

January 15, 2013, 4:30 p.m.

Council Chambers, 333 Civic Center Plaza

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

1. Chairperson Thoming called the meeting to order at 4:30 p.m.
2. Roll Call found Directors Ives, Rickman, Vieira and Chairperson Thoming present.
3. Items from the Audience - None.
4. Approval of Minutes – It was moved by Director Rickman and seconded by Director Vieira to adopt the regular meeting minutes of October 16, 2012. Voice vote found all in favor; passed and so ordered.
5. ACCEPT A REPORT ON THE SOUTH COUNTY FIRE AUTHORITY EMERGENCY RESPONSE PERFORMANCE FOR THE SECOND QUARTER OF FISCAL YEAR 2012-2013 – Fire Division Chief Steve Hanlon presented the staff report. There were a total of 1,583 incidents in the South County Fire Authority (SCFA) during the second quarter of fiscal year 2012/2013. This is an increase over the second quarter of the last two fiscal years. There were 1,469 incidents during the second quarter of fiscal year 2011/2012 and 1,374 during the second quarter of 2010/2011.

Eleven structure fires occurred during the second quarter, which is an increase compared to the same quarter of the two previous years (there were four structure fires in the second quarter of 2011/2012 and five in the second quarter of 2010/2011). The most significant structure fires that occurred during the second quarter of fiscal year 2012/2013 were two garage fires in the City of Tracy, an outbuilding fire in the Tracy Rural area and two residential structure fires in the Mountain House Community Services District.

The department's goal is to confine residential structure fires to the room of origin or less 90% of the time. During the first two quarters of fiscal year 2012/2013, the department confined residential structure fires to the room of origin or less 80% of the time in the City and 75% of the time in Mountain House. There were no residential structure fires in the Tracy Rural area during the first two quarters of fiscal year 2012/2013.

Tracy Rural Fire Protection District had four vehicle fires during the quarter totaling \$184,500 in loss. One fire accounted for the majority of the loss, which was a tomato harvester that was destroyed by fire in a field near Valpico Road and Corral Hollow Road. It was estimated that the harvester loss was \$175,000.

During the second quarter of fiscal year 2012/2013, the department responded to 54% of all emergency incidents inside of the City of Tracy within the total reflex performance objective of 6.5 minutes (during the first quarter of fiscal year 2012/2013 total reflex performance was 54% and for the second quarter of 2011/2012 fiscal year it was 50%).

The 90th percentile for all incidents in the City was 8 minutes and 38 seconds (8:38) meaning 90% of all incidents were responded to within 8:38 or less.

In the second quarter of fiscal year 2012/2013 the Fire Department responded to 67% of all emergency incidents in the Tracy Rural Fire Protection District within the total reflex performance objective of 10 minutes (during the first quarter total reflex performance was 72% and the second quarter of fiscal year 2011/2012 it was 68%). The 90th percentile for all incidents in the rural area was 13 minutes and 09 seconds; 90% of all incidents were responded to within 13:09 or less.

Response performance in the Mountain House Community Services District was 36% for all emergency incidents within the total reflex performance objective of 6.5 minutes. The 90th percentile for all incidents was 10 minutes and 03 seconds; 90% of all incidents were responded to within 10:03 or less.

Staff recommended the Board of Directors accept the South County Fire Authority Response Performance Report for the second quarter of fiscal year 2012/2013.

It was moved by Director Ives and seconded by Director Vieira to accept the South County Fire Authority Response Performance Report for the second quarter of fiscal year 2012/2013. Voice vote found all in favor; passed and so ordered.

6. ELECTION OF A CHAIRPERSON AND VICE-CHAIRPERSON OF THE SOUTH COUNTY FIRE AUTHORITY BOARD FOR THE 2013 CALENDAR YEAR
DISCUSSION - Per the Joint Exercise of Powers Agreement of the South County Fire Authority, the governing board shall be administered by a Board of Directors consisting of four members. Two members shall be Tracy City Council members and two members shall be Tracy Rural Fire Protection District Board members.

The Board of Directors will elect annually a Chairperson and Vice-Chairperson from its members. The Chairperson and Vice-Chairperson shall rotate from each member agency, and the Chairperson and Vice-Chairperson shall not be appointed from the same member agency.

As the previous election of a Chairperson for the South County Fire Authority Board was conducted during the January 17, 2012, meeting, with the Chairperson being elected from the Tracy Rural Fire Protection District and the Vice-Chairperson being elected from the City of Tracy, the Board must rotate the 2013 election and the Chairperson will be elected from the City of Tracy and the Vice-Chairperson will be elected from the Tracy Rural Fire Protection District.

In the event of the disqualification, or permanent inability to serve as the Chairperson during the year, another member from the same agency shall be appointed Chairperson to fulfill the one-year term.

The Chairperson shall sign all contracts on behalf of the Authority and shall perform other duties that may be imposed by the Board of Directors. The Vice-Chairperson shall act, sign contracts, and perform all of the Chairperson's duties in the temporary absence of the Chairperson.

Staff recommended that the Board of Directors of the South County Fire Authority, by motion, elect for calendar year 2013 a Chairperson from the City of Tracy and a Vice-Chairperson from Tracy Rural Fire Protection District.

Director Ives motioned to appoint Director Rickman, City of Tracy, as Chairperson for 2013. Director Vieira seconded the motion. Voice vote found all in favor; passed and so ordered. Chairperson Thoming motioned to appoint Director Vieira, Tracy Rural Fire Protection District, as Vice Chairperson for 2013. Director Ives seconded the motion. Voice vote found all in favor; passed and so ordered.

7. PROVIDE DIRECTION TO STAFF REGARDING THE CITY'S REQUEST TO FORM A JOINT POWERS AUTHORITY BETWEEN THE CITY OF TRACY AND THE SOUTH COUNTY FIRE AUTHORITY WITH THE NEW JOINT POWERS AUTHORITY BEING USED BY THE CITY OF TRACY AS THE FINANCING MECHANISM TO ISSUE A VARIETY OF BONDS – Zane Johnston, Finance and Administrative Services Director, presented the staff report. In order for the City to take advantage of refinancing opportunities due to declining interest rates and improved credit worthiness of various districts, the City used the legal structure of the Tracy Operating Partnership Joint Powers Authority (TOPJPA) as the mechanism to issue such debt. The TOPJPA is a joint powers authority formed between the City of Tracy and the Tracy Community Development Agency (a redevelopment agency) over a decade ago. Since that time the TOPJPA has issued over \$100 million in tax exempt municipal bonds. Approximately 80% of these were for the purposes of refinancing existing debt at lower interest rates. The other 20% was through the issuance of lease back financing.

The use of TOPJPA has provided the City the opportunity to prudently issue municipal debt, which due to its tax exempt nature (the bond owners do not have to pay federal or California state income taxes on the interest received) is a low cost form of debt financing. The City's total annual General Fund debt service is just \$1.2 million compared to a total General Fund budget of \$50 million – debt therefore being just 2.4%. Anything under 5% is generally considered a prudent General Fund debt service level.

Municipal debt is commonly used to finance large infrastructure items such as wastewater facilities and lines, buildings and other items with long useful life. For example, the Tracy Rural Fire District entered into a 10 year municipal lease/debt structure in order to provide funding for the construction of Station 93 (New Jerusalem). Like most home owners who could have never purchased their homes without the use of a mortgage (debt), municipal governments also have needed to debt finance big ticket items. Often the financing of such infrastructure removes an impediment to development for not only residential purposes but also for commercial and industrial development – the latter of which is crucial for the City's economic development efforts to secure jobs and sales tax. The City would like to continue to have use of the TOPJPA in the future to facilitate the financing of such matters.

Legislation (AB 26) signed by the Governor eliminated all redevelopment agencies in the State of California effective February 1, 2012. The Tracy Community Development Agency no longer exists and it was one of the two agencies (the other being the City of Tracy) which formed the TOPJPA. As such the TOPJPA cannot be used in its current form to issue debt in the future (existing TOPJPA issued bonds are not affected). The

City therefore would like to create a new Joint Powers Authority (JPA) to facilitate debt financing in the future and needs another public agency to join in the creation of such. The South County Fire Authority is a local public agency that could join with the City of Tracy to create a new Joint Powers Authority for this purpose.

There are two major reasons why the City is requesting the South County Fire Authority create a new Joint Powers Authority with the City of Tracy. First, since the new JPA would facilitate the issuance of debt to assist in the financing of infrastructure necessary for new development, the taxes generated provide additional funding for fire services. For example, virtually all new growth areas of the City are also within the boundaries of Tracy Rural Fire District. Tracy Rural Fire District will receive its share of property taxes (about 11 cents of every dollar paid in property tax) plus the 3 cents per square foot special fire tax. New development therefore improves the financial resources of Tracy Rural Fire District, which currently funds approximately 30% of all costs of fire services provided by the South County Fire Authority.

Secondly, the City of Tracy is requesting the South County Fire Authority to join the City in the creation of a new JPA because it fosters local cooperative relationships that have a benefit of reducing costs for residents and businesses. The City can form a new JPA with a statewide organization designed for this purpose but the organization would charge a fee of \$30,000 to \$40,000 to do so. By forming a new JPA with another local agency such as the South County Fire Authority, the fee can be avoided. An on-going cooperative relationship between the City, Tracy Rural Fire District, and the South County Fire Authority serves all parties. For example, City staff assisted Tracy Rural Fire District in soliciting and arranging bids for the municipal lease Tracy Rural Fire District used to finance the construction of Station 93.

By forming a JPA with the City of Tracy neither the South County Fire Authority nor its member agencies (Tracy Rural Fire Protection District and the City of Tracy) are exposed to any debt liability of the JPA. Payment of bonds is strictly limited to the revenues associated with such bond issue. Government Code Section 6508.1 permits the JPA agreement to be written so that the debts of the JPA are not debts of the members of the JPA. As such, if the City and the South County Fire Authority formed a new JPA for financing purposes, the following section would be part of the formation agreement:

Section 2.03. Non-Liability of Members and Directors for Obligations of Authority. The debts, liabilities and obligations of the Financing Authority shall not be the debts, liabilities and obligations of any of the Members. No member, officer, agent or employee of the Financing Authority is individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Financing Authority or be subject to any personal liability or accountability by reason of any obligations of the Financing Authority. Nothing herein contained relieves any such member, officer, agent or employee from the performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Financing Authority.

The new JPA requested by the City would be formed after the various documents establishing the new JPA were approved by both the City Council and by the Board of Directors of the South County Fire Authority. Once the South County Fire Authority approved such matters, it is not anticipated there would be any necessity for future

actions by the South County Fire Authority Board related to the new JPA. The Board of Directors of the new JPA would be the members of the City Council. Whenever this new JPA was used for the purposes of issuing debt, all matters related to that specific debt issue would be considered by the Board of the new JPA as well as by the City Council. Since Council Members would also serve as Board Members of the new JPA, it is anticipated that meetings of both Council and the new JPA would be held jointly during the time of regularly scheduled Council meetings. Such was the previous situation with the TOPJPA which conducted various joint meetings of its Board of Directors (which were also the Council Members) with that of the City Council.

There is no fiscal impact to the South County Fire Authority in forming a new JPA with the City of Tracy for the purposes of facilitating debt financing. The cost of legal services to prepare the JPA agreement are covered within the fee for Bond Counsel services which will be paid from bond proceeds upon closing of the first bonds issued by the new JPA.

Staff recommended the Board of Directors of the South County Fire Authority by motion, provide direction to Authority staff (City staff also serves as staff to the Fire Authority) regarding the formation of a new JPA between the South County Fire Authority and the City of Tracy as requested by the City for the purposes of facilitating debt financing. If the Board approves this request, formation documents for the new JPA will be prepared and brought back to a subsequent meeting of the South County Fire Authority Board of Directors for formal approval and adoption.

Director Ives urged the Board to move forward with the JPA formation and to direct staff to bring back the item for adoption of the documents in April 2013.

Mr. Johnston responded that if directed by the Board, staff would have Bond Counsel prepare the formation documents for a new JPA, and bring the item back to the SCFA in April 2013, for adoption.

It was motioned by Chairperson Rickman and seconded by Director Vieira to proceed with formation of the JPA. Voice vote found all in favor; passed and so ordered.

8. Items from the Audience – None
9. Adjournment - It was moved by Director Ives and seconded by Director Vieira to adjourn. Voice vote found all in favor; passed and so ordered. Time: 4:48 p.m.

The above are summary minutes. The above agenda was posted at Tracy City Hall on January 10, 2013.

Chairperson

Attest:

Secretary