

**April 2, 2013, 6:00 p.m.**

City Council Chambers, 333 Civic Center Plaza

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1. Mayor Pro Tem Maciel called the meeting to order at 6:00 p.m.
2. Roll call found Council Members Manne, Rickman, Young, and Mayor Pro Tem Maciel present; Mayor Ives absent.
3. Items from the Audience – None.
4. CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE PROPOSED FY 13/14 CAPITAL IMPROVEMENT PLAN (CIP) – Jenny Haruyama, Administrative Services Director, provided the staff report. Ms. Haruyama stated the Capital Improvement Plan (CIP) is comprised of current, new, and future projects. Current projects are those that have not yet been completed and were funded in FY 12/13 or in prior fiscal years. If any of those projects require additional funding it is noted in the year in which the funding is proposed. The CIP also reflects new projects proposed for FY 13/14 or projects anticipated to occur in a future year.

The CIP is organized into groups by the type of project. Groups include: General Government and Public Safety Facilities, Traffic Safety, Streets and Highways, Wastewater Improvements, Water Improvements, Drainage Improvements, Airport and Transit Improvements, Parks and Recreation, and Miscellaneous Projects.

CIP projects are funded by various funding sources, including the General Projects Fund (Fund 301), Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, and Other Sources.

The General Projects Fund, known as Fund 301, is the only fund that can be used to support any type of project. Revenue that is appropriated to this fund is General Fund revenue. A small portion of CIP projects are funded via the General Projects Fund.

The majority of CIP projects are funded through funding sources that have unique limitations. For instance, the Special Revenue Fund receives gas tax, which is legally restricted for specific purposes. Gas tax must be spent on roadway and traffic safety improvements and transit funds spent only for transit purposes.

The Capital Projects Fund also support a number of CIP projects, which are funded through various fees, like development impact fees. Development impact fees are collected in various areas of the City, such as the North East Industrial (NEI) or Gateway and provide funding for infrastructure improvements associated with a particular development. These funds must be spent on projects that were identified in establishing the fee.

Enterprise Funds, which support water and wastewater services, can only be spent on enterprise projects.

CIP projects can also be funded through Internal Service (IS) Funds. Revenue acquired through the IS Fund is accounted for by charges to City departments for city-wide services that support most City programs, including information technology, building maintenance, risk management, and equipment replacement.

Some CIP projects are supported through Other Sources, which is comprised of developer contributions and various local, state, and federal grants.

The total proposed FY 13/14 CIP is approximately \$57.7 million. Of that amount, \$39.4 million is for current projects and \$18.3 million is for new projects.

Formal adoption of the CIP will occur in June 2013. Adoption of the FY 13/14 CIP only appropriates funding for new projects or additional funding for existing projects that are scheduled to occur in FY 13/14.

General Projects Fund 301 is funded through General Fund revenue; however, this has only occurred when the operating budget has excess revenue over expenses or the City receives unexpected one-time revenue. There is no ongoing, dedicated funding source to support capital projects.

It is anticipated that in FY 13/14, there will be approximately \$3,097,073 available for CIP projects.

#### CIP SOURCE OF FUNDING

Beginning Fund Balance	\$ 15,782,200
Tracy Rural Fire Department Grant	925,000
Close-out RDA, Housing	570,500
Close-out RDA, Projects (Estimate)	317,000
Property Tax Administration Fee Refund	847,960
Close-out Debt Fund 405	1,327,600
Close-out Assessment District & CFD Funds	50,680
Total	\$ 19,820,940
Projects Budgeted for FY12-13	\$ 16,723,867
Available Funds for FY13-14	\$ 3,097,073
Projects Proposed for FY13-14	3,000,100
Unallocated funds	\$ 96,973

For FY 13/14, approximately 113 projects requiring Fund 301 money were submitted and evaluated for consideration. Of the amount, only 11 were recommended for funding, given the limited amount of available Fund 301 monies. Approximately \$3,000,100 is being requested from Fund 301 for FY 13/14. The total remaining unallocated funds is \$96,973. It is recommended not to completely allocate all available funding as costs associated with FY 12/13 budgeted and FY 13/14 proposed projects are subject to change.

These projects were internally reviewed and evaluated based on several criteria, including but not limited to:

- Public Safety: Does the project eliminate or prevent an existing health, environment, or safety hazard?
- Neighborhood/Community Impact: Does the project enhance property or increase quality of life within the City of Tracy?
- Legal Requirements: Is the project in accordance with state, local and federal laws or regulations?
- General Plan: Does the project advance the goals of the City of Tracy's General Plan?
- Population Served: Who in the community will the project serve?
- Fiscal Impact: Will the project have a net positive, neutral or negative impact on the City's finances? Does the project represent a good financial value for the cost? Does the project have high ongoing operational and maintenance costs?
- Life Expectancy: How long is the improvement expected to last?
- Economic Development: Does the project promote Economic Development?
- Sustainability: Does the project promote sustainability efforts?

FY 13/14 recommended projects to be funded with Fund 301 are:

PROJECT TYPE	PROJECT NAME	FUND 301	OTHER FUNDING	TOTAL PROJECT COSTS
General Government & Public Safety	Animal Shelter, Increment I	\$908,000		\$4,723,000
	Fire Station 91 Quarter Modifications	\$29,300		\$29,300
Parks and Recreation	Tracy Ballpark Phase 1 – Stakeholder Outreach	\$25,000		\$25,000
	El Pescadero Park – New Restrooms	\$434,500		\$434,000
	Demolition and Sale of Bessie Building	\$140,000		\$140,000
	MacDonald Park – Restroom Replacement	\$476,200		\$476,200
	MacDonald Park – Handball Court	\$34,500		\$34,500
	Facilities Reservation Software	\$20,000	\$20,000 (TDA Grant)	\$40,000
Airport and Transit Improvements	Airport Pavement Rehabilitation, Phase II of V, Project 3A (Runway 12/13, Taxiway B,D,E)	\$447,600*	\$13,255,740 (FAA Grant Funding)	\$15,589,000
Miscellaneous	Human Resources/ Financial Information System	\$300,000	\$450,000 (Internal Service Fund - Equipment Replacement)	\$750,000
	Wireless Infrastructure	\$185,000		\$185,000
<b>TOTAL</b>		<b>\$3,000,100</b>	<b>\$13,725,740</b>	<b>\$22,426,000</b>

The recommended Fund 301 project matrix reflects the total cost of the Airport Pavement Rehabilitation project, which is \$15.6 million. Not noted is the total cost for Phase 2 in FY 13/14, including the City's share and a matching grant from the Federal Aviation Administration (FAA). Combined, the FY 13/14 project cost is \$4.78 million.

The Airport Pavement Rehabilitation project is a multi-phased project and will require approximately \$2.3 million from Fund 301 over the next four years, assuming that the City receives \$13.3 million in FAA grant funding. It should also be noted that between 1997 and 2009, the Airport Fund, to finance various capital projects, borrowed \$1,263,622, including interest from the Water Fund, and \$250,000 from the State. In 2012, the loan from the Water Fund was consolidated to \$862,500 with an updated interest rate based on current Local Agency Investment Fund rates. Under the consolidation agreement, the first three years' payments are interest only payments of \$20,873. Beyond the three years, annual payments of \$40,770 are to be made to the Water Fund over a period of 30 years. The State loan will be paid in full in 2014.

There is no fiscal impact associated with the acceptance of this report. Based on Council feedback, the proposed Five-Year FY 13/14 – FY 17/18 CIP will be presented for Council consideration and adoption in June 2013.

Mayor Pro Tem Maciel asked if demolition and subsequent sale of the Bessie Avenue property could add to the remaining \$96,973 balance of unallocated funds. Ms. Haruyama indicated that was entirely up to Council.

Mayor Pro Tem Maciel referred to the software upgrade for facility rental asking if the revenue generated from rentals was known. Rod Buchanan, Interim Public Works Director, indicated the software cost was shared with the Transit Fund and will be used to rent all facilities. Mr. Buchanan further indicated other companies that have used this software saw an immediate 10%-15% increase in revenue. Mr. Buchanan stated a savings in staff time will be realized because users of the software will be able to take a virtual tour of the facilities and book them online.

Ms. Haruyama added that yearly revenue from facility rentals totaled approximately \$100,000 which could be used as a benchmark to evaluate any changes in revenue generated.

Council Member Rickman referred to the Tracy Ballpark asking why the City needed to spend \$25,000 on a consultant. Leon Churchill, Jr., City Manager, stated the City could certainly do its own outreach, but that existing staff did not necessarily have the skill set to translate those ideas into a design.

A discussion ensued regarding ways to decrease the amount spent on a consultant for the Tracy Ballpark. Ms. Haruyama added that the scope of work in a professional services agreement can be negotiated and that staff will look for every opportunity to minimize costs.

Council Member Young asked if any funds would be available for modifications to the Tracy Ballpark after the community has provided their input. Mr. Churchill stated at this

point no funds were budgeted for construction at the Tracy Ballpark. Mr. Churchill added that the Tracy Ballpark was a high ranking project for Council and that it would be prudent to have the design process underway or completed in order to qualify for any possible grant funding.

Council Member Rickman referred to a future communication tower project and asked if staff had approached the California Highway Patrol (CHP) to partner with them on their proposed 100-foot tower. Police Chief Gary Hampton stated staff has had conversations with the CHP, but due to the towers' proximity in the eastern part of the city, the tower would not meet City needs. Chief Hampton added that the CHP tower had a 10 year radio communication plan which would consume all of their tower space. Chief Hampton stated the City's 180-foot tower proposed for the opposite end of the City would cover areas impacted by recent and forecasted growth. Chief Hampton added that staff was looking at other funding options for the proposed tower.

Council Member Young referred back to the Tracy Ballpark project asking if staff knew whether or not it could be completed in less than five years. Mr. Churchill indicated that would be up to future Councils and the appropriation process. Mr. Churchill added that the project was ranked high and would likely be recommended for construction.

Council Member Young voiced concerns about the airport rehabilitation pavement project that covered multiple years, asking how the City can commit future funds. Mr. Churchill stated he strongly recommended Council consider financial policies that direct one-time revenues for capital investments that will be needed over the next several years. Mr. Buchanan added that this was a worst case funding scenario from Fund 301. Mr. Buchanan indicated staff intended to apply to the State of California for matching funds and was dependent on the FAA's ability to fund the project. Mr. Buchanan further stated it was unusual for an airport our size to get a commitment of \$15 million.

Mayor Pro Tem Maciel invited members of the public to address Council on the item.

Ray Morales, 1801 Foxwood Drive, representing Southside Communities, addressed Council regarding MacDonald Park. Mr. Morales indicated it was difficult to have organized functions at the park due to the lack of handicapped facilities. Mr. Morales stated the handball court was heavily used and that he was aware of future activities that would require additional use of the handball court. Mr. Morales asked Council to support funding for MacDonald Park improvements.

Jo Hensel, an 8<sup>th</sup> Grade teacher at North School and students, addressed Council regarding "Operation Hoop It Up" asking if there might be Capital funds available to build a basketball park in El Pescadero Park.

Mayor Pro Tem Maciel indicated he had visited North School where he urged the class to be an advocate for the project and asked if any estimates were available from staff.

Kuldeep Sharma, City Engineer, indicated an estimate was prepared totaling \$60,000-\$65,000 which includes excavation for the court, installation of asphalt, grading, and striping.

David Duncan, President, Tracy Express Girls Softball, asked for funds for the design of Phase II softball fields at Legacy Fields. Mr. Duncan indicated Tracy Unified School District was not maintaining the fields to their needs and would not allow the league to maintain the fields.

Trina Anderson thanked Council for their support of the airport projects listed in the CIP budget.

Robert Tanner, 1371 Rusher Street, referred to Fund 301, asking if the estimate was accurate for the closeout of the Redevelopment Agency. Ms. Haruyama stated it was very accurate. Mr. Tanner then suggested taking some of those funds, not demolish the Bessie Avenue building, and allocate it to the basketball court in El Pescadero Park as requested by the youth from North School.

Dave Anderson, 1940 Earl Way, suggested the City salvage the Bessie Avenue building and have the salvage company pay the cost of demolition. Mr. Anderson referred to the costs of the Human Resource and Parks software and asked if the two systems could be combined or farmed out.

Craig Saalwachter, 4083 Peyton Lane, addressed Council regarding the lack of planned facilities for seniors.

Council Member Rickman asked what the liability would be if nothing was done with the Bessie Avenue property. Dan Sodergren, City Attorney, stated he was not aware of any immediate liability. Council Member Rickman asked if the City has looked at another party performing the demolition. Mr. Buchanan stated staff explored that option and that risk management indicated because of the condition of the building, especially due to the existence of mold, it was not advisable.

Council Member Manne asked if the value of the building was known. Andrew Malik, Development Services Director, two homes could be built on the lot and the property was valued at approximately \$50,000.

Mayor Pro Tem Maciel stated he understood that proposed CIP funding calls for demolition of the Bessie Avenue building and resale of the property, which would be added back into CIP funds. Mayor Pro Tem Maciel asked if funds from the resale of the property could be earmarked toward a basketball court at El Pescadero Park. Ms. Haruyama indicated there are times when excess revenues can be put into Fund 301.

Mayor Pro Tem Maciel stated he was an advocate for adding restrooms to both El Pescadero and MacDonald Parks and rehabilitation of the MacDonald Park handball courts.

Council Member Young asked what the estimate was for the design of Phase II of Legacy Fields. Mr. Buchanan indicated the design for Phase 1 was \$1 million, and Phase II is estimated at \$200,000.

Council Member Rickman asked if there was any money left over from Phase I. Mr. Buchanan stated no; that the project was right on budget.

Council Member Young stated there were many worthy projects for youth and seniors and advocated anything that builds our parks and encouraged creative fund raising.

Ms. Haruyama indicated rather than waiting for potential proceeds from the sale of the Bessie Avenue property, Council allow staff to come back and add the El Pescadero basketball court as part of the proposed projects to see what funding was available after projects are complete. Ms. Haruyama indicated it might take a couple of months to determine the level of available funding.

Council Member Manne asked Ms. Haruyama to address unallocated funds. Ms. Haruyama stated it provides flexibility for unseen costs. Ms. Haruyama indicated staff had been very conservative in their estimates. Council Member Manne asked if there was a typical benchmark. Ms. Haruyama stated there was no established past practice.

Council Member Manne stated he would like children to know that they do not come last or behind \$15 million projects. Council Member Manne stated he was in favor of using funds for the basketball court.

It was Council direction to accept the proposed projects and asked staff to add the basketball court to the list of projects when future estimates return.

5. Adjournment – It was moved by Council Member Manne and seconded by Council Member Rickman to adjourn. Voice vote found all in favor; passed and so ordered. Time: 7:07 p.m.

The above agenda was posted at the Tracy City Hall on March 28, 2013. The above are summary minutes. A recording is available at the office of the City Clerk.

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Mayor Pro Tem

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City Clerk