

**April 15, 2014, 6:00 p.m.**

City Council Chambers, 333 Civic Center Plaza

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

1. The meeting was called to order at 6:05 p.m.
2. Roll call found Council Members Manne, Rickman, Young, Mayor Pro Tem Maciel and Mayor Ives present.
3. ITEMS FROM THE AUDIENCE – None.
4. CONDUCT A CITY COUNCIL WORKSHOP TO REVIEW THE PROPOSED FISCAL YEAR 14/15 CAPITAL IMPROVEMENT PLAN (CIP) – Jenny Haruyama, Administrative Services Director, provided the staff report. Ms. Haruyama stated the Capital Improvement Program (CIP) is comprised of current, new, and future projects. Current projects are those that have not yet been completed and were funded in FY 13/14 or in prior fiscal years. The CIP also reflects new projects proposed for FY 14/15 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
- Miscellaneous Projects

Depending on legal requirements, 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; while transit funds must be spent only for transit purposes. The Capital Projects Fund also supports 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 Tracy Gateway and provide funding for infrastructure improvements associated with a particular development.

These funds must be spent on the 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 14/15 CIP is approximately \$53.7 million. Of that amount, \$44.9 million is for current projects and \$8.7 million is for new projects.

General Projects Fund 301 is funded through General Fund revenue; however, this only occurs when the City receives unexpected one-time revenue. There currently is no ongoing, dedicated funding source to support capital projects.

As part of the upcoming FY 14/15 budget workshop, staff will discuss various General Fund reserve policy best practices, including the creation of a capital reserve for future city infrastructure and facility needs.

The Cordes Ranch and Tracy Hills community benefit contributions are estimated to be \$10 million (\$5 million each), and will likely be paid over three to five years. The first annual community benefit payment for Cordes Ranch is expected to be received in September 2015. Tracy Hills is currently being negotiated and has not yet been scheduled for Council approval.

It is anticipated that in FY 14/15, there will be approximately \$1,495,508 available for CIP projects.

For FY 14/15, approximately 44 projects requiring Fund 301 money were submitted and evaluated for consideration. Only seven new projects were recommended for funding, given the limited amount of available Fund 301 monies. Three active projects were also identified for additional funding.

Approximately \$1,495,508 is being requested from Fund 301 for FY 14/15. The total remaining unallocated funds is \$17,248. It is recommended not to completely allocate all available funding as costs associated with FY 14/15 proposed projects are subject to change, and mid-year CIP supplemental allocations may occur.

The total project budget for the Animal Shelter project was established at \$4,523,000. In February 2014, the City advertised for construction bids and received nine responses. Based on the bid submittals, including the additive alternates, the total cost for the project is estimated to exceed the available budget. Should the Council choose to award the contract with the recommended additive alternates, a supplemental appropriation of \$672,460 from General Project Fund 301, will be required. If an appropriation is made, the total project cost will be approximately \$5,195,460.

There is no fiscal impact associated with the acceptance of this report. Based on Council feedback, the proposed Five-Year FY 14/15 – FY 18/19 CIP will be presented for Council consideration and adoption in June 2014.

Staff recommended that Council conduct a CIP Workshop to review proposed FY 14/15 CIP projects and provide staff feedback.

Council Member Rickman asked if the Animal Shelter would be built on schedule and include all amenities. Kuldeep Sharma, Utilities Director, stated the project should stay on schedule unless unforeseen conditions arise during construction.

Mayor Pro Tem Maciel asked if the favorable bidding situation has ended. Mr. Sharma stated it appeared that way, at least on the building side.

Council Member Manne asked for information regarding the proposed radio tower at Fire Station 96. Gary Hampton, Interim Assistant City Manager, asked Fire Chief Nero to respond.

Al Nero, Fire Chief, explained that the project included a taller antenna that would increase coverage throughout the service area.

Mayor Ives asked if there was a fund or foundation for the Animal Shelter. Ms. Haruyama stated she was not aware of any fund as described by the Mayor. Mr. Hampton stated there was a fund managed jointly by Animal Shelter staff and donors, and was referred to as the "lucky dog" fund that is used to help animals that may not otherwise receive assistance.

Mayor Ives asked if there was any type of agreement regarding the use of those donations. Mr. Hampton stated yes.

Council Member Young asked if funds allocated for the Animal Shelter only covered Phase 1. Mr. Sharma stated the total cost of the project budget included design, construction, management, and inspection.

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

Dino Margaros, on behalf of the Tracy City Center Association (TCCA), addressed Council regarding downtown lighting. Mr. Margaros stated TCCA was willing to commit \$15,000 in order to find a permanent solution for the downtown lighting.

Anna Craig, owner of Mia Bella's, addressed Council regarding downtown lighting. Ms. Craig requested that Council consider the downtown lighting as a top priority.

Mayor Ives asked if the downtown lighting problem could be remedied right away. Ms. Haruyama stated staff has identified funding in FY14/15 to address breakage of the lights.

Mayor Ives asked if anything was currently being done regarding the lights. Ms. Haruyama stated preliminary discussions have taken place and costs identified. Ms. Haruyama further stated some action should be taken within the next couple months.

Council Member Rickman stated the Animal Shelter should be a top priority. Council Member Rickman asked what CIP category covered the repainting of the water tower. Ms. Haruyama stated it had more to do with historical preservation for the community.

Council Member Rickman stated he would like to see establishment of a general fund reserve, mentioning Legacy Fields. Ms. Haruyama stated the policy discussion will be about the purpose of the general fund reserve, how Council wants to use one-time funding, community opportunities, and use of existing reserves, etc.

Mayor Pro Tem Maciel stated he agreed with Council Member Rickman adding that the youth leagues may need assistance.

Council accepted the report.

5. ADJOURNMENT - It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adjourn. Voice vote found all in favor; passed and so ordered. Time 6:48 p.m.

The above agenda was posted at the Tracy City Hall on April 10, 2014. The above are summary minutes. A recording is available at the office of the City Clerk.

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Mayor

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Interim City Clerk