

November 5, 2013, 7:00 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

Mayor Ives called the meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

The invocation was provided by Pastor Scott McFarland, Journey Christian Church.

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

Leon Churchill, Jr., City Manager, presented the Employee of the Month award to Bogdan Swiergot, Public Works – Utilities.

Mayor Ives presented a proclamation to Alicia Carson, Records Supervisor in recognition of National Law Enforcement Records and Support Personnel Day.

Mayor Ives presented a proclamation to Danielle Mintz, Pancreatic Cancer Action Network's Bay Area Affiliate, in recognition of Pancreatic Cancer Awareness Month.

Mayor Ives presented a proclamation to Kathleen Serna-Halliday, Comprehensive Youth Outreach Coordinator Women's Center-Youth & Family Services, in recognition of Homeless Youth Awareness and Runaway Prevention Month.

Mayor Ives presented a proclamation to Shadd Newman, Associate Director of Property Operations, Eden Housing, in recognition of their 45th Anniversary.

Mayor Ives recognized students from Bohn, Central, Jacobson, McKinley, Poet Christian, and Villalovoz Elementary Schools in honor of their D.A.R.E. graduation.

Mayor Ives recognized students from Kimball, Millennium, Tracy and West High Schools for their involvement in D.A.R.E. TO PAY IT FORWARD.

1. CONSENT CALENDAR – It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to adopt the Consent Calendar. Roll call vote found all in favor; passed and so ordered.
 - A. Approval of Minutes – Regular meeting minutes of September 3, 2013, were approved.
 - B. Authorize an Amendment of the City's Classification and Compensation Plan and Position Control Roster Reinstating a Full-Time Box Office Coordinator Position and Reallocating an Administrative Assistant II and a Cultural Arts Manager-Performing Arts to a Box Office Coordinator Position – Resolution 2013-165 authorized amendment of the plan.
 - C. Acceptance of the Senior Center Recreation Area CIP 78136, Completed by American Asphalt of Hayward, California, and Authorization for the City Clerk to File the Notice of Completion – Resolution 2013-166 accepted the project.

- D. Approve Amendment Number One to the Professional Services Agreement with Kimley-Horn and Associates for the Tracy Hills Specific Plan Amendment Subsequent Environmental Impact Report – Resolution 2013-167 approved Amendment One.
 - E. Award a Construction Contract to Commercial Pump and Mechanical (CMP) of Chico, California, for the Larch Road Storm Water Pump Station Upgrades, Phase 2 CIP 76054, and Authorize the Mayor to Execute the Contract – Resolution 2013-168 awarded the construction contract.
 - F. Approve a Minor Amendment to the Barnes & Noble/Sports Authority Final Development Plan to Modify the Façade and Add a Loading Dock At 3150 Naglee Road - Applicant is Naos Design Group for Rouse Properties, Inc. - Resolution 2013-169 approved the minor amendment.
 - G. Find it is in the Best Interest of the City of Tracy to Dispense with the Bid Process in Section 2.20.180 of the Tracy Municipal Code; Authorize the Purchase of Two Triple Combination Fire Pumpers From Hi-Tech Emergency Vehicle Service, Inc.; and Authorize Staff to Negotiate a Municipal Lease for the Purchase - Resolution 2013-170 approved dispensing with the bid process.
 - H. Find that it is in the Best Interests of the City to Waive the Competitive Bidding Process and Continue to Procure Centrifuge Rental Services from Karl Needham Enterprises (KNE) of Stockton, California - Resolution 2013-171 waived the competitive bidding process.
 - I. Authorization for the Chief of Police to Execute a Memorandum of Understanding between San Joaquin County Law Enforcement Agencies for the “Avoid the 10” DUI Campaign October 1, 2013, through September 30, 2014 - Resolution 2013-172, authorized the Chief of Police to execute the Memorandum of Understanding.
2. ITEMS FROM THE AUDIENCE – Bob Sarvey provided Council with a letter dated October 14, 2013, from Leon Churchill, Jr., City Manager. Mr. Sarvey stated he disagrees with the opinion of City staff and has not seen his request for reconsideration of the Surland purchase of the Schulte Road property placed on an agenda so he can provide rebuttal. Mr. Sarvey stated that the resolution approving the purchase and sale agreement is inaccurate and the findings did not accurately reflect the administrative record. Mr. Sarvey asked that Council reconsider their decision to sell the Schulte Road property to Surland.

Paul Miles addressed Council regarding the sale of the antenna farm property to Surland and provided a brief history of the site. Mr. Miles expressed concern over the sale price of the property, the rejection of other proposals which could generate revenue for the City, and the absence of any requirement that a solar farm be built.

Leon Churchill, Jr., City Manager, stated that due to the federal government shut down and the inability of the General Services Administration (GSA) to deliver the release documents for escrow on or before October 21, 2013, as required under the agreement, Surland was unwilling to extend the escrow period. On October 30, 2013, Surland sent a letter to the City of Tracy stating they had abandoned their efforts to acquire the site. Therefore, the agreement was not finalized. Mr. Churchill indicated dialogue continues with a number of stakeholders including Surland,

Congressman Denham's office, and GSA. Mr. Churchill added that he would return to Council in the future for Council consideration of alternate courses of action.

3. APPROVE A HIGH TECHNOLOGY (HI-TECH) INCENTIVE PILOT PROGRAM - Amie Mendes, Economic Development Analyst, provided the staff report. On April 30, 2012, Council allocated \$300,000 from the Residential Specific Plan (RSP) fund balance toward development of a business incubator to support start-up ventures in the early stages of development to ensure their growth and profitability. This effort would contribute to the local economy by increasing the City's tax base and creating new jobs. To test this assumption, a Business Accelerator Feasibility Study was conducted and completed in November 2012.

Several factors emerged suggesting that the City may want to explore alternative approaches to the business incubator. First, within the last year, i-GATE Innovation Hub, an organization dedicated to connecting entrepreneurs and investors to promote regional prosperity, accelerated their Business Incubator Program, leveraging its partnership with Lawrence Livermore Lab and other key businesses and expanding its network to increase innovation opportunities in the region. The City has been able to refer start-ups to i-GATE, helping to diversify the local economy. The City also created a partnership with The Indus Entrepreneurs (TiE) Silicon Valley, an organization which promotes entrepreneurship through mentoring, networking, and education. This collaboration resulted in a successful entrepreneur event on September 18, 2013, at the Grand Theatre Center for the Arts, exposing local technology companies to venture capitalists and entrepreneurs to discuss their business goals.

Given that these resources already exist to support start-ups, coupled with the City's economic development advantages, including its proximity to Silicon Valley, affordable land and housing and skilled workforce, the City is in a unique position to recruit high-technology (hi-tech) companies. The City proposes to test these assumptions through a temporary Hi-Tech Incentive Pilot Program (Program) to stimulate business growth and job creation, and manufacturing job retention and/or expansion.

The purpose of the Program is to increase the viability of current and future hi-tech businesses in Tracy. The Program is intended to provide various incentives to eligible companies interested in locating within the city limits. The Program also serves as a retention tool for existing hi-tech companies in Tracy that are interested in expanding.

The Program goals are to encourage hi-tech business development through incentives that attract eligible, new companies to Tracy, and retain existing businesses with a desire to expand their operations.

The Program reflects four proposed incentives: (1) Plan Concierge Services and Expedited Plan Review Rebate, (2) Use Tax Rebate, (3) Building and Planning Rebates, and (4) A High Wage Incentive.

1. *Plan Concierge Services and Expedited Plan Review Rebate* - Feedback from businesses indicated that concierge services and expedited plan review is one critical component in their site selection decision when relocating or expanding in a community. Key elements of this incentive include:
 - Expedited plan review services that require a building permit associated with tenant improvement construction or equipment installation;
 - Rebate of up to \$5,000 of the expedited plan review fee to qualifying companies;

- Ten business day turn-around for the first submittal of building plans, with all subsequent submittals at five business days; and
 - Next day inspection services as part of the building permit process to ensure timely completion of construction.
2. *Use Tax Rebate* - Businesses also indicated that Use Tax Rebates could play an important role in deciding to locate in one community over another. In this instance, the City would remit a portion of Use Tax dollars back to an eligible company. Use tax is applicable when an item is purchased (e.g. equipment) for use in California from an out of state retailer; if a city is deemed as the first functional use, the Use Tax would be distributed directly to the agency, rather than through the countywide pooling process. Firms that designate the City of Tracy as the first function use would be eligible for a Use Tax reimbursement of up to 50% conditioned upon a direct public benefit.
 3. *Building and Planning Rebates* - Another hi-tech business incentive is the rebate of a portion of the building, plumbing, mechanical, and electrical permit and plan check fees paid for as part of a commercial or tenant improvement building permit application. The City would rebate 75% of the building permit and plan check fees, up to a maximum of \$20,000, for fees associated with tenant improvement or equipment installation costs. In addition, the fees paid as part of a Development Review application or those associated with other discretionary permits from the Planning Division, may be eligible for a rebate up to a maximum of \$10,000. Any rebate of building and/or planning fees will be contingent upon the issuance of a Certificate of Occupancy.
 4. *High Wage Incentive* - A high wage incentive would also be made available to new and existing hi-tech companies that meet a specified "Head of Household" threshold. For the purposes of this pilot program, it is recommended that "Head of Household" be defined as a job compensated at a minimum of \$52,000 annually and receive some level of employer sponsored healthcare benefits. The proposed Head of Household requirement is similar to those in neighboring communities, such as the City of Livermore. However, the City will continue to further refine the Head of Household annual compensation requirement and provide a policy recommendation to Council within the next 12 months.

To receive the high wage incentive, new hi-tech companies must have at least 50% of their workforce at the Head of Household level. Existing hi-tech businesses must have expanded their workforce by a minimum of 25% with new Head of Household jobs to participate in the program. All Head of Household jobs must be permanent, full-time positions. Qualified hi-tech businesses would receive \$1,000 per eligible employee, per year, for a period of up to five years. All jobs created and/or relocated must be maintained for a period of 12 months. Companies must also verify applicable salaries and the required length of employment.

The proposed Hi-Tech Incentive Pilot Program would be made available through the reallocation of budgeted Residential Specific Plan (RSP) funds originally intended for a Business Incubator Program. There is approximately \$238,483 to fund the pilot program, which would be made available until the funds were expended. Any financial related incentive would be brought forward to Council prior to execution. Implementation of the financial incentives is at the discretion of the Council.

The Hi-Tech Incentive Pilot Program would be made available until the funds are expended. There is no impact to the General Fund.

Staff recommended that Council approve the High Technology Incentive Pilot Program.

Mayor Pro Tem Maciel stated three of the four project components are rebates so revenue would come in and subsequently be rebated. Mayor Pro Tem Maciel asked if the \$238,483 would be used for incentives and not backfill the rebated monies. Ms. Mendes stated the \$238,483 would be used for the rebates.

Mayor Pro Tem Maciel asked for clarification regarding the use tax. Leon Churchill, Jr., City Manager, clarified that the City cannot allocate rebates from revenue received; it has to come from the \$238,483 so funds are available for rebate.

Mayor Pro Tem Maciel asked how the \$52,000 Head of Household amount was determined. Ms. Mendes stated this program was similar to the City of Livermore and is based on median home prices.

Council Member Rickman asked how successful the program was in Livermore. Ms. Mendes stated it was a new program for Livermore and several companies have taken advantage of the program.

Council Member Manne stated this program was very encouraging and hoped it shows that Tracy is willing to invest in the Community. Council Member Manne asked how the incentive was going to be administered and if the City had the staff resources available. Mr. Churchill stated as proposed, existing staff will administer the program, principally Ms. Mendes and others in Economic Development.

Council Member Rickman asked how long it would be before any results were realized. Ms. Mendes stated it will take time to market the program, but believed staff would have an idea on how the program is received within the next six months.

Council Member Young asked if the program would be adjusted throughout the next two years in order to determine success in 2016. Ms. Mendes stated staff would provide Council with an update when the Strategic Plans are presented.

Council Member Young asked how much money was originally set aside for the incubator program. Ms. Mendes stated \$300,000.

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

Robert Tanner stated the incentive plan for one item has an end date for five years, with no end date on others which may impact the General Fund after 2016. Mr. Churchill stated that will be a milestone the City will have to consider. Mr. Churchill added if the program is successful, the funds will be exhausted quickly. Mr. Churchill further stated the program will have to be re-evaluated when funds are exhausted.

Mayor Ives confirmed that the program is currently capped at \$238,483 and no additional funds would be spent at this time.

Paul Miles asked why the program was restricted to hi tech companies. Ms. Mendes stated the incubator program originally targeted start-up companies and entrepreneurs. Ms. Mendes added that after additional research and after the state-of-the-City speaker

discussed hi tech companies, the City looked again at how to attract hi-tech businesses that can cross over many industries. Ms. Mendes stated the main goal was to attract a cluster which would also attract spin-off businesses.

Mr. Miles asked for clarification of the use tax. Ms. Mendes stated the county pooling system is based off retail sales and the City of Tracy receives approximately 15%. Ms. Mendes stated any company can take advantage of the use tax.

It was moved by Council Member Manne and seconded by Mayor Pro Tem Maciel to adopt Resolution 2013-173 approving a High Technology Incentive Pilot Program.

Council Member Rickman thanked Ms. Mendes for the creative presentation, stating the City needed lower fees, lower taxes, and tax incentives to bring head of household jobs to Tracy.

Mayor Ives stated Tracy is becoming more of a self-help City and that this program was a good example of the City designing its own way into prosperity.

Voice vote found all in favor; passed and so ordered.

5. REVIEW AND DISCUSS COUNCIL FOLLOW-UP PROCEDURE AND PROVIDE STAFF DIRECTION - Maria Hurtado, Assistant City Manager, provided the staff report. On October 1, 2013, Council directed staff to outline the City Administration's Council follow-up procedure and provide alternative methods to ensure clarity around the request and timely completion of Council referrals. Council described concerns over the lack of timeliness to its requests, and asked for methods for improvement. The City's practice is to schedule a Council follow-up meeting the day following a Council meeting. This meeting reviews the actions taken by Council, required internal coordination, and Council referrals. In preparation of the meeting, a Council action summary sheet is developed, which confirms, schedules, and assigns Council follow-up items. A determination is also made as to whether the follow-up item will be communicated to Council via an informational memorandum from the City Manager or by placing an item on the Council agenda. The following section describes the City's practice in more detail.

The City Clerk's office develops a Council summary document, which outlines all Council actions taken for each agenda item during a Council meeting. This includes Council votes, resolution numbers, a brief description of public, staff, and Council comments, and Council referrals. This serves as an internal planning tool for future Council meeting agendas and a mechanism to document and track Council actions and voting record.

The Council Follow-Up Request form tracks Council requests from previous Council meetings and items from the audience that require follow up. The Council Follow-Up Request form includes: (1) name of the requesting party, (2) Council meeting date, (3) agenda item number, (4) requests, (5) staff assigned to respond to that request, (6) due dates, and (7) status of the items.

Senior staff (including the City Manager, Assistant City Manager, City Attorney, and all Department Heads) hold a Council Follow-Up meeting the day after each Council meeting to review both the Summary of Actions and the Council Follow-Up Request tracking form. At the Council Follow-Up meetings, action items are discussed, new Council requests are assigned to specific staff members, and due dates are established. The pending items are tracked and discussed at subsequent Council Follow-Up meetings where the status on each item is provided by assigned staff. The action

requested remains on the Council Follow-Up tracking form until the item is completed or resolved.

If any of the action items listed on the Council Follow-Up tracking form require the subsequent placement of an item on a future Council agenda, that item is added to the Department Head (DH) Agenda Review Calendar. Senior staff meets every other Tuesday to discuss upcoming Council meeting agenda items to ensure a balanced agenda calendar and prioritization of agenda reports.

City Council receives a copy of the DH Agenda Review Calendar every two weeks, as an informational item. Please note that the DH Agenda Review Calendar is a planning tool and changes frequently due to a number of factors that impact timing of agenda items.

Some options for Council consideration to enhance the timeliness of communications of pending Council follow up requests are:

Option One: Amend the City Council Meeting Procedures to Establish Clear Time Frames for Completion and/or Follow-Up of Council Member's Requests - Under the current Procedures for Preparation, Posting and Distribution of Agenda and the Conduct of Public Meetings ("City Council Meeting Procedures"), upon the concurrence of a majority of the Council that a Council Member's request for an item should be researched and agendaized, the City Manager determines when to place the item on a future agenda based on time necessary to complete the research and staff workload considerations and the effect of City Council established priorities. The City Council Meeting Procedures could be amended to include direction from the City Council on when it would like the item to be placed on a future agenda and/or establish default times for updates. For example, an update on a City Council request could be automatically placed on the City Council agenda every month until completion.

Option Two: Provide a copy of the Council Summary Sheet and Council Follow-Up Request tracking form to Council on a bi-monthly basis - Staff can provide Council with a copy of the summary of action sheet, along with the Council Follow-Up Requests on a bi-monthly basis. Council already receives the DH Agenda Review Calendar on a monthly basis and adding these two additional planning tools can easily be incorporated. This additional information will enhance communication with Council and provide a status of items being tracked.

Option Three: Other - Council may determine a different preferred follow-up procedure and timeline.

Staff recommended that Council review and discuss the Council follow-up procedure.

Council Member Young asked where the option was to place it on the consent calendar. Ms. Hurtado stated it could be done with either option, but was listed under option 2.

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

Mayor Pro Tem Maciel stated Option Two, along with including the additional documents would satisfy his needs.

Council Member Rickman stated one of his concerns was that Council members receive questions about when a particular item was going before Council and Council does not have an answer. Council Member Rickman stated these tools will enable Council to relay that information.

Council Member Young asked for clarification regarding Option Two. Ms. Hurtado stated all items remain on the tracking form until they are completed, closed out, or placed on an agenda.

Council Member Manne stated either option would meet his needs.

Council Member Rickman stated Option Two was a bit restraining; however, there are times when time frames are needed. Ms. Hurtado added that if Council requests an agenda item with a specific timeframe that date is noted on the tracking form and the deadline met. Ms. Hurtado stated that if the deadline is not met, in most cases an informational memo is forwarded to the Council informing them of the reasons for any delay. Council Member Rickman stated he preferred Option Two.

Council Member Young stated Option Two was sufficient.

Mayor Pro Tem Maciel stated if a Council member made an inquiry on an item, that the response or information be shared with the entire Council.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Rickman to direct staff to pursue Option Two. Voice vote found all in favor; passed and so ordered.

5. SECOND READING AND ADOPTION OF ORDINANCE 1189 AMENDING THE TRACY MUNICIPAL CODE (ZONING REGULATIONS) REGARDING TIME LIMITS AND EXTENSIONS FOR DEVELOPMENT REVIEW PERMITS (TMC CHAPTER 10.08, ARTICLE 30) – APPLICATION NUMBER ZA13-0002 – The Clerk read the title of Ordinance 1189.

It was moved by Mayor Pro Tem Maciel and seconded by Council Member Manne to waive the 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 Manne to adopt Ordinance 1189. Roll call vote found all in favor; passed and so ordered.

6. ITEMS FROM THE AUDIENCE - Brian Van Lehn provided Council with a letter dated August 20, 2013, which included a noise analysis of the Leprino Food property. Mr. Van Lehn stated he had provided the report to City staff two months ago and has not received a reply. Mr. Van Lehn requested an item be placed on the agenda for discussion

Robert Tanner thanked the City for their participation in the drug and prescription recall event held last week. Mr. Tanner stated he had read in The Record that the University of the Pacific had finally completed their CPI study which staff has been waiting for to determine fees, and that he hoped to see an agenda item regarding the matter in the near future.

A representative of the Naos Design Group thanked staff for their efforts in bringing their project to the West Valley Mall.

7. STAFF ITEMS – None.

8. COUNCIL ITEMS - Council Member Rickman stated that since the last Council meeting he had been approached by members of the public regarding what took place regarding the airport and the alleged agreement. Council Member Rickman stated the issue brings into question the integrity of the City and the Council. Council Member Rickman stated he did not think Council knew everything that was going on. Council Member Rickman suggested Council instruct Dan Sodergren, City Attorney, to work with the Police Chief to bring the issues and accusations to an independent entity.

Council Member Young asked for an update regarding the Senior Steering Committee. Maria Hurtado, Assistant City Manager, indicated Council would be receiving an informational memo from the City Manager's office on November 6, 2013. Ms. Hurtado stated that the seven member committee had been appointed, a consultant was on contract to facilitate the conversations, and a meeting was scheduled for Monday, November 18, 2013, between the facilitator and the Steering Committee. Ms. Hurtado added that after the November 18, 2013, meeting, staff should have additional information regarding meeting dates.

Council Member Young invited everyone to the second annual Veteran's Day breakfast at Kimball High School on Saturday, November 9, 2013, at 9:00 a.m. Council Member Young reminded everyone of other Veteran's Day events including the 10:00 a.m., event at the War Memorial on Monday, November 11, 2013.

Council Member Young stated there will be an Anti-Bullying celebration on November 14, 2013, at 6:00 p.m. at Kimball High School and that she would like to see the City participate in the event.

Dan Sodergren, City Attorney, asked for clarification regarding Council Member Rickman's request concerning the airport and any alleged agreement. It was Council consensus to have an item placed on the December 3, 2013, agenda for consideration, following the two-step process.

9. ADJOURNMENT - It was moved by Council Member Manne and seconded by Mayor Pro Tem Maciel to adjourn. Voice vote found all in favor; passed and so ordered. Time: 8:28 p.m.

The above agenda was posted at the Tracy City Hall on October 31, 2013. The above are summary minutes. A recording is available at the office of the City Clerk.

Mayor

City Clerk