This allows the hearings and overall processes to be streamlined. Under the proposed Specific Plan, any decision to approve a project is appealable to Planning Commission, and ultimately City Council.

The NEI Concept Development Plan was adopted in 1996 in a format similar to that of a typical Specific Plan. Staff has re-produced the plan with the necessary edits and formatting (including all previous amendments to the Concept Plan that have already occurred) so that it may be adopted as a Specific Plan by Ordinance through a rezoning action. Adoption of the project area as a Specific Plan will not significantly change any of the existing descriptive requirements (such as building design standards, allowable land uses, parking requirements, etc.) as those requirements have proven to be effective in creating consistently successful projects. The Specific Plan will rather serve to streamline the approval process for these projects. The only changes are to building height and allowable uses in the General Commercial land use designation:

- Building Height—Raise the maximum from 46 feet to 60 feet in order to accommodate today's typical interior clear space requirements for warehouse space along with parapet walls for screening roof equipment
- Land Use—Allow for animal shelters to be a permitted use in the General Commercial (GC) land use designation (there are only three GC sites within NEI, and the City's animal shelter is proposed to be located on the GC site at the southwest corner of Grant Line and Paradise Roads.

Tracy Municipal Code Sections 10.20.050 and 10.20.060 of the Specific Plan Ordinance includes the requirements for content of a specific plan and the adoption procedures. All the necessary content of a specific plan is included in the proposed NEI Specific Plan.

The Planning Commission met and discussed the proposed NEI Specific Plan on June 27, 2012, and voted unanimously to recommend approval of the Specific Plan. Three owners with property in the NEI area spoke at the hearing, regarding the compatibility of existing farming operations and industrial uses, the proposed animal shelter land use, the lack of grocery stores in the area and future roadway alignments. The property owners also noted that while they had received a letter notifying them of the proposed Specific Plan adoption, they did not have copies of all the documents that Planning Commissioners had received. Staff mailed a copy of the proposed NEI Specific Plan document to the four property owners who attended the hearing. The Planning Commissioners received clarification that there would still be a public hearing for project approvals in the area, but that those hearings would be held by the DES Director rather than Planning Commission and City Council (except in the case of Conditional Use Permits, over which the Planning Commission will preside). They also discussed the animal shelter use and its appropriateness in an industrial area, as well as the appeal process, should anyone object to the Director's action on a proposed project. Adoption of a NEI Specific Plan, the zone text amendment and the rezone from PUD to NEI Specific Plan are consistent with the NEI Environmental Impact Report (EIR) that was adopted by the Council in 1996. The project is also consistent with the City's General Plan EIR, adopted by Council on February 1, 2011. No new environmental impacts are anticipated as a result of adopting the NEI Concept Development Plan as the NEI Specific Plan, because the proposed Specific Plan does not result in any changes to the proposed land uses, and therefore will not cause any increase in the environmental impacts of those uses.

The fiscal impact of the adoption of NEI as a Specific Plan will be a small savings in staff time which was previously used for the preparation of staff reports for consideration of the Planning Commission and City Council.

Staff and the Planning Commission recommended that Council adopt the NEI Specific Plan, approve a zone text amendment to the Tracy Municipal Code to create a NEI Specific Plan Zone, and approve the rezoning of the NEI project area from PUD to NEI Specific Plan, based on the information in the proposed ordinance.

Council Member Elliott stated it sounded like a positive move and asked if there was any downside to the action. Ms. Lombardo stated staff did not believe there was any downside to the proposal.

Mayor Ives opened the public hearing.

Buddy Ender, 2399 East Grant Line Road, indicated he would like Council approval for any proposed construction in the area including a public hearing. Mr. Ender indicated his family, on neighboring properties were not notified of any action that had taken place.

Mayor Ives asked staff for clarification regarding notifying property owners. Ms. Lombardo explained the process.

Marilyn Marty, 1681 E. Grant Line Road, stated she did not like the proposed changes stating it put too much power in the hands of the developers.

Mr. Dean referred to page 2 of the Ordinance, indicating staff would like to add a section 4 to read: "the property subject to the Northeast Industrial Areas Planned unit development is hereby rezoned to Northeast Industrial Area Specific Plan". Mr. Sodergren indicated the existing sections would be renumbered.

Robert Tanner asked if the notices were placed on the City website. Ms. Lombardo stated agendas are placed on the website the Thursday or Friday prior to the public meeting.

Mayor Ives closed the public hearing.

Council Member Abercrombie asked if staff had any thoughts regarding farm equipment and access. Ms. Lombardo stated that on page 16 there was discussion on the right to farm. Ms. Lombardo indicated farming and housing were permitted uses.

Council Member Abercrombie stated he wanted assurance that farmers' concerns would be addressed when a building is planned for the area.

Council Member Elliott asked if farmers were protected from obstacles such as the ability to spray. Ms. Lombardo indicated the right to farm provisions allow for items like that.

Council Member Elliott stated the City should take extra precautions to provide the maximum coverage as possible regarding noticing.

Mayor Pro Tem Maciel asked if a parcel being used as farming is subsequently sold, can it still be used for farming. Ms. Lombardo stated yes.

Mayor Pro Tem Maciel asked if there was any scenario in which developers could impede farming. Ms. Lombardo stated she could not think of one.

Mayor Ives asked if the change in processing applications were approved, how would property owners be notified. Ms. Lombardo stated property owners within 300 feet of a proposed development would be notified by mail, an ad would be placed in the newspaper, and the agenda would be posted on the City's website.

Mayor Ives asked what was the remedy or relief if the property owner takes exception to what the Director deemed appropriate. Ms. Lombardo stated if they were unhappy, they could appeal to the Planning Commission, and if the appeal is denied, they could appeal to the City Council.

Mayor Ives asked if the appeal put the project on hold. Ms. Lombardo stated yes.

The Clerk read the title of Proposed Ordinance 1174.

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 Council Member Abercrombie and seconded by Council Member Elliott to Introduce Ordinance 1174. Voice vote found all in favor; passed and so ordered.

7. ADOPT THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF TRACY AND THE GENERAL TEAMSTERS LOCAL NO. 439, I.B.T - Maria Hurtado, Assistant City Manager presented the staff report. The budget message presented to Council on June 5, 2012 described the City's implementation of an eight point fiscal strategy over four years in an effort to equal or exceed the revenue from Measure E prior to its sunset period in April 2016. This eight point plan includes: (1) Implementation of technological efficiencies, (2) Improved Economy, (3) Elimination or reduction in non-essential services or duplicated services, (4) Reprioritization of existing expenditures, (5) Continued change to the City's organizational structure, (6) Contracting of services or service redesign, (7) Reduction in number of City Departments, and (8) New labor contracts and Compensation and Benefit plans. Thus far, the City has realized approximately \$3 million in savings and generated \$1 million in increased revenue due to an improved economy by implementing four of the eight points delineated above. This Teamsters Memorandum of Understanding relates and contributes to one of the City's eight point fiscal strategies: New labor agreements and Compensation and Benefit plans. It is anticipated that the City will save \$246,801 during the term of this contract and an ongoing annual savings of \$3.4 million after the three year term if employees of all labor groups pay the full employee contribution for CalPERS benefit.

The three key elements in the Teamsters Memorandum of Understanding that contribute to the overall target include:

1. Shift from City to Employee Payment of the Employee Share of CalPERS Retirement Benefit;
2. Continuation of second tier CalPERS Retirement formula;
3. Discontinuation of Unpaid Furloughs:

There are four items recommended in addition to those listed above. The annual uniform allowance for four classifications (*Crime Scene Technicians, Animal Services Officers, Crime Prevention Specialists, and Community Services Officer*) is recommended to increase by \$20 a fiscal year; where applicable, the reimbursable amount allowed for safety boots is recommended to increase by \$25 per fiscal year; the meal allowance for employees who perform a minimum of two hours "unanticipated" overtime or callback work that extends through a regular meal time is recommended to increase by three dollars; and employees who complete 10 years of service with the City, and at each five year anniversary date thereafter, is recommended that 40 hours of vacation be added to their vacation accrual. These 40 hours are not retroactive.

There are no COLAs in this agreement. The total savings during this three year term by having each of the 133 employees in this Unit contribute to CalPERS is \$1,303,512, an average of \$9,801 per employee. The total cost of Flexible Leave hours provided to employees is \$1,056,711, an average of \$7,945 per employee. The net savings after distribution of Flexible Leave hours is \$246,801 at the end of the contract term. It is anticipated that beginning July 2015, if employees of all labor groups pay the full employee contribution of the CalPERS benefit, an ongoing annual savings of \$3.4 million can be realized each subsequent year.

It should be noted that the discontinuation of unpaid furloughs from the non-public safety units will result in an increase to the budget deficit of \$600,000 per year. This fiscal impact was considered in the FY 12/13 budget.

Staff recommended that the Council adopt the Memorandum of Understanding between the City of Tracy and the General Teamsters Local No. 439, I.B.T.

Council Member Elliott asked if the City's budget would be balanced by the time Measure E goes away. Mr. Churchill stated the goal was to eliminate the structural deficit by FY14/15 with the outstanding remaining contracts. Mr. Churchill added if this trend continues, by FY15/16 we have a chance of achieving a balanced budget without the benefits of Measure E.

Council Member Elliott how does Tracy's salaries and benefits compare to surrounding cities. Mr. Churchill stated no scientific information was currently available, but noted that the only exception in the region appears to be in the City of Patterson which will provide a 2% COLA in salaries.

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 Elliott stated that while we want our city employees to be well compensated, from the report the City Manager provided, it appears that we compensate our employees better than most of the surrounding cities. Council Member Elliott stated the City was being too generous in giving back the flexible leave and phasing out unpaid furloughs.

Mayor Pro Tem Maciel noted that what has been achieved is a transition of foundational issues of pension reform.

It was moved by Council Member Abercrombie and seconded by Council Member Rickman to adopt Resolution 2012-153 approving the Memorandum of Understanding between the City of Tracy and the General Teamsters Local No. 439, I.B.T. Voice vote found Council Member Abercrombie, Rickman, Mayor Pro Tem Maciel and Mayor Ives in favor; Council Member Elliott opposed. Motion carried 4:1.

8. COUNCIL DISCUSSION REGARDING ECONOMIC DEVELOPMENT AND ZONING ALONG THE I-205 CORRIDOR THROUGH THE CITY OF TRACY - Andrew Malik, Development Services Director, presented the staff report. Mr. Malik stated that with the construction of I-205, the City gained an immediate and relatively easy connection to the San Francisco Bay Area to the west, and Central Valley cities to the north and south. Like the railroads a century earlier, the freeway would later play a pivotal role in the City's growth.

Part of the City's initial land use response to the new freeway was to capture business from travelers heading in and out of the Bay Area by zoning land to focus on highway services, such as gas stations, restaurants, and motels at the three new freeway interchanges (Grant Line Road, Tracy Boulevard, and MacArthur Drive).

Construction of I-205 also began a transition of Eleventh Street (formerly Highway 50) from its former focus on travelers through town (with gas stations, auto services, restaurants, and motels) to more local-serving retail and commercial services.

In the 15 years following the freeway's construction, restaurants, gas stations, and motels had become well established near the Grant Line Road and Tracy Boulevard interchanges with I-205.

In the mid 1980's, as the City continued its northward expansion, the Council sought professional input regarding Tracy's potential economic development opportunities from the highly regarded, private economists, Gruen Gruen and Associates. Gruen Gruen and Associates summarized their research and published their findings in a report to the City, "Forecast of the Demand for Land Uses in Tracy: 1987 to 2010". The research was a comprehensive effort to forecast long-term, potential demand for residential and commercial growth in Tracy and helped form the City's land use and zoning conclusions for the 1987 Residential Areas Specific Plan and the 1988 Industrial Areas Specific Plan.

During this same time period, the City initiated a concerted effort to evaluate opportunities for a significant commercial presence along the I-205 corridor. Economic forecasts, at the time, suggested the market could support one regional mall in the vicinity of Patterson, Manteca, Lathrop, Discovery Bay, Livermore, and Tracy. Tracy set its sights on capturing a regional mall and, in the late 1980's, undertook negotiations with General Growth to locate a mall in Tracy.

Those negotiations with General Growth and a broad based effort with property owners resulted in the adoption of the I-205 Corridor Specific Plan in 1990. The I-205 Specific Plan includes approximately 600 acres in the Grant Line Road vicinity and approximately 100 acres at the MacArthur Drive interchange. The most recent addition to the I-205 Specific Plan is the 43-acre, Filios/Dobler Annexation from earlier this year.

The recession of the early 1990's delayed initial construction, but in 1993, Walmart and the Outlet Center became the first projects of the I-205 Specific Plan to be constructed and in late 1995, the first phase of the West Valley Mall opened. Development of Tracy's regional commercial centerpiece, now featuring approximately 400 acres of commercial development was underway.

In 1996, the City annexed the 870-acre Northeast Industrial (NEI) property adjacent to and south of I-205. The NEI area creates an eastward extension along I-205 of the 300-acre MacArthur Drive industrial corridor of the Industrial Areas Specific Plan, adopted a decade earlier.

Characteristics of the City's location, surrounding natural resources, and development policies dating back to at least the 1982 General Plan dictate that the City's future, long-term, urban growth will be directed toward the west and southwest – away from the San Joaquin River flood plain to the north, the prime agricultural land to the east, and the airport and aggregate mining operations to the south.

The City of Tracy has a history of long-range master planning relative to future retail, residential, office and light industrial development. From the regional focused I-205 Specific Plan and West Valley Mall development, to the future office / medical uses in the Gateway project, to the Cordes Ranch and Tracy Hills projects with a mix of retail, business park and light industrial uses, to the Downtown Specific Plan area, the City has prepared for a variety uses with regard to future development.

What sets Tracy's approach to future development apart from other jurisdictions is that it has included an economic analysis which has greatly assisted in the implementation of the various development areas. In 2007 the City again enlisted the professional services of Gruen Gruen and Associates to provide an updated economic analysis as it related to the future growth of the City. The report provides a forecast for the demand of retail, office, and industrial space as well as strategic policy actions to enhance Tracy's retail and economic base. Additionally, the City's adopted General Plan contains a Land Use Element and an Economic Development Element which specify goals, objectives, policies and actions related to future growth and economic development on a macro level. In other words, this is not a "build it and they will come" approach to development, but rather a strategic and balanced approach with an understanding of public/private investment interest, and market conditions.

While it is important to provide an economic forecast as part of the City's General Plan process/implementation, it is equally important to recognize changes in the market and to adjust to meet those new demands. For example, the retail environment has changed dramatically over the past 5+ years particularly as it relates to the ever increasing market share of online shopping, among other factors. Many shoppers today have smart phone applications ("apps") providing price comparisons among competing retailers. Additionally, there has been a shift in consumer behavior as it relates to spending. The effects of the economic downturn and slow recovery have forced consumers to become increasingly cost conscious, so much so that retailers have had to respond with lower-price alternative products in order to maintain market share. Couple these competitive factors with a protracted global recession and it is easy to understand why some seemingly strong national retailers simply no longer exist. Those that do exist today have had to close underperforming stores and/or negotiate for smaller space/cheaper

rents. Retailers are now rethinking the way they do business, specifically as it relates to their expansion plans and product offerings.

In order to respond to the dramatic change in the retail environment, staff has focused considerable attention on business retention efforts (Grow Tracy Fund and Enterprise Zone), while filling vacant space. The City and developer partners have been successful in filling many of the retail vacancies in the community. Staff expects to see continued success in filling vacant retail space as the City strengthens relationships with local retail developers, such as Rouse Properties (the new owners of the West Valley Mall), Tracy Outlet Centers and others. The retail challenge moving forward will be to strike a balance between the needs and success of the existing retail areas and those of new development. More specifically, the 89 acres of new retail construction/demand by 2020 recommended by Gruen Gruen & Associates in 2007 will likely need to be scaled back to better reflect current market realities.

The office market in Tracy continues to remain soft. The City is currently working with a few office projects spread between the South ISP area and some speculative medical office projects in the Gateway area. Much of the decline in demand for office space is correlated to the collapse of the residential real estate market as part of the global recession. The Finance, Insurance, Real Estate (FIRE) industry sector that once fueled new local office demand has consolidated and continues to see little growth. There are a few medical office clients that City staff is interacting with, but this too remains a relatively soft market.

There are signs that the residential market may be improving locally, which could provide an opportunity to capture additional office demand for the Finance, Insurance and Real Estate sector in the near future. There may also be additional office demand as the Cordes Ranch project comes on-line with larger employers, which may drive demand for additional retail, office and residential development.

Tracy's light industrial market continues to show signs of improvement. A number of new tenants are now open in the Northeast Industrial Area and staff is currently working with a few new prospects. Over the last year, the mix of light industrial tenants ranged from distribution or fulfillment centers, to food processing facilities to manufacturers. Tracy's proximity to the Port of Oakland, our location near transportation networks and proximity to the very large population centers of the Bay Area continue to drive demand in the light industrial sector. In addition, San Joaquin County's available workforce and low labor costs have been key in attracting and retaining businesses in Tracy.

As consumer retail shopping patterns continue to shift to online, Tracy finds itself in a unique position to attract certain Distribution/Fulfillment centers. We see this trend already taking effect as Restoration Hardware expands in Tracy, as well as Best Buy and Crate and Barrel's recent openings. The unique benefit for Tracy in fostering this segment of the economy is that there may be sales tax proceeds being generated by these light industrial uses, which will help grow Tracy sales tax base.

It is important to note that diversifying and developing Tracy Office, Residential, and Light Industrial markets will ultimately help to expand and upgrade the retail offerings in the community. All of these market niches influence one another, particularly retail as it relates to creating new households, and more importantly increasing the population and daytime employment in Tracy.

Market conditions in Tracy will change in the future and a good portion of the City's Economic Development efforts include educating prospective tenants and companies on those changing market conditions. For example, during a restaurant recruitment of a national tenant in the I-205 area, staff was challenged by the tenant because the location did not fit their typical corporate site location criteria. In this case, the tenant was looking for a daytime population of over 40,000 within a two mile radius of the site. Since our I-205 shopping area is located near County agriculture land with the flood plain to the north, the site did not rank very high relative to their corporate criteria. Staff, with assistance from the Mall developers, was able to convince the tenant that the area drew customers from a much wider trade area and the restaurant eventually located in Tracy.

While the City and local developer partners have been successful in attracting certain retailers to the community, there are some retailers that require much more stringent site location criteria. According to the International Council of Shopping Centers (ICSC) article, "Inside Site Selection: Retailers search for strategic business locations", there are two fundamental site selection indicators: 1) Median household income, and 2) Number of households and/or people within a given market area. The article also indicates that specialized retailers may rely on additional indicators such as number of college graduates, ethnic composition of the market, housing prices etc.

The discussion of retail site selection would not be complete without some mention of incentives. To begin, it should be noted that while most people equate incentives with financial or monetary payments back to a prospective tenant, there are non-monetary incentives equally important to prospective tenants. Many of these incentives the City of Tracy is already working on or has completed, such as: 1) permit streamlining, 2) zoning and entitling sites for development, and 3) partnering with the development community to solve infrastructure and other development constraints, etc. Work on these non-monetary incentive areas continues to be developed; however, feedback from developers and tenants has generally been positive.

Monetary or financial incentives, continue to be part of the retail attraction equation; however, its use and ultimate effect have yielded mixed results. The most typical governmental financial incentive has been rebating sales tax back to a prospective tenant or developer. The theory behind this strategy is that by attracting a particular tenant, the jurisdiction would realize additional sales tax from the success of surrounding retailers and thus come out ahead. In other words, the incentive would be applied to certain catalyst projects. Again, the success of this approach has yielded mixed results depending on individual negotiations and specific market conditions related to the type of tenant and location being pursued.

The use of monetary/financial incentives can be an effective way to influence a site selection decision of certain types of tenants; however, the underlying economics ensuring the success of the tenant should not be overlooked. Using incentives to get a prospective tenant to open in the community is important, but may not ensure the success of that particular tenant. Additionally, there may be financial consequences associated with the incentive package negotiated if the tenant closes, i.e. commitments on future City sales tax. Most jurisdictions use these types of financial incentives very sparingly and they are typically targeted for catalyst or specialty type tenants. The City has used this type of incentive in the past; most recently for the attraction of Macy's to the Mall. In this case, Macy's has been successful at generating enough sales tax to cover the City's incentive and provide a boost to the areas other retailers. The City also

has an incentive program in place to target catalyst or unique tenants (retail, office and industrial) not currently found in the region. Again, the City's retail incentive program is targeted to regional catalyst projects.

As mentioned previously, staff spends a considerable amount of time on business retention activities. Research shows that existing businesses create 60 – 90% of all new jobs in a community - therefore much attention is put into assisting companies already established in Tracy. Staff conducts business retention visits on a regular basis to meet with business owners and learn about their operations as well as to hear about any impediments to growth they may be experiencing. In addition, staff takes the opportunity to educate business owners on the benefits of the Enterprise Zone program, Grow Tracy Fund and other resources available to them. Business representatives are invited to participate in a variety of educational workshops and business forums offered by the City on a regular basis. Most recently manufacturing and distribution companies were invited to attend an Employment Training Panel Workshop to learn about obtaining training funds available through the State of California. These workshops are generally well attended and well-received by the business community.

Business attraction is also an important part of the Economic Development Strategy. City staff participates in tradeshows throughout the year in an effort to market Tracy to companies from a variety of industries. Tradeshows are a powerful marketing tool because they bring together thousands of prospective businesses and developers into one location. City representatives typically attend industrial and office industry tradeshows in conjunction with the San Joaquin Partnership, the countywide Economic Development Corporation. This provides a discounted cost for attendance while still gaining exposure for Tracy.

Although tradeshows are an effective means of attracting new businesses, they are not the only focus. Recently the City enlisted the services of the Natelson Dale Group to complete an industry cluster analysis. This study helped narrow the list of target industries that best match the skill sets of Tracy's employed residents. With this type of information we have developed a marketing and outreach program tailored to specific target industries. Using traditional marketing avenues as well as various social media outlets, staff is able to connect with specific companies that match our targeted industry criteria.

As economic development staff makes contact with prospective businesses, the communication is tracked in a 'prospect database'. Currently staff is working with approximately 31 prospects: 11 Light Industrial/Manufacturing, 4 Office, and 16 Retail. The locations being reviewed range from infill to new development areas. As the market has started to improve there has been a definite increase in the number of retail prospects. This is evidenced by several new retailers soon to be opening in Tracy, including Buffalo Wild Wings, BevMo, and The Children's Place. Each of these retailers has an impact on the City's overall sales tax base. Tracy's sales tax collections have increased nearly 15% over the most recent four quarters, compared to surrounding cities such as Stockton 9.6%, Manteca 6.4%, and Northern California as a whole with a 9.8% increase.

Each of these economic development focused efforts, whether it be business attraction, retention, revitalizing downtown, or increasing the tax base – are detailed in the Economic Development Strategy which was adopted by Council in September of 2011.

Staff recommended that Council discuss and accept the I-205 zoning and economic development report.

Council Member Rickman thanked staff for the report and for their efforts. Council Member Rickman stated he would like motorists who drive through Tracy to see what a wonderful community Tracy is and not just the backs of warehouses.

Council Member Abercrombie asked what contact the City has had with the Outlet Center regarding loss of tenants and if they are concerned about the proposed outlet stores in Livermore. Mr. Malik stated the outlets in Livermore would be very high end. The City's concern is that the second phase of the Tracy outlets has not been built.

Council Member Elliott asked what the City was doing to keep the area attractive. Mr. Malik indicated Cordes Ranch will return to Council and at that time we can look at the corridors. Mr. Malik stated a lot of the area was currently in the County. Mr. Dean added that the Council's land use authority is an opportunity to develop clear standards.

Mayor Ives stated there will be multiple opportunities through the development of Cordes Ranch, Prologis, and Larch-Clover to put our stamp on it. Mayor Ives stated there are challenges out there, but it is important for Council to be clear regarding what we want the area to look like in 25 years.

Council Member Rickman stated in order to meet the demographic requirements, we need a plan ready that will bring Tracy residents what they want, such as higher paying jobs, a Trader Joes, etc. Council Member Rickman stated it was frustrating when members of the public ask for things and all they hear is that Tracy is not big enough to attract them. Council Member Rickman stated it doesn't mean we won't get them 10 years for now, but we need to plan as though it is going to happen. Council Member Rickman indicated what he sees is staff planning for 40-50 years of warehouse capacity.

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

Terry Sonnefeld, 1463 Cottonwood Drive, addressed Council regarding the Tracy 2000 Committee where a lot of goals were set that the City has achieved, such as big box stores, more restaurants, revitalized downtown, etc. Mr. Sonnefeld stated the future of Tracy is what you will do with the baby boomers.

David Babcock, on behalf of Cordes Ranch, stated the goal has always been to make the I-205 area attractive with modern, well designed, nicely landscaped, attractive buildings.

Council Member Rickman stated it was not the number of acres or uses; it's about where the uses are. Council Member Rickman stated he wanted drivers to be impressed when driving by Tracy and wanted Mr. Malik to keep an eye on that.

Mayor Pro Tem Maciel stated the key was flexibility as these areas are developed so the City can respond to changes in the market. Mayor Pro Tem Maciel stated all the City can do is facilitate and create an environment so businesses are successful.

Council Member Elliott stated flexibility was key as well as keeping in mind what the long-term vision is for Tracy and what we want it to look like in the future.

Mayor Ives thanked staff for the report.

9. REVIEW AND ACCEPT CHANGES TO THE TRACER FIXED ROUTE BUS SYSTEM EFFECTIVE AUGUST 1, 2012 - Ed Lovell, Management Analyst, presented the staff report. In December of 2009, the City Council approved a Short Range Transit Plan (SRTP) for the City's TRACER bus system. The SRTP outlined various steps in which to realize both growth in ridership and locations served by the bus system. Since approval of the SRTP, some recommendations have been implemented, including a fare increase and extension of service to the Kimball High School area.

In July 2011, the Council approved a contract with MV Transportation to operate the TRACER bus system. Within the contract was an annual increase in the number of service hours available to provide bus service. While maintaining the status quo for the first year of the contract, the second year provides for implementation of various recommendations in the SRTP including:

- 30-minute service during peak periods (11am – 3pm) on Routes A and B (currently service is every 60 minutes)
- Service to the Raley's shopping center and to the Hidden Lake subdivision
- Service to ACE and Edgewood subdivision
- Service on Lowell east of Corral Hollow
- Restructuring of commuter routes to three geographically focused routes based on current high school boundaries
- Elimination of inbound service to Tracy Outlets on Route A (outbound service will still exist)

Staff will monitor the changes over the course of the year and will make minor adjustments to the service as necessary to make the best use of the funds. Staff held a public hearing on June 14th at the Tracy Transit Station and received input from those who attended. In addition, staff presented the changes to the Transportation Advisory Commission on June 14th and received feedback. The changes were well received by the Commission.

In an effort to market the changes, the month of August will be a free ride month. This will allow passengers to try the service for free to see how it can help them reach their destinations. Information will be in all the buses, and posters will be in various bus shelters throughout the city. A press release will be issued notifying the public of the changes and the opportunity to ride for free.

A major push will also be geared toward getting the information out to students. Staff is working with TUSD to be able to disseminate information during school registration periods and at back to school nights. While it is difficult to predict the actual ridership increase that can be attained by these changes, the SRTP identifies that there is a significant increase in willingness to ride the TRACER Fixed Route services if greater frequency were offered. Based on the market surveys done in the SRTP, and with practical experience from other agencies, it is expected that ridership levels will rise due to the increased frequency of the service.

Every three years, new performance measures are put in place under the Transportation Development Act (TDA). During FY12/13, new performance measures will be put in place for the following three years. Knowing that these changes are going to take place

will help in the creation of realistic goals that can be met for the next three years. Staff has been working with the San Joaquin Council of Governments (SJCOG) in the creation of performance measures based on these changes taking place. This will allow the City to meet the goals that have then been established.

There is no fiscal impact to the General Fund. The cost to provide the service as it exists today is approximately \$817,000. If no changes were made to the system, costs would still increase by approximately \$19,000 in FY12/13. The cost to provide the new service levels as indicated in this report will be approximately \$933,000, a net increase of approximately \$97,000 when factoring in the cost increase if no changes were made. The not to exceed amount in the operating contract with MV Transportation for FY12/13 is \$946,258. The new services levels would be approximately \$13,000 below the not to exceed amount. All costs are paid for by Federal Transportation Administration (FTA), and Transportation Development Act (TDA) funds the new amount has already been incorporated into the FY12/13 budget. While TDA funds are designed for transit use, any funds not used for transit purposes can be used for streets and roads. The most recent TDA claim shows the City using \$1,546,636 on streets and roads, slightly more than half of its TDA dollars.

Staff recommended that City Council accept changes to the TRACER fixed route bus system effective August 1, 2012.

Mayor Pro Tem Maciel asked if the “text for bus” instructions would be posted at the bus stops. Mr. Lovell stated new signs will go up and the current signs will have a sticker on them outlining the process.

Council Member Elliott asked if one of the routes to the mall was being eliminated, what kind of service would be left. Mr. Lovell explained the route still included service to the mall.

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

Robert Tanner stated he was confused about going in and out at the outlet malls. Mr. Lovell clarified the route.

Christine Frankel, a member of the Transportation Commission, stated one of the strategic plans has been to expand service and reducing a ride from 60 minutes to 30 minutes which is critical to increasing ridership. Ms. Frankel stated the City was accessing a greater and wider area of Tracy that didn't have access to buses.

It was moved by Council Member Abercrombie and seconded by Council Member Elliott to adopt Resolution 2012-154 accepting changes to the Tracer Fixed Route Bus System effective August 1, 2012. Voice vote found all in favor; passed and so ordered.

11. ITEMS FROM THE AUDIENCE – None.

12. COUNCIL ITEMS

A. Council Designation of Voting Delegate and Up To Two Voting Alternates for the League of California Cities 2012 Annual Conference Business Meeting - The League of California Cities Annual Conference is scheduled for Wednesday, September 5,

2012, through Friday, September 7, 2012, in San Diego. An important part of the Annual Conference is the League of California Cities' Annual Business Meeting, held on September 7, 2012. At this meeting, the League membership considers and takes action on resolutions that establish League policy. In order to expedite the conduct of business at this policy-making meeting, each City Council should designate a voting delegate and up to two alternates who will be registered at the conference and present at the Annual Business Meeting. The League of California Cities has requested the names of the designated delegates be forwarded to them no later than Wednesday, August 15, 2012.

Mayor Ives indicated he was not able to attend this year. Mayor Pro Tem Maciel indicated he was available to attend the meeting. Council Member Elliott indicated he would like the City Manager to attend. Mr. Churchill indicated he or Maria Hurtado would attend.

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

It was moved by Council Member Abercrombie to adopt Resolution 2012-154.5 designating Mayor Pro Tem Maciel as the voting delegate for the League of California Cities 2012 Annual Conference Business Meeting. Voice vote found all in favor; passed and so ordered.

- B. Discuss and Provide Direction on the Establishment of a City Council Procedures and Protocol Manual, a City Council Communications Policy, and a City Council Code of Conduct - Maria Hurtado, Assistant City Manager, presented the staff report. On January 17, 2012, the City Council directed staff to place an item on a future City Council agenda to discuss the creation of a City Council Communications Policy and Code of Conduct for City Council Members.

Currently, the primary policy document for the conduct of City Council meetings is the City's Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings ("City Council Procedures") which was adopted by Resolution 2008-140. However, this policy does not directly address the subject of the conduct of City Council members by documenting accepted practices and clarifying expectations. Nor does it address how written communications to, from, and between City Council Members are handled.

A number of cities have adopted city council codes of conduct and communications policies in addition to rules of procedures for conducting meetings. Some cities have included such policies in a manual that serves as an easy reference guide to council members, staff, and the public. Staff believes that creating such a manual would be helpful. Therefore, concurrently with considering the establishment of a City Council Communications Policy and a City Council Code of Conduct, staff is recommending that the City Council direct staff to begin preparing a City Council Procedures and Protocol Manual. Such a manual would contain, or cross reference, existing City Council-adopted policies (including the City Council Procedures), references to state law provisions that pertain to the City Council, and any new City Council-related policies that are adopted (e.g., the City Council Communications Policy and the City Council Code of Conduct).

To clarify its preferred procedures as to how communications to, from, and between City Council Members take place, staff recommends that the City Council adopt a City Council Communications Policy. If the Council chooses to adopt such a policy, it could eventually be included in the City Council Procedures and Protocol Manual, described above. This draft is largely based on current practices and City Council policies as well as state law requirements.

Although this draft City Council Communications Policy primarily addresses how written City Council-related communication is handled (e.g., emails, letters, etc.), it does not directly address how City Council Members should conduct themselves in their communications with each other, City staff, and with the public. Staff recommends that these subjects be addressed, if at all, in the context of a City Council Code of Conduct, discussed below.

Staff recommended that the Council review the draft City Council Communications Policy and provide direction as to whether Council wishes to adopt such a policy. If Council prefers, this topic could also be further discussed as part of a workshop, along with a proposed City Council Code of Conduct.

Many cities and organizations have a code of conduct, or guidelines, establishing how Council Members and officials should deal with each other, staff, and the public. Samples of such codes/guidelines from the Cities of Sunnyvale and the Mountain House Community Services District are attached to the staff report. Staff recommended that the Council review these samples and provide initial direction as to whether Council wishes to adopt such a code/guidelines and generally what should be included in such code/guidelines.

Staff recommended that City Council discuss the establishment of a City Council Procedures and Protocol Manual, a City Council Communications Policy, and a City Council Code of Conduct, and:

- Direct staff to begin establishing a City Council Procedures and Protocol Manual;
- Provide direction to staff on the draft City Council Communications Policy; and
- Provide initial direction to staff on establishing a City Council Code of Conduct and scheduling a future workshop on this topic.

Mayor Pro Tem Maciel stated he appreciated the examples that were provided by staff, but indicated he was more concerned about how communication was handled and general guidelines on how questions are answered.

Council Member Abercrombie indicated he believed a policy needed to be adopted regarding how inquiries directed to the Council as a body would be handled.

Council Member Rickman indicated he too was concerned with the communication policy.

Council Member Elliott agreed that a communication policy would be helpful along with a standard established. Council Member Elliott stated it would be useful to have some general guidelines regarding communication.

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

Dave Helm stated whatever the Council does needs to foster communication with residents and vice versa.

It was Council direction to direct staff to bring back information regarding a communication policy.

Mayor Pro Tem Maciel indicated he supported that discussion and stated there should be discussions later regarding realistic guidelines.

Mr. Sodergren stated the third aspect of the staff report indicated that other cities have compiled all their policies into one manual and hoped that Council would provide direction on that point.

Mayor Ives indicated if staff was proposing to put existing policies in one manual, he was not opposed to it.

Council Member Abercrombie wished his son, in Afghanistan, a happy 22nd birthday.

Council Member Elliott proposed a future discussion item regarding the City running the library and indicated he would like an update. Mayor Pro Tem Maciel agreed it would be worthwhile to review.

13. ADJOURNMENT - It was moved by Council Member Abercrombie and seconded by Council Member Rickman to adjourn. Time: 10:14 p.m.

The above agenda was posted at the Tracy City Hall on July 12, 2012. The above are summary minutes. A recording is available at the office of the City Clerk.

Mayor

ATTEST:

City Clerk