

May 7, 2013, 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 Pastor Scott McFarland, Journey Christian Church.

Roll call found Council Members Manne, Rickman, Young, Mayor Pro Tem Maciel and Mayor Ives present.

Mayor Ives and Police Chief Hampton swore in Police Officers Graham Hawkinson and Jeff Towers and Sargent Ryan Knight.

Mayor Ives presented Certificates of Appointment to new Transportation Advisory Commissioner Michael Carter.

Mayor Ives presented Certificates of Recognition to outgoing Transportation Advisory Commissioners Adam Duran and Mark Maynard.

Mayor Ives presented a proclamation to Jeanne Richards, Senior Center Volunteer, in recognition of Older Americans Month.

Mayor Ives presented a proclamation to Anita Hollingsworth and Sharon Germolus, Central Valley Velo, in recognition of National Bike to Work Week.

Mayor Ives recognized students from Tom Hawkins and Jefferson Elementary Schools in recognition of their D.A.R.E. graduation.

1. CONSENT CALENDAR - Following removal of items 1-C, 1-M and 1-N, it was moved by Mayor Pro Tem Maciel and seconded by Council Member Manne to adopt the consent calendar. Roll call vote found all in favor; passed and so ordered.
 - A. Approval of Minutes – Regular minutes of March 5, 2013, and Joint City Council and Tracy Rural Fire Protection District Special minutes of March 19, 2013 were approved.
 - B. Consideration of a Resolution Approving the Exercise of Powers Agreement Establishing the Tracy Public Financing Authority between the City of Tracy and the South County Fire Authority – Resolution 2013-057 approved the Agreement.
 - D. Acceptance of the Boyd Service Center Building A Renovation, Expansion of Public Works Facility Phase 1 Project - CIP 71054A, Completed by Sierra Valley Construction of Roseville, California, and Authorization for the City Clerk to file the Notice of Completion – Resolution 2013-058 accepted the project.
 - E. Acceptance of the MacArthur Drive and Schulte Road Sidewalk Improvement Project – CIP 73132, Completed by Breneman Inc., of Walnut Creek,

- California, and Authorization for the City Clerk to File the Notice of Completion - Resolution 2013-059 accepted the project.
- F. Authorization to Continue the Existing Professional Services Agreement for One Final Year between the City of Tracy and the Tracy Unified School District (TUSD) to Provide 5th Grade Drug Abuse Resistance Education (D.A.R.E.) Services for Fiscal Year 2012-13, Authorize the Mayor to Execute the Agreement, Authorize Payment for Services Rendered, and Summary of the Classes Taught, Activities Shared and Materials Purchased - Resolution 2013-060 authorized continuing the Agreement.
- G. Award a Construction Contract to Knife River Construction of Stockton, California for the 12th Street Sidewalk Improvements - CIP 73134, Authorize Transfer of Funds from CIP 73132 to CIP 73134, and Authorize the Mayor to Execute the Contract - Resolution 2013-061 awarded the contract.
- H. Declaring and Approving the List of Surplus Equipment for Sale at Public Auction to the Highest Bidder - Resolution 2013-062 declared and approved the list.
- I. Authorize Staff to Send Notice Terminating the Professional Services Agreement with RBF Consulting, Inc.; Find that Compliance with the Formal Request for Proposal Procedures is not in the Best Interest of the City; and Approve a Professional Services Agreement with Kimley-Horn and Associates, Inc. Consulting for the Preparation of an Environmental Impact Report for the Tracy Hills Specific Plan Amendment - Resolution 2013-063 approved the actions.
- J. Approval of the Final Subdivision Map for Muirfield 7 - Phase 3, Tract 3265 - Resolution 2013-064 approved the subdivision map.
- K. Approve Amendment 1 to the Professional Services Agreement (PSA) with West Yost and Associates for Additional Services to Update the Evaluation of the Water Distribution Network of the City of Tracy's Existing Water Pressure Zone 3 Area - Resolution 2013-065 approved the amendment.
- L. Minor Amendment to the Plaza One Final Development Plan to Replace Parking Stalls with an Outdoor Dining Area Adjacent to the Building at 2972 West Grant Line Road - Applicant is JS Kendall Construction, Inc. for Plaza One, LLC - Resolution 2013-066 approved the amendment.
- C. Approval of Resolutions: (1) Initiating Proceedings for the Annual Levy for Tracy Consolidated Landscape Maintenance District, (2) Preliminarily Approving the Engineer's Report for the Tracy Consolidated Landscape Maintenance District, (3) Declaring the Intention to Levy Annual Assessments, and (4) Setting the Date for the Public Hearing – Council Member Rickman voiced his concern that the 2.2% CPI for the San Francisco-Oakland-San Jose Area was being used to bases increases on. Leon Churchill, Jr., City Manager, indicated there were no other metropolitan area cost of living indexes other than the bay area available. Mr. Churchill added that as others indexes are developed, staff will look at those.

Council Member Rickman asked how residents could find out what zone they reside in and if they will be affected. Anne Bell, Management Analyst, indicated if there is no increase over the maximum rate, then no notice will be sent out; however, the Engineer's Report will be posted on web site.

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

Robert Tanner, 1321 Rusher Street, asked what date the public hearing would be held. Ms. Bell stated the public hearing is scheduled for June 4, 2013.

It was moved by Council Member Rickman and seconded by Mayor Pro Tem Maciel to adopt Resolution 2013-067 initiating proceedings for the annual levy and collection of assessments for Tracy Consolidated Landscape Maintenance District; Resolution 2013-068 preliminarily approving the Engineer's Report; Resolution 2013-069 declaring the City's Intention to levy annual assessments. Mayor Ives abstained from Zone 24; Council Member Young abstained from Zone 3; Council Member Manne abstained from Zone 18.

- M. Approve an Exclusive Negotiating Rights Agreement by and Between the City of Tracy and Becker Commercial Properties for City-Owned Property Located Near the Southwest Corner of Naglee Road and Pavilion Parkway and Authorize the Mayor to sign the Agreement - Andrew Malik, Development Services Director, provided the staff report. The City owns 2.78-acres of property located near the southwest corner of Naglee Road and Pavilion Parkway, which is currently utilized as a Park and Ride Lot (the 'Site'). With the recent uptick in retail and restaurant activity, staff sees the Site as an opportunity to attract a prime retail or restaurant user to the I-205 area.

City Council recently approved an Exclusive Negotiating Rights Agreement (ENRA) with Becker Commercial Properties (the 'Developer') for development of a City-owned parcel adjacent to Texas Roadhouse. Negotiations with a restaurant tenant for that site have progressed favorably and staff has worked closely with the Developer to move the project forward. The City is now interested in pursuing the development of the City-owned Park and Ride site as well. The City and the Developer are aware of a few retail/restaurant tenants that have already shown interest in the Site. During that time, if the Developer is successful in obtaining a signed Letter of Interest (LOI) from a tenant that is acceptable to the City, then a Purchase Agreement will be prepared for Council consideration. The ENRA does provide a provision for a four month extension period if the Developer is making sufficient progress in the negotiation of a LOI or Lease Agreement with a desired tenant.

Staff has been in discussions with representatives from San Joaquin Council of Governments (SJCOG) regarding the relocation of the existing Park and Ride Lot to a neighboring property. The ENRA with Becker Commercial Properties contains a contingency clause related to the successful negotiation with SJCOG to relocate the Park and Ride Lot to an alternative site. Development of the Site will only occur if the City is successful in identifying a location and receiving approval from SJCOG to relocate the Park and Ride Lot.

There is no fiscal impact associated with this action. Staff recommended that Council approve an Exclusive Negotiating Rights Agreement by and between the City of Tracy and Becker Commercial Properties and authorize the Mayor to sign the Agreement.

Council Member Young indicated her concern was with the relocation of the Park and Ride site. Mayor Ives stated the Park and Ride Lot had to be replaced; that it could not be done away with. Mr. Malik added that staff was working with the Council of Governments on relocating the lot.

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

It was moved by Council Member Rickman and seconded by Mayor Pro Tem Maciel to adopt Resolution 2013-070 approving an Exclusive Negotiating Rights Agreement by and between the City of Tracy and Becker Commercial Properties and authorizing the Mayor to sign the Agreement. Voice vote found all in favor; passed and so ordered.

- N. Award a Construction Contract to MCI Engineering of Stockton, California, for Road Closing and Improvements at Railroad Crossings Project – CIP 73PP128, Appropriate Funds from Gas Tax Fund 245 to CIP 73PP128, and Authorize the Mayor to Execute the Contract - Kuldeep Sharma, City Engineer, provided the staff report. Mr. Sharma stated Union Pacific Railroad (UPRR) recently requested the City of Tracy to provide support and facilitate replacement of railroad crossing pads at the following four locations: Central Avenue at Sixth Street; MacArthur Drive at Sixth Street; Eleventh Street West of Lincoln Boulevard; Tracy Boulevard at Sixth Street.

UPRR owns the crossing right of way and the City has public access easements over these crossings. The proposed improvements are part of the UPRR at-grade crossing improvements presently being constructed in various cities in San Joaquin Valley including Lathrop and Manteca.

UPRR will remove the old tracks and the rubber/concrete crossings and replace with new rail and concrete panels. This will require street closures for one week at each location. The City will be responsible for the road closures, removal, elevations and installation of asphalt concrete pavement, grinding, asphalt, overlaying, pavement markings and striping, construction detour, and traffic control.

To minimize traffic impacts, UPRR has agreed to schedule this work when schools are closed for summer break during the following dates:

Central Avenue at Sixth Street: Closure from June 10 - 17
MacArthur Drive at Sixth Street: Closure from June 17 - 24
Eleventh Street West of Lincoln Boulevard: Closure from June 24 - July 1
Tracy Boulevard at Sixth Street: Closure from July 1 - July 8

Since this project will have major impacts on circulation of traffic and public safety response, proper coordination and public information will be disseminated in advance at all of the impacted locations.

The project plans and specifications were prepared in-house by engineering staff. The project was advertised for competitive bids on April 20 and 27, 2013. Bids were received and publicly opened at 2:00 p.m. on May 2, 2013.

The lowest bid is from, MCI Engineering of Stockton, California. Staff has reviewed the lowest bid and completed the bid analysis. The bid is responsive and the bidder is responsible. Bidder has good references and has completed similar projects for other public agencies.

CIP 73PP128 is part of the Capital Improvement Project proposed budget for FY13-14, which will appropriate funds in the amount of \$230,000 on July 1, 2013. Staff requested that funds be appropriated now so that the project can be awarded in June to support UPRR's schedule. There will be no fiscal impact to the General Fund. Appropriation of funds in the amount of \$230,000 from Gas Tax Fund 245, to CIP 73PP128, is needed to complete the project.

Staff recommended that City Council award a construction contract to MCI Engineering of Stockton, California, for Road Closing and Improvements at Railroad Crossings Project – CIP 73PP128, in the amount not-to-exceed \$165,530, authorize an appropriation of funds in the amount of \$230,000 from the Gas Tax Fund 245, to CIP 73PP128, and authorize the Mayor to execute the construction contract.

Mayor Pro Tem Maciel asked if the road closures would be in effect 24 hours per day. Mr. Sharma stated yes.

Mayor Pro Tem Maciel asked if any of the work would be done after hours. Mr. Sharma stated not after 5 p.m.

Council Member Young asked staff how soon information would be going out, and suggested notifying the Chamber of Commerce regarding the 4th of July Parade. Mr. Sharma stated notification will begin on May 8, 2013, electronic sign boards will be placed near the sites, and staff will be coordinating with UPRR to confirm dates.

Council Member Manne asked if 100% closure was required in both directions. Mr. Sharma indicated it was a UPRR requirement. Mr. Sharma further indicated staff had asked for a bypass to no avail.

Council Member Manne asked if emergency access would be available 24 hours per day. Mr. Sharma indicated staff was only successful in getting a by-pass during the Eleventh Street improvements.

Mayor Ives indicated closing Eleventh Street for a week was unbelievable and believed UPRR should employ double shifts. Mr. Sharma indicated the City's

concerns were expressed to UPRR and the only concession was the emergency bypass on Eleventh Street.

Mayor Ives asked if any amount of money could be added to require them to work more than one shift. Mr. Sharma explained how that would be difficult to manage.

Council Member Manne asked if the elevation of the tracks would change. Mr. Sharma stated there should be minimal changes, and that the City will follow up creating slopes on each side of the tracks creating a smooth transition.

It was moved by Council Member Rickman and seconded by Council Member Young to adopt Resolution 2013-071 awarding a construction contract to MCI Engineering of Stockton, California, for Road Closing and Improvements at Railroad Crossings Project – CIP 73PP128, in an amount not-to-exceed \$165,530, authorizing appropriation of funds in the amount of \$230,000 from Gas Tax Fund 245 to CIP 73PP128, and authorizing the Mayor to execute the construction contract. Voice vote found all in favor; passed and so ordered.

2. ITEMS FROM THE AUDIENCE - Joe Murphy voiced his appreciation for Council and staff taking time to recognize seniors in Tracy.

Pastor Tim Heinrich and daughter Samantha Heinrich, 20 Appolosa Way, addressed Council regarding Lyme Disease. Pastor Heinrich and his daughter provided Council with additional information about the disease and asked that May be recognized as National Lyme Disease Awareness Month.

Paul Miles, 1397 Mansfield Street, addressed Council responding to comments made by Steve Abercrombie and Dave Helm at a previous Council meeting.

Mayor Pro Tem Maciel clarified that Items from the Audience was a critical part of a public meeting which allowed the public to have a voice in their government. Mayor Pro Tem Maciel stated the opportunity for public input did not preclude those making comments to attack staff or Council Members and that the comments were not necessarily factual.

Craig Saalwachter, 4083 Peyton Lane, addressed Council regarding the railroad crossing at MacArthur and Sixth Street, suggesting repairs also be made to the crossing at the same time as the scheduled repairs to the four railroad crossings discussed in a previous agenda item. Mr. Saalwachter commended staff on the improvements and appearance of the Lolly Hansen Senior Center. Mr. Saalwachter mentioned a new program for seniors titled R U OK, which provides phone calls to seniors who enroll in the program.

Robert Wilson, a member of Boy Scout Troop 505, invited the community to a fundraiser being held Saturday, May 11, 2013, between 10:00 a.m., and 3:00 p.m., at the Grocery Outlet. The Scouts will be selling hot dogs and root beer floats and donating the proceeds to the Tracy Animal Shelter.

3. APPROVING THE APPOINTMENT OF A TEMPORARY PROJECT SPECIALIST IN THE PUBLIC WORKS DEPARTMENT – Rod Buchanan, Interim Director of Public Works, provided the staff report. Mr. Buchanan stated that Steven Bayley

worked as a full-time employee in the Public Works Department for the past 19 years and retired on April 29, 2013.

Mr. Bayley has critical technical skills as well as institutional knowledge regarding the City's water resources and wastewater issues. He also has established critical working relationships with outside entities and has specialized technical knowledge for ongoing, long-term projects including Thermal Desalination, Aquifer Storage and Recovery, water storage in the Semitropic Water Storage Bank, water purchase from the City of Lathrop, additional water supply from the South San Joaquin Irrigation District, water supply from the Byron Bethany Irrigation District, Holly Sugar property farm lease, water supply for Legacy Fields, Bureau of Reclamation Long-Term contract renewal, and wastewater rates. Specialized technical service from Mr. Bayley is needed by the City on a part-time basis for a limited duration to ensure continued, uninterrupted progress on these projects. The specialized technical and institutional skills and knowledge needed are not readily available among current staff or in the open market.

Mr. Bayley will not work in excess of 960 hours in the coming year. He will be paid on an hourly basis, at no more than the equivalent of the hourly rate of the base salary of the Deputy Director position (which is the position that performs comparable duties). Mr. Bayley will not receive any additional benefits other than the hourly pay for actual hours worked. The City will ensure this appointment is in compliance with all statutes and regulations for annuitants under the California Public Employees Retirement System.

The California Public Employees Retirement System requires employers needing to hire recent retirees, to authorize the hire in a public meeting and to certify the nature and necessity of that employment. The appointment request is in compliance with regulations regarding the hiring of annuitants of the California Public Employees Retirement System.

There is no fiscal impact to the General Fund as all expenses are related to the Water and Wastewater Enterprise Funds. There are adequate funds in the adopted budget to cover the cost of this contract.

Staff recommended that Council approve the appointment of Steven Bayley to a temporary assignment as a Project Specialist in the Public Works Department.

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

Mayor Pro Tem Maciel stated it had been a pleasure to work with Mr. Bayley; that Mr. Bayley's knowledge is impressive. Mayor Pro Tem Maciel indicated this was an appropriate opportunity to take advantage of Mr. Bayley's knowledge and skills.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adopt Resolution 2013-072 approving the appointment of a temporary Project Specialist in the Public Works Department. Voice vote found all in favor; passed and so ordered.

4. COUNCIL DISCUSSION AND DIRECTION REGARDING OPTIONS FOR A CITY-FUNDED PROGRAM FOR OFF-SITE INFRASTRUCTURE IMPROVEMENTS IN SPECIFIC AREAS IN THE CITY – Andrew Malik, Development Services Director, provided the staff report. On March 5, 2013, Council considered a request from Montessori School representatives to have the City fund certain infrastructure improvements associated with a proposed new Montessori School in the City of Tracy. Council directed staff to research similar policies other Cities may have and explore options for a City-funded program. Council had an interest in a program that could potentially expedite construction of certain off-site infrastructure for specific areas of the City with special consideration given to areas that specifically promote uses such as educational, quality of life, or economic development.

In directing staff to research other City's policies with similar programs, Council commented that, if Redevelopment was still an active tool, the Mount Oso area would be an excellent candidate to focus Redevelopment efforts. The applicant made the argument that private investment in this area would eliminate blight and encourage others to develop.

In researching other Cities, no City had a similar City-funded program for public off-site infrastructure improvements.

OFF-SITE INFRASTRUCTURE CITY-FUNDED PROGRAM DESCRIPTION:

This public off-site Infrastructure program intends to stimulate the private sector to invest in certain underserved markets of the community to reduce blight and encourage economic development, given that the State has eliminated redevelopment agencies in California.

Any person may request that Council expedite construction of public off-site infrastructure. Council may, at its sole discretion, consider such requests. In determining whether to consider or grant such request, Council may take into account the following:

1. The area must be within the City and have development potential; and
2. The development planned for the area must create a minimum of five new jobs in the City; and
3. The improvements must be located within the identified program area; and
4. The area will likely attract the following uses;
 - i. Private Educational Use
 - ii. Office, Retail, or Industrial Use
 - iii. Other Quality of Life Use (Recreational, etc.)

No construction contract for off-site infrastructure under this program would be entered into by the City unless it has collected fair-share (off-site and development impact fees) from a developing property that is requesting infrastructure assistance as part of this program.

Should Council wish to proceed to establish a City-funded off-site infrastructure program, staff envisions that the City would provide an initial one-time City-funded appropriation to this program and that on-going funds would be received by the City as properties in the area develop. The City would be repaid the costs of fronting the infrastructure as these areas develop over time. If all of the funds are expended, no

new requests will be considered until additional funds are collected from developing areas under the program.

As discussed during the March 5, 2013 Council meeting, with the elimination of redevelopment in California, cities have very few funding options at their disposal. In fact, many cities have not only lost funding options but they find themselves owing the State millions as part of the redevelopment unwinding process. The City of Tracy, although in better shape than many other cities, also has limited funding available. The following represents potential funding options for the proposed program.

One particular funding source discussed during the last Council meeting was to use any remaining portion of the Residential Area Specific Plan (RSP) – Economic Development Fund. After accounting for previous Council commitments, there is a remaining fund balance of \$89,899. This money could be used for the initial funding source for the Off-site Infrastructure City-Funded Program. It should be noted that the anticipated amount necessary to cover the off-site infrastructure costs for the Mount Oso area (after fair-share contribution by Montessori) is approximately \$204,624.

Council may wish to have a separate policy discussion about the options to replenish the RSP Economic Development Fund using one-time revenues once revenues exceed expenses.

Every year the City receives Federal Community Development Block Grant (CDBG) funds that are to be used for low and moderate income programs to either: 1) provide operational funding for local service organizations; or 2) provide capital funding in support of service organizations or census tract areas that qualify under the low and moderate income categories.

The City has used CDBG funds to construct alley improvements and Americans with Disability Act (ADA) improvements primarily in the downtown area. Only one small neighborhood north of Eleventh Street along Holly Drive qualifies for CDBG funding besides the downtown. CDBG funds can be used for water and sewer lines within those two designated areas because they meet Housing and Urban Development (HUD) standards for low and moderate income criteria.

Community Facilities District (CFD) are a common funding mechanism to construct various infrastructure needed for development. CFDs have been widely used in Tracy to fund infrastructure in mostly vacant undeveloped areas such as the Northeast Industrial Area (NEI), Industrial Area Specific Plan (ISP), and various residential projects. A CFD is a land based financing method where tax exempt bonds are issued and the source of repayment is an annual assessment on the lands within the District. Should Council direct staff to pursue this funding source, staff will work with the property owners in the proposed area to gain commitment and ultimate approval of the financing mechanism. This approach has been successfully used in the Berg/Byron area as well as other development areas of the City. An important step is to get district property owners to buy into the concept of developing their property.

Senator Lois Wolk's proposed legislation, Senate Bill 33 (SB 33), would allow cities and counties to borrow money for economic development projects through infrastructure financing districts. The districts could replace about 425 redevelopment agencies in California, which the State has eliminated to save \$1.7 billion. According to Senator

Wolk, "The logic behind redevelopment is this: Getting rid of blight attracts development, which increases property values." New development and higher property values in general mean more money for local governments. If approved, the Senate Bill would go into effect on January, 2014.

Option 1 - Defer consideration of this program until after the 2013 Legislative session to see if SB 33 or other comparable bills are passed as a funding source.

Given the limited amount of funds remaining in the RSP Economic Development Fund, this option would allow time to determine if already committed RSP Funds will indeed be spent or if projects come in under budget freeing up some additional funds.

Option 2 - Adopt the program and use the remaining \$89,899 RSP Economic Development Funds. This option would commit the last remaining RSP Economic Development Funds to this new program. It is unknown how many other projects would qualify or be interested in this program. The infrastructure request for the Mount Oso area is approximately \$204,624. This option would not cover the cost of the current request from Montessori.

Option 3 - Pursue the creation of a CFD for key areas of the City. This option would involve staff working proactively with developers and property owners in key development areas of the City to solve infrastructure needs. This approach is staff intensive and would involve staff reaching out to vacant property owners to gauge their interest in developing or placing an assessment on their property in anticipation of development.

Should Council wish to proceed with a new City-funded program, staff recommended Council direct staff to return with a Resolution similar to the City's current Retail, Industrial, and Office Incentive Program for Council adoption.

There is no fiscal impact if Council selects Option 1: There will be an impact to the City's RSP Economic Development Fund if Council selects Option 2, leaving a zero balance in the fund. Option 3 may have General Fund impact due to costs related to additional staff resources and hiring consultants in the creation of the CFD. Some of the bond consultant costs may be funded through the sale of the bonds which Staff would need to confirm given the changes in the financial markets over the past few years.

Staff recommended that Council direct staff to pursue Option 1 as it will not result in an impact to the City's General Fund and will preserve some amount of funding in the RSP Economic Development Fund.

Council Member Rickman asked for clarification regarding SB 33. Mr. Malik explained that infrastructure financing districts take some of the tax that applies to the area and earmarks it for specific areas similar to redevelopment areas.

Mayor Ives asked if it was used to defray debt on the bonds. Mr. Malik indicated the ultimate revenue source is increment in property tax.

Mayor Ives invited members of the audience to address Council.

Pamela Rigg, Administrator of the Montessori School, thanked Council for their willingness to listen to the school's concern and addressing the blighted area near their existing school. Ms. Rigg suggested Council: 1) accept the staff report related to off-site infrastructure funding (eligibility and thresholds); and 2) use funding that is available through the RSP Fund of almost \$90,000.

Mayor Ives referred to the Byron/Berg Road area CFD and asked what the benefits were. Mr. Malik stated if development were to occur in the Montessori School area, staff could explore a CFD option with neighboring property owners.

Mayor Ives asked if the property owners of the Byron/Berg Road area took advantage of the CFD to improve their property. Kuldeep Sharma, City Engineer, stated several property owners took advantage of the sewer and water lines that were installed because their wells were failing or had failed.

Council Member Rickman asked if the improvements were voluntary. Mr. Sharma stated yes.

Mayor Pro Tem Maciel stated he was reluctant to endorse any program that requires City funding, especially with development that is the responsibility of the property owner. Mayor Pro Tem Maciel further stated the RSP Fund has served the City well and that Council should be focusing on replenishing the fund not depleting it. Mayor Pro Tem Maciel suggested a CFD may be the most viable option and that it was not incumbent upon the City to facilitate it. Mayor Pro Tem Maciel indicated the suggestion that development of this site will act as a catalyst is optimistic.

Council Member Manne asked for additional information on SB 33. Mr. Malik referred to a Bill going forward related to Legoland in Carlsbad, California. Mr. Malik stated the Bill allows the City and County to negotiate how property taxes are divided.

Council Member Manne asked what the chances were of this Bill moving forward. Mr. Malik indicated with the absence of redevelopment, there was a lot of pressure from cities to get it passed.

Council Member Manne asked if the Bill was approved, how long it would take to go into effect. Mr. Malik stated it would become effective January 2014. Leon Churchill, Jr., City Manager, added that there was good momentum behind the Bill, but has been slowed down by the Governor's office as they try to wind down redevelopment. Mr. Churchill stated he would keep Council up to date regarding the proposed Senate Bill.

Council Member Manne asked if there were other less favorable options not provided to Council. Mr. Churchill indicated Council could consider the report and recommendation complete.

Council Member Manne stated if redevelopment funds were available, he would recommend using them in this area. However, he was not in favor of using

General Fund monies for this use. Council Member Manne indicated he was in favor of Option 1.

Council Member Young stated the area is so close to the heart of the City, she was not sure why Council did not feel it is part of the City's responsibility to build it up. Council Member Young indicated she was encouraged by SB 33, but believed the City should still take some level of responsibility in developing the area. Council Member Young asked for clarification regarding SB 33 and what the recommendation included. Mr. Malik indicated the recommendation suggests letting the City see what happens with SB 33 as a funding source, to look at RSP projects and the potential use of any leftover funds if projects come in under budget.

Council Member Rickman stated he agreed the Mount Oso area has been overlooked and does not understand why a water/sewer line was never put in place. Council Member Rickman stated he was struggling to differentiate how the situation with the Montessori School is different from any other economic development request. Mr. Churchill stated the driving force behind the Macy's transaction was in the public's best interest to repopulate the mall and increase sales tax. Mr. Churchill indicated there were two questions: 1) Is this the right area; and 2) Is it in the best interest of the community. Mr. Churchill stated staff has indicated that the area certainly would meet former redevelopment standards.

Council Member Rickman referred to funds allocated for Way-Finding Signs and the lack of proof that they have provided the City with any additional sales tax income. Council Member Rickman asked for an update on the Way-Finding Sign project. Mr. Malik indicated the project was currently in the design and specification process and should be ready to go out for bids in approximately two months. Council Member Rickman asked how much has been spent to date on the project. Mr. Malik stated \$350,000 was allocated in FY 11/12, and approximately \$278,000 was remaining.

Council Member Rickman asked if the Montessori School could pay any funding back over time. Mr. Churchill stated yes. Council Member Rickman asked Ms. Rigg that since she would be using public funds, could there be something done for Tracy residents like a break in school fees until funds were paid back, or provide access to any basketball court or other amenities the school might have to the general public. Ms. Rigg indicated the school would absolutely share any facilities with school aged children. Ms. Rigg stated there was less opportunities to reduce tuition rates.

Council Member Rickman asked if the Montessori School would consider entering into a Memorandum of Understanding for sharing facilities. Ms. Rigg stated yes.

Council Member Rickman asked if the Montessori School could pay back any funds over time. Ms. Rigg indicated it was her understanding that the neighboring property owners would be required to reimburse the City for any funds used to install the necessary infrastructure.

Mayor Pro Tem Maciel stated while the school does add to the quality of education in the City, he did not believe it qualifies under the umbrella of economic development. Mayor Pro Tem Maciel further stated if the City takes on the responsibility of paying fees for infrastructure and wait for future development to repay the City, the City could be waiting a very long time.

Mayor Ives stated if the City chose to not pursue a CFD, it did not preclude a group from forming one. Mayor Ives further stated it was not incumbent on the City to pay for the infrastructure, and was in favor of Option 1.

Council Member Rickman asked if the area has been undeveloped for so long, would it remain vacant forever. Mr. Malik indicated fees have been lowered by 35% in this area to encourage development and stated several property owners in the Larch/Clover area have joined together to consider developing.

Council Member Rickman asked if program management fees or other fees could be lowered. Mr. Sharma stated the fees listed include only 5% for program management fees.

Council Member Rickman asked if there were fees that could be lowered or reduced without the City taking a loss. Mr. Malik stated not without impacting the General Fund.

Council Member Manne asked if there was an RSP balance that is recommended to be maintained. Mr. Churchill stated RSP funds were a product of a settlement from Plan C development and was always considered as a catalyst to get the City through the Great Depression and a policy decision for the Council.

Council Member Young asked if the RSP balance could increase with more projects winding up. Mr. Malik stated yes, if bids come in lower than expected.

Council Member Young asked if staff would come back in January 2014 with an update. Mr. Malik stated he would provide an update as soon as the Senate has voted on SB 33.

Council Member Rickman encouraged Ms. Rigg to keep pushing her project.

Council Member Young reiterated that if the Council wants to move Tracy forward, other options will have to be explored and work needs to begin somewhere.

It was moved by Council Member Manne and seconded by Council Member Rickman to direct staff to pursue Option 1. Voice vote found all in favor; passed and so ordered.

5. ITEMS FROM THE AUDIENCE – None.

Mayor Ives called for a recess at 9:08 p.m., reconvening at 9:15 p.m.

6. STAFF ITEMS

- A. Consider an Early Start Time and Abbreviated Agenda for the August 6, 2013, City Council Meeting - Mayor Ives invited members of the public to address Council on the item. There was no one wishing to address Council.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Manne to direct staff to schedule an early start time and abbreviated agenda for August 6, 2013, Council meeting, to allow staff and Council to participate in National Night Out. Voice vote found all in favor; passed and so ordered.

- B. Receive and Accept the City Manager Informational Update - Leon Churchill, Jr., City Manager, provided the staff report. Council accepted the informational update.

7. COUNCIL ITEMS

- A. Consider Whether an Item to Discuss a Senior Commission Should be Placed on a Future City Council Agenda - Council Member Young recommended Council discuss and support her recommendation of forming a Senior Commission. Council Member Young indicated this commission was needed for a growing segment of our community and would help give seniors a voice.

Mayor Ives asked how much staff time would be needed to work on the request. Leon Churchill, Jr., City Manager, indicated staff could be prepared to return to Council by the second meeting in June, 2013.

Mayor Pro Tem Maciel asked if part of the staff report would include the parameters of what that Commission would be charged with. Mr. Churchill indicated some bench marks could be provided as well as examples of best practices.

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

Robert Tanner, 1371 Rusher Street, asked if the Commission would work in conjunction with the County Commission, or would it be a separate Commission. Mayor Ives indicated it would probably be a City program.

It was moved by Council Member Young and seconded Council Member Rickman to direct staff to bring an item back for Council consideration regarding a Senior Commission. Voice vote found all in favor; passed and so ordered.

- B. Appoint one Applicant to the Parks and Community Services Commission - Council Member Young indicated she and Council Member Rickman interviewed the applicants.

It was moved by Council Member Young and seconded by Council Member Rickman to appoint Faith Ettinger to the Parks and Community Services Commission to serve the remainder of a term, which will end on January 1, 2014, and place Robert Young on the eligibility list. Voice vote found all in favor; passed and so ordered.

Council Member Rickman asked when a discussion on program management fees would return to Council. Leon Churchill, Jr., City Manager, indicated outside research has been commissioned and staff should be able to return within 60 days.

Council Member Rickman commended staff members who worked on the Block Party celebrating Cinco De Mayo, noting it was a great time for families to get out and enjoy the community.

Council Member Rickman stated it had been great working with Jon Mendelson of the Tracy Press and wished him luck in his future endeavors.

Council Member Young echoed Council Member Rickman's comments regarding Jon Mendelson.

8. ADJOURNMENT - It was moved by Mayor Pro Tem Maciel and seconded by Council Member Manne to adjourn. Voice vote found all in favor; passed and so ordered. Time 9:35 p.m.

The above agenda was posted at the Tracy City Hall on May 2, 2013. The above are summary minutes. A recording is available at the office of the City Clerk.

Mayor

City Clerk