

NOTICE OF SPECIAL MEETING

Pursuant to Section 54956 of the Government Code of the State of California, a Special meeting of the **Tracy City Council** is hereby called for:

Date/Time: Tuesday, August 18, 2020 at 5:00 p.m.
(or as soon thereafter as possible)

Location: Tracy City Hall
333 Civic Center Plaza, Tracy

THIS SPECIAL MEETING WILL BE CONDUCTED PURSUANT TO THE PROVISIONS OF THE GOVERNOR'S EXECUTIVE ORDER N-29-20 WHICH SUSPENDS CERTAIN REQUIREMENTS OF THE RALPH M. BROWN ACT

RESIDENTS ARE STRONGLY ENCOURAGED TO PARTICIPATE REMOTELY AT THE AUGUST 18, 2020 MEETING

Government Code Section 54954.3 states that every public meeting shall provide an opportunity for the public to address the Tracy City Council on any item, before or during consideration of the item, however no action shall be taken on any item not on the agenda.

Remote Access to City of Tracy Council Meeting:

In accordance with the guidelines provided in Executive Order N-29-20 on social distancing measures, the City of Tracy will allow for remote participation at the upcoming Special City Council meeting on Tuesday, August 18, 2020.

As always, the public may view the City Council meetings live on the City of Tracy's website at www.CityofTracy.org or on Channel 26. To view from the City's website, select "Watch Live Council Meetings" from the drop down menu "Select an Online Service" at the top of the City's homepage. You will be directed to the "Council Meeting Videos" page where you may select the video for the appropriate date under "Upcoming Events."

If you only wish to watch the meeting and do not wish to address the Council, the City requests that you stream the meeting through the City's website or watch on Channel 26.

Remote Public Comment:

*Public comment, limited to 250 words or less, submitted via email **will be accepted for agenda items before the start of the Council meeting at 5:00 p.m. Please send an email to publiccomment@cityoftracy.org** and identify the item you wish to comment on in your email's subject line.*

During the upcoming Council meeting public comment will be accepted via the options listed below. If you would like to comment remotely, please follow the protocols below:

- *Comments via:*
 - **Phone** by dialing (209) 831-6010, or
 - **Online by visiting** <https://cityoftracyevents.webex.com> and using the following **Event Number:** 126 849 3224 and **Event Password:** TracyCC
 - **If you would like to participate in the public comment anonymously**, you may submit your comment via phone or in WebEx by typing "Anonymous" when prompted to provide a First and Last Name and inserting Anonymous@example.com when prompted to provide an email address.

- *Protocols for submitting comments by **phone**:*
 - *Comments received by phone for the “Items from the Audience/Public Comment” portion of the agenda must be received by the time the Mayor opens that portion of the agenda for discussion.*
 - *Comments received by phone on each “Agendized Item” will be accepted until the Mayor announces that public comment for that item is closed.*
- *Protocols for commenting via WebEx:*
 - *If you wish to comment under “Items from the Audience/Public Comment” portion of the agenda:*
 - *Listen for the Mayor to open “Items from the Audience/Public Comment”, then raise your hand to speak by clicking on the Hand icon on the Participants panel to the right of your screen.*
 - *If you no longer wish to comment, you may lower your hand by clicking on the Hand icon again.*
 - *Comments for the “Items from the Audience/Public Comment” will be accepted until the public comment period is closed.*
- *The total allotted time for public comment under “Items from the Audience/Public Comment” will be 15 minutes:*
 1. Call to Order
 2. Roll Call
 3. Items from the Audience - Items from the audience - *In accordance with Council Meeting Protocols and Rules of Procedure, adopted by Resolution 2019-240, a five-minute maximum time limit per speaker will apply to all individuals speaking during “Items from the Audience/Public Comment”. For non-agendized items, Council Members may briefly respond to statements made or questions posed by individuals during public comment; ask questions for clarification; direct the individual to the appropriate staff member; or request that the matter be placed on a future agenda or that staff provide additional information to Council.*
 4. UPDATE ON MEASURE V REVENUE PROJECTIONS AND MEASURE V FUNDED PROJECTS, AUTHORIZE AND PROVIDE STAFF DIRECTION
 5. Council Items and Comments
 6. Adjournment



Mayor

Posting Date Thursday, August 13, 2020

The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in public meetings. Persons requiring assistance or auxiliary aids in order to participate should call City Hall (209-831-6105), at least 24 hours prior to the meeting.

Any materials distributed to the majority of the Tracy City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's office located at 333 Civic Center Plaza, Tracy, during normal business hours.

AGENDA ITEM 4

REQUEST

UPDATE ON MEASURE V REVENUE PROJECTIONS AND MEASURE V FUNDED PROJECTS, AUTHORIZE AND PROVIDE STAFF DIRECTION

EXECUTIVE SUMMARY

This item provides City Council with an update on Measure V funded projects and updated revenue projections, including impacts of COVID-19, and also requests that Council provide staff direction.

DISCUSSION

At the general municipal election in November 2016, the City submitted Measure V, a twenty-year half-cent transactions and use (sales) tax, to provide funding for local City services/facilities. Over the past several years, Council has prioritized the Aquatics Center, Legacy Fields, and the Multi-Generational Recreation Center (Multi-Gen Rec Center) as projects that are at the top of the list to be funded and constructed. In 2017, Council directed staff to commit 50% of all Measure V funds for debt to finance these amenities, 25% to fund pay-as-you-go projects, and 25% for operations and maintenance. However, on March 5, 2019, Council directed staff to pursue a cash (pay-go) approach in lieu of debt financing to avoid interest charges, maximizing available funding for amenities over time.

At the November 19, 2019 regular City Council meeting, staff provided an update regarding Measure V funds and sought direction about the prioritization of Measure V projects and which order they would be built based on the pay-go funding strategy. As a result, Council directed staff to prioritize Measure V projects in the following order:

1. Aquatics Center - \$65 million (\$55M – Measure V and \$10M – Developer Contribution)
2. Multi-Generational Recreation Center - \$40 million
3. Operations and Maintenance of these facilities - \$40 million

Based on this direction and prioritization, all Measure V funds collected for the next five years will be allocated first to the Aquatics Center project. By making this allocation, there will be no funds available during this time to put toward the Multi-Gen Rec Center or any other projects (Legacy Fields, Nature Park, Ritter Family Ball Park, unforeseen emergencies, etc.) until the Aquatic Center project is funded. It is important to note that the budget for the Aquatics Center has been adjusted several times over the past three years; Council originally established the project budget in 2017 to be approximately \$41.5 million, which increased to \$54 million in 2018 and \$65 million in 2019. These budget shifts have subsequently extended the anticipated opening of the facility by more than two years.

The Council also indicated that it wanted to explore other funding strategies to support smaller projects at other locations throughout the City, such as Legacy Fields. Council

directed staff to utilize any additional funds collected above the projected annual \$10 million Measure V revenue for other projects not on their priority list. Finally, Council asked staff to provide an update on the Multi-Gen Rec Center Needs Assessment and programming opportunities associated with this project.

In Spring 2020, COVID-19 struck, resulting in a global pandemic that has had economic implications worldwide. The City's existing budget deficit coupled with the impacts of COVID-19 significantly impacted sales tax revenues resulting in a budget shortfall of nearly \$12 million. Council authorized several budget reductions to maintain services, including borrowing approximately \$2.5 million in Measure V funds. While the repayment of the Measure V funds is anticipated to occur within the timeline of the Aquatics Center funding and completion, it should be noted that Measure V revenues were also negatively impacted by the COVID-19 pandemic. The pace of our economic recovery will determine how quickly our sales tax and Measure V revenues rebound. This trajectory will also impact the delivery of planned amenities. To facilitate this discussion, this report includes an update on Measure V revenue projections.

MEASURE V PROJECT UPDATES

Aquatics Center

Based on Council direction on November 5, 2019, Surland Communities, LLC. has worked with City staff to refine the Aquatic Center Conceptual Plan to meet a not-to-exceed budget of \$65 million (\$55 million City contribution and \$10 million Developer contribution) for design and construction. The most recent budget adjustment altered the funding timeline by one year, pushing out the opening of the facility to Summer 2025. Additionally, because of the economic impacts of COVID-19, the recovery of Measure V funds will likely further delay the opening by another year (Summer 2026) or longer, depending on the duration of the recession.

Also, at the November 5, 2019 meeting Council established the following program element priority list in order of importance starting with the most desirable to least desirable:

1. 50-meter pool
2. Recreation/warm-up pool
3. Lazy river
4. Water slides
5. Toddler area
6. Indoor pool (optional)
7. Fitness center (optional)

Adoption of the Aquatics Center Final Conceptual Plan is scheduled to be discussed as part of the August 18, 2020 regular City Council meeting.

Multi-Gen Rec Center

The vision of the Multi-Gen Rec Center is to provide a space to serve a broad spectrum of the City's demographics, including families, teens, seniors and commuters. Council previously directed staff to establish a budget of \$40 million for this facility. This amount was based upon staff's rough estimate for facilities of similar scope and magnitude.

In 2018, staff conducted a needs assessment to determine the recreational program priorities of our community. The assessment took into account several factors, including, but not limited to: population demographics, growth, inventory, the use potential of existing community facilities, opportunities for revenue generation at the new facility, historical recreation programming participation, and trends of nearby cities.

A major component of the assessment was public outreach. Meetings with focus groups, stakeholders and the general community were held in 2018, as well as a public survey that garnered 323 responses.

Based on several public outreach meetings and survey results, the following components were identified as key community priorities to include in this facility:

- Library and education spaces
- Teaching kitchen
- A gymnasium space for a variety of indoors sports
- Administrative space
- Multi-purpose spaces
- Lobby and lounge space

Next steps include a discussion on programming and site selection, cost estimates, and an operational and maintenance study. There is currently \$3.5 million in the Multi-Gen Rec Center budget, which can be used for further planning and design. However, staff advises that additional planning and design take place closer to actual construction (projected opening 2030 or later) to ensure the plans are up to date with existing building codes and standards and consistent with community needs. The current Council funding strategy requires that all Measure V funding be allocated to the Aquatics Center, with an estimated timeline over the next five years, which means that construction funding for this project will not be available until 2028-2030. Staff recommends commencing design at least two years prior to the expected construction date.

Multi-Gen Rec Center Alternatives

Recently, staff received direction from Council to negotiate with the Housing Authority of the County of San Joaquin (Housing Authority) to potentially co-locate a recreation center within the Housing Authority's housing project in the central part of Tracy near West 4th Street and West Street. Based on initial

discussions, it appears that the City could address some of the community's recreational priorities at the Housing Authority's project site, which is centrally located within the heart of the City. Staff will continue to negotiate with the Housing Authority and bring back options for Council to consider.

The City is also exploring a private/public partnership that could result in the delivery of a turn-key gymnasium that could meet the programming needs of the community. These types of opportunities play an integral role in maximizing and leveraging Measure V funds to their fullest extent to ensure key amenities can be built and efficiently operated for the benefit of the community. Additionally, partnerships such as these would likely facilitate the construction of a gymnasium at a faster rate compared to the time it would take to accumulate and expend Measure V funds for design and construction. Staff will continue to explore this option for Council consideration.

Legacy Fields

The original commitment to use \$10 million in Measure V funds towards Legacy Fields has been completed. Restrooms, stadium lights, shade structures, scoreboards, and other amenities were recently completed. However, there are several other long-term needs of the Phase 1 portion of the facility that have not been completed, such as traffic flow and parking improvements, paving the parking lots, way finding signage, and the complete buildout of the five eastern baseball fields that were previously operated and maintained by Tracy Little League. The eastern baseball fields are not complete and will eventually need fencing, restrooms, lighting, hardscaping and landscaping and reconstruction of one of the five fields, as it is currently not safe for use. The total cost to complete these amenities is estimated to be \$9 million. Council has previously approved a \$1 million design contract with Verde Design, Inc. to complete the design of these amenities and they are shovel-ready. If these improvements do not move forward within the next couple of years, the design work may need to be updated and/or replaced to meet current codes and standards at the time of construction.

Legacy Fields Land Swap

Per the agreement with the General Services Administration's National Park Service, Council approved the transfer of the deed restrictions and federal reversionary rights on 150 acres of the Schulte Road property (Antenna Farm) to 300 acres of undeveloped property in the Legacy Fields area. The transfer of these restrictions allowed the City of Tracy to own the 150 acres free and clear, while placing restrictions to only allow park use on the 300 acres of the Legacy Fields area. The 300 acres was previously owned by the City's Wastewater Fund and must be purchased by the General Fund in the amount of \$1.8 million to complete the swap. City Council Resolution 2019-104 approved Measure V as the funding source; however, the timing of the purchase/transferred was delayed until a broader discussion on Measure V could take place. Staff recommends Council approve a transfer of \$1.8 million from Measure V to the Wastewater Fund effective June 30, 2020. Alternatively, although not preferred,

the purchase can be listed as a loan from the Wastewater Fund to Measure V fund and staff would return with terms, including annual interest payments of 2% (approximately \$40,000 annually) per the City's inter-fund loan policy.

MEASURE V FINANCIAL OUTLOOK

Since the November 2019 discussion with Council regarding Measure V amenity project timelines, the City's financial forecast has dramatically changed due to the COVID-19 pandemic. The City's estimated revenues were expected to exceed \$10 million and had the potential to grow 3-5% annually. Instead, the City is experiencing a 20-25% reduction in Measure V revenue. FY 2019-20 Measure V revenues are now currently estimated at \$8 million; however given the slow economic recovery and retail restrictions, estimated revenues for FY 2020-21 are \$7 million. According to economic experts, the duration of the pandemic is expected to be longer than initial predictions and may continue over the next 2-4 years.

Aquatics Center

As mentioned previously, an estimated revenue cash flow analysis projected that it would take until FY 2024-25 to accumulate sufficient funds to meet the City's obligation of \$55 million for the total not-to-exceed Aquatic Center budget of \$65 million. This budget threshold was established at the November 5, 2019 Council meeting.

At that time, it was estimated that the opening would occur in Summer 2025, assuming no deviation of other projects. Depending on the severity of the pandemic and likely recession to follow, it may take an additional 12-18 months to accumulate sufficient funds (projected opening in Summer 2026 or later). After the Aquatic Center opens, it is assumed that at least \$1-\$1.5 million in operational costs will need to be funded through Measure V. Staff will need to return with an estimated maintenance and replacement costs after final design and constructions costs are known.

Multi-Gen Rec Center

Assuming that the City Council requests the Multi-Gen Rec Center be funded as the next priority, the estimated time line for opening that facility is FY 2030/2031. Similar to the Aquatics Center, the estimated operational costs are \$1-1.5 million and will be funded through Measure V. Following the opening of the Multi-Gen Rec Center, the City has approximately 6 years before the revenue sunsets. The maintenance and replacement estimates of these facilities will require further analysis and funding depending on the final design and construction.

At the close of June 30, 2020, it is estimated that the City has accumulated approximately \$18 million in Measure V funds for the Aquatics Center. It is projected that another \$5 million will be added in FY 2020/21, or \$23 million total. Combined with the Developer's contribution of \$10 million and Master Plan fees

of \$2 million, the estimated funding for Aquatics Center as of June 30, 2021 is \$35 million. Each year thereafter is estimated to accumulate approximately \$10 million until the cumulative balance of \$55 million is funded by June 30, 2025. Assuming all Measure V is committed to the Aquatic Center, the City would begin accumulation of the Multi-Gen Rec Center estimated budget of \$40 million beginning in FY 2025-26 and continue for the next four fiscal years (FY 2029-2030).

It is important to note that this scenario does not include impacts of pursuing multi-recreation center alternatives that could help leverage additional funds for other key amenities such as the Aquatics Center or assess economic impacts associated with the pandemic beyond FY 2020-21

Council Policy Considerations

The COVID-19 pandemic has and continues to impact the City's resources, creating economic uncertainty about the future and the City's ability to maintain core services and deliver and operate new amenities. Prior to COVID-19, the City Council provided direction to identify funding options using excess Measure V funds beyond what was budgeted to support other priority Measure V projects concurrent with the Aquatic Center. This is no longer an option as Measure V revenue has significantly decreased due to COVID-19, and is anticipated to continue for the next few years. Additionally, this loss in revenue will impact the opening of the Aquatics Center, delaying it a minimum of 2 years. Given this, policy direction is needed from Council to further clarify its project approach as we navigate the impacts of the pandemic. Policy considerations for Council include:

1. Does Council want to continue with its direction to allocate all Measure V funds toward the Aquatic Center project with an estimated opening of 2026 or later, understanding that there will be NO available funds for any unplanned needs and/or other Measure V priorities?
2. Does Council want to expedite the Aquatic Center project by phasing the design and construction of certain aquatic elements? If so, a phasing plan would be brought back to council at a later date for consideration.
3. Does Council support the concept of exploring public-private partnerships to meet the community's recreational needs while maximizing Measure V funds for other key priorities?
4. Does Council want to fund the purchase of the Legacy Fields land swap as of June 30, 2020 as recommended or set terms for an interfund loan from the Wastewater Fund at a 2% interest rate with an estimated interest payment of \$40,000 annually, which is not preferred?

STRATEGIC PLAN

This agenda item supports the City of Tracy's Quality of Life Strategic Priority, which is to provide an outstanding quality of life by enhancing the City's amenities, business mix and services and cultivating connections to promote positive change and progress in our community.

FISCAL IMPACT

Fiscal impacts will vary, depending on Council direction.

RECOMMENDATION

It is recommended that City Council receive an update on Measure V revenue projections and projects, and provide direction to staff.

Prepared by: Brian MacDonald, Parks and Recreation Director

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Approved by: Jenny Haruyama, City Manager