

May 20, 2014, 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 provided by Reverend Dev Raj Vijh, Sant Nirankari Mission.

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

Mayor Ives and Police Chief Hampton swore in Corporal Steve Blair and Corporal Joel Petty.

Mayor Ives presented a Certificate of Appointment to Tracy Arts Commissioner Danette Poole.

Mayor Ives presented a Certificate of Appointment to Transportation Advisory Commissioner Doug Alvarez.

Council Member Rickman and Corporal Scott Muir, Police Officers Association Secretary, presented Certificates of Recognition and 2013/2014 Community Improvement Scholarships to Inyoung Hong, Mackenzie Decker, Suyun Bae, Natalie Pearlman, Heather Anne Jaeger and Katelyn Carvalho.

Mayor Ives presented Certificates of Recognition to Cheyenne Barefoot, Kiowa Barefoot, Sequoia Barefoot, Perle Goldberg and David Collura, Delta Charter Media Production Interns, who participated in the City's Media Internship Program.

1. CONSENT CALENDAR – 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 – Joint City Council/Parks and Community Services Commission special meeting minutes of February 4, 2014, closed session minutes of February 4, 2014, and February 18, 2014, were approved.
 - B. Authorization to Submit the Annual Claim to the State of California, through the San Joaquin Council of Governments for Transportation Development Act Funds in the Amount of \$4,183,867 for Fiscal Year 2013-2014, and for the Director of Administrative Services to Execute the Claim – Resolution 2014-072 authorized submitting the claim to the State of California and for the Director of Administration Services to Execute the Claim.
 - C. Approval of the San Joaquin Council of Governments (SJCOG) Annual Financial Plan for FY 2014-2015 – Resolution 2014-073 approved the Financial Plan.
 - D. Approve Supplemental Appropriation of \$100,000 for Plan Review Services in the Building Safety and Fire Prevention Division of the Development Services Department – Resolution 2014-074 approved the appropriation.

- E. Authorize a Maintenance Agreement with the County of San Joaquin and the City of Tracy for Maintenance of Four Traffic Signals Resulting from the Cordes Ranch Annexation and Authorize the Mayor to Execute the Agreement – Resolution 2014-075 authorized the maintenance agreement.
- F. Authorize Federal Fiscal Year 2013 and 2014 Grant Application for Section 5307 U.S. Department of Transportation Federal Transportation Administration Funds in the Amount of \$2,493,264 for Tracer Public Transportation Services, for Replacement of Fixed Route Buses, and for Expansion of Fixed Route Buses; Certification of Application Assurances; and the City Manager or Designee to Execute the Grant Documents – Resolution 2014-076 authorized the grant application.
- G. Authorization to Extend the Agreement with All City Management Services, Inc., for School Pedestrian Crossing Guard Services through June 30, 2018, and Authorization for the Mayor to Execute the Extension Agreement – Resolution 2014-077 authorized extension of the agreement with All City Management Services, Inc.

2. ITEMS FROM THE AUDIENCE

Geanna De Benedetti stated she was impressed with the security at Gladys Poet Christian School.

Paul Miles, 1397 Mansfield Street, commented on the Council's failure to investigate his alleged complaints against the Police Chief.

Brent Riddle requested an update on the formation of the proposed Tracy Senior Advisory Commission which would assess the needs of the elderly, work with public and private agencies to coordinate senior services, monitor legislation of interest to seniors, initiate and encourage educational and other appropriate activities for the elderly, and work cooperatively with other senior organizations to establish the Lolly Hansen Senior Center as a focal point for the senior community.

Dave Helm apologized for his anger at a previous City Council meeting and commended Mayor Ives for his comments.

- 3. PUBLIC HEARING TO CONSIDER AN APPLICATION TO AMEND A VESTING TENTATIVE SUBDIVISION MAP FOR THE DEVELOPMENT OF 57 SINGLE-FAMILY LOTS ON A 9.42-ACRE PARCEL, AND A PRELIMINARY AND FINAL DEVELOPMENT PLAN AMENDMENT TO ALLOW FOR THE CONSTRUCTION OF 57 SINGLE-FAMILY HOMES LOCATED WITHIN THE 9.42 ACRE INFILL SITE LOCATED AT THE NORTHWEST CORNER OF MACARTHUR DRIVE AND PESCADERO AVENUE. THE APPLICANT AND OWNER IS WOODSIDE 05N, LP, APPLICATION NUMBERS TSM13-0006 AND PUD13-0006 – Victoria Lombardo, Senior Planner, presented the staff report. The subject property is located at the northwest corner of MacArthur Drive and Pescadero Avenue, south of and adjacent to I-205. It is also adjacent to and east of the California Mirage subdivision. The total project area is 9.42 acres, to be subdivided for the construction of 57 single-family homes. The site was annexed to the City in 1957 and falls within the infill development and finance plan area. In 2006 the land use designation changed from Commercial to Residential Medium to identify sites for

residential development to meet the City's Regional Housing Needs Allocation numbers as determined by the State Department of Housing and Community Development.

In 2008, the property was rezoned from Highway Service (HS) to Planned Unit Development (PUD), to gain compliance with the General Plan designation. With that rezoning, a Vesting Tentative Subdivision Map, and Concept, Preliminary and Final Development Plans were also approved for the development of 64 single-family homes on the project site. The current zoning designation is PUD, with a General Plan designation of Residential Medium, allowing for 5.9 to 12 dwelling units per gross acre. The properties to the west and south of the project site are zoned Medium Density Cluster (MDC), and are within the California Mirage subdivision. Across I-205 to the north, the property is zoned Highway Service, and across MacArthur Drive to the east, the properties fall within the Freeway Commercial land use designation of the I-205 Specific Plan.

The current proposal is to divide the property into 57 lots in order to develop 57 detached single-family homes on approximately 9.42 acres. The proposed lot sizes range from 4,012 to 8,577 square feet with an average lot size of approximately 4,600 square feet. The gross density of the proposed subdivision is 6.1 units per acre, within the range allowable under the site's General Plan designation of Residential Medium.

There is one main access point for the subdivision, located on the south side of the proposed subdivision, along Pescadero Avenue. That access point leads to the streets, designed in a semi-grid pattern to access the 57 proposed houses. The proposed houses are one and two stories and the building height is consistent with the zoning regulations of all of the adjacent single-family homes in the MDC zone.

Upon submittal of a Vesting Tentative Subdivision Map application, or map amendment, as well as a PUD, the applicant is required to submit architectural floor plans and elevations for approval by the Planning Commission and City Council. The proposed architecture for the 57 units includes five floor plans each with two to four different architectural elevations, including Ranch, Craftsman, Cottage and Traditional styles.

Because this project is an amendment to the existing Vesting Tentative Subdivision Map, the requirements for allocation of RGAs are vested to the requirements of the 2005 Growth Management Ordinance (GMO) and its Guidelines. The project will apply for RGAs in accordance with the 2005 GMO prior to the issuance of any building permits.

The Tracy Joint Unified School District has determined that the Classics project does not need to dedicate property for a school site within the subdivision. However, in order to mitigate the proposed developments' impacts on school facilities, the developer will work with the School District prior to the issuance of any building permits, to appropriate the per-square foot or per-unit fee to be charged for each of the 57 units constructed.

Parks are required to be established within residential neighborhoods to serve the residents of the homes. Since the minimum park size within the City is typically required to be two acres, this project will pay the park in-lieu fees, as the 57 homes proposed would only constitute a need for a one half acre park. Community parks are required at a rate of one acre of park land per every 1,000 residents, resulting in 0.19 acres of community park area required, or mitigation fees paid.

The Planning Commission discussed the proposed project on March 26, 2014, and on April 23, 2014, due to a noticing error and the need to more widely provide notification to all the neighboring property owners. On March 26, the Planning Commission verified a secondary emergency access would not be needed (it was deemed unnecessary by the Fire Department) and discussed various questions from neighboring property owners regarding the nature of the project, and the potential market prices of the homes. At the April 23 Planning Commission meeting, the discussion revolved around architectural details that should be enhanced on each of the plans. Specific direction was given to staff and the developer and those changes have been incorporated into the elevations.

Public Resources Code section 21083.3 and its parallel guidelines provision, section 15183, provide for streamlined environmental review for projects consistent with the development densities established by existing zoning, general plan, or community plan policies for which an Environmental Impact Report (EIR) was certified.

Staff has examined the environmental effects of the project and has determined that no further review is necessary.

Finally, the General Plan EIR specified a number of feasible mitigation measures to address significant effects on the environment that would result in implementing the Plan. To the extent applicable, these mitigation measures are incorporated as part of the project or as part of the project's conditions of approval.

This agenda item will have no impact on the General Fund. The applicant paid the application fees for staff time that was required to review the proposed project. The applicant will also pay all of the appropriate building permit and development impact fees upon the commencement of construction of the dwelling units and other improvements. Development of the 57 homes will also generate additional property tax revenue based on the provisions of the Master Tax Sharing Agreement between the City and San Joaquin County.

Staff and Planning Commission recommended that the Council approve the amendment to the Classics Vesting Tentative Subdivision Map, and the Preliminary and Final Development Plans.

In response to a question from Council Member Rickman regarding the number of homes and the project density, Ms. Lombardo confirmed the number of homes had been reduced from 64 to 57 and the project was zoned medium density.

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

Mayor Ives commented that he appreciated the attention paid to the architecture of the homes by staff and the Planning Commission and the willingness of the developer to understand the City's position.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Manne to adopt Resolution 2014-078 Approving the amendment to the 57-Lot The Classics Vesting Tentative Subdivision Map and amendment to the Preliminary and

Final Development Plan for a 9.42-acre site located at the northwest corner of Pescadero Avenue and MacArthur Drive, Application Numbers TSM13-0006 and PUD 13-0006. Voice vote found all in favor; passed and so ordered.

4. PUBLIC HEARING TO CONSIDER AN APPEAL OF THE PLANNING COMMISSION DENIAL OF DEVELOPMENT REVIEW APPLICATION D14-0003 FOR A 45,000 SQUARE FOOT MEDICAL OFFICE BUILDING LOCATED AT 445 WEST EATON AVENUE AND A PARKING LOT AT 418, 424, 432, AND 434 WEST EATON AVENUE. APPLICANT IS DAVID O. ROMANO AND PROPERTY OWNER IS SUTTER GOULD MEDICAL FOUNDATION, APPLICATION NUMBER APL14-0001- Mayor Ives announced that Item 4 would be continued to a later date at the request of the applicant.
5. PUBLIC HEARING TO INTRODUCE AN ORDINANCE AMENDING THE DEVELOPMENT AGREEMENT WITH SURLAND COMMUNITIES, LLC RELATED TO THE ELLIS PROJECT. THE ELLIS PROJECT AND DEVELOPMENT AGREEMENT SITE IS APPROXIMATELY 321 ACRES LOCATED AT THE NORTHWEST CORNER OF CORRAL HOLLOW ROAD AND LINNE ROAD. APPLICATION DA13-0002; APPLICANT IS THE SURLAND COMMUNITIES LLC – Bill Dean, Assistant Director of Development Services presented the staff report. In 2013 the Development Agreement (DA) was approved which provides that no later than September 15, 2013, the annexation effective date, Surland shall deposit \$2,000,000 into a swim center funds account for the City to use in the development, construction, operation and maintenance of a swim center. The DA amendment would extend the time to make this initial deposit to September 15, 2014.

The DA also requires Surland to offer to dedicate to the City approximately 16 acres of land for a potential swim center. Surland has submitted to the City a proposed draft dedication offer. Under the DA, the City has until July 17, 2014, to accept the dedication offer. The proposed DA amendment would extend the time for the City to accept the offer by one year. Collectively, the proposed DA amendment would provide additional time for Surland to make the initial \$2 million payment, and provide the City additional time to accept the land dedication offer.

The Planning Commission conducted a public hearing on April 23, 2014, and recommended approval of the DA amendment.

The Ellis project, including the DA was the subject of a recently certified Environmental Impact Report (EIR). The project is exempt from the California Environmental Quality Act per Section 15162 pertaining to projects with a certified EIR where the project does not propose substantial changes that will result in a major revision of the previous EIR. On January 22, 2013, the City certified the Modified Ellis Project Draft Environmental Impact Report. The project does not propose new significant changes to the environment that were not analyzed in the EIR, including the areas of traffic, air quality, and aesthetics. The DA amendment only addresses date changes related to public benefits. Therefore, no further documentation is needed.

Mr. Dean referred to an error which had been corrected in that the attachment was not presented to the Planning Commission. The omission had been corrected and copies of the amendment were available at the meeting. Mr. Dean noted that the ordinance will require a second reading and also needs to be signed and notarized.

Mr. Dean closed by stating that Surland Communities has entered into a Cost Recovery Agreement with the City to cover all staff and consultant costs.

Mayor Ives opened the public hearing.

Paul Miles, 1397 Mansfield Street, referred to clerical errors in the staff report and asked for clarification. Mr. Dean responded Surland has until September 15, 2014, to deposit \$2,000,000 into a swim center funds account, and the City has an additional year to accept the land dedication offer.

Mr. Miles asked why an additional year is needed to accept the dedication of land. Mr. Dean responded the City is involved in working toward an aquatic center for the community, part of which could be a swim center at Ellis. The extended time frame takes the pressure off the City and allows for more flexibility.

Dave Helm stated there was no fiscal impact noted on the staff report, but at a previous meeting it had been mentioned that \$56,000 could be lost in interest payments. Mr. Helm added that many pieces of the puzzle still need to be completed but stalling for another 18 months simply pushes the project further down the road.

Mayor Ives closed the public hearing.

In response to Mr. Helm's question regarding the fiscal impact, Mr. Dean stated this amendment will not preclude the City from moving quickly, but will give the City more time to deliberate on the process. Mr. Dean clarified that "no fiscal impact" relates to the process, and not whether there is a fiscal impact to the project.

Following reading of the title of Ordinance 1194, it was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to waive reading of the text. Voice vote found all in favor; passed and so ordered. It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to introduce Ordinance 1194. Voice vote found all in favor; passed and so ordered.

6. PUBLIC HEARING TO CONSIDER AN AMENDMENT TO THE 2770 NORTH NAGLEE ROAD PRELIMINARY AND FINAL DEVELOPMENT PLAN TO REMOVE THE EXISTING RESTAURANT BUILDING AND REPLACE IT WITH A 5,671 SQUARE FOOT RESTAURANT WHILE RETAINING THE PARKING AND LANDSCAPE IMPROVEMENTS. APPLICANT IS RED ROBIN GOURMET INTERNATIONAL AND OWNER IS TRACY MALL PARTNERS, LP – Victoria Lombardo, Senior Planner presented the staff report. On May 2, 2000, the City Council approved a Preliminary and Final Development Plan (PDP/FDP) for the Chevy's restaurant, which was described as a 7,700 square foot restaurant with outdoor dining, a full service bar, and associated parking and landscape improvements within the I-205 Specific Plan at 2770 North Naglee Road. The building was constructed and operated as a Chevy's restaurant until several years ago, and is currently vacant.

Restaurants are a permitted use within the Commercial Center land use designation assigned to the property by the I-205 Specific Plan. The proposed replacement of the building requires an amendment to the PDP and FDP because the architecture and size of the building are completely different than those in the original project approval.

The proposed building is 5,671 square feet, which includes 136 seats in the dining area, and 70 seats in the bar area. The proposed building consists mainly of stucco and a stone wainscot material, with accents at the entry comprised of glazed red tile and clear anodized aluminum trim. The building uses a parapet roofline with varying colors, heights and materials to provide visual interest along all four sides of the building. The parapets will be tall enough to screen all of the roof-mounted equipment from public view as required. The trash enclosure, which is attached to the east side of the building, will be comprised of materials and colors matching those of the building, with solid doors to block the view of the trash bins beyond.

The existing parking lot will be more than sufficient for the size and land use of the proposed new building. There are 109 parking spaces, and the proposed building requires 91. The landscaping on the site will also remain.

The proposed PDP/FDP amendment is categorically exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15332, pertaining to infill projects smaller than five acres in size substantially surrounded by urban uses. In accordance with CEQA Guidelines, no further environmental assessment is required.

The Planning Commission discussed this project on April 23, 2014, and recommended that benches for the overflow waiting area be placed adjacent to the building entry on the west side of the project site. The Red Robin representative agreed that this additional waiting area would be a great idea and could be easily accommodated into their proposed site plan, along with the appropriate lighting and shade trees.

Staff and the Planning Commission recommended that Council approve the amendment.

In response to a question from Council Member Manne regarding when the restaurant is anticipated to be open, Ms. Lombardo responded it would open in time for this year's holiday season.

Mayor Ives questioned whether there would be any outdoor seating. Ms. Lombardo stated additional seating will be provided in the waiting area.

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

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adopt Resolution 2014-079 Approving an amendment to the 2770 North Naglee Road Preliminary and Final Development Plan to remove the existing restaurant building and replace it with a 5,671 square foot restaurant while retaining the parking and landscape improvements. Voice vote found all in favor; passed and so ordered.

7. DISCUSS AND PROVIDE DIRECTION RELATING TO SUBMITTING A MEASURE TO THE VOTERS AT THE NOVEMBER 4, 2014 GENERAL MUNICIPAL ELECTION TO CHANGE THE TERM OF MAYOR FROM TWO TO FOUR YEARS – Dan Sodergren, City Attorney presented the staff report. This agenda item allows the City Council to discuss and provide direction relating to submitting a measure to the voters at the November 4, 2014 General Municipal election to change the term of Mayor from two to four years.

Currently, the term of Mayor is two years. The Government Code allows the City Council to submit to the electors the question of whether the Mayor shall serve a two-year or a four-year term. If the City Council wishes to place such an item on the November 4, 2014 ballot, it would have to adopt a resolution doing so no later than the first regular City Council meeting in June of this year. Because such a measure could only apply prospectively, if such a measure was placed on the ballot and was approved by the voters, it would apply to Mayoral terms beginning in 2016.

The voters of the City have also adopted term limits for both Mayor and City Council Members. The term limits are contained in section 2.04.040 of the Tracy Municipal Code, which provides as follows:

(a) After the operative date of this section, no person shall serve more than two (2) terms as a member of the City Council, and no person shall serve more than two (2) terms as Mayor.

(b) If a person is appointed or elected to fill the unexpired term of a member of the City Council or the office of Mayor, that term shall count as one term against the two-term limit for each of those offices provided in subsection (a).

No changes are being proposed to these term limits.

Council Member Rickman asked if the proposal was challenged when it was put before the voters in 2008. Mr. Sodergren responded there were no challenges in 2008. Council Member Young asked if the term for Mayor had always been two years. Mayor Ives responded that in the past the Mayor's term had rotated among Council Members. In the mid-80s the Mayor was directly elected for a term of two years. In 2008, term limits were introduced which set the number of terms for the Mayor at two two-year terms.

Linda Jimenez, P.O. Box 1065, Tracy, asked if there would be there a cost to place the measure on the ballot. Mayor Ives responded the cost would be \$25,000. Ms. Jimenez stated Tracy voters voted for two four-year terms for Council and two two-year terms for the Mayor and she saw no reason to change the length of the terms. Ms. Jimenez added the City has many other issues and the \$25,000 could be better spent elsewhere.

Steve Nicolaou suggested the change should be put to the voters. The \$25,000 will be well spent if the measure is put on the ballot and left to the voters to make the call.

Robert Tanner, 1371 Rusher Street, stated he was in favor of two-year versus four-year terms, and did not believe the City needed four-year terms for the Mayor.

Michel Bazinet, 1005 Mabel Josephine, believed a two-year term for Mayor was too short and the decision to extend the term should be put to the voters. Extending the term would save the City money in the long run, since the measure to elect the Mayor would have to be voted on only once every four years instead of every two years.

Dave Helm asked why the Mayor had suggested the term be extended. Mayor Ives stated he was looking at the future overall guidance and governance of the City. In terms of the City's influence regionally, and what goes on in San Joaquin County, a lot of things happen that a Mayor is involved in and a two year election cycle limits a Mayor's ability to focus on the issues rather than getting elected. In terms of what the City will

experience in the foreseeable future a certain amount of consistency with the ability of the electorate to speak every four years, would be a benefit to the City. Because of the long term systemic issues and the opportunities facing the City, governing effectively without the pressure of focusing on getting reelected every two years is important. Mayor Ives stated that if there is resistance he would forgo the issue. However, this is the first time the City has experienced term limits. With four- year terms there is time for Council Members to settle in and learn; with a two-year term the time is just too short.

Mr. Helm believed the two-year terms were positive because everyone has to work more collaboratively to get things done, although he added he did not believe in term limits. However, if a future Mayor proved ineffective, the City would be stuck with him for four years.

Mayor Ives stated that if he had been termed out four years ago it could have changed things drastically. Mayor Ives stated there is no guarantee the next Mayor will be a former Council Member, and if that is the case two two-year terms are just too short.

Paul Miles, 1397 Mansfield Street, stated a shorter time might encourage the Mayor to mentor other Council Members. Not everything is positive by extending the terms. Mr. Miles stated sometimes the voters are not in control of the outcome of an election. If a future Mayor has been a Council Member and the term is extended the City is looking at the potential of a City Council Member/Mayor serving for 16 years.

Mayor Ives stated this change would not affect him and if he was the only advocate for the change he did not think it would work. Mayor Ives stated that he believed four-year terms were better for the Mayor and added he did not want the City to not be connected, or to be less than influential in what might happen in the future.

Steve Nicolaou stated he believed two four-year terms for Mayor would allow more time for the old timers to mentor the younger Council Members.

Council Member Rickman read from an article which had appeared in the Tracy Press which gave a breakdown of the history of the Mayor's terms. In 2008 the voters in Tracy passed term limits which meant that a Council Member/Mayor could serve for 12 years. If the Mayor's term is increased the term would be extended to 16 years which would be in opposition to what the voters approved.

Council Member Rickman stated there was no evidence that a lack of experience would impair the City in carrying out its business. Council Member Rickman also stated he believed the \$25,000 cost to put the initiative on the ballot could be better spent elsewhere, and added there were no facts to support extending the Mayor's term to four years.

Council Member Young stated she was open to considering a longer term for the Mayor since the position involves so much more than what is apparent to the community.

Mayor Pro Tem Maciel stated he has announced he would run the Mayor's seat and declined to comment.

Council Member Manne stated he supported the agenda item and agreed experience is important. However, putting the measure on the ballot would give the community

another opportunity to speak. Council Member Manne stated he would abstain from voting on the item.

Council Member Rickman stated he would be voting not to put the measure on the ballot.

Mayor Ives stated in listening to the Council and the community he believed the City should continue to watch the Mayor's position as it evolves and maybe a future Mayor could better determine how the two two-year term limit is working.

Mayor Ives stated the issue will not move forward.

Mayor Ives called for a recess at 10:57 p.m. The meeting was reconvened at 11:05 p.m.

8. RECEIVE PRESENTATION ON A CITYWIDE AQUATIC SOLUTION AND PROVIDE INPUT AND DIRECTION TO STAFF – Ed Lovell, Management Analyst II, presented the staff report. Mr. Lovell used a power point to present the history of the project and three options which have been developed. Option 1 includes private development of a waterpark, and City development of a 52-meter competition pool. Option 2 includes private development of a waterpark, renovation of West High School pool, and renovation of Joe Wilson pool. Option 3 would entail the City development of the original Aquatic Center plan. Mr. Lovell added all the options were conceptual and no final decisions had been made.

On September 17, and October 1, 2013, Council directed staff to begin negotiations with Wild Rivers, LLC and Surland Communities respectively for the development and operation of an aquatic center in the city. Staff implemented a proposal review and selection process. Wild Rivers, LLC submitted a proposal which identified their preferred location as the Ellis site. However, it is not feasible for Wild Rivers to address all of the community's needs at the Ellis site. Therefore, staff has come up with a solution which could address all the needs of the community.

The concept of an aquatic center has been an ongoing project for the City for over a decade. There have been multiple feasibility studies completed as well as numerous community workshops to gather input from the community on specific desires.

In 2011, staff presented to Council a base bid for an aquatic center that included a Lazy River, Waterslides, an Activity Pool, a Wet Play Structure and a Sprayground. In addition, a Flow Rider, a 52-meter Competition Pool, a Recreation/Swim Lesson Pool, a Multi-purpose/rental room and a Beach Volleyball/Soccer area which included restrooms were presented as bid additives. At the time, it was estimated that the total cost to design and construct all the items listed in the base bid would be \$15,736,445, and an additional \$15,173,325 to construct all of the additive bid items.

In October 2012, Council directed staff to look into a potential public/private partnership. Staff reached out to three waterpark owner/operators in California. Wild Rivers, LLC expressed interest in exploring a Memorandum of Understanding (MOU) with the City. Surland companies also expressed interest in pursuing a proposal for private development of the aquatic center.

On September 17 and October 1, 2013, Council directed staff to begin negotiations with Wild Rivers, LLC and Surland Communities for the potential development and operation of an aquatics center in Tracy. Since the initial letters of intent submitted to the City by Wild Rivers LLC and Surland Communities described very different projects in scope and scale, staff developed a formal process to review individual project proposals based on a consistent set of criteria. Only one proposal from Wild Rivers, LLC was received. At the March 18, 2014 City Council meeting, Council directed staff to proceed with an Exclusive Negotiating Rights Agreement (ENRA) with Wild Rivers, LLC for development of an Aquatic Center at the Ellis location.

Wild Rivers has indicated to staff that addressing all of the community's aquatic needs in one location would not be feasible within their business model. In particular, it would not be feasible to build a 50-meter pool in conjunction with their model, although they did indicate a willingness to build a 25 meter activity pool, which could be operated year round. With the information obtained from Wild Rivers, there are two additional options to consider:

OPTION 1: Given that Wild Rivers has stated that building and maintaining a 52-meter competition pool as part of their business would not be feasible, the first option would be to set aside two acres of land on the Ellis site to be reserved for the construction of a competition pool at some future date when capital and operational funding become available.

Since Wild Rivers has indicated they need 18-20 acres in order to construct their facility this requires obtaining an additional four acres at the Ellis site. The current development agreement with Surland Communities, LLC provides for 16-acres of land. Of the four additional acres, two acres would be reserved by the City to build a 52-meter competition pool that would share parking with the Wild Rivers facility, but would have separate access. This would leave approximately 11-12 acres for a waterpark; two acres for the City-owned competition pool and six to seven acres for parking. Taking this approach would require additional negotiation with Wild Rivers in order to further refine the concept. Staff has begun preliminary discussions with Wild Rivers and they are agreeable to the idea of reserving a two acre parcel for this option. It is unknown at this time if Wild Rivers would agree to include an activity pool as part of their design since they would be giving up two acres of land.

Other factors to consider when taking this approach would be the increased operating expenses associated with a 52-meter pool. It is estimated that the annual maintenance and operating costs for this pool would be \$653,000. According to the City's consultant, the City can expect to recover approximately 55% of the annual cost through swim team usage, rentals, swim meets, lap swimming program fees and other miscellaneous income sources. At 55% cost recovery, the City would recover approximately \$359,150 with the net operating cost of approximately \$293,850. These costs would be in addition to the operating costs the City is already expending on the Joe Wilson pool and a portion of the expenses for the West High pool. Currently the City's adopted budget includes approximately \$304,000 for the Aquatics programs. This cost includes program staffing, maintenance of the Joe Wilson Pool, 25% of the maintenance costs for the West High pool, internal service charges, and other miscellaneous expenses for program operations. It is unknown at this time what expenses from the current budget would carry over toward the cost of operating the 52-meter pool, but going solely by the estimates of \$653,000 for operating costs, the new Aquatics budget would be more than

two times the amount of the current Aquatics budget. At 55% cost recovery, the City would need an additional \$157,000 per year to pay for the additional operating expense.

Should the City construct its own 52-meter pool, the City may not need to have an agreement with TUSD for use of the West High pool. A 52-meter competition pool is not an ideal environment for providing swim lessons, thus use of an activity pool would also need to be available. This option does not address whether the Joe Wilson pool should remain closed or be renovated and re-opened. The latter would require additional capital funds for necessary improvements.

In summary, selecting Option 1 would increase the space available for competitive use by having two 52-meter pools in Tracy, sustain the current level of instructional and recreational use, add a water park to the City and the Joe Wilson Pool would remain closed.

OPTION 2: RJM Design Group completed an aquatic analysis to aid in creating a citywide aquatic solution as another option to address the needs of the community. This solution is focused on existing facilities that could be modified to address the needs of the various stakeholders.

The proposed solution is summarized as follows, with each component being discussed in greater detail below:

- Build an aquatic park at the Ellis site which would meet the recreational needs of the community and some of the community's competitive needs through the building of a 25 meter recreation pool on the site. Potential cost to the City is to be determined.
- Renovate the West High School 50 meter swimming pool to better suit the competitive needs of the community. Space at the West High pool could also be used to supplement the instructional needs of the community. Potential costs could range from \$1.5 to \$2.5 million for renovation.
- Renovate the Joe Wilson Community Pool to address the instructional needs of the community and also supplement the recreational needs. Potential costs could range from \$2.5 to \$3.5 million for renovation.

A new 20-acre aquatic center size recommended by Wild Rivers is necessary to accommodate a greater number of customers than the City's original concept of a local swim center. According to Wild Rivers, the proposed amenities would be consistent with other facilities which are regional serving water parks, and would include a wave pool which could accommodate a large number of customers at one time.

Wild Rivers has indicated that they are open to including amenities and design concepts that meet the needs of the community and the neighboring Ellis residents. For example, Wild Rivers has proposed to include a recreational pool that can accommodate swim lessons as well as swim team practices. The draft proposal also includes a lazy river which would allow an option for swimming against a current as additional conditioning.

Equally important is to design an aquatic center that will blend in with the neighboring Ellis community. Wild Rivers has indicated they are willing to work to find a balance between desired amenities and design elements that will be compatible with the Ellis development. As part of this project, Wild Rivers is amenable to include a 25-meter activity pool which could be used during business hours to enhance the recreational

needs, and could also be used during off hours and off season for competitive swimming needs.

The Merrill West High School pool was constructed through a joint-use agreement between the City and Tracy Unified School District approximately five years ago. The shortcomings at this pool include a) the pool lacks adequate spectator areas (bleachers) to accommodate large swim meets; b) there is no turf area around the pool for families to set up shade canopies as is the common practice for weekend-long regional swim meets, and c) because of the depth and shape of the pool it has limited recreational use by the community. The following solutions are recommended to resolve these issues:

- a. Bleachers: There is an opportunity to greatly enhance the seating capacity on the south side of the pool by the construction of an elevated bleacher system that would cantilever over the parking area to the south. The south side is ideal for spectator viewing, as the sun angle would be behind the spectators, and the scoreboard is on the north side of the pool. Additional bleachers could also be built on the west side of the pool.
- b. Turf area: Currently the swim teams block off an area of the West High School parking lot for swimmers to set up their own shade canopies. According to one of the swim teams, that practice could suffice instead of spending additional money to install turf which would require additional maintenance, and could potentially be spent on additional bleachers, for which they see as a greater need.
- c. Recreational use: There are two suggested additions, swap out the existing scoreboard for an LCD panel screen, which would accommodate movie display for evening "dive in" events. This would also accommodate other useful entertainment such as video display of photo-finish swim meet instant replays, advertisements, etc. An inflatable obstacle course/climbing wall product can be purchased and placed in the center of the pool for an exciting recreation amenity that has become very popular with teen and pre-teen aged patrons of summer swimming programs.

The existing Joe Wilson Pool has been closed for three swimming seasons because the usable life span of the facility has been exceeded and major repairs and modifications would be required to bring the facility up to current health department codes. The size of the pool is also a problem; the pool is a 6-lane by 25 yard size with an "L" shaped area that provides 40' x 37.5' of recreation/swim lesson area. The depth of the pool starts at 2'-6" at the base of the steps and deepens to 10' at the pool main drain to accommodate a 1-meter diving board.

The possible solutions for Joe Wilson Pool are as follows: a) renovate the pool in its current configuration, b) demolish the Joe Wilson Pool, repurpose the site and build citywide aquatics facility at some other location, or c) rebuild a contemporary aquatics facility at the Joe Wilson Pool site.

Renovating Joe Wilson Pool is an expensive endeavor, because of the health code requirements, aged condition of the facility, mechanical equipment failure and ADA code requirements. The configuration of the pool may have worked in the past but it would not be advisable to restrict the City to the old configuration.

While the demolition of the Joe Wilson pool is a feasible option the advantage is mostly financial, in that it would allow the City to concentrate construction resources and annual operational costs at a larger citywide facility.

A contemporary facility at the Joe Wilson Pool site could be an acceptable option for the City, as the existing utilities infrastructure, existing use patterns and tradition would be an effective use of financial resources. One such configuration would be to construct a 25 yard by 3 lane instruction/lap swim pool plus a recreation pool. This solution would include one pool ideally suited for learn- to-swim programs, water aerobics programs, lap swimming programs, water activities such as basketball and volleyball, plus a second recreation pool of approximately 2,600 square feet primarily for family use with a focus on water play for younger children. The recreation pool would include a zero-depth entry, a shallow maximum depth of 18" and a wet play equipment structure. This project would allow for the recreation pool to be emptied and shut down over the winter to save on operational costs, while the 25 yard x 3 lane pool could be operated over a longer season for water aerobics and lap swimming. The existing pool building would need renovation, but would not need to be expanded because the restrooms and showers inside will satisfy the health code requirements.

Pursuing option 2 would require a lesser increase in operating expenses as the City is already paying for ongoing expenses at Joe Wilson pool and the West High pool. The increase in operating expenses would primarily be attributed to additional staffing required at the Joe Wilson Pool, although some of those costs may be shifted from the West High Pool as the primary instructional pool would be the Joe Wilson Pool. In addition, there may be additional maintenance costs required due to newer technology and additional equipment that is not known to staff at this time. Option 2 would also require revisiting the MOU with TUSD to ensure that there is greater community access to the West High pool.

Selecting Option 2 would:

- Increase available water space for competitive swim groups by eliminating instructional use from the West High Pool
- Enhance the West High Pool to meet the needs of the competitive swim groups
- Increase instructional opportunities by adding an activity pool at the Wild Rivers site and by renovating Joe Wilson Pool
- Increased recreational opportunities by renovating Joe Wilson Pool
- Addition of a water park to Tracy

It has been suggested by Council that staff pursue both options concurrently. This would be very difficult to achieve given the timeline to negotiate with the various stakeholders involved, primarily Wild Rivers and TUSD. There is the potential for a situation to arise where one party waits to see how the other option turns out before making a decision.

Staff has been in communication with TUSD representatives who discussed the proposed ideas with TUSD's Facilities Use Committee. That committee recommended a larger discussion with the TUSD School Board. This item was presented to the TUSD School Board on May 13, 2014. At that meeting, TUSD decided that due to their upcoming bond measure on the ballot for the June 3, 2014 election and other issues they would postpone making any decisions related to the West High pool until after the other issues are resolved.

OPTION 3: The third option for discussion is the original plan to build a City-owned aquatic center at the Ellis site as presented to Council in 2011. This was the initial vision proposed to Council which would be built in phases. As last presented to Council, the total cost for the first phase of development of this option was estimated at \$15.7 million.

Due to funding challenges associated with this option, staff has sought out a public/private partnership.

Once conceptual direction has been received from Council and negotiations with Wild Rivers are complete, a thorough fiscal analysis will be conducted to determine the impact on the General Fund. The Capital Improvement Program (CIP) has approximately \$4 million budgeted for the Aquatics Center CIP, and an additional \$10 million in community benefit funding is anticipated from the Surland Development Agreement with the City.

Mayor Pro Tem Maciel stated the total amount of the two phases is \$31 million and asked if Wild Rivers would offer any funding in addition to the \$4 million the City has and the \$10 million expected from Surland. Andrew Malik, Development Services Director, stated negotiations haven't reached that level yet, although as the negotiations proceed funding will be discussed in more detail. A number of options have been discussed but nothing has been finalized.

Mayor Pro Tem Maciel inquired if there were any other potential funding sources other than the Surland \$10m and the City's \$4m. Mr. Malik responded there may be some benefit payments from Tracy Hills and Cordes Ranch. Mayor Pro Tem Maciel asked what the City paid in maintenance costs for the West High pool, and was there any revenue generated. Mr. Lovell stated the City pays approximately \$50,000 per year towards maintenance and operations. Mr. Lovell stated the City receives about 50% of the operating costs or around \$200,000 a year.

Council Member Manne asked if meetings have been held with the swim teams regarding their needs. Mr. Malik stated staff had met with the school district and representatives from the aquatics groups and the swim teams.

Council Member Rickman asked what the upkeep costs for a 52 meter pool would be. Mr. Lovell stated the cost would be approximately \$658,000. Maintenance and operation costs would amount to between \$200,000 and \$250,000 per year and would be partially recovered by programming, rentals, and swim lessons. Cost recovery on a 52 meter pool is approximately 50% to 60%.

In response to a question from Council Member Rickman, related to Option 2, Mr. Lovell responded if Option 2 were chosen, programming would be moved to other facilities and West High pool would be freed up for the swim teams. Council Member Rickman asked if West High Pool was renovated would that make it suitable for national swim meets. Mr. Lovell stated the pool can be certified regardless of whether renovations take place. However, the swim teams have indicated they need more time and pool space.

In response to a question from Council Member Young regarding the size of the pool at West High, Mr. Lovell responded the pool at West High is 52 meters. Council Member Young asked if the 52 meter pool would be in the same vicinity as the water park. Mr. Lovell responded it would be at the same site, and confirmed the City is still looking at the Ellis site.

Council Member Rickman asked what would be the cost to the City to renovate the West High Pool and the Joe Wilson pool. Mr. Lovell replied an analysis has not been done so those numbers are not known yet.

Mayor Ives stated the City had put approximately \$2 m into the West High Pool to get it built and added that even if the renovation was completed, the City might not have the guaranteed access that it needs every year. The Joe Wilson Pool will cost between \$2.5 and \$3 million to fix.

Council Member Young asked if there was a time frame for negotiations with West High and Wild Rivers. Mr. Malik responded the meetings had gone well with Wild Rivers and workshops will be held during the next 60 days. After that the project will move into the design phase. The wild card is the area for the 52 meter pool.

Council Member Young stated the Joe Wilson pool is only included in Option Two and asked if it was cost prohibitive to include it in any other option. Mr. Lovell stated It is unknown whether there would be any additional money to put toward the Joe Wilson Pool, but in Option 2 money is being put towards the renovation from the beginning. Council Member Young added that she was concerned that the Joe Wilson pool is not being used and suggested if another option for a swim center is chosen the City should still look at doing something with the Joe Wilson pool.

Mayor Ives stated that regardless of what Wild Rivers may offer the City, they will make a significant private investment in the swim center. Mayor Ives was concerned with the integration of what the community needs. Some of the original amenities will be included in the swim center, the one wild care is a 25 meter and/or a 50 meter pool.

Dave Helm stated Wild Rivers is a business and asked why the City would offer the company any seed money. The swim center was supposed to be built in a number of phases. Mr. Helm asked why the City doesn't renovate the Joe Wilson pool and suggested some of the school district's bond money could be used. Mr. Helm suggested the \$5 million from Tracy Hills should be used for Police, Fire, Maintenance, etc., and added if the community wants a competition pool then the voters should come up with a way to pay for it. Mr. Helm stated the community needs several pools, and suggested fixing the Joe Wilson pool since the City already has the money.

Steve Nicolaou stated Surland has dedicated 16 acres, Wild Rivers has stated they need 18-20 acres. If the City can't come up with the extra four acres will Wild Rivers abandon the project. Mr. Malik stated 18-20 acres is the preferred acreage and the City is still negotiating with Surland regarding additional acreage.

Mr. Nicolaou suggested instead of the City moving money around and depleting CIP funds, the community should tax themselves. This could produce a stream of income to build whatever the community wants. If the voters vote it down then there is no broad based support for the pool.

Austin Lowe, 2690 Atherton Court, on behalf of the Tracy Tritons swim team, stated he had been coming to Council meetings for 10 years and was tired of the lack of progress. Mr. Lowe spoke in favor of a city built, owned, and operated aquatic facility which will help to provide jobs and economic growth. Five years ago he believed it would have already been built. Tracy Tritons do not want only a competition pool. The Tritons want a place where the community can learn to swim and play water polo at the high school level and beyond.

Council Member Manne asked Mr. Lowe if the original concept was his preferred option, even if it takes 10-15 years to complete the second phase of the project which includes the 52 meter pool. Mr. Lowe responded it would be better to build a new pool than to put a band aid on the Joe Wilson pool which will cost \$2 million to fix and which has already passed its usable life.

Marsha McCray, 560 W. Schulte Road, spoke about the costs of pool rental and the issues in sharing the pool at West High. Ms. McCray suggested putting the money to be used to renovate the Joe Wilson pool into a new pool. The last time the Joe Wilson pool was open swim lessons were conducted in conjunction with West High because one pool was not enough. Having just community pools is not feasible. Ms. McCray stated she was also not in favor of Wild Rivers using any of the \$10 million dollars. If Wild Rivers were to provide the recreational part of it, Ms. McCray stated she would be open to compromise, but not at the expense of using all the money the City has available in addition to the land. The pool needs to be only 50 metres, but the functions that could be held there would be limited. Ms. McCray added that if a 25 meter pool is included in the swim center, nobody would train in a 25 meter pool because of the limitations.

Ms. McCray stated the original plan was to have a swim center to serve the community, and added that going forward it was important for City staff to have a dialogue, not only with the Tritons and Surland but with people who understand the needs of the city.

Michel Bazinet, 1005 Mabel Josephine, used an overhead projector in his presentation. Mr. Bazinet commented on a lack of parking at Dr. Powers Park and off- site parking due to the schools, the Boys and Girls Club, St Paul's Lutheran Church and the hospital in the area. Mr. Bazinet added the configuration of the pool is also a problem, and suggested the only solution would be to demolish it and build a new pool at Dr. Powers Park. The pool at West High is very hot during the summer due to the large amount of concrete and asphalt. Mr. Bazinet suggested that fixing the Joe Wilson pool, and/or throwing money at the West High pool will not fix the problem. Swimming pools recover more of their operating costs than other facilities, often around 55%. Mr. Bazinet stated the City has been working on this project for the past nine years and inquired how many more years Wild Rivers would take to build a facility. Mr. Bazinet suggested the City should build what it can afford and juggle the amenities to fit.

Council Member Rickman asked Mr. Bazinet to comment on removing some amenities. Mr. Bazinet responded a lazy river was included in Phase I (option 3 original) but suggested taking out the lazy river and substituting it with a pool element. Mr. Bazinet and Council Member Rickman discussed a number of options. Mr. Bazinet suggested closing down the Joe Wilson Pool, or using it as a spray ground and added all the options should be explored before determining what the City can afford.

Robert Tanner, 1371 Rusher Street, stated he would like to see the Joe Wilson pool renovated so it could be used as a community pool. With regard to the drought situation Mr. Tanner suggested the state is asking for a 20 percent reduction in water usage and asked what the City is doing in regard to reducing its use of water.

Dave Helm stated a 55% return on operating cost is not a 55% return on investment. Mr. Helm suggested letting the voters decide if they want it.

Ms. McCray stated there are approximately 400 kids who swim competitively and they are part of the community. They will use the pool together with the kids who take swim lessons, master swimmers, and laps swimmers.

Roy Hawkins, 1524 East Street, stated the City has been discussing the Ellis project for the past nine years and is still talking about a swim center at Ellis. The City needs it, the community wants it and the children deserve it.

Roger Birdsall, 1121 Michelle Avenue, stated the City has the money for one pool, not three. The Joe Wilson Pool should be up and running so kids can play and learn to swim in the pool. Mr. Birdsall asked if the 16 acres would be leased to Wild Rivers, and if the City would build the facility or if Wild Rivers would build it. The project is becoming too complicated because people want too much. The City has the money to fix the Joe Wilson Pool and probably has the money to fix the West High pool. An agreement could be made with West High to accommodate the swim teams. If, in the future, the City needs additional pools one should be built on the south side and one on the north side.

Mayor Ives stated the idea is for Wild Rivers to put in an aquatic related enterprise. Mr. Malik stated it would be a Wild Rivers project, privately funded with a long term lease on the land. Mayor Ives added what is missing is a 52 meter pool. The City can identify \$14 million over and above what Wild Rivers has to invest to make up the difference in terms of the community's vision from long ago to where the City is now. Mayor Ives added the cost of a 52 meter pool is \$7.4 million initially, and the cost to renovate Joe Wilson Pool is \$2.5 - \$3 million.

Mayor Pro Tem Maciel inquired if renovating the Joe Wilson Pool meant fixing the pool or building a new pool from scratch. John Courtney, Principal, RJM Design Group, Inc., responded the pool would be torn down and rebuilt and would be a different shape. The building would be added on to, renovated and brought up to code.

Council Member Rickman stated Wild Rivers will be privately funded which removes the liability from the City. However, if the City spends \$7.2 million on a pool, how will it be funded from year to year. Council Member Rickman stated he would like to know how many cities own and operate a 52 meter pool but don't operate at a loss.

Council Member Manne stated the options are premature and discussed the pros and cons of each option. The City is donating 16-20 acres of land to Wild Rivers and Council Member Manne suggested some of the cost recovery could be put towards the cost of the competition pool. Mr. Manne suggested Wild Rivers contribute toward the insurance costs. Council Member Rickman stated he did not want to dictate to Wild Rivers what they have to do, but did want Wild Rivers to assume the liability.

Council Member Young stated initially the Joe Wilson pool was in addition to the swim center. The City needs to do what it can with the money it has right now in order to move forward. If the City has to build more phases over time, as the community grows, then that is what has to be done. Council Member Young added it is important to consider the drought situation and the liability with the City running such an enterprise.

Mayor Ives stated it costs \$7.4 million for a big pool and \$3 million to fix Joe Wilson and there is still money left from the \$14m. Mayor Ives stated Council wanted to take action and there are two options that include the Joe Wilson Pool.

Mayor Pro Tem Maciel stated aquatic facilities in the community are woefully inadequate and there are a lot of unknowns. Completely demolishing and rebuilding the Joe Wilson pool is an option, although before it closed it was operating at an annual deficit of \$100,000. Mayor Pro Tem Maciel commented on a number of programs the City subsidizes and added the City will need to subsidize the swim facilities. Mayor Pro Tem Maciel suggested a referendum could be put to the voters to create a revenue stream to support community CIP projects. Mayor Pro Tem Maciel stated that in the short term the City would have two pools on the north side of the City and added his preference would be to have a competition pool next to the commercial facility. Mayor Pro Tem Maciel did not want to use either the \$4m the City has or the \$10m from Surland, but suggested the City look for other funding sources.

Mayor Ives stated he sensed the Council wanted to move in the direction of an aquatic solution which includes the Joe Wilson pool. The City has the money. Council needs to decide if it wants to use the money the City has, because if the City spends \$7.4m on the large pool there would still be money left over.

Council Member Manne suggested continuing negotiations with Wild Rivers and having staff bring back solutions for the Joe Wilson pool. Council Member Young stated negotiations will continue with West High, and added she would prefer to see a community pool adjacent to the commercial facility with a separate entrance way. Council Member Young stated she was open to having money set aside to go toward operational costs.

Interim Assistant City Manager Gary Hampton stated the City has good working relations with the School District and approaches have been made to expand the use of the West High pool. Negotiations will continue throughout the summer. Developing the Joe Wilson Pool will take some of the demands off West High and will transfer some of the recreational swim and the lessons to the Joe Wilson Pool.

Mayor Ives stated the school district has restraints relative to access which make it a reluctant Plan B. The City should understand what it means if it chooses to invest with Wild Rivers although both options should continue.

Maria Hurtado, Interim City Manager, stated staff has been working with Wild Rivers and has made progress. Ms. Hurtado asked Council if they were interested in continuing the conversations with Wild River, the negotiations with West High and with renovations to the Joe Wilson Pool. Ms. Hurtado stated the City hasn't gone back to the community yet to explore the concepts of Wild Rivers.

Mayor Pro Tem Maciel stated the City should work with the competitive swim community as to what their needs would be for Plan A, a new community pool and what they would be at Plan B, West High. The City is not looking at an Olympic style pool, but a pool that can be opened up for much broader use.

Maria Hurtado, Interim City Manager, stated Council could consider a CIP to renovate the Joe Wilson pool at a workshop to be held on June 3, 2014, to Review and Discuss the Proposed FY 2014/15 City Budget, Five-Year Forecast, and General Fund Reserves.

Mayor Ives stated negotiations should continue with Wild Rivers and West High School. Staff to seek out alternative funding sources to cover the cost of rebuilding the Joe

Wilson pool, and bring back an agenda item at the August 19, 2014 City Council meeting.

Mayor Ives recessed the meeting at 10:58 p.m. The meeting was reconvened at 11:04 p.m.

9. APPROVE AN AGREEMENT WITH TYLER TECHNOLOGIES, INC. FOR AN ENTERPRISE RESOURCE PLANNING SYSTEM INCLUDING IMPLEMENTATION, SUPPORT, LICENSING AND SAAS SERVICES – Robert Harmon, Senior Accountant, Administrative Services Department, presented the staff report. As part of the Fiscal Year (FY) 2013/14 Capital Improvement Program (CIP), Council authorized funding to replace the City's current financial system with an Enterprise Resource Planning System (ERP), an information technology tool that integrates various systems (e.g. finance, human resources, benefits, fixed assets, payroll, community development) into one comprehensive system to manage operations. Staff conducted a thorough evaluation of the City's business needs and current technologies and issued a Request for Proposal (RFP) to identify ERP vendors. This process required vendors to conduct an all-inclusive presentation of their product, demonstrating functionality, efficiency, and effectiveness. An employee committee of future ERP system users unanimously selected Tyler Technologies, Inc. based on its higher functionality, ability to provide a city-wide solution, meeting the needs of all departments, and estimated cost of ownership.

Tyler Technologies is a publicly traded company (TYL) listed on the NYSE with over 25 years of ERP experience. Tyler deals only with public sector entities and has more than 1,400 clients live on this ERP product with over 400 using their vendor-hosted model. Tyler has over 10,000 public sector clients throughout the United States. Many of Tyler's California clients are similar in size and complexity to the City of Tracy.

Another important consideration in the selection process was the ongoing cost to upgrade to newer versions, features and technologies as they become available. Tyler follows a perpetual upgrade approach called "evergreen", which is included in the annual maintenance cost. This prevents disruptive and costly upgrades and ensures product efficiency and cutting-edge service. Among the many features of Tyler, a recently developed "Transparency" module has been introduced which will help the City meet its open government initiative. This module will allow financial data to be pushed out through the City's website in an automated, citizen-friendly format while maintaining the security and integrity of the underlying information.

Implementation of the ERP system will follow a phased approach beginning with financials and then progressing through all modules over an 18–20 month period. The Tyler project management team will provide overall guidance and will follow Tyler's proven implementation plan. The implementation plan includes project planning, data conversion, training, go-live and ongoing post-go live services. City staff will be responsible for most of the work, defining business rules, and system testing. The implementation process will provide a unique opportunity to examine and update the City's business practices and adopt best-practice models where beneficial. This process will run congruent to the City's Internal Control Review project.

Part of the implementation process requires the determination of whether the City or vendor will host the system. Staff recommends a "Software as a Service" (SaaS) or vendor-hosted model. Under this solution, the majority of the ERP system will be installed and operated on servers at the vendor's data center, rather than at a City

facility. This benefits the City by reducing overhead costs for server maintenance and database administration, minimizing recurring capital investment costs for new servers and computer hardware, and improved business continuity and disaster recovery support. Tyler is responsible for all support, security, database administration and disaster recovery services allowing internal IT staff to concentrate their resources on other priorities. The SaaS overhead cost is built into the contract price.

The total cost for the ERP solution is \$2,643,854 which will be paid for over a period of seven years. This amount includes one-time fixed cost, a 10% contingency of \$220,987, and ongoing annual operating costs of \$298,549. Of that amount, \$228,000 will be a General Fund expense.

Costs will be expended as each project phase begins. Full implementation is expected to occur by year three. Initial funding of \$970,000 for years one and two will be funded from the City's CIP Budget, CIP 79411. On-going costs for software/hosting support in years three through seven would be budgeted in the annual operating budget. At the end of the seven-year term, the Tyler contract will need to be extended or a contract with a new vendor will need to be negotiated. Once fully implemented, it is anticipated that licensing and information technology support and maintenance costs from existing systems will no longer be needed and subsequently eliminated. This would reduce the City's annual on-going costs by an average of \$250,000 per year.

Staff recommended that Council approve an agreement with Tyler Technologies, Inc. for an Enterprise Resource Planning System including implementation, support, licensing and SaaS services with a total value of \$2,209,867 over 7 years and further authorizing the City Manager to execute change orders in the amount of ten percent (10%) of the contract value should unexpected software anomalies arise during implementation.

In response to a question from Mayor Pro Tem Maciel regarding transparency issues, Mr. Harmon responded the program does have a transparency portal which will allow the City to push out information on an ongoing basis. It has many customer service interfaces where customers can pay their bills, check the status of planning permits, and vendors can check the status of submitted invoices. The system won't allow residents to directly access the City's finances, but will allow certain information to be uploaded to the website once the parameters have been defined. Also, there is a huge amount of data which will be available to the web site related to expenditures, including check registers and purchasing reports.

Mayor Ives asked if this was the kind of system that would move the City into the top tier in terms of technology. Mr. Harmon stated it is top tier. It is one product, not a lot of piecemeal products which have been put together.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adopt Resolution 2014-080 Approving an agreement with Tyler Technologies, Inc. for an Enterprise Resource Planning System including implementation, support, licensing and Software as a SAAS Services. Voice vote found all in favor; passed and so ordered.

10. ACCEPT STATUS REPORT ON THE CITY'S INTERNAL CONTROL WORK PLAN – Jenny Haruyama, Administrative Services Director presented the staff report. At the March 18, 2014 City Council meeting, staff presented an overview of the City's multi-phased Internal Control Work Plan.

Phase I of the Internal Work Control Work Plan involves an audit of the City's credit card practices, an update of the City's Credit Card Policy, and employee training for cardholders and administrative staff. To date the following Phase I tasks have been completed or are currently underway:

- An inventory of all City credit cards and store cards has been completed. The number of credit cards has been reduced from 160 to 77 and further reduction efforts are expected pending the auditors' recommendations.
- Modifications have been made to the City's existing administrative credit card expense processes to improve clarity when finalizing purchase reports.
- All City credit card holders and applicable administrative staff have received a copy of the City Credit Card Policy.
- The City retained Chavan and Associates to conduct a credit card audit, which was completed in late April 2014. A report detailing the audit findings and policy and procedural recommendations should be completed within the next week or two.

As an additional Phase I task staff recommended that a community meeting be held in June/July 2014 to discuss the credit card audit process, including the scope of the audit, draft audit findings and recommendations. Community feedback would be solicited and incorporated into the final audit report presented to Council in August 2014. Phase I of the work plan is expected to be completed by July 2014; city-wide training is scheduled to occur by the end of summer 2014.

Phase II of the Internal Control Work Plan involves the development of an Open Government Initiative. This initiative is reflective of the Council's Governance Strategy which promotes communication and civic engagement, financial transparency, and fiscal stewardship. The Transparency Initiative includes efforts to improve public access and understanding of City finances through the use of technology, including but not limited to open government software and upgrades to the City's financial system. Staff will begin to identify improvements to the City's website and explore the creation of a transparency webpage to consolidate information pertaining to council and administrative policies, statements of economic interests, fiscal, investment, and internal control policies, Public Record Act requests (PRAs) submission processes, PRA frequently asked questions, and information related to financial audits and reporting requirements.

Ms. Haruyama stated a community meeting will be scheduled to help the public to understand what the audit was comprised of, how the findings were determined and the auditors' recommendations. Any community concerns voiced at the meeting would be included in a full report which will be brought back to Council in August.

To date the following Phase II tasks have been completed or are currently in progress:

- A PRA log of requests has been developed and is available for public viewing at the Clerk's Office. The log will become available electronically in the near future.
- A computer kiosk has been installed on the second floor in City Hall so that requested public records may be viewed electronically.
- User-friendly, open government financial software will be available via the City's website by June 2014. The Measure E Committee has volunteers to serve as a usability group to test the software and provide feedback to staff prior to officially launching the new software.

- A vendor has been selected to replace and install Enterprise Resource Planning (ERP) software to enhance the City financial reporting capabilities. The new system provides a Citizen Transparency Module that provides access to key financial data sets.
- The City's Finance Division webpage has been updated to include all existing financial and applicable administrative policies and transactions, including monthly check registers.

Phase III of the Internal Control Work Plan involves a review of the City's financial policies and will take approximately six months. Several policies are outdated and require modification. Examples of these policies include but are not limited to travel expense and reimbursement, cell phone use, issuance and stipends, petty cash handling, and purchasing practices. Update of the policies will include best practice research and a cross-departmental team review of any proposed changes. Phase III is anticipated to begin in summer 2014, and will be completed by spring 2015.

The Internal Control Work Plan is designed to be fluid in nature and may change over time. Monthly status reports will be scheduled to advise Council about staff progress, significant findings, and/or changes to the work plan.

Mayor Ives invited public comment.

Dave Helm stated he was glad that the check registers were being posted since he believed it was important for the community to know how the City spends its money. Mr. Helm stated he had concerns about how some of the City's credit cards were being used and also the FY 2012/13 CAFR report. Mr. Helm alleged certain information was omitted from the CAFR. Mr. Helm was concerned that when the previous audit was done, problems were discovered which were not documented. Mr. Helm added he would attend the community meeting and hoped the community's concerns would be addressed.

Ms. Haruyama invited Mr. Helm to meet with her and Interim Assistant City Manager Hampton regarding any specific concerns with the CAFR. Final audit findings have been issued and the current auditor did find the credit card issue as a finding.

Ms. Haruyama stated that with regard to the community meeting Chavan and Associates would conduct the meeting with staff. Ms. Haruyama added she was confident the meeting would be productive.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to accept the report. Voice vote found all in favor; passed and so ordered.

11. COUNCIL DISCUSSION AND DIRECTION REGARDING A PUBLIC RECORDS ACT REQUEST LOG – Interim Assistant City Manager Gary Hampton presented the staff report. At the City Council meeting held on March 18, 2014, Council Member Young requested, and the Council agreed to consider an agenda item regarding a Public Records Act Request log.

Mr. Hampton stated that in an effort to promote transparency and to systematically track and respond to Public Records Act requests (PRAs), the City has taken the following steps:

1. A PRA log has been developed which tracks requests received and provides information regarding steps taken on each individual PRA request until it is complete.
2. The PRA log is uploaded to a kiosk, located on the second floor lobby for viewing by members of the public.
3. Documents responsive to the PRA are also uploaded to the kiosk for viewing by the requestor and members of the public.

The next step in the process would be to allow remote access to the Public Records Act requests within the next few months.

Council accepted the report.

12. ITEMS FROM THE AUDIENCE - None

13. STAFF ITEMS

- A. Interim City Manager's Informational Update – Interim City Manager Maria Hurtado reported two new businesses, Red Robin Gourmet Burgers and Sports Authority, would be opening their doors in the near future. Business Recruitment efforts continue with staff currently attending the world's largest retail convention, ICSC RECon to recruit new retail businesses to Tracy. In addition, staff representatives are attending the TiECon event in San Jose, one of the largest entrepreneur and technology events in California.

The Central Valley Business Times recently released a report on the sales tax recovery of California's 100 largest cities since the 2008 recession. Sales tax activity was reported to be 5.7 percent higher in 2013 than 2008. The article also noted that Tracy had out performed larger cities such as Bakersfield with a reported 24 per cent sales tax increase over the past five years. Ms. Hurtado stated that although the City is experiencing positive growth in sales tax, property tax is still lagging, and the overall tax revenues have not reached those of pre-recession levels.

Two new Fire Stations have been completed. Station 96 is located at 1800 W. Grant Line Road, and Station 92 is located at 1035 E. Grant Line Road. The stations provide coverage on the far eastern and western ends of Tracy, and will deliver improved response times for emergency calls in those areas. Ms. Hurtado confirmed ribbon cutting ceremonies for both stations will be held on August 5.

Beginning on June 2, 2014, the City and PGE will replace 682 high pressure sodium street lights with light emitting diode (LED) lights on Grant Line Road, Tracy Boulevard, Schulte Road, W. Eleventh Street and MacArthur Drive. The benefits of the LED lights include a 50% energy savings, longer life span, brighter color, less glare, and greater visibility at night; an energy efficiency rebate through PG&E and energy savings which will offset the project costs.

Tracy residents can receive real time public safety and traffic alerts via text and email through the community information application, Nixle. Alerts are sent from the City and include crime information, missing persons reports, emergency preparedness, road closures and information on upcoming community events.

Ms. Hurtado invited the community to various social events being held in the City including Public Works Week at City Hall from May 19 to May 24; on June 13 Jackson Michelson will offer a tribute to country western singers at 6:00 p.m. at the Downtown Plaza; and the jazz group "Four" will be playing at 8 p.m. in the lobby of the Grand Theatre on May 23.

The application filing deadline for the City Manager position is June 16. Council will interview candidates in July and it is anticipated the new City Manager will be appointed by October.

Ms. Hurtado concluded by stating the groundbreaking for the animal shelter had taken place earlier in the day. Phase I includes a 5,538 square foot facility with 32 dog kennels, cat cages and an exercise yard. Phase I will be completed by December. Phase II will add an additional 6,000 square feet, an expanded yard, walking trails and an agility yard.

Council accepted the report.

14. COUNCIL ITEMS – Council Member Rickman congratulated Relay for Life on raising over \$180,000 for Cancer. Council Member Rickman also congratulated St. Bernard's Volley Ball Team who won the CYO championship this past weekend.

Council Member Young offered congratulations to all students in Tracy who will graduate in the coming weeks. Council Member Young also congratulated Kimball High School which recently ranked in the top 27 schools in the nation, and was awarded a bronze medal for strong state exam performance.

Mayor Pro Tem Maciel stated Memorial Day events would be held in the City next Monday.

15. 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 11:43 p.m.

The above agenda was posted at the Tracy City Hall on May 15, 2014. The above are summary minutes. A recording is available at the office of the City Clerk.

Mayor

Interim City Clerk